

2018 Annual Report



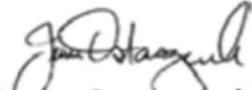
Aspire
FEDERAL CREDIT UNION

CHAIRMAN'S/PRESIDENT'S REPORT

Many years ago, we identified a growing and evolving trend towards remote delivery of banking services. Financial technology companies, or 'FinTechs' were developing new PC- and Mobile Phone-based technologies to deliver financial services. The leadership at Aspire Federal Credit Union determined that this was indeed the future and that we should position ourselves to ensure success in this developing service delivery model. Over the course of several years we positioned your credit union as a digitally-oriented financial institution. We closed underperforming branches and invested in new technologies that would allow us to deliver our services to you in this new way. We now deliver our services to you 24/7/365 via your computer, mobile phone and telephone. We have invested in a variety of technologies to allow you to access your accounts when and where you want – you are not constrained by our branch office hours. Our members embraced this 'new way' of thinking and continue to take advantage of our leading-edge services and products. Our commitment to service delivery in this format will grow as we constantly seek out new and innovative technologies that support our business model.

The FinTechs that we mentioned above are disrupting traditional financial services by leading with technology. It seems that these days every industry is vulnerable to disruption – no group is immune. Disruption is here, or coming, to the insurance, hospitality, manufacturing, health care and transportation industries, to name just a few. Disruption has also harmed the yellow cab business in our major cities. New York, Chicago, Los Angeles, San Francisco, Atlanta, Boston – even Newark, New Jersey – have highly regulated taxi cabs that are being disrupted at a very rapid pace. These cities controlled the number of cabs that were permitted on the streets via a license or 'medallion' issued to the owner/operator. These medallions became very valuable because they were in very short supply; the city limited how many of these licenses were issued. Aspire loaned money people that wanted to enter into this business. As Uber and Lyft entered these markets, the value of the taxi cab medallion fell because drivers didn't need the medallion to drive – they now had a less expensive way to enter the transportation business and the travelling public embraced the use of an app on their cell phones to 'e-hail' a car on the city street. Many saw this as more convenient than going out to the street corner and raising their hand in hopes that an empty cab would come by and pick them up. The ensuing reduction in taxi cab ridership and the fall in medallion values has caused Aspire to suffer some serious losses over the past few years. While the majority of medallion owners continue to drive their taxi cabs, too many find that they are unable to afford the monthly payments that they had previously agreed to. This required us to work with these borrowers to right-size their loans, lower their payments, and help them continue to operate their cabs. This has caused us to suffer losses over the past few years and lowered our overall capital level. We are working hard to lower our operating costs and re-build our capital.

Thank you for your membership and for using Aspire Federal Credit Union to meet your financial needs.


James Ostaszewski
Chairman


Thomas J. O'Shea
President/CEO

**ASPIRE FEDERAL CREDIT UNION
STATEMENT OF FINANCIAL CONDITION
March 31, 2019**

ASSETS

SECURITIES:

AVAILABLE-FOR-SALE	505,770
HELD-TO-MATURITY	0
OTHER	27,721,594

LOANS:

HELD-FOR-SALE, NET OF UNREALIZED LOSSES	0
HELD-TO-MATURITY, NET OF ALLOWANCE FOR LOAN	97,594,292
ACCRUED INTEREST RECEIVABLE	933,716
PROPERTY AND EQUIPMENT, NET	312,704
NCUA SHARE INSURANCE FUND DEPOSIT, AT COST	1,406,886
OTHER ASSETS	14,201,517
TOTAL ASSETS	<u>\$142,676,479</u>

LIABILITIES:

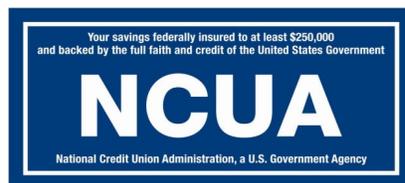
MEMBERS' ACCOUNTS	\$133,905,951
ACCOUNTS PAYABLE	\$648,600
DIVIDENDS PAYABLE	543
BORROWINGS	0
ACCRUED EXPENSES AND OTHER LIABILITIES	1,568,409
TOTAL LIABILITIES	<u>136,123,503</u>

MEMBERS' EQUITY:

REGULAR RESERVE	\$5,152,000
UNDIVIDED EARNINGS	2,771,502
INVEST VALUATION RESERVE	22,882
ACCUMULATED OTHER COMPREHENSIVE GAIN/(LOSS)	(1,393,408)
TOTAL MEMBERS' EQUITY	<u>6,552,976</u>

TOTAL LIABILITIES AND MEMBERS' EQUITY

\$142,676,479



ASPIRE FEDERAL CREDIT UNION
STATEMENT OF INCOME
March 31, 2019

	YEAR TO DATE
INTEREST INCOME:	
LOANS	\$6,699,191
SECURITIES	188,328
TOTAL INTEREST INCOME	6,887,519
INTEREST EXPENSE:	
MEMBERS' ACCOUNTS	236,680
BORROWINGS	24
TOTAL INTEREST EXPENSE	236,704
NET INTEREST INCOME	6,650,815
PROVISION FOR LOAN LOSSES	2,899,473
NET INTEREST INCOME AFTER PROVISION	3,751,342
NON-INTEREST INCOME	
SERVICE CHARGES AND FEES	2,551,634
GAIN/(LOSS) ON SALE OF HELD-FOR- SALE LOANS, NET	0
GAIN/(LOSS) ON SALE OF AVAILABLE- FOR-SALE SECURITIES AND PROPERTY AND EQUIPMENT, NET	0
OTHER	0
TOTAL NON-INTEREST INCOME	2,551,634
NON-INTEREST EXPENSE	
COMPENSATION AND EMPLOYEE BENEFITS	2,191,398
OFFICE OPERATIONS AND OCCUPANCY	1,088,170
MARKETING AND PROFESSIONAL SERVICES	58,597
PROFESSIONAL SERVICES	3,059,030
LOAN SERVICING	722,128
MEMBERS' INSURANCE	0
NCUA OPERATING FEE	40,915
ADMINISTRATIVE AND OTHER	240,077
TOTAL NON-INTEREST EXPENSE	7,400,315
NON-OPERATING GAIN/(LOSS)	(1,368,847)
	(\$2,466,186)
NCUSIF STABILIZATION EXPENSE	0
NET INCOME	\$ (2,466,186)

SUPERVISORY COMMITTEE'S REPORT

The Supervisory Committee's primary function is to oversee all aspects of the Credit Union to determine that it is soundly managed and that members' assets are safeguarded. In order to fulfill this function, the Supervisory Committee monitors and evaluates the quality of the Credit Union officials, performs audits and reports on the results of its audits and reviews. Your Credit Union is constantly undergoing reviews and evaluations of their operations and financial reporting by both the Internal Audit Department and the external audit firm of Nearman, Maynard, Vallez, CPAs, P.A. Based upon the information gathered from both the internal and external audits, it is the committee's opinion that the operation of your Credit Union is in compliance with the applicable statutes and regulations, it is financially sound and, as always, the interest of its members are being well served.

Respectfully Submitted, Supervisory Committee

TREASURER'S REPORT

In this annual report you will find a Statement of Financial Condition and Income Statement as of March 31, 2019. Our Net Operating Loss was (\$2,466,186). Our shares on deposit were \$133,905,951, our net loans were \$97,594,292 and our assets were \$142,676,479. Our capital ratio, the indicator of our health, continues within the "moderately-capitalized" level at 5.55%. We continue to invest for the future, in technology, services and our people. We are dedicated to strengthening our relationship with you and providing you with the financial services you need.

Nicholas Luca, Treasurer

Your Dream. Our Purpose.

Core Purpose: To help our members achieve their financial goals.

We Will Always:

- ! Listen to you to get to know you
- ! Find out where you want to be tomorrow
- ! Do the right thing
- ! Provide the right solution/recommendation
- ! Respect you

BOARD OF DIRECTORS

These volunteers set policies and develop long-term strategic plans for the future of the Credit Union's success.

James Ostaszewski, Chairman
Neal Holtzer, Vice-Chairman
Nicholas Luca, Treasurer
Manny Weiss, Secretary
Fred Glassberg, Director
Dan Peters, Director
Christine Zoeller, Director

SUPERVISORY COMMITTEE

This committee is responsible for ensuring the Credit Union's compliance with all relevant laws and regulations.

Barry Boshnack
Fritz Duchatellier
Robin Gleeson
Saif Kawash

EXECUTIVE STAFF

Thomas J. O'Shea, President/CEO
Rosemary Masters, Chief Member Service Officer
Robyn Oresto, Chief Financial Officer
Laura-Ilene Harding, Chief Marketing Officer
Robert Bedford, General Counsel



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www.aspirefcu.org



Federally Insured by NCUA.