

# 2019 Annual Report



Aspire  
FEDERAL CREDIT UNION

## CHAIRMAN'S/PRESIDENT'S REPORT

In 2019, our focus was rebuilding our capital to ensure we have a stronger institution as we move into the future. Unfortunately, recent events, including the COVID-19 pandemic, and work-from-home orders by our government, coupled with the shutdown of our major cities, has severely impacted the value of our Taxi Medallion loan portfolio. As a result, we had to put more money into loan loss reserves in anticipation of future losses. In addition, during the early months of the pandemic, we waived fees and provided automatic no-cost skip-a-pays to members requesting the assistance. While this type of member care is core to the credit union philosophy of “people helping people”, there is a resulting negative impact on our financial results.

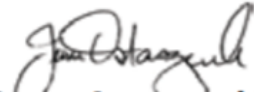
As the pandemic and the shutdown of New York City continued we saw a further deterioration in the value of the Taxi Medallion, the license to operate a taxi cab in New York City, since the owner/drivers were unable to generate enough revenue to support their debt payments. This continues to be an issue as the city has not yet fully reopened. Indeed, we may be facing a new reality where work-from-home is a normal part of the work week. This will negatively impact not only the taxi business, but restaurants, entertainment, and hospitality companies across the nation.


Forecasting, analyzing, and stress-testing the impact of these various scenarios on the financial condition and growth prospects of the Credit Union is an important function of the Board of Directors and Leadership Team. We need to ensure that we take the necessary steps to ensure our service to you is responsive to your needs today, and be able to provide you the service and products you require tomorrow.

The help insulate the Credit Union from extreme swings in the economy, over the past few years we have partnered with various organizations to lower our costs and improve our service. One that we would like to highlight is our partnership with Member Support Services LLC, a company that we established with two other New Jersey-based credit unions. The goal of the company is to lower costs for various back-office functions such as Delinquency & Collections, Information Technology, Payments and Lending Support through scale and standardization. A recent analysis revealed that we saved 23% over our in-house costs, or more than \$500,000 per year for these functions, through this partnership. You Board of Directors will continue to seek out partnerships like these, or other strategic moves, to make certain that our service to you is responsive to your ever-changing needs.

We have all been impacted by the pandemic and continue to appreciate your support throughout this very difficult time. Thank you for your membership!

We'd like to thank our staff and management team for their efforts on your behalf during this very trying time. They've worked hard to maintain a high level of service while caring for their families as we've dealt with the stresses on the organization and our membership.

  
**James Ostaszewski**  
Chairman

  
**Thomas J. O'Shea**  
President/CEO

## 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 as of March 31, 2020 and Income Statement for the Year ended March 31, 2020. Our Net Income was \$676,072. Our shares on deposit were \$120,903,932, our net loans were \$79,864,708 and our assets were \$129,011,532. Our capital ratio, the indicator of our health, was within the "adequately-capitalized" level at 6.62%. Our capital ratio, the indicator of our health, was within the "adequately-capitalized" level at 6.62%. We continue to invest for the future, in technology, services and our people, however the Coronavirus (COVID19) pandemic has unfavorably impacted the Credit Union's Taxi Medallion lending as well as other businesses lines. 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



## **Annual Meeting Minutes – May 30, 2019**

The Annual Meeting was Called to Order at 5:00 PM by Jim Ostaszewski, Chairman.

He introduced the Board of Directors, Supervisory Committee and Executive Staff.

### **Board of Directors**

- i. Neal Holtzer, Vice-Chairman
- ii. Nicholas Luca, Treasurer
- iii. Manny Weiss, Secretary
- iv. Fred Glassberg, Director (absent)
- v. Dan Peters, Director
- vi. Christine Zoeller, Director

### **Supervisory Committee Members**

- vii. Chairman – Barry Boshnack (phone)
- viii. Members – Robin Gleeson and Saif Kawash

### **Executive Staff**

- ix. Thomas J. O'Shea, President / CEO
- x. Robyn Oresto, Chief Financial Officer
- xi. Rosemary Masters, Chief Operating Officer
- xii. Laura-Ilene Harding, Chief Marketing Officer (absent)

The Chair requested the Secretary, Manny Weiss, to ascertain that a quorum is present.

A motion was made by Christine Zoeller and seconded by Neal Holtzer to dispense with the reading of the 2018 Annual Meeting Minutes and approve the Minutes as printed. Motion approved.

Jim Ostaszewski introduced the Annual Report.

Manny Weiss, acting on behalf of the Nominating Committee, submitted the names of Fred Glassberg and Dan Peters for re-election as members of the Board and Christine Zoeller for election as a member of the Board. No other nominees by petition were received.

A motion was made by Dan Peters and seconded by Nick Luca for the Secretary to cast one ballot on behalf of the members for the nominees. Motion approved.

Jim Ostaszewski had no Old Business.

Jim Ostaszewski asked if there is any New Business. None was presented.

A motion was made by Nick Luca seconded by Tom O'Shea to adjourn the meeting. Motion approved.

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*Jim Ostaszewski, Chairman*

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*Manny Weiss, Secretary*

<b>ASPIRE FEDERAL CREDIT UNION</b>
<b>CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION</b>

March 31, 2020

March 31, 2019

<b>ASSETS</b>
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Cash	\$	4,301,577	\$	4,158,173
Securities - Available for Sale		410,092		505,770
Securities - Other		29,414,312		23,144,856
Loans Receivable		84,599,337		103,663,304
Allowance for Loan Losses		(4,734,629)		(6,069,011)
Accrued Interest Receivable		264,025		325,222
Property & Equipment, net		200,473		312,704
National Credit Union Share Insurance Fund Deposit		1,256,145		1,406,886
Federal Home Loan Bank (FHLB) Stock		45,800		49,200
Central Liquidity Fund (CLF) Stock		453,359		445,230
Assets Acquired in Liquidation		2,527,286		2,882,092
Other Assets		10,273,755		11,254,902
<b>Total Assets</b>	<b>\$</b>	<b>129,011,532</b>	<b>\$</b>	<b>142,079,328</b>

<b>LIABILITIES AND MEMBERS' EQUITY</b>
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**Liabilities**

Members' Share and Savings Accounts	\$	120,903,932	\$	133,905,951
Borrowed Funds		-		-
Dividends Payable		328		543
Accrued Expenses and Other Liabilities		1,656,196		1,619,858
<b>Total Liabilities</b>		<b>122,560,456</b>		<b>135,526,352</b>

Commitments and Contingent Liabilities

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**Members' Equity**

Regular Reserve		5,536,160		5,152,000
Undivided Earnings		3,063,414		2,771,502
Accumulated Other Comprehensive Loss		(2,148,498)		(1,370,526)
<b>Total Members' Equity</b>		<b>6,451,076</b>		<b>6,552,976</b>

**Total Liabilities and Members' Equity**

**\$ 129,011,532 \$ 142,079,328**

<b>ASPIRE FEDERAL CREDIT UNION</b> <b>CONSOLIDATED STATEMENTS OF INCOME</b> <b>12 Months ended March 31, 2020 and 2019</b>
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	March 31, 2020	March 31, 2019
<b>Interest Income</b>		
Interest on Loans Receivable	\$ 5,819,766	\$ 6,725,128
Interest on Investments	497,914	504,305
Interest Income	6,317,680	7,229,433
<b>Interest Expense</b>		
Dividends on Members' Share and Savings Accounts	83,183	236,680
Interest on Borrowed Funds	36,413	36,271
Interest Expense	119,596	272,951
<b>Net Interest Income</b>	6,198,084	6,956,482
<b>Provision for Loan Losses</b>	688,101	3,003,174
<b>Net Interest Income after Provision for Loan Losses</b>	5,509,983	3,953,308
<b>Non-Interest Income</b>		
Service Charges	1,417,695	1,258,273
Other Non-Interest Income	1,148,049	864,702
Card Income	568,088	563,981
Insurance Commission Income	316,410	422,713
Other Components of Net Periodic Pension Cost	72,847	100,203
Non-Interest income	3,523,089	3,209,872
	9,033,072	7,163,180
<b>Non-Interest Expense</b>		
Professional and Outside Services	3,552,848	3,003,589
Compensation and Employee Benefits	2,572,736	2,817,406
Operations	970,396	1,101,301
Loan Servicing	742,508	722,126
Occupancy	270,057	236,867
Education and Promotion	147,091	141,194
Miscellaneous Expense	93,452	176,101
Loss on Disposition of Assets Acquired in Liquidation, net	7,912	1,368,847
Non-Interest Expense	8,357,000	9,567,431
<b>Net Income (Loss)</b>	\$ 676,072	\$ (2,404,251)

## 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.*

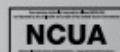
Robin Gleeson  
Barry Boshnack  
Saif Kawash  
Rajennder Singh

## EXECUTIVE STAFF

Thomas J. O'Shea, President/CEO  
Rosemary Masters, Chief Member Service Officer  
Alexander C. Booth, Interim Chief Financial Officer  
Laura-Ilene Harding, Chief Marketing Officer  
Salvatore Chierico, Aspire Medallion Funding, CEO



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