



2024 Annual Report

Navigating Uncharted Waters



90th Annual Meeting

The Atlantic Federal Credit Union

89th Annual Meeting Minutes

April 25, 2024

Directors

Present

P. M. Del Sontro
R. M. Lear
M. A. Locurcio
P. Rosen
C. Rowden
R. D. Wilder

Absent

P. Murray

Executive Staff

A. Mero
A. Cadmus
S. Hilenski
K. Pakrul

Supervisory Committee

Present

R. W. Hovland

Absent

S. Cummings

Recording Secretary

K. Pakrul

1. The Annual Meeting was held in-person and via video conferencing from The Atlantic Federal Credit Union, Springfield, NJ. Mr. Michael Locurcio, Chairman, called the meeting to order at 10:04 am.

2. Mr. Locurcio welcomed everyone to the Credit Union’s 89th Annual Meeting. He noted the appropriateness of this year’s Meeting’s theme of “Community Banking at its Best.”

3. Mr. Locurcio said that in its 89-year history, The Atlantic has served its Members through considerable socioeconomic shifts in our nation and local communities. This past year was one of the most challenging periods to date, with record high inflation and record interest rate increases. These pressures contributed to several bank failures, the sizes of which have not been seen in fifteen years. Meanwhile, The Atlantic is one of the most well-capitalized credit unions in the county. The Atlantic continues to meet the regulatory expectations set by the NCUA, including maintaining a strong liquidity position with reliable access to funds and upholding sound operating principles.

4. Mr. Locurcio noted as we look ahead to the remainder of 2024 and beyond, we maintain a clear and focused mission of meeting the financial goals and objectives of our Members. We know doing so will bring about our vision to empower financial well-being.

5. Mr. Locurcio introduced the members of the Board of Directors and Supervisory Committee. He called attention to the 2023 Annual Report and noted that the Report contained the minutes of the 2023 Annual Meeting, the Credit Union’s financial statement, a combined report from the Chairman and the CEO, and the Supervisory Committee Report.

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6. The bylaws of the Credit Union require a quorum of 15 Members at Annual Meetings. The following Members were in attendance: Susan Aronowitz, Adam Cadmus, Peter Del Sontro, Grace Dibi, Dennis Fabbo, Janine Grieco, Sandy Hilenski, Russ Hovland, Robert Lear, Michael Locurcio, Anthony Mero, Kristina Pakrul, Philip Rosen, Cheryl Rowden, Eileen Sullivan, and Robert Wilder. Ms. Pakrul verified that a quorum was present.

7. Mr. Del Sontro, Board Secretary, summarized the minutes of the 2023 Annual Meeting. Ms. Rowden moved that they be accepted as presented in the Annual Report. Ms. Dibi seconded the motion, and the minutes were approved.

8. Mr. Hovland presented the Supervisory Committee's report as included in the Annual Report. He said the results of the recently completed NCUA exam, effective September 2023, indicated that the Credit Union was fundamentally sound with strong net worth and positive earnings. He said that the Supervisory Committee retained the services of The Curchin Group, a CPA firm, to perform a 2023 Financial Opinion Audit. He said that The Atlantic is confident that it will receive a favorable opinion from this audit since we have not been notified of any material items or adjusting entries to the financials.

9. Mr. Hovland said that the Credit Union continued to operate in a safe and sound manner during 2023. Its assets were properly safeguarded, and the books and records were an accurate accounting of the Credit Union's assets, liabilities, and capital.

10. Mr. Mero began his remarks that this year's theme of the Credit Union was "Community Banking at its Best". In 2023, the Credit Union Members were given access to best-in-class technology, including Zelle, new phone applications and online banking, card controls, and access to MoneyPass ATMs.

11. Mr. Mero noted during 2023 new business services were offered through lending, Express Business Loans, and new high-yield savings for businesses.

12. Mr. Mero noted the Credit Union's commitment to the communities The Atlantic serves through new product offerings such as Advocate Checking, and volunteer activities through the Credit Union.

13. Mr. Mero thanked the Board of Directors for their continued support over the course of 2023, and their continued guidance into 2024.

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Continued

14. Mr. Locurcio noted as we look ahead to the remainder of 2024 and beyond, we maintain a clear and focused mission of meeting the financial goals and objectives of our Members. We know doing so will bring about our vision to empower financial well-being.

15. For the upcoming year, Mr. Locurcio said that the Board will focus on Strategic Plan initiatives and differentiating The Atlantic from other financial institutions with technology, innovation, products, flexibility, and efficiencies.

16. In conclusion, Mr. Locurcio said that the Credit Union continues to be financially sound with management making appropriate risk and return decisions for the organization.

17. Mr. Adam Cadmus, Chairman of the Nominating Committee, introduced the members of the Nominating Committee: Ms. Kristina Pakrul and Ms. Carla White-Garrett. Two candidates, Mr. Rosen and Ms. Rowden, were nominated to the Board for a three-year term.

18. Since no other names were filed with the Secretary prior to the Annual Meeting, Mr. Del Sontro cast one ballot for the slate. The motion was passed, and the nominees were elected.

19. Mr. Locurcio acknowledged the Credit Union management for their outstanding efforts in continuing to provide all essential banking functions to service our Members' financial needs.

20. Mr. Locurcio thanked the volunteer Board of Directors and Committee Members who give so freely of their time in developing strategic vision, focusing on the long-term success of the Credit Union. He thanked the members for their years of loyal support and continued patronage.

21. There being no further business to conduct, Mr. Del Sontro motioned to adjourn the meeting. This was seconded by Mr. Wilder and was passed. The Annual Meeting adjourned at 10:21 am.

A Message from the Chairman of the Board and the Chief Executive Officer

To Our Valued Members,

As we reflect on 2024, it's clear that it was a year of *navigating uncharted waters*. The economic landscape shifted dramatically, presenting both significant challenges and opportunities for our Members and our Credit Union. This year tested our resilience, but it also highlighted the strength and unity of our Credit Union family.

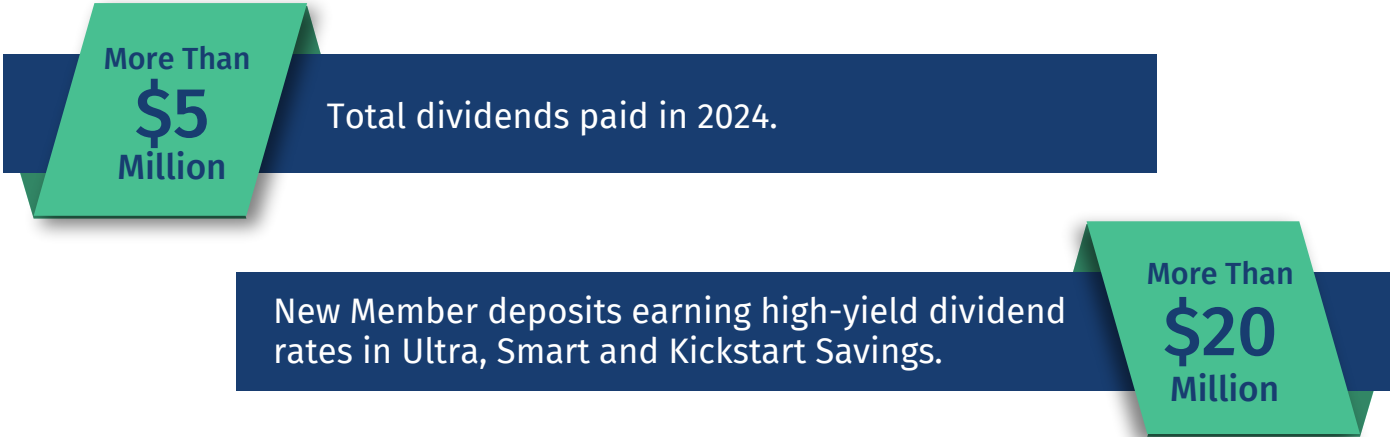
The year began with a backdrop of rising interest rates, a looming threat of recession, and a persistent inflationary environment. These factors undoubtedly impacted our Members' financial lives, creating uncertainty and increasing the need for reliable and affordable financial services. Many faced increased borrowing costs, eroded savings, and heightened anxiety about their financial future.

Despite these headwinds, The Atlantic FCU remained steadfast in our commitment to our Members and our community. We understood that these were not just economic numbers, but real-life situations impacting the lives, dreams and aspirations of our Members. Therefore, we focused on:

Prioritizing Member Needs

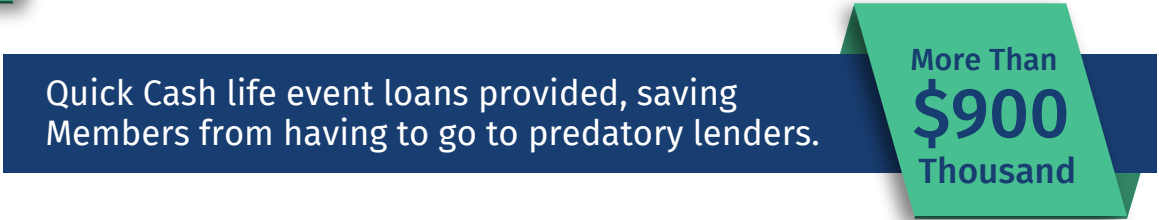
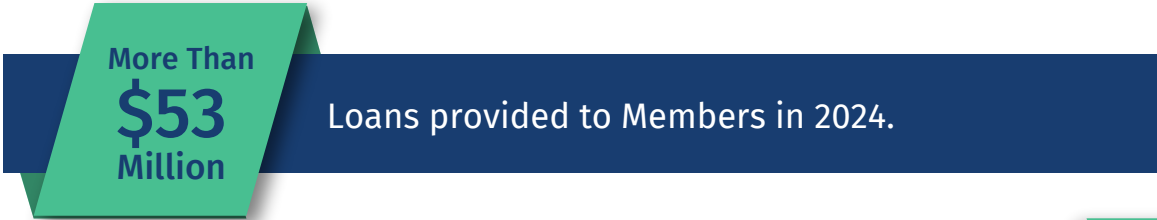
We recognized the evolving needs of our Members and adapted our services accordingly. This included:

- **Protecting Member savings:** We offered a range of high-yield savings accounts and share certificates to help Members protect and grow their hard-earned savings.

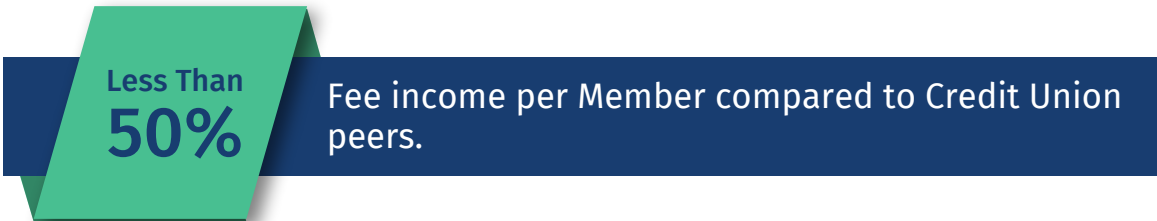


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- **Expanding access to affordable credit:** We maintained a commitment to providing competitive loan rates and flexible terms, ensuring that our Members could access the credit they needed for essential purchases, home improvements, and other critical needs.



- **Offering valued services:** We continued our efforts to reduce fees and ensure that we are delivering best-in-class services at an exceptional value. The Credit Union’s focus on maintaining a reasonable fee structure is clearly illustrated by comparison to its peers.



Strengthening Our Community

We believe that a strong community is essential to the well-being of our Members. In 2024, our commitment to the community remained unwavering. We organized food drives, supported local businesses, and partnered with nonprofit organizations to provide essential services to those in need:

- **Partnering with local businesses:** We provided financial support to local businesses through loans and other programs, helping them weather the economic storm and continue to serve our community.



Continued

- **Supporting local nonprofits:** We actively partnered with local nonprofits that provide vital services to our community, such as food banks, community support groups, and youth programs. The Credit Union conducted several volunteer events during the course of the 2024 providing volunteer team member support to various charities within Union & Essex counties, coupled by providing nonprofits in the communities we serve with charitable donations.

More Than
\$50
Thousand

Charitable donations to local nonprofits in 2024.



- **Promoting financial literacy:** We invested in programs like GreenPath to educate our Members and the broader community on topics like budgeting, credit building, and financial planning, empowering them to make informed financial decisions.
- **Inspiring youth engagement:** We continued to invest in the future by supporting youth programs and initiatives. Our scholarship program awarded funds to deserving students, and we became the first in the state to offer our Members access to Greenlight for free. With the Greenlight debit card and app, kids can earn money through chores, set savings goals, and spend wisely. Parents and guardians can set flexible controls and get real-time notifications every time their kids spend money. And with financial literacy games built into the app, Greenlight is designed to encourage young Members to develop good financial habits early on.

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Embracing Innovation

We embraced technological advancements to enhance the Member experience:

- **Expanding digital banking capabilities:** We continued to invest in cutting-edge technology to provide our Members with convenient and secure access to their accounts through our mobile app and online banking platform.
- **Streamlining loan application processes:** We streamlined our loan application processes and enhanced automation to make it easier and faster for Members to access the credit they need.
- **Connecting in new ways:** We introduced more options to help Members bank when and where is most convenient by launching a new interactive voice assistant offering quick answers to commonly asked questions and access to voice-response telephone banking.

24/7

Thea, the Atlantic’s virtual assistant, is always available to assist Members by phone and online.

We understand that navigating these economic challenges can be stressful and uncertain. That's why we remain committed to being your trusted financial partner, providing guidance and valuable services to support your financial wellbeing, while continuing to manage our financial cooperative in a responsible manner. Of note, The Atlantic’s net worth ratio in 2024 was nearly double the threshold of 7% to be classified well capitalized by the National Credit Union Administration.

The Atlantic FCU’s net worth ratio in 2024.

13.5%

In 2025, we are celebrating the **90th anniversary** of serving our Members and our community. This is a milestone only made possible by your continued trust and loyalty in our financial cooperative. We sincerely thank you for your Membership and look forward to growing together for years to come.

Respectfully submitted,

Michael Locurcio
Chairman of the Board

Anthony Mero
Chief Executive Officer

Supervisory Committee Report

Your Supervisory Committee, an independent body of volunteers, is mandated by the Federal Credit Union Act and serves as a watchdog for the Members of The Atlantic Federal Credit Union.

To fulfill its responsibilities, the Supervisory Committee, with the approval of the Credit Union's Board, has retained the services of The Curchin Group, a CPA firm, to perform a comprehensive annual audit of The Atlantic's financial statements. The results of this audit and the periodic examinations of your Credit Union by the National Credit Union Administration (NCUA), together with other Internal Audits and Reviews conducted by Hamilton & Babitts and supplemental reviews directed by the Supervisory Committee and conducted by the Director of Compliance and Risk Management, are reported to the Board as completed on a monthly basis. Furthermore, in 2022 we contracted with Wolf & Co. to perform a comprehensive IT Audit and Cybersecurity Risk Assessment, an IT General Controls Audit completed in January 2024, and an updated 2024 IT Audit completed in February 2025 and reported to the Board in March 2025.

The results of the last completed NCUA exam, effective September 2023, indicated that your Credit Union is fundamentally sound with strong net worth and positive earnings. In addition, the NCUA recently completed a Fair Lending Examination, effective September 2024, with satisfactory results and findings reported to the Board in January 2025. We are confident that we will be receiving a clean opinion from Curchin, associated with the 2024 Financial Opinion Audit, since they have not notified us of any material items or adjusting entries to our financials. According to the assessments by Wolf & Co., your Credit Union has demonstrated a satisfactory / strong set of controls in all focused areas of their assessment to manage their Information Technology and Information System functions, technology, and hardware.

Your Supervisory Committee is pleased to report that these audits, examinations, and assessments have validated the adequacy and effectiveness of internal controls, policies, and procedures in ensuring compliance and mitigating risks for the Credit Union. The assets of the Credit Union are properly safeguarded and the books and records are an accurate accounting of its assets, liabilities, capital, and net worth.

Respectfully submitted,

Russell Hovland

Chairman of the Supervisory Committee

Statement of Financial Condition

December 31, 2024 and 2023

Assets	2024	2023
Loans to Members, less allowance for loan losses	\$194,716,000	\$187,643,000
Investments	19,967,000	23,687,000
Cash and cash equivalents	8,983,000	8,700,000
Land and building	7,826,000	8,014,000
Furniture and equipment less depreciation	1,098,000	1,060,000
Share insurance fund	2,065,000	2,101,000
Other assets	13,592,000	13,030,000
Total Assets	\$248,247,000	\$244,235,000
Liabilities & Members' Equity		
Shares	\$215,500,000	\$210,093,000
Accounts payable and accrued expenses	1,096,000	2,113,000
Retained earnings, substantially restricted	31,651,000	32,029,000
Total Liabilities & Members' Equity	\$248,247,000	\$244,235,000

Statement of Income

Years Ended December 31, 2024 and 2023

Operating Income	2024	2023
Income from loans	\$12,595,000	\$11,010,000
Investment income	1,322,000	1,521,000
Other income	1,936,000	1,732,000
Total Income	\$15,853,000	\$14,263,000
Operating Expenses		
Compensation and employee benefits	\$3,954,000	\$4,000,000
Office operations	1,343,000	1,321,000
Professional and outside services	1,372,000	1,635,000
Provision for loan losses	1,824,000	1,376,000
Other	2,322,000	2,131,000
Total Operating Expenses	\$10,815,000	\$10,463,000
Income from Operations before Dividends & Interest	\$5,038,000	\$3,800,000
Dividends paid on deposits	\$5,437,000	\$3,650,000
Net Income (Loss) from Operations	(\$399,000)	\$150,000
Extraordinary Items		
Income from NCUA capital distribution	\$0	\$91,000
Reposessed taxi medallion adjustments	0	93,000
Defined Benefit Plan termination	0	(132,000)
Net Income (Loss)	(\$399,000)	\$202,000