

# I BANK CATHOLIC

49<sup>TH</sup> ANNUAL REPORT  
APRIL 22, 2018



Ocean Financial  
Federal Credit Union  
*Catholic Values You Can Bank On®*

## BOARD OF DIRECTORS

**Donald Maresca**  
Chairman

**Muriel Gennosa**  
Vice Chairwoman

**Paul Wigand**  
Secretary/Treasurer

**Jay T. Korth**  
Director

**Michael S. Sloan**  
Director

**Patrick Smith**  
Director

**Kevin Timoney**  
Director

The Catholic Credit Union

# REPORT TO THE MEMBERSHIP

When our credit union was founded in 1969, the core reason was to eliminate the hassle of going to a “bank” and rather deal with people who shared our Catholic faith, knew us and cared about us. Almost 50 years later, that reasoning has held up. The banks are larger and more impersonal than ever before. They are constantly paying fines for their inappropriate behavior, while we still care and watch out for every one of you – our member-owners.

Last year, our rebranding transition to Ocean Financial Federal Credit Union was exciting and mostly seamless. Our television commercials were well done and our “Cooking for Good” spot became reality when we donated a much needed new stove to the Interfaith Nutrition Network Mary Brennan Soup Kitchen in Hempstead.

After a bumpy roll-out, mostly due to password resets, our new Home Banking platform and Bill Payer product are doing quite well. They are superior to the old products and every month more and more new members enroll and usage increases. Another growing electronic service is our Mobile Deposit product – take a picture of a check instead of a trip to the credit union.

We delivered on our promise to lower everyone’s Visa credit card interest rate as well as our commitment to offer free checks with our already outstanding checking product.

For many years, Ocean Financial Federal Credit Union, through strong earnings, had built capital to a high of \$28 million at the end of 2016. In 2017 we were required to fund a reserve account for possible future loan losses directly resulting in a \$3.4 million loss for 2017. Even after our first negative earnings year ever, we are still well capitalized at 7.84% and anticipate positive earnings not only in 2018 but for many years to come.

In 2017, many members took advantage of our new No Closing Cost Home Equity Line of Credit product, resulting in an 8.0%, or \$14 million, increase in Lending. Our share growth was flat for 2017, although we did open over 1,000 new accounts.

2018 is shaping up to be an exciting year for our Credit Union. We have purchased property in Oceanside, 444 Atlantic Avenue, where

we will build our corporate headquarters. We are in need of more space and this facility will not only meet our current needs, it will position our Credit Union for growth going forward. The design is beautiful and we will hopefully occupy it by year end.

Our branch in Oceanside will remain and our plan is to make your member experience an even better one. We will look into adding Safe Deposit Boxes, which are currently only available at our Seaford branch.

We plan on rolling out a couple of Visa related services in 2018. The first is CardValet®, a card management and fraud prevention tool that will enable you to control when, where and how your debit and credit cards are used. The second is Digital Wallet, a smartphone app that securely holds credit and debit card data without the hassle of an actual wallet. Just use your phone for faster and easier purchases while adding extra security against fraud.

In a world that is evolving at a faster pace than ever before, now more than ever, it matters who you do business with. Consumers are looking closer at the organizations they purchase goods or use services from. The movement to support organizations whose values align with yours is growing every day. It matters who benefits every time you swipe a card, use an ATM or take a loan with. Make your choice count.

Thank you for choosing Ocean Financial Federal Credit Union as your financial institution. We have a dedicated Board of Directors and staff; our pledge to you is to always act in your best interest and do everything we can to improve your financial lives.



**Joseph Garay**  
President / CEO



**Don Maresca**  
Chairman of the Board

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee monitors the Credit Union’s operations and procedures on behalf of the membership. Our responsibilities include overseeing the direction and focus of the internal audit function, initiating an annual external audit of the Credit Union’s financial records and control structure, commissioning member account verification and ensuring an ongoing review of closed accounts.

Each year we have an annual audit performed by an independent CPA firm to ensure that the Credit Union’s financial statement accurately and fairly presents the financial condition of the Credit Union and that Management practices and procedures safeguard members’ assets.

Based on the results of the annual audit by Nearman, Maynard, Vallez, Certified Public Accountants, it is the opinion of the Supervisory Committee that Ocean Financial Federal Credit Union continues to be financially strong and operationally effective with sound policies and procedures.

The financial statements as of December 31, 2017 fairly present, in all material respects the Credit Union’s financial position, results of operations and cash flows.

**SUPERVISORY COMMITTEE**  
P.O. Box 431, Oceanside, NY 11572

**Micheal Sloan, Chairman**  
**Lisa McGuinness**

**Thomas Killeen**  
**Susan Bralower**

# FINANCIAL HIGHLIGHTS

## Statements of Financial Condition

	As of December 31,	2017	2016
<b>Assets</b>			
Cash and cash equivalents		\$23,264,624	\$35,825,153
Investment securities:			
Available for sale, net		\$84,651,211	\$87,045,886
Held to maturity, net		\$397,000	\$987,331
Other investments		\$8,274,907	\$6,217,243
Federal Home Loan Bank of New York stock		\$254,200	\$280,900
Loans receivable, net of allowance for loan loss		\$185,446,508	\$175,190,175
Accrued interest receivable		\$856,448	\$844,584
Assets acquired in Liquidation		\$333,450	-
Premises and equipment, net		\$5,233,644	\$4,440,750
National Credit Union Share Insurance Fund deposit		\$2,736,261	\$2,681,701
Prepaid expenses and other assets		\$1,716,833	\$2,484,223
<b>Total assets</b>		<b>\$313,165,086</b>	<b>\$315,997,946</b>
<b>Liabilities</b>			
Members' shares and savings accounts		\$291,738,108	\$291,079,716
Accrued expenses and other liabilities		\$471,805	\$869,518
<b>Total liabilities</b>		<b>\$292,209,913</b>	<b>\$291,949,234</b>
<b>Members' Equity</b>			
Appropriated regular reserve		\$1,007,161	\$1,007,161
Unappropriated earnings		\$23,514,289	\$26,961,387
Accumulated other comprehensive loss		\$(3,566,277)	\$(3,919,836)
<b>Total members' equity</b>		<b>\$20,955,173</b>	<b>\$24,048,712</b>
<b>Total liabilities and members' equity</b>		<b>\$313,165,086</b>	<b>\$315,997,946</b>

## Statements of Income

	For the years ended December 31,	2017	2016
<b>Interest Income</b>			
Interest on loans receivable		\$6,902,210	\$6,941,335
Interest on investments		\$2,205,759	\$1,728,600
<b>Total interest income</b>		<b>\$9,107,969</b>	<b>\$8,669,935</b>
<b>Interest Expense</b>			
Members' shares and savings accounts		\$1,858,792	\$1,794,236
Net interest income		\$7,249,177	\$6,875,699
<b>Provision for Loan Losses</b>		<b>\$4,333,333</b>	<b>\$658,167</b>
<b>Net interest income after provision for loan losses</b>		<b>\$2,915,844</b>	<b>\$6,217,532</b>
<b>Non-Interest Income</b>			
Other operating income		\$641,319	\$590,117
Fee income and charges		\$439,987	\$427,771
<b>Total non-interest income</b>		<b>\$1,081,306</b>	<b>\$1,017,888</b>
<b>Non-Interest Expense</b>			
Compensation and benefits		\$3,431,460	\$2,982,287
Occupancy and operations		\$1,813,895	\$1,605,039
Professional and outside services		\$651,544	\$766,743
Education and promotion		\$794,026	\$582,111
Loan servicing expense		\$312,354	\$233,864
Travel and conference		\$112,725	\$96,510
Loss on investments		\$50,457	\$7,193
Loss on sale of foreclosed assets		\$277,787	\$7,196
<b>Total non-interest expense</b>		<b>\$7,444,248</b>	<b>\$6,280,943</b>
<b>Net (loss) Income</b>		<b>\$(3,447,098)</b>	<b>\$957,477</b>



# MEMORIES AND MILESTONES



1



2



3



4



5



6



8



7



9

**1. Rebranding** Oceanside Christopher rebranded in January 2017, changing our name to Ocean Financial Federal Credit Union.

**2. Spread the Love** Ocean Financial produced two television commercials with a "Spread the Love" theme – "Hoops for Good" and "Cooking for Good."

**3. 2017 Scholarship** Scholarship and Board of Directors Chairman Don Maresca with the winners of the 2017 Patrick McNeill Memorial Scholarship. Pictured left to right: Ryan Harms, Kylie Woo, Joseph Prendergast, Sara Murphy, Scholarship Chairman Don Maresca

**4. Interfaith Nutrition Network** Ocean Financial donated the funds to purchase a new stove to the Interfaith Nutrition Network Soup Kitchen – The Mary Brennan INN. Pictured left to right: Executive Director of the INN Jean Kelly, Ocean Financial CEO/President Joseph Garay

**5. Easter Egg Hunt** Ocean Financial donated giveaways for the children as well as bags to collect all the hidden eggs at the Annual Easter Egg Hunt at the Father Joseph O'Connell Knights of Columbus Council in Oceanside. Pictured: Ocean Financial employee Lorraine Keegan, The Easter Bunny

**6. Let's Make Cents** Ocean Financial expanded the Let's Make Cents financial literacy program to 330 students in 10 Catholic elementary schools. Pictured: Joseph Garay, Ocean Financial President/CEO, celebrates with the classes from St. Elizabeth Ann Seton Regional School in Bellmore

**7. Food Drive** In 2017, the credit union donated collections from our Annual Food Drive to the St. Anthony's food pantry in Oceanside and the Maria Regina food pantry in Massapequa. Pictured: Kathy Ryan, Maria Regina Food Pantry and Ocean Financial President/CEO Joseph Garay

**8. Giant Stocking Winner** Ocean Financial raffled off a giant stocking at Christmas to winners in each branch. Pictured left to right: Oceanside branch winners Anthony Nash, Charlie Nash

**9. Santa in the Branches** Santa Claus once again made a special stop to our branches to visit with our members, from the very young to the young-at-heart. Pictured left to right back: Rudy Zilli, Seaford Branch Manager, Norma DeJesus, Phil Faller, Theresa Clarke, Elizabeth Lora. Front: Santa Claus