



55TH
ANNUAL MEETING OF MEMBERS



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

REPORT TO MEMBERSHIP

2023 in Review

Ocean Financial continues to strive to stay relevant for our members and for the Catholic communities on Long Island; we do this by adding value for our members and our communities to ensure long-term sustainability.

Ocean Financial has long been viewed as a member of the Long Island Catholic community, often linked to the Knights of Columbus. Our goal is to be viewed as an organization that has a positive impact, be a trusted advisor and can be counted on to support the key messages and missions of our partner Catholic organizations as a leader.

Cultivate and expand our existing relationships with Select Employee Groups and Parishes

Our focus is, and always has been, our members. And we are able to increase our membership through Select Employee Groups (SEGs) and the parishes we work with on Long Island.

We made the strategic decision not to add any new SEGs in 2023 so we can focus, instead, on the current relationships we have. As a result, we have grown several relationships, including Molloy University and Catholic Charities of Long Island.

In 2023, our Revenue Sharing Program donated over \$33,500 to the 16 parishes that take part in the program. This quarterly donation is based on the interchange income from Visa® credit and debit usage across our membership.

Education has always been a key part of our relationships. And in 2023, we were able to bring financial literacy to Sacred Heart Academy with Rock the Street, Wall Street.

Serving the Hispanic Market

With the studies and research under our belt, we built our plan to launch and provide products and services to the fastest growing Catholic population on Long Island.

We were lucky enough to work with organizations that have strong ties to the Hispanic community and introduced us; among them was Catholic Charities of Long Island, Hispanic Brotherhood, Molloy University, and Catholic Faith Network.

Investment in Digital

Our Digital Solutions not only provide members with added security and convenience but are also integral to the infrastructure of Ocean Financial.

There are some members who prefer to handle their financial transactions electronically. In 2023, we were able to offer more to help make that happen.

Ocean Financial introduced two new ways to move money:

1. TransferNow allows members to transfer between Ocean Financial and other banks or credit unions.
2. Members are able to pay a loan with a simple click from our website using a debit card or ACH payment. This has helped to significantly cut down on late loan payments.

In 2023, we also converted our card management system from CardValet to CardGuard. CardGuard enables credit and debit cardholders to digitally manage their cards and see their spending under one unified platform delivered through our mobile banking app.

Digital Solutions are always something we will look to upgrade to provide the best possible service for our membership.

What 2024 has in Store

Prior to 2023, Ocean Financial benefited in the form of increased interest income from a historic period of rising interest rates. That rate environment added tremendous pressure in 2023 as we began to experience the expected interest rate expense on our share balances.

We expect the pressure felt in 2023 to continue well into 2024 and possibly beyond, depending on changes in the interest rate environment.

The added challenge for Ocean Financial as a Catholic Credit Union is the limitations our commitment to our field of membership offers, as we work to attract new members and their deposits. We remain extremely committed to our Catholic identity and thus, we must continue to find ways to drive the business results needed to support our liquidity requirements, growth, and profitability.

As we move forward, we still need to make strategic investments in Ocean Financial, despite understanding the financial challenges we are facing. To do so, leadership will need to be more effective than ever to ensure we are utilizing our resources to continue to build out the infrastructure we will need to build the relevance we strive to deliver.

Our plan for 2024 is to continue moving forward with a focus on member experience and an expanded focus on education, inclusion and financial well-being.

We are aware of the challenges we'll be facing over the next year, but we will overcome them and continue to move ahead!

On behalf of our Board of Directors and our Staff at Ocean Financial Federal Credit Union, thank you for taking your journey with us.



Joe Tedesco, President/CEO



Lisa McGuinness, Chairwoman

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 CliftonLarsonAllen LLP, it is the opinion of the Supervisory Committee that Ocean Financial continues to be financially strong and operationally effective with sound policies and procedures. The independent auditor's report, issued by CliftonLarsonAllen LLP, for the year ended December 31, 2023, confirmed that the financial statements fairly present, in all material respects, the Credit Union's financial position and conform with generally accepted accounting principles. The financial statements, related footnotes and auditor's report are on file at the credit union for members' review.

Joseph Seimer, Supervisory Committee Chairman

Steven Delaney

Patricia Sheehan

Ron Steimel

SUPERVISORY COMMITTEE

P.O. Box 431, Oceanside, NY 11572

Statements of Financial Condition

As of December 31, 2023 2022

| | As of December 31, 2023 | 2022 |
|--|-------------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$20,393,303 | \$19,324,988 |
| Securities – Available for sale | \$89,439,146 | \$101,391,151 |
| Securities – Held to maturity | \$1,957,124 | \$1,943,595 |
| Other investments | \$80,000 | \$80,000 |
| Federal Home Loan Bank of New York stock | \$440,300 | \$351,300 |
| Loans receivable, net | \$236,205,906 | \$236,582,770 |
| Accrued interest receivable | \$1,032,152 | \$965,606 |
| Premises and equipment, net | \$3,398,055 | \$4,769,704 |
| National Credit Union Share Insurance Fund deposit | \$3,005,259 | \$3,134,231 |
| Prepaid expenses and other assets | \$3,059,869 | \$2,205,118 |
| Total assets | \$359,011,114 | \$370,748,463 |
| Liabilities | | |
| Members' shares and savings accounts | \$335,984,585 | \$353,612,581 |
| Borrowed Funds | \$3,000,000 | - |
| Accrued expenses and other liabilities | \$2,369,783 | \$1,965,253 |
| Total liabilities | \$341,354,368 | \$355,577,834 |
| Members' Equity | | |
| Undivided earnings | \$33,239,402 | \$33,268,103 |
| Accumulated other comprehensive loss | (\$15,582,656) | (\$18,097,474) |
| Total members' equity | \$17,656,746 | \$15,170,629 |
| Total Liabilities and Members' Equity | \$359,011,114 | \$370,748,463 |

Statements of Income

For the years ended December 31, 2023 2022

| | For the years ended December 31, 2023 | 2022 |
|--|---------------------------------------|---------------------|
| Interest Income | | |
| Interest on loans receivable | \$10,520,895 | \$8,335,797 |
| Interest on investments | \$2,633,686 | \$2,464,331 |
| Total interest income | \$13,154,581 | \$10,800,128 |
| Interest Expense | | |
| Dividends on members' shares and savings accounts | \$4,531,618 | \$1,874,397 |
| Interest on borrowed funds | \$146,707 | \$4 |
| Interest expense | \$4,678,325 | \$1,874,401 |
| Net interest income | \$8,476,256 | \$8,925,727 |
| Provision for Loan Losses | \$177,000 | \$75,000 |
| Net interest income after provision for loan losses | \$8,299,256 | \$8,850,727 |
| Non-Interest Income | | |
| Service charges and Fees | \$437,424 | \$458,906 |
| Other non-interest income | \$64,034 | \$99,737 |
| Interchange income | \$672,671 | \$691,396 |
| Capital Share Claim Reimbursement | \$46,427 | \$443,012 |
| Total non-interest income | \$1,220,556 | \$1,693,051 |
| Non-Interest Expense | | |
| Employee Compensation and benefits | \$4,529,004 | \$4,105,933 |
| Operations | \$1,903,027 | \$1,675,342 |
| Professional and outside services | \$1,021,134 | \$897,623 |
| Occupancy | \$758,469 | \$700,219 |
| Educational and promotion | \$596,519 | \$569,880 |
| Loan servicing | \$346,360 | \$560,064 |
| Total non-interest expense | \$9,154,513 | \$8,509,061 |
| Net Income | \$365,299 | \$2,034,717 |

BOARD OF DIRECTORS

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Director

Joseph Seimer
Director/Supervisory Committee Chairman

Michael Sloan
Director

Kevin Timoney
Director

Steven Delaney
Supervisory Committee

Patricia Sheehan
Supervisory Committee

Ron Steimel
Supervisory Committee

Your Leadership Team:

Joseph Tedesco
President/CEO

Douglas Brinkman
Chief Financial Officer

David Franco
Chief Information Officer

Patricia Daley
Director of Marketing & Member Development

Angela Fulgieri
Director of Branch Operations & Member Experience

Daniel C. Goosk
Director of Lending

Susan A. Hill
Director of Human Resources

Your Ocean Financial Team:

Jennifer Abrams
Lead Teller

Marleen Achong
Member Service Rep

Christine Barlow
Deposit Operations Specialist

Sergio Bedoya
Branch Manager

Alberto Bravo
Member Service Rep

Sandra Cardona
Member Service Rep

Barbara Casap
Lending Support Rep

Anne Marie Cirnigliaro
Bookkeeper

Theresa Clarke
Lead Teller

Taynia Clarke Vendryes
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Member Service Rep

Margaret Doyle
Teller

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Teller

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Steven Geiger
Member Service Rep

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Senior IT Support Specialist

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Teller

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Recovery Specialist

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Tracey A. Revere
Loan Officer

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Lending Manager

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IT Security Specialist

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Deborah A. Weidler
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Rudy Zilli
Deposit Operations Manager

Patricia A. Zullo
Teller