



ANNUAL REPORT *2023*



## PRESIDENTS MESSAGE

TEG Federal Credit Union remains dedicated to offering the financial solutions our members need, always with the personalized service they expect. From our modest beginnings, we've evolved into a comprehensive financial institution serving about 37,500 members throughout seven counties. At TEG, our growth is a testament to our original promise to put people over profits, the way it should be.

In 2023, we navigated through another year marked by uncertainties such as high inflation, rising interest rates, health crises including Covid/Flu/RSV, and various shortages that continued to impact the economy as it gradually recovered from the Covid pandemic. Global events such as the conflict in Ukraine, escalating tensions in the Middle East, and uncertainties with China have added further instability to the economic landscape. Despite the ever-changing environment, we remain agile by improvising, adapting, and overcoming the challenges we face, it hasn't been easy.

Being there for our members is our top priority. Our outstanding delivery channels, including an upgraded digital banking platform, drive-ups, and 24/7 ATMs, ensure we're there for our members when they need us. I want to thank my senior management team for all their hard work and dedication in finding ways to help our members achieve financial success.

Our achievements over the years are evident, with 2023 total assets exceeding \$430 million at year-end, and we continue to grow. Our lending activities saw phenomenal growth, with nearly a 10% increase over 2022. Our strong net income of over \$2.18M helped us get our Capital Ratio back up to 8.59%. At TEG, we want you to do business with someone you know and trust. You deserve a financial partner that looks out for you in good times, as well as, bad. That's what we do here at TEG and I'm proud of that.

Beyond financial services, we're deeply invested in our communities, offering financial education, and supporting local charities. We are committed to making a difference in the communities that we serve. Our employees are ambassadors of TEG, and take pride in spreading awareness, promoting TEG's benefits, and actively volunteering their time.

Our unique lending philosophy recognizes that everyone has a unique story. We evaluate loan applications holistically, understanding that life's challenges can affect anyone. We consider individual circumstances on a case-by-case basis rather than solely relying on credit scores. If you're concerned about loan approval, we encourage you to speak with us. Even if we can't assist immediately, we'll provide a plan to help improve your financial situation so we can help you save money over the long term.

We continuously work to serve our members, aiming to make every interaction as smooth and enjoyable as possible. With TEG, you gain access to the same wide range of products and services as big banks, but with the reassurance of dealing with a local, dedicated team that does things the right way and puts your best interests first.

Thank you to everyone who has recommended new members to us. Your referrals are crucial to our growth, and we appreciate it when you share your positive experiences with friends, family, and colleagues. Our success as a credit union is directly tied to you, our member-owners. Your ongoing trust and commitment empower us to grow the TEGFCU family. I deeply appreciate your support and business.

Sincerely,

*Ronald A. Flaherty*

President & CEO

### TEG EXECUTIVE MANAGEMENT

*Ronald A. Flaherty*

President/CEO



*Tom Gay*

Chief Financial Officer



### TEG SENIOR MANAGEMENT TEAM

Chief Information Officer	Peter Olson
Chief Lending Officer	Jackie Fellin
Chief Operating Officer	Cory Shapiro
VP of Commercial Lending	Spencer Fern
VP of Human Resources	Fiona Miceli
VP of Lending	Sara Verona
VP of Marketing	Elaine Lacy
VP of Risk Mitigation & Compliance	Alicia Lilly
Director of Digital Channels	Lisa Ricci

### TEG BRANCH MANAGERS

VP of Branch Ops, Sales & Service	Ashley Chan
Commerce Street Main Office	Jamie Truncali
Beekman	Deo D. Liberatore
College Center	Michael Robinson
Crystal Run	Stefany Hernandez
Hyde Park	Teresa Tessier
Newburgh	Octavia Davis
Route 9, Wappingers Falls	Tyreik Brown
Route 376, Wappingers Falls	Jessica Tullo
Solutions Center	Shelby Gregson

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is a group of volunteer members appointed by the Board of Directors. We are responsible for safeguarding member assets through fair and accurate representation of the membership and ensuring that your Credit Union's operations conform to the Federal Credit Union Act and the rules and regulations of the National Credit Union Administration (NCUA). The Committee's responsibilities include retaining services for an annual report on the financial condition of the credit union, coordinating the verification of member accounts and monitoring the review of internal controls, compliance with laws and regulations, and code of conduct activities.

As part of fulfilling its duties, the committee engaged the independent accounting firm Wojeski & Co. to conduct an audit of the Credit Union's financial statements. This audit was completed for the year ending December 31, 2023. We are pleased to report that no anomalies were found and the Credit Union adhered to all rules and

regulations during 2023 and conducted its affairs in a most satisfactory manner. Records were maintained in accordance with prescribed standards and accounting practices and were found to be current, accurate, complete, and in balance at all times during the year.

The Supervisory Committee feels that the internal control policies and procedures in place will help keep your Credit Union safe and sound. We, the Supervisory Committee, are pleased to report that TEG Federal Credit Union is financially sound and is in compliance with all applicable rules and regulations.

We look forward to continued cooperative efforts in the future and thank our members for choosing to conduct their financial business with TEG.

Sincerely,  
*Trevor Kaftan*  
 Supervisory Committee Chairman



*Trevor Kaftan*  
CHAIRMAN



*Marilyn Brammer*

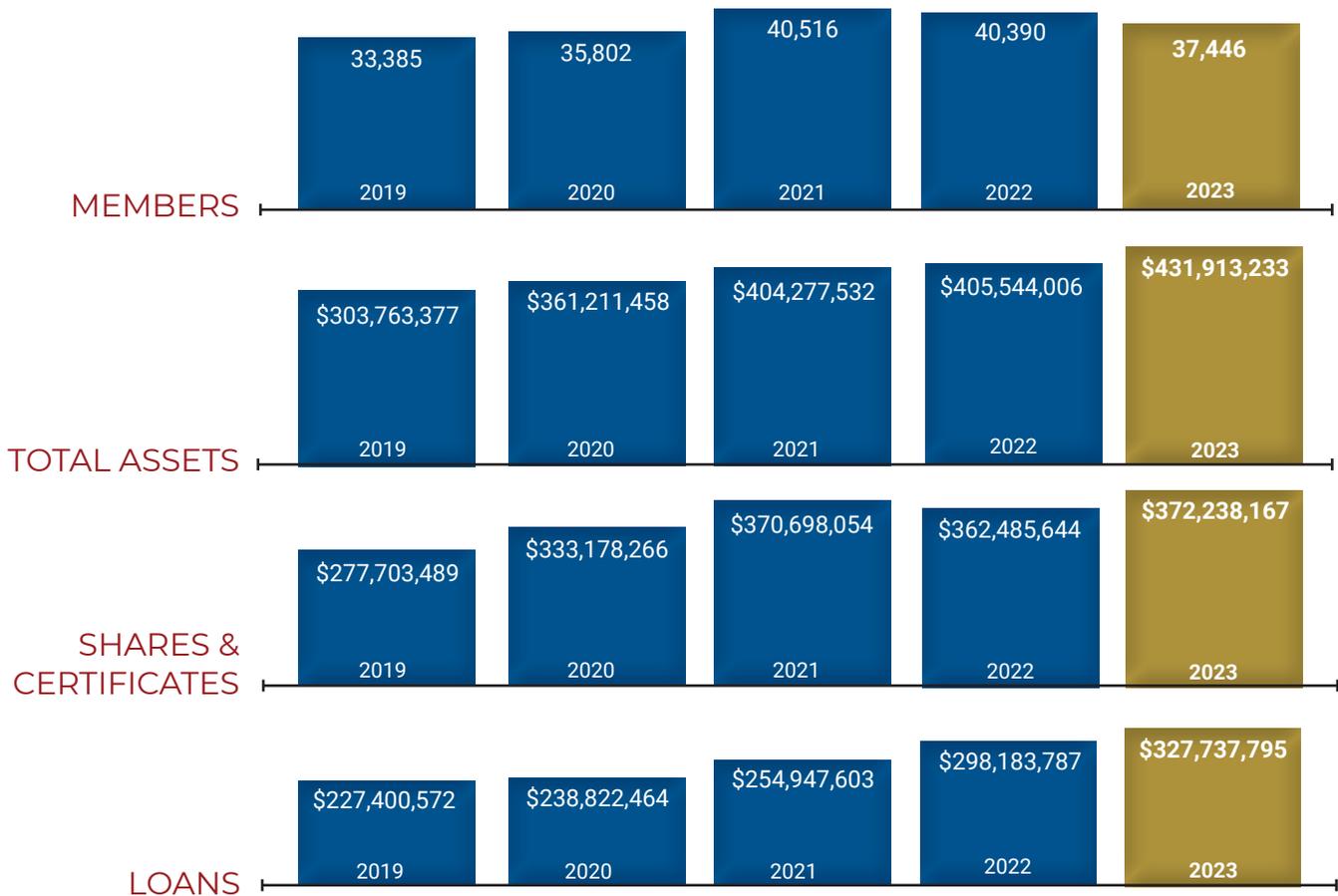


*Joe Lombardi*



*Abhi Kakumanu*

## FINANCIAL REPORT CHARTS



**TEG FEDERAL CREDIT UNION** *Statements of Financial Condition*

	Year Ended <u>Dec. 31, 2023</u>	Year Ended <u>Dec. 31, 2022</u>
<b>ASSETS</b>		
Total Loans	\$ 327,737,795	\$ 298,183,787
Less: Allowance for Loan Losses	(2,498,567)	(2,537,494)
Cash and Cash Equivalents	24,485,003	21,404,232
Total Investments (Book Value)	56,215,514	61,970,639
Land and Buildings	5,990,914	5,985,037
Other Fixed Assets	1,440,437	1,526,691
NCUA Share Insurance Fund	3,590,228	3,612,159
Other Assets	14,951,910	15,398,955
<b>TOTAL ASSET</b>	<b><u>\$ 431,913,233</u></b>	<b><u>\$ 405,544,006</u></b>
<b>LIABILITIES</b>		
Accounts Payable and Other Liabilities	<b>\$ 10,327,908</b>	<b>\$ 10,605,241</b>
Line of Credit Loan	<b>17,000,000</b>	<b>5,000,000</b>
<b>SHARE AND EQUITY</b>		
Total Shares and Deposits	372,238,167	362,485,644
Regular Reserves	2,075,649	2,075,649
Unrealized (Loss) on Investments	(3,987,790)	(5,836,615)
Undivided Earnings	<u>34,259,298</u>	<u>31,214,087</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 431,913,233</u></b>	<b><u>\$ 405,544,006</u></b>

**TEG FEDERAL CREDIT UNION** *Statements of Operations*

	Year Ended <u>Dec. 31, 2023</u>	Year Ended <u>Dec. 31, 2022</u>
<b>EARNINGS</b>		
Interest on Loans to Members	\$ 17,409,753	\$ 14,053,753
Income from Investments	1,658,953	1,125,660
Fee Income	6,194,546	6,942,362
Other Income	<u>266,944</u>	<u>399,937</u>
<b>TOTAL EARNINGS</b>	<b><u>\$ 25,530,196</u></b>	<b><u>\$ 22,521,712</u></b>
<b>EXPENSES &amp; OTHERS</b>		
Operating Expenses	\$ 19,823,291	\$ 19,164,589
Gain/Loss on Sale of Assets	-	-
Gain/Loss on Investments	-	-
Other Non-Operating Income/Expense	-	-
<b>TOTAL EXPENSE &amp; OTHER</b>	<b><u>\$ 19,823,291</u></b>	<b><u>\$ 19,164,589</u></b>
Income Before Cost Of Funds	\$ 5,706,905	\$ 3,357,123
Dividends Paid to Members	2,807,013	811,977
Interest On Borrowed Money	<u>512,378</u>	<u>13,311</u>
<b>TOTAL INTEREST PAID</b>	<b><u>\$ 3,319,391</u></b>	<b><u>\$ 825,288</u></b>
<b>NET INCOME</b>		
Distribution of Net Earnings	<b><u>\$ 2,387,514</u></b>	<b><u>\$ 2,531,835</u></b>
Regular Reserve Accounts	0	0
Undivided Earnings	<u>2,387,514</u>	<u>2,531,835</u>
<b>NET INCOME</b>	<b><u>\$ 2,387,514</u></b>	<b><u>\$ 2,531,835</u></b>

**NOTE:**

Total Lines of Credit Available	\$50,263,748	\$49,861,910
Total Gain (Loss) on Investments Available for Sale	(\$ 3,987,790)	(\$ 5,836,615)

## BOARD OF DIRECTORS



*Walter V. Behrman, Jr.*  
CHAIRMAN



*Andrew Krayewsky*  
VICE CHAIRMAN



*Barbara J. Hogan*  
SECRETARY



*Rebekah Garcia-Stevens*  
TREASURER



*Paul Basile*



*Joe Corrigan*



*Ed Hotaling*



*Frank LaRose*



*Joshua Stratton*

## MINUTES FROM THE 54<sup>TH</sup> ANNUAL MEETING TEG FEDERAL CREDIT UNION

*The 54th Annual Meeting was held on Thursday, March 30, 2023 at the Credit Union Main Office, 1 Commerce Street, Poughkeepsie, NY 12603*

### **I. Call to Order**

Mr. Walter V. Behrman, Jr., Board Chairman, called the 54th Annual Meeting to order at 5:32 P.M. The Secretary, Ms. Barbara J. Hogan confirmed that we had a quorum. Mr. Behrman asked everyone to stand and join him in the pledge to our Flag and remain standing after the pledge.

After the pledge, Mr. Behrman asked those assembled to please keep in their thoughts and prayers President Volodymyr Zelensky for his courageous leadership and the Ukrainian people who are suffering dearly during the hostilities that are currently taking place in Ukraine, as well as the people in Turkey and Syria who have been severely affected by the recent major Earthquake that struck both countries in early February and of course the victims of the school shooting in Nashville, TN.

Mr. Behrman then made the following announcement, *"If you are joining us virtually, please feel free to use the Q & A feature. We will be happy to answer your questions in a follow-up email after the meeting."*

### **II. Minutes**

A copy of the minutes of the 53rd Annual Meeting are in the 2022 Annual Report and Charline Gibb moved, and Jean Riordan seconded to approve the minutes. They were unanimously approved by those assembled.

### **III. Chairman Remarks-Walter Behrman**

Since Mr. Behrman recently had surgery the plan was to have Mr. Krayewsky chair the meeting, but he was sick. Since Mr. Behrman had previously recorded his remarks he quoted Warner Wolf and said, "Lets go to the video tape." And the pre-recorded remarks were played. "Good evening. As Mr. Krayewsky told you I recently had shoulder surgery and am unable to attend the meeting in person. In lieu of my physical presence I am delivering my remarks by video. As each year seems to rush by, it is important for us to share with you all that has been happening here at TEG. Our Annual meeting is the one opportunity where we can share our successes and challenges with our whole membership. While COVID was probably one of the greatest challenges we have ever faced in society in recent memory, we all seem to have settled into living with the virus among us. It is not to say this is something to take for granted, but it is definitely not creating the same amount of fear and anxiety that we all had when it first started. Moving forward I would encourage all to remain vigilant in your efforts to

protect yourself and those around you. That being said, I must compliment Mr. Flaherty, our CEO, for the decisions he made to protect our employees, and of course our members, when they came to do their financial business. Early on, many of our employees were able to work from home, and we closed our offices except by appointment. We were always available via our Drive-thru's, phone and the internet. I want to thank all of our staff for the superb job they did helping our members during those trying times.

2022 was another outstanding year for us here at TEG. Our Return on Assets (ROA) was strong and came in at .70%. Our assets are still over \$400M. In our Indirect Loan Department, we revised our preferred dealer incentive plan and saved approximately \$2000 per month and also in October we began Auto Approvals for select dealers which improves turnaround time for loan approvals for our members. The most significant accomplishment for the department was the successful launch of our indirect LEASE product. For credit cards we launched Contactless Cards which increased member convenience. We also launched Payment Defender to improve member credit card experience. For direct lending in branches, we implemented Centralized Lending in August to modernize loan processes. We have decreased decision time from 5-10 days to two days or less.

The Mortgage Department had a challenging year in 2022. Interest rates rose at a much faster rate than forecast. Rates more than doubled from 2021 levels with rates hitting over 7% in the third Quarter, ending the year in the mid 6s. Even against those terrible odds we originated 220 first mortgage units totaling \$68.9M. We originated 131 HELOCs at \$10.1M, representing a 60% increase in volume from 2021. We have been exploring a hybrid closing option for HELOCs and Home Equity Loans which will make it easier for members to access the equity in their home. We also were involved with the Federal Home Loan Bank, Home Buyer Dream Participation – we provided \$10K grants to seven households to assist income qualified households in becoming homeowners.

In the Commercial Lending Department, we were able to reach over \$15.2M in funding while growing the portfolio by over 11% for the year. TEG prides itself in analyzing each new loan request to assure that we are growing our portfolio in a RESPONSIBLE fashion. The commercial loan portfolio balance was \$47.3M on January 1, 2022 which grew to over \$52.4M as of December 31, 2022.

The IT Department led the team on the conversion to the new Alkami platform and ancillary products. Very importantly they worked with an outside vendor to complete all EXTERNAL AND INTERNAL VULNERABILITY AND PENETRATION TESTING, AS

WELL AS THE GRAMM LEACH BLILEY ACT (GLBA) AUDIT. We also worked with the Operations group on ATM replacements, which allowed for the ability to deposit checks in real-time. Our core services group was able to create an automated process to apply proper check holds as required with Regulation CC.

In the Digital Channels department, they worked closely with all the TEG departments and digital banking vendors to resolve member and system issues, to improve operating procedures, reduce risk and expenses, and monitor and enhance digital services. It is very important for us at TEG to support the ever changing digital needs of members thereby improving the overall success of TEG. On October 4, 2022 we accomplished the conversion of our Digital Channels to our new vendor, Alkami. This was a major project that involved more than a year of planning before its implementation.

In the Branches, which are the heart of the Credit Union for our members, we replaced our entire ATM fleet with state-of-the-art ATMs, featuring envelope deposits, and the ability to electronically send receipts, contactless card ready and complete marketing control over screens and user interface options. We also resumed in-person and virtual credit seminars for member focused on "Understanding your credit score".

Our Marketing Department strives to get the TEG name out to the community as well as supporting local initiatives. For example, we are involved in promotions such as Q92 Holiday Music, WHUD Christmas Cash Contest, we sponsored the "Home for the Holidays" Sweepstakes, and created FIRST TIME HOMEBUYER GUIDE and DEBT CONSOLIDATION GUIDE, which is downloadable on our website.

One of the important things we do to support our local communities is the awarding of scholarships. We award three \$1,000 TEG-Joyce A Betros Scholarship to area high school students, as well as numerous other area scholarships to local students. We have also conducted Seminars, both in person and virtual, as well as a Career Development workshop with Dress for Success – Dutchess County, as well as webinars through Arlington Continuing Education including – Social Security, Medicare and Tax Planning in the Four States of Retirement. In addition, we hosted member appreciation events at Newburgh and Commerce Street with free ice cream, free credit reviews and shredding.

In summary – we here at TEG are productive members of the communities where our branches are located. We strive to give the best financial help and advice to our members, and we work to keep up with technology for our members' use, as well as protecting member accounts and personal information. We hope you will make use of all of the services TEG has to offer. Thank you!

#### **IV. President/CEO Report - Ron Flaherty**

Good evening, I am Ron Flaherty President & CEO of TEG Federal Credit Union. Thank you for joining us tonight for our 54th Annual Meeting. Next year we plan to have a huge celebration to recognize 55 years in business and all the success that we have enjoyed over the years. I hope you will be able to join us once again for that.

The year 2022 was a very challenging one! With the FED aggressively raising rates to fight persistently high inflation which touched over 8% during the year. However, that was just one of the many challenges we faced, other disruptions to our economy were from, supply chain issues, low inventory of homes available for sale in our area, COVID lock downs and the war in Ukraine. These all put additional pressures on the global and US economy during the year. The FED raised rates beginning in March 2022 and by year end, rates were up 4.5%, one of the fastest rate increase campaigns on record besides the 1980's. By the end of the year, people were using up the savings they had accumulated during the pandemic from Government stimulus programs and began borrowing to keep up. Our deposits ended the year down 2.22% and the huge inflow of funds accumulated during the pandemic started rolling off while at the same time our loan growth accelerated. Loan growth for 2022 was phenomenal once again almost hitting 17%. Our loan portfolio

is well diversified and spread over many diverse types of loans so that we earn good returns and keep durations reasonable. On the investment side, there were big unrealized losses that we carried at the end of the year due to the rapid rise in rates, however our liquidity remains stable and those investments will mature with no loss to be realized over time. Our net income was once again very strong, and our capital ratio improved to 8.71%. Our delinquencies remained low at .79%, but I do foresee that rising over next several years as we head towards a recession. Overall, we had another successful year despite what was going on around us. During 2022, we upgraded all our ATM machines with the newest security and technology features. We also upgraded our online and mobile platforms as well to stay current on new and changing technologies as they quickly became available. We also continue to look for potential new branch sites throughout the counties we serve and are ready to continue to grow our branch footprint going forward.

I am proud of what we accomplished in 2022 and look forward to continuing our success going into 2023 and beyond. Rest assured that your credit union is well managed and in excellent financial condition.

Thank you for your trust and confidence in us. I will do my very best, as I know all our staff will too, so that we continue to provide the products and services you need and expect from us.

#### **VII. Treasurer's Report**

Mr. Thomas Gay, CFO, gave the report for Ms. Rebekah Garcia-Stevens.

Good evening. I am Thomas Gay, CFO of the Credit Union. I like to direct your attention to the summary of the financials located on page 2 and 3 of the Annual Report. As Mr. Behrman and Mr. Flaherty reported earlier, the Credit Union had a good year. There are three areas I would like to bring specific attention to. First, Loan balances grew by more than \$43 million making it a record year for loan growth at the Credit Union. Second, Credit Union Equity grew by nearly \$2.9 million, and thirdly the Equity Ratio, the primary measurement our regulator the NCUA uses for measuring the health of a Credit Union improved by 76bp to 8.71%. This classifies us as a Well Capitalized Credit Union. These successes could not have been achieved without the hard work and dedication of the Credit Union staff and volunteers. I also want to express my appreciation to the Membership of the Credit Union. It is you that is the foundation of this Credit Union. Your trust in us for 54 years has allowed this Credit Union to grow and prosper and the primary reason why we are a safe and sound financial institution. Thank you.

#### **VII. Supervisory Committee**

The Supervisory Committee is a committee appointed by the Board. This year Brian Kaley serves as Chairperson.

Mr. Kaley introduced himself then continued.

The Supervisory Committee is a group of volunteers appointed by the board of directors. We are responsible for safeguarding member assets by ensuring that all fiscal operations are performed accurately and in compliance with the Federal Credit Union Act and the rules and regulations of the National Credit Union Administration. We work to validate that internal controls are sound, procedures are followed, and independent reviews are performed.

The committee retained the services of the independent accounting firm Wojeski and Co. to conduct an audit of the credit union's financial statements for the year ending December 31, 2022. Please refer to the 2022 Annual report. It is the Supervisory Committee's opinion that the TEG Federal Credit Union financial statements provide a fair and accurate representation of our fiscal condition.

We are happy to report that no anomalies were found. The credit union conducted its affairs in the most satisfactory manner and followed all applicable rules and regulations. Records were

maintained in accordance with prescribed standards and accounting practices and were found to be current, accurate, complete, and in balance during the year.

We believe that TEG Federal Credit Union is fiscally strong, has suitable policies and programs in place, and is well-positioned to continue to serve its members.

**VIII. Old Business** None

**XI. New Business**

Elections – Mr. Joseph Corrigan, Mr. Andrew Krayewsky and Mr. Frank LaRose have been nominated for three-year terms on the Board of Directors. Since there were no other candidates for the noted positions, Mr. Behrman requested that Ms. Hogan cast one vote for each of the above-mentioned individuals.

Mr. Behrman then congratulated the newly elected Board Members.

**X. Questions and Answers**

Mr. Behrman asked if there were any questions from those in attendance, and he reminded those attending virtually to please use the Q & A feature he had previously mentioned. One member said she had a Home Equity Loan and had recently received a mailing

concerning a mortgage warranty seemingly endorsed by TEG. She checked it out and found that it had nothing to do with the Credit Union. Mr. Flaherty said we had nothing to do with it but we would make an effort to warn people that they might be getting something like this in the mail.

Mr. Behrman thanked the member in the audience and told her that we appreciated her input.

**XI. Adjournment**

Since there was no other business to come before the Assembly, Mr. Behrman adjourned the meeting at 5:53 P.M. Mr. Behrman thanked everyone for joining us and that we appreciate their support. He also thanked Ms. Elaine Lacy and her staff for setting up the Annual Meeting. He also thanked Ron Siper for the work he did with Ms. Lacy so that we could record Mr. Behrman's speech since he wasn't sure he would be able to attend the meeting in person because he had surgery the week before.

Respectfully submitted,

*Barbara J. Hogan*  
Secretary



## TOGETHER EVERYONE GROWS

YOU are the reason we love what we do. Improving lives.  
Helping people get to a better place financially.  
*Member Focused. Member Driven.*

### *Conveniently Located To Serve You*

#### POUGHKEEPSIE – MAIN OFFICE

1 Commerce Street, Poughkeepsie, NY 12603

#### BEEKMAN

Town Plaza, 2540 Route 55, Poughquag, NY 12570

#### CRYSTAL RUN

140 Crystal Run Road, Middletown, NY 10941

#### HYDE PARK

4282 Albany Post Road, Hyde Park, NY 12538

#### NEWBURGH

16 North Plank Road, Newburgh, NY 12550

#### POUGHKEEPSIE – COLLEGE CENTER

11 Marist Drive, Poughkeepsie, NY 12601

#### ROUTE 376 – FISHKILL PLAINS

Nesheiwat Square, 900 Route 376,  
Wappingers Falls, NY 12590

#### ROUTE 9 – WAPPINGERS FALLS

1145 Route 9, Wappingers Falls, NY 12590

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