

**hartford
firefighters'
federal
credit union**

2022 ANNUAL REPORT

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***"Responding
first to the
financial
needs of our
members"***

2022

Annual Meeting - Virtual

Tuesday, April 25th, 5:30pm

FIRE DEPARTMENT
CITY OF HARTFORD



CLASS 1
DEPT.

MINUTES *from the* 2022 ANNUAL MEETING

"Lynch asked each reporting member to read aloud their report to the attendees.."

The 72st Annual (virtual) meeting was called to order by President Helene Lynch at 17:35 hours. She ascertained that a quorum was present. She then appointed CEO Bryan Woodward as Recording Secretary. The minutes of the 2021 meeting were read by Woodward. George Camarco motioned to accept. Nick Vendetta provided a second. All ayes. Next, President Lynch asked each reporting member to read aloud their report to the attendees. Chairman, Treasurer, Lending, CEO, and Supervisory and were all presented. President Lynch next asked if there was any Old Business to discuss. There was none. Under New Business –

There was none. President Lynch informed all present that three nominated members of the Board of Directors: Helene Lynch, Nicholas Vendetta and Brian Kennedy were up for re-election for 3-year terms. President Lynch asked Vice President Brian Kennedy to endorse all nominated candidates. Kennedy made the one vote needed to endorse the slate. As a result, the three aforementioned candidates were elected to serve three-year terms. President Lynch then asked for a motion to adjourn. Nick Vendetta motioned and George Camarco Seconded. All Aye. Meeting adjourned at

18:01. President Lynch immediately called to order a special meeting of the membership to discuss expulsion of those members who caused the credit union a loss during 2021. Bryan Woodward reported that there were five members that cost us monies during the year. They were E. Robinson, C McWeenny, E. Brazalovich, S Facara, and H. Cuppett totaling \$25,647.28 The members present were urged to vote "Aye" and approve the expulsion of those members. George Camarco motioned and Nick Vendetta Seconded. All Aye. We are pursuing repayment on all these accounts even though

they are being expelled. A motion to adjourn was made by George Camarco. Judy Faenza seconded. All ayes. There being no further business, the meeting was adjourned at 18:16 hours.

Respectfully Submitted,

Bryan Woodward
Recording Secretary

MESSAGE *from the* CHAIR

" HFFCU can now offer its product and services to all the firefighters in the state of CT..."

I am very pleased to once again announce that Hartford Firefighters Federal Credit Union remains strong and profitable during a challenging year of high inflation and consistent rate increases. The Board of Directors were kept well informed on the challenges that 2022 presented to our staff and supported the initiatives of the team as they tried to combat them. Your Credit Union had experienced changes in both management and the board of directors last year. I officially took over the helm as your Chairman in the 3rd quarter, Brian Thompson was asked to take over as Supervisory Chairman to ensure all the changes made were compliant and meet the standards

of our regulators. Board asked George Camarco to take on the Treasurer/Secretary role and added a new Board of Director Pete Towey. After four years of serving HFFCU, Bryan Woodward took an opportunity to run another Credit Union in Miami. The Board with Bryan Woodward's recommendation selected Emerilda Zeqo as the Interim CEO moving forward. Many of you already know Emmy, and know her passion and loyalty to the credit union and its members. One major accomplishment in 2022 was our TIP Charter. HFFCU can now offer its product and services to all the firefighters in the state of CT. We have amended our bylaws to include the following verbiage from NCUA: Fire departments,

including government and private fire departments;

- Emergency medical and rescue service providers, with strong dependency relationships with fire departments.
- Entities, only for those persons who work directly on the oversight or research of or on fire prevention, control, or preparedness services; and
- Non-profit foundations authorized by their organizing documents to be for the benefit and support of firefighters.

Also, we launched a new Home & Mobile Banking app in order to provide additional and more modern features to these programs. We saw a common theme among all financial institutions in 2022 in that share balances grew, and loan volume was steady if not lower than prior year. We had

a great year, HFFCU saw a better return on investments due to a continued increase of CD rates. With average rates over 5%, we began to see the benefit in the 4th quarter and expect this strategy to continue to payoff for many years to come. We ended the year 75% better than the income from the year prior, ranked second place in the 2022 Hartford Courant's Best Places to Work and also received a 5-Star recognition from Bauer Financial, our 2nd year in a row. We have made the necessary changes to assure that we remain competitive in this market.

Respectfully,

Nicholas Vendetta
President

MESSAGE *from the* CEO

"HFFCU members saved over \$1.3 million dollars in 2022 and borrowed \$5.2 million.."

I am honored to succeed Bryan Woodward as CEO of Hartford Firefighters Federal Credit Union at such an exciting time for the credit union. We are pleased to report that 2022 was another successful year for HFFCU. This is particularly noteworthy considering the significant shift on the economic environment. After years of historically low interest rates, the Federal Reserve increased its target Federal Funds rate by 4.25 percentage points in 2022, the most severe interest rate shock in four decades. We saw inflation almost at the same rate as 2021. Despite all challenges we faced, your credit union was still looking forward

to grow and flourish. Inflation also impacted our members in various ways and we were here to help them. In response to that, HFFCU made sure to offer multiple promos each month to help ease the pressure. In 2022 we welcomed two new staff members into the HFFCU family, Cassandra Wilke (Member Service) and Stela Veli (Loan/Collection Officer). I am very pleased to announce that in December of 2022, NCUA approved our Tip Charter to serve all Firefighters in the state of CT. This is a huge step for our credit union and a great opportunity to grow our membership. We launched a new Home & Mobile banking platform with a more modern

features to make our members experience enjoyable and easier. We are giving our website a face-lift. The new website will be clean, easy to navigate, and full of information to help guide you through any banking needs. HFFCU members saved over \$1.3 million dollars in 2022 and borrowed \$5.2 million. We re-introduced CD accounts in 2022 and have 890k in deposits. The high deposit rate offered to our members increased the Credit Union's cost of funds. Our Net Capital has increased slightly to 11.12%. Our Loan to share percentage increased to almost 50.00%. Our goals for 2023 are to deliver

excellence experience to our members, maintain a strong financial position while growing and ensure operational soundness.

We have a great team who works tirelessly to help our members.

We are looking forward to a great year in 2023!

Respectfully,

Emerilda Zego
Chief Executive Officer

REPORT *from the* TREASURER

" Inflation impacted everyone in 2022 as well as HFFCU ...".

After another trying year of economic uncertainty, the Treasurer of the HFFCU remained focused on our returns and impact to our capital. Inflation impacted everyone in 2022 as well as HFFCU but we managed to keep our cost of operations and cost of goods down to help our bottom line. We are now at \$26.6mm in Assets (\$900k over a year ago). Our Year end Net Capital was 11.12%, way over the required 7% by the NCUA, who regulates all Credit Unions. We are utilizing an

outside consultant to assist with our ALCO reporting and projects. These meetings proved to be very informative and helped show that our company is moving in a strong direction. With all the stress on the economy, HFFCU ended the year with a net profit of \$148k, which is the highest we have seen in a few years. Some highlights – Assets grew 10%, Liabilities dropped 31%, total loans increased 5% (with the addition of Participations, Loan to Share ratio increased to 49%, Yield on investments increased 28bp and Delinquency

remained very low at 0.00%. Each year, we hire the services of Whittlesey and Hadley to perform our internal audit and BSA/ACH audit. I am happy to report that HFFCU came through these audits with very high remarks, no critical findings and in excellent financial standing. Your credit union remains financially strong and maintains the structure to weather the hardships that others may not be able to endure. We were healthy enough to offer various promotions as well

as invest in our ability to serve you with new products and services putting us in a better position to compete with the big banks but with better and personalized member service. In 2022 we rolled out a new and advanced Mobile and Home Banking App to make our members banking experience more streamlined.

Please see the enclosed financials and reach out to me with any questions.

Respectfully,

George Camarco
Treasurer

REPORT *from the* SUPERVISORY COMMITTEE

" all areas of the Credit Union received Exceptional status reports..."

The Supervisory Committee is responsible for the auditing of the credit union's financial statements and performing member statement of account verifications. This has been accomplished by selecting, hiring, and facilitating an audit by independent certified public accountants. Hartford Firefighters Federal Credit Union hired the firm of Whittlesey, LLC to perform the audit for the year ending December 31, 2022. The Supervisory Committee then reviews reports issued by them with

accompanying follow-up procedures performed as necessary. Whittlesey, LLC was also hired to perform both BSA/AML and ACH audits assuring that we follow all regulatory requirements set forth by the NCUA. Audits of our IT security, Business Continuity, Disaster Recovery Planning, and Internal and External vulnerabilities are also tested annually. Finally, we audit the financials of our most critical vendors via our Vendor Management program. The Supervisory Committee meets monthly to audit internal controls

including Cash Management, Loan Review, ACH processes and Closed Accounts. This comprehensive internal audit schedule for the year was developed between the Supervisory Committee and Management. The schedule was designed so that the appropriate areas of the credit union are addressed based upon the overall risks to the credit union. We are happy to announce that all areas of the Credit Union received Exceptional status reports including a Camel 2 from the NCUA and Meets or Exceeds from

everyone else. Your money is safe here at HFFCU. Your Supervisory Committee continues to focus on ensuring that proper controls exist and are functioning at Hartford Firefighters Federal Credit Union

Respectfully Submitted:
Brian Thompson
Committee Chairman

REPORT

from the

LENDING DEPARTMENT

" We were able to keep the momentum and book more loans than the prior year "

The Lending department was very busy in 2022. Last year we focused our energy towards expending our relationship with our members. During the lending review process, we took an in depth look at credit reports to uncover other areas where we could save members money and provided financial literacy advice to improve their credit score for better approval odds for future lending opportunities. From a loan origination

perspective, it was a great year with over \$5.2mm loans put on the books. This was 100.45% (\$23K) greater than just one year prior. We were able to keep the momentum and book more loans than the year prior. This was a result of some very strategic promos combined with improved departmental strategies and hard work. There were 212 new loans put on the books during this time.

We averaged about 17 loans per month with a high of \$983K booked in September .Of our

total, we booked 2.0mm in Used Autos, 1.1mm in Personal Loans, and 1.4mm in Home Equities. With the increase in loan volume, there is always a concern of the potential impact to our collection activity, but that was not the case in 2022. We maintained a very low delinquency ratio and ended the year at .00%. We did incur a couple of charge offs, but nothing that affected our reserves. We remain adequately reserved as required by the

NCUA and have been adjusting for the new CECL method which calls for even more contribution to protect against losses. In conclusion, our loans are being paid and performing as we expect them to perform. Overall Credit Risk at HFFCU is in great shape and we look forward to yet another productive year serving the needs of our members.

Respectfully,

Emerilda Zego
CEO

REPORT *of* FINANCIALS

Financial Report as of 12/31/2022			
Assets		2022	2021
	Loan to members	9,300,088	5,199,732
	ACCUM Asset Depreciation	(457,896)	0
	Allowance for Loan Losses	(43,225)	(21,551)
	CU Check Clearing Acc	(112,731)	0
	Cash	203,474	166,738
	Investments	13,714,000	12,325,000
	Accrued Income	60,259	45,382
	Prepaid & Deferred Expense	120,043	94,891
	Land	95,672	95,672
	Building	324,778	312,808
	Furniture & Equipment	103,892	100,600
	NCUSIF Deposit	224,412	201,991
	OREO	0	0
	Other Assets	3,073,070	6,793,355
Liabilities & Equity			
	Accounts Payable	45,776	66,792
	Other Liabilities		
	Taxes Payable		
	Shares	23,602,787	17,912,365
	Regular Reserve	756,594	756,594
	Undivided Earnings	2,200,680	2,051,988
	Unrealized Inv. Gain/Loss	0	0
	TOTAL	26,605,837	20,787,739
Income		2022	2021
	Interest on Loans	419,001	\$295,428
	Income on VISA	191,000	\$0
	Income on Investments	193,550	\$222,994
	Fees and Charges	162,918	\$120,458
	Other Income	63,508	\$284,597
	TOTAL	1,029,977	\$923,477
Expenses			
	Compensation	297,924	303,807
	Employee Benefits	72,542	67,699
	Travel & Conference	6,000	824
	Association Dues	3,550	3,528
	Office Occupancy	72,512	71,890
	Office Operations	74,058	68,813
	Credit/Debit Card Processing	131,972	
	Projects	3,457	
	Educational & Promotional	6,112	10,106
	Loan Servicing	40,561	17,804
	Professional/Outside Services	126,917	117,550
	Federal Operating Expense	14,433	
	Provision for Loan Loss	3,795	19,500
	Cash Over/Short	(422)	326
	Interest on Borrowed Money	2,108	
	Miscellaneous	129	862
	TOTAL	855,647	822,978
	Non-Operating Gain/(Loss)	(4,577)	4,500
	Gain/Loss on Investments	1,971	
	Dividend Expense	28,243	23,433
	Annual Gain/(Loss)	148,692	86,837

STAFF *and* BOARD OF DIRECTORS

Staff:

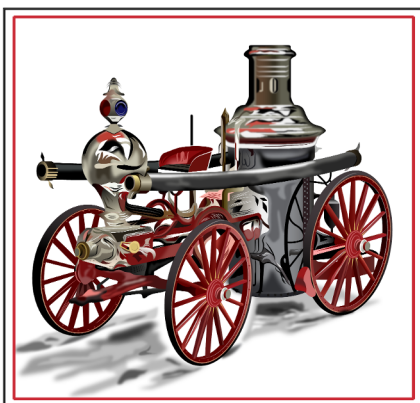
Emerilda Zeqo	CEO
Judith Faenza	Assistant Manager
Cathy Moree	Plastics / EFT Coordinator
Stela Veli	Loan Officer / Collections
Cassandra Wilke	Member Services

Board of Directors:

Nicholas Vendetta	Chair
Brian Kennedy	Vice President
George Camarco	Treasurer / Secretary
Helene Lynch	Director
Brian Thompson	Director
Pete Towey	Director

Supervisory Committee:

Brian Thompson	Chair
George Camarco	Member
Pete Towey	Member



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