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## **GPO FEDERAL CREDIT UNION: ANNUAL REPORT 2019**

### **BOARD OF DIRECTORS REPORT**

Dear GPO Members,

The past year was a ground-breaking year for GPO Federal Credit Union. As many members may know, GPO began as a single-employer credit union, serving postal workers based out of Utica. As the years went by, GPO's field of membership changed to include employees working in the Federal office building in downtown Utica. Many smaller credit unions merged into GPO and we gained footholds with employers in Oneida, Herkimer and Madison Counties. Prior to 2019, there were more than 150 ways Mohawk Valley residents were able to join GPO.

Early in 2019, we recognized that in order to continue growing and to allow greater membership opportunities for more area residents, we needed to change our field of membership charter. All credit unions have a charter – some are issued at the State level and some are Federally-chartered. GPO is a Federally-chartered credit union. In order to make a charter change, a lengthy application needed to be completed and sent to our regulators, the National Credit Union Association, also known as the NCUA. The process can take up to six months for completion.

By mid-2019, we received NCUA approval which changed GPO from a multi-employer credit union to a rural-based community charter. This means that GPO can now accept membership from a vast seven-county area. The counties included in our new charter are Oneida, Herkimer, Madison, Otsego, Fulton, Montgomery and Hamilton Counties.

Now, we are able to accept new members based on residency and where they work, attend school or worship. The opportunity for growth has never been greater and fortunately for GPO, our investment in technology makes it so easy to join and be an active credit union member – no matter where our members may live. New and existing members can do almost everything online – from joining to applying for loans and so much more. Between online options and our Member Service Center which handles thousands of calls each month, members can easily connect with GPO for all their financial needs.

As we look forward to 2020 and beyond we continue to look for ways we can better serve members. We are looking to expand our branch footprint in the Rome market. Also, we are looking to expand our Middle Settlement Road, New Hartford headquarters to better accommodate our back office needs. The expansion will include more space for home lending services, marketing, operations, administration and loan functions. We are also including space for community financial education programming.

As always, we are grateful for the opportunity to serve our members – no matter how they connect with GPO. We look forward to meeting the financial needs of even more area residents while still maintaining that personal touch that is GPO's hallmark.

Respectfully submitted,

Leo Callari • Chairman, Board of Directors

**(Board of Directors report continued on Page 2)**

**Nicholas Mayhew** • President and Chief Executive Officer

**Dewey Rowlands** • Vice Chairman

**Frank Mazza** • Secretary

**John Prumo** • Director

**Patsy Canarelli** • Director

**Andrea LaGatta** • Director

**Mitch Amado** • Director

**Andrew Biernat** • Director

## STATEMENT OF CONDITIONS • DECEMBER 31, 2019

### ASSETS

Loans .....	\$186,991,513
Allowance for Loan Loss.....	-\$3,346,449
Cash.....	\$3,990,233
Investments .....	\$103,895,020
Fixed Assets .....	\$6,076,826
Prepaid/Receivables .....	\$8,580,661
NCUSIF .....	\$2,581,670
<b>Total.....</b>	<b>\$308,769,474</b>

### LIABILITIES AND EQUITY

Accounts Payable.....	\$2,834,858
Share Savings.....	\$89,133,267
Share Draft Checking .....	\$53,057,768
Money Market Accounts .....	\$58,013,231
Certificates .....	\$68,017,123
Other Savings .....	\$6,284,496
Reserves/Undivided Earnings .....	\$31,428,731
<b>Total.....</b>	<b>\$308,769,474</b>

### STATEMENT OF INCOME

Interest on Loans.....	\$9,610,100
Investment Income .....	\$2,470,539
Other Operating Income.....	\$6,609,858
<b>Total.....</b>	<b>\$18,690,497</b>

### DISTRIBUTION OF INCOME

Compensation.....	\$4,204,118
Employee Benefits .....	\$1,017,643
Office Occupancy.....	\$618,529
Operational Expense .....	\$2,421,082
Education & Promotion .....	\$331,621
Loan Servicing.....	\$1,184,669
Provision for Loan Loss .....	\$1,312,000
Professional Services .....	\$218,485
Other Expenses .....	\$334,113
<b>Total Expenses .....</b>	<b>\$11,642,260</b>
Dividends Paid .....	\$1,827,919
Increase To Equity .....	\$5,220,318
<b>Total Distribution of Income .....</b>	<b>\$18,690,497</b>

### FINANCIAL NOTES

Contingency Commitments For All Loans .....	\$57,671,914
Business Loans/Participations .....	\$7,448,040
Fair Value of Securities Held to Maturity.....	\$27,295,184

## KEY OPERATING HIGHLIGHTS

	2019	2018	Change	GPO Growth	Peer Group Growth
<b>Assets</b>	\$308,769,474	\$274,557,622	\$34,211,852	12.46%	6.26%
<b>Shares</b>	\$274,505,885	\$245,857,857	\$28,648,028	11.65%	6.25%
<b>Loans</b>	\$186,991,513	\$173,687,399	\$13,304,114	7.66%	5.23%
<b>Members</b>	32,368	31,554	814	2.58%	2.25%
<b>Reserves</b>	\$31,428,731	\$26,208,412	\$5,220,318	19.92%	7.30%

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is appointed by the Board of Directors to represent GPO members. In this capacity, the committee attends board meetings, meets with our Federal regulatory examiners from the National Credit Union Administration, conducts internal audits, reviews internal controls and hires an independent firm to conduct regular audits of the credit union.

The Supervisory Committee, in conjunction with our internal auditor, completed a comprehensive scope and review of the credit union's operations. No major areas of concern were found. The NCUA conducted their last exam of the credit union at year-end 2018, as was reported in last year's annual report. Because of GPO's sound financial status, the next NCUA was not scheduled until the second quarter of 2020 and is currently underway.

In addition, our 2019 independent CPA audit was performed. The findings indicated that GPO's financial statements are presented fairly and in all material respects, the financial position of the credit union and its operations are in conformity and are within generally accepted accounting principles.

We appreciate the opportunity to be of service to GPO members and commend management, staff and the Board of Directors for a job well done.

Respectfully submitted,

GPO's Supervisory Committee: Allan Cornell