ADVISORS for WHAT'S NEXT

Benchmark Federal Credit Union

Financial Solutions for Life's Benchmarks

Financial Statements

December 31, 2023 and 2022

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ADVISORS for WHAT'S NEXT

Independent Auditor's Report

To the Supervisory Committee
Benchmark Federal Credit Union
West Chester, Pennsylvania

Opinion

We have audited the financial statements of Benchmark Federal Credit Union (the Credit Union), which comprise the statement of financial condition as of December 31, 2023 and 2022, the related statements of income, comprehensive income (loss), members' equity, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and; therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RKL LLP

February 27, 2024
Exton, Pennsylvania

	December 31, 2023	2022
Assets		
Cash and Cash Equivalents	**$ 827,689**	$ 747,931
Interest Bearing Accounts	**12,654,173**	7,788,223
Securities Available for Sale	**29,675,323**	46,145,008
Loans to Members		
Residential real estate and consumer loans	**247,848,270**	252,638,479
Commercial real estate loans	**14,207,017**	14,047,876
	262,055,287	266,686,355
Allowance for credit losses	**(1,783,091)**	(1,699,760)
Loans to Members, Net	**260,272,196**	264,986,595
Accrued Interest Receivable	**1,031,941**	1,023,005
Property, Equipment, and Leasehold Improvements, Net	**1,256,570**	1,377,290
NCUSIF Deposit	**2,339,521**	2,108,142
FHLB Stock, at Cost	**973,200**	1,116,900
Right-of-Use Asset	**268,723**	-
Prepaid Expenses and Other Assets	**1,566,616**	2,213,047
Total Assets	**$ 310,865,952**	$ 327,506,141
Liabilities and Members' Equity		
Liabilities		
Members' shares and savings accounts	**$ 242,371,009**	$ 250,232,211
Nonmembers' shares and savings accounts	**23,294,000**	23,796,000
Borrowings	**19,401,608**	29,827,140
Accounts payable and accrued expenses	**565,243**	472,777
Total Liabilities	**285,631,860**	304,328,128
Members' Equity		
Undivided earnings	**31,176,303**	30,423,396
Accumulated other comprehensive loss	**(5,942,211)**	(7,245,383)
Total Members' Equity	**25,234,092**	23,178,013
Total Liabilities and Members' Equity	**$ 310,865,952**	$ 327,506,141

See accompanying notes.

Benchmark Federal Credit Union

Statement of Income

	Years Ended December 31, 2023	2022
Interest Income		
Interest on loans	**$ 10,389,777**	$ 7,798,650
Interest on investment securities and interest bearing accounts	**1,055,029**	876,211
Total Interest Income	**11,444,806**	8,674,861
Interest Expense		
Dividends on members' shares and savings accounts	**3,315,614**	1,084,746
Dividends on nonmembers' shares and savings accounts	**784,113**	333,979
Interest on borrowed funds	**1,014,645**	342,783
Total Interest Expense	**5,114,372**	1,761,508
Net Interest Income	**6,330,434**	6,913,353
Provision for Credit Losses	**305,000**	500,000
Net Interest Income after Provision for Credit Losses	**6,025,434**	6,413,353
Noninterest Income		
Service fees	**219,133**	254,745
Loss on sale of securities/recovery of prior investment write-off	**(398,796)**	104,596
Other	**999,792**	897,405
Total Noninterest Income	**820,129**	1,256,746
Noninterest Expenses		
Employee compensation and benefits	**2,832,345**	3,362,050
Travel and conference	**18,905**	11,046
Office occupancy	**268,528**	256,309
Office operations	**1,787,026**	1,675,107
Educational and promotional	**348,000**	365,751
Loan servicing	**536,928**	856,255
Professional and outside services	**211,582**	216,294
Operating fees	**45,389**	42,225
Miscellaneous	**43,953**	106,872
Total Noninterest Expenses	**6,092,656**	6,891,909
Net Income	**$ 752,907**	$ 778,190

See accompanying notes.

	Years Ended December 31, 2023	2022
Net Income	**$ 752,907**	$ 778,190
Other Comprehensive Income (Loss)		
Unrealized holding gains (losses) on securities arising during the period	**1,303,172**	(6,384,398)
Comprehensive Income (Loss)	**$ 2,056,079**	$ (5,606,208)

See accompanying notes.

Benchmark Federal Credit Union

Statement of Members' Equity

		Restricted, Regular Reserve Fund		Unrestricted, Undivided Earnings		Accumulated Other Comprehensive Income (Loss)		Total
Balance at January 1, 2021	$	4,954,900	$	24,690,306	$	(860,985)	$	28,784,221
Net income		-		778,190		-		778,190
Other comprehensive loss		-		-		(6,384,398)		(6,384,398)
Reclass, reserve fund to undivided earnings		(4,954,900)		4,954,900		-		-
Balance at December 31, 2022		-		30,423,396		(7,245,383)		23,178,013
Net income		**-**		**752,907**		**-**		**752,907**
Other comprehensive income		**-**		**-**		**1,303,172**		**1,303,172**
Balance at December 31, 2023	**$**	**-**	**$**	**31,176,303**	**$**	**(5,942,211)**	**$**	**25,234,092**

See accompanying notes.

Benchmark Federal Credit Union

Statement of Cash Flows

	Years Ended December 31, 2023	2022
Cash Flows from Operating Activities		
Net income	**$ 752,907**	$ 778,190
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**130,390**	117,475
Amortization of securities premiums (discounts), net	**46,373**	49,919
Loss on sale of securities	**398,796**	-
Provision for credit losses	**305,000**	500,000
(Increase) decrease in assets		
Accrued interest receivable	**(8,936)**	(360,025)
Prepaid expenses and other assets	**646,431**	(255,127)
Net change in operating lease assets	**8,476**	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	**(184,733)**	97,284
Net Cash Provided by Operating Activities	**2,094,704**	927,716
Cash Flows from Investing Activities		
Proceeds from calls, sales, maturities, and repayments of available for sale investments	**17,327,688**	6,728,871
Purchase of securities available for sale	**-**	(13,000,000)
(Purchase) redemption of FHLB stock	**143,700**	(1,002,800)
Net (increase) decrease in interest bearing accounts	**(4,865,950)**	20,664,293
Net (increase) decrease in loans to members	**4,409,399**	(97,172,610)
Net increase in NCUSIF deposit	**(231,379)**	(154,961)
Expenditures for equipment	**(9,670)**	(119,470)
Net Cash Provided by (Used in) Investing Activities	**16,773,788**	(84,056,677)
Cash Flows from Financing Activities		
Proceeds from borrowings	**-**	30,000,000
Principal repayments of borrowings	**(10,425,532)**	(172,860)
Net increase (decrease) in members' shares and savings accounts	**(7,861,202)**	29,478,108
Net increase (decrease) in nonmembers' shares and savings accounts	**(502,000)**	23,796,000
Net Cash Provided by (Used in) Financing Activities	**(18,788,734)**	83,101,248
Net Increase (Decrease) in Cash and Cash Equivalents	**79,758**	(27,713)
Cash and Cash Equivalents at Beginning of Year	**747,931**	775,644
Cash and Cash Equivalents at End of Year	**$ 827,689**	$ 747,931

See accompanying notes.

	Years Ended December 31, 2023	2022
Supplemental Disclosure of Cash Flow Information		
Dividends credited to members' and nonmembers' shares, savings accounts, and borrowed funds	**$ 5,130,787**	$ 1,668,953
Noncash Information		
Impact of Accounting Standards Codification adoption		
Right-of-use asset	**$ 326,455**	$ -
Lease liability	**$ 331,616**	$ -

Note 1 - Organization

Benchmark Federal Credit Union (the Credit Union) is a federally chartered cooperative association headquartered in West Chester, Pennsylvania, organized in accordance with the provisions of the Federal Credit Union Act for the purpose of promoting thrift among and creating a source of credit for its members.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Financial Statement Presentation and Accounting Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the statement of financial condition, and the reported amounts of income and expenses for the period. Actual results could differ from those estimates.

Presentation of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts due from banks, including items in the process of clearing. All Vizo Financial Corporate Credit Union (Vizo) and Federal Home Loan Bank (FHLB) accounts are categorized as interest bearing accounts. Cash flows from loans to members originated by the Credit Union, interest bearing accounts, members' shares and savings accounts, and nonmembers' shares and savings accounts are reported net.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff, are stated at the outstanding unpaid principal balances, net of any deferred fees. Interest income is accrued on the unpaid principal balance. The Credit Union is generally amortizing these amounts over the contractual life of the loan.

The accrual of interest is generally discontinued when the contractual payment of principal or interest has become 90 days past due or when management has serious doubts about further collectibility of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed. Interest received on nonaccrual loans generally is either applied against principal or reported as interest income, according to management's judgment as to the collectibility of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time, and the ultimate collectibility of the total contractual principal and interest is no longer in doubt. Consumer and residential real estate loans are typically charged off no later than 180 days past due. Past due status is based on contractual terms of the loans.

Note 2 - Summary of Significant Accounting Policies (continued)

Purchased Credit Deteriorated (PCD) Loans

Subsequent to the Credit Union's adoption of Current Expected Credit Loss (CECL) on January 1, 2023, loans acquired in a business combination that have experienced more-than-insignificant deterioration in credit quality since origination are considered PCD loans. In determining whether an acquired loan is a PCD loan, the Credit Union considers internal loan grades, delinquency status, and other relevant factors.

At the acquisition date, an estimate of expected credit losses is made for groups of PCD loans with similar risk characteristics and individual PCD loans without similar risk characteristics. This initial allowance for credit losses (ACL) is allocated to individual PCD loans and added to the purchase price, or acquisition date fair values to establish the initial amortized cost basis of the PCD loans. As the initial ACL is added to the purchase price, there is no credit loss expense recognized upon acquisition of a PCD loan. Any difference between the unpaid principal balance of PCD loans and the amortized cost basis is considered to relate to noncredit factors, and results in a discount or premium. Discounts and premiums are recognized through interest income on a level-yield method over the life of the loans. Subsequent to initial recognition, PCD loans are subject to the same interest income recognition and impairment model as non-PCD loans, with changes to the ACL recorded through provision expense.

Loan Origination Fees and Costs

First mortgage loan origination fees received are deferred and amortized primarily over the lesser of the term of the loan using the straight-line method. This method does not result in a materially different amortization than that computed by the level-yield method. In the event that related loans are sold or paid off, such deferred loan origination fees are recognized as expense in the period of sale or payoff. There was no significant mortgage banking activity during 2023 and 2022.

Student loan origination fees and costs are deferred and accreted over a 120-month period using the straight-line method. The straight-line method does not result in a materially different accretion than that computed by the level-yield method.

The Credit Union has not adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 310, relating to certain direct consumer loan origination and commitment fees, and certain direct consumer loan origination costs, since the applicable portions of the ASC do not have a material effect on the Credit Union's financial statements.

Allowance for Credit Losses - Loans

The ACL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged against the allowance when management believes that the collectibility of the principal is confirmed. Estimated recoveries are considered to the extent that they do not exceed the aggregate of amounts previously charged off and expected to be charged-off. Accrued interest receivable totaling approximately $1 million at December 31, 2023 was excluded from the estimate of credit losses.

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses - Loans (continued)

Management has determined that the historical loss experience of the Credit Union provides the best basis for the estimation of expected credit losses. It therefore utilizes its own historical credit loss experience by each loan segment over an economic cycle, while excluding loss experience from certain acquired institutions (i.e. failed financial institutions).

When determining the allowance on loans, management considers the need to qualitatively adjust historical loss experience for information not already captured in the loss estimation process. These qualitative adjustments either increase or decrease the required allowance. Each period the Credit Union considers qualitative factors that are relevant to its portfolio segments that includes the following: (a) changes in lending policies, procedures, and strategies, (b) changes in the nature and volume of the portfolio, (c) staff experience, (d) changes in volume and trends in classified loans, delinquencies, and nonaccrual loans, (e) concentration risk, (f) trends in underlying collateral value, (g) external factors, including competition and legal and regulatory factors, (h) changes in the quality of the Credit Union's loan review system, and (i) economic conditions not already captured..

The ACL is measured on a collective pool basis with receivables that have similar risk characteristics. The Credit Union has identified the following portfolio segments and calculates the ACL for each using either a Probability of Default or WARM methodology at the loan level, with loss rates, prepayment assumptions, and curtailment assumptions driven by each loan's collateral type:

Consumer

The consumer loan portfolio is usually comprised of a large number of small loans either secured or unsecured, including credit cards and education loans. Most loans are made directly for consumer purchases. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate the borrower's capacity to repay their obligations may be deteriorating. Regulatory risks and the ability to monitor collateral consisting of personal property are also risks common to these loans.

Residential Real Estate

The degree of risk in residential mortgage lending depends primarily on the loan amount in relation to collateral value, the interest rate, and the borrower's ability to repay in an orderly fashion. These loans generally possess a lower inherent risk of loss than commercial real estate portfolio segments. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate the borrowers' capacity to repay their obligations may be deteriorating.

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses - Loans (continued)

The commercial portfolio segment is risk rated and the risk characteristics, consisting primarily of one class, is as follows:

Commercial Real Estate

Commercial real estate loans generally possess a higher inherent risk of loss than the residential real estate portfolio segment. Adverse economic developments or an overbuilt market impact member business real estate projects and may result in troubled loans. Trends in vacancy rates of business properties impact the credit quality of these loans. High vacancy rates reduce operating revenues and the ability for the properties to produce sufficient cash flow to service debt obligations.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation.

When management determines that foreclosure is probable, or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications, unless the extension or renewal options are included in the original or modified contract at the reporting date, and are not unconditionally cancellable by the Credit Union.

Allowance for Credit Losses - Securities Available for sale

For available for sale debt securities in an unrealized loss position, the Credit Union first assesses whether it intends to sell, or if it is more likely than not that it will be required to sell the security before recovery of the amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income with the establishment of an allowance under CECL compared to a direct write down of the security under previously applicable accounting standard ASC 310-30, which prescribed an incurred loss methodology. For debt securities available for sale that do not meet the aforementioned criteria, the Credit Union evaluates whether any decline in fair value is due to credit loss factors. In making this assessment, management considers any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss).

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses - Securities Available for sale (continued)

Changes in the ACL under CECL are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an available for sale security is confirmed, or when either of the criteria regarding intent or requirement to sell is met. At December 31, 2023, there was no ACL related to the available for sale portfolio.

Allowance for Credit Losses - Unfunded Loan Commitments

Effective with the adoption of CECL, the Credit Union estimates expected credit losses on commitments to extend credit over the contractual period in which the Credit Union is exposed to credit risk on the underlying commitments, unless the obligation is unconditionally cancellable by the Credit Union. The allowance for off-balance sheet credit exposures, which is reflected within "Other Liabilities," is adjusted for as an increase or decrease to the provision for credit losses for unfunded commitments. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The allowance is calculated using the same aggregate reserve rates calculated for the funded portion of loans at the portfolio level applied to the amount of commitments expected to fund.

Securities Available for Sale

Securities classified as available for sale are those debt securities that the Credit Union intends to hold for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Credit Union's assets and liabilities, liquidity needs, regulatory capital considerations, and other similar factors. Securities available for sale are carried at fair value. Unrealized gains and losses are reported net, in members' equity through other comprehensive income or loss. Realized gains or losses on the sale of these securities, determined on the basis of the cost of specific securities sold, are included in earnings.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from the foreclosed assets. The Credit Union held no foreclosed assets at December 31, 2023 or 2022.

Property, Equipment, and Leasehold Improvements

Property, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation of building and improvements is computed on the straight-line method over estimated useful lives from 20 to 39 years. Depreciation of equipment is computed on the straight-line method over estimated useful lives from 1 to 10 years.

Note 2 - Summary of Significant Accounting Policies (continued)

Property, Equipment, and Leasehold Improvements (continued)

Improvements to leased property are amortized over the lesser of the life of the lease or lives of the improvements.

Maintenance and repairs of property, equipment, and leasehold improvements are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property, equipment, and leasehold improvements, the cost and accumulated depreciation or amortization are eliminated from the accounts, and gain or loss is included in operations. Management reviews property, equipment, and leasehold improvements whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Nonmembers' Share and Savings Accounts

During 2022, the Credit Union began accepting investments in certificates from other credit unions through a third party to fund loan growth. These investments are considered nonmember deposits and are included with member deposits in Note 11.

Revenue Recognition

The primary sources of revenue for the Credit Union are interest income from loans and investments, and noninterest income. Noninterest income is earned from various banking and financial services that the Credit Union offers. Revenue is recognized as earned based on contractual terms, as transactions occur, or as services are provided. The following is further detail of the various types of revenue the Credit Union earns and when it is recognized:

Deposit Fees - Consist of cash management, overdraft, nonsufficient fund fees, and other service charges on deposit accounts. Revenue is primarily transactional and recognized when earned, at the time the transactions occur.

Card Fees - Consist of interchange fees on debit and credit cards. These fees are primarily transactional, and revenue is recognized when transactions occur.

Other Service Charges and Fees - Consist of branch fees and various general fees. These fees are primarily transactional and revenue is recognized when transactions occur.

During 2022, the Credit Union received $104,596 in noninterest income from the recovery of prior investment write-offs, which was distributed by Vizo related to securities written down during the financial crisis in 2009, which outperformed expectations and resulted in recoveries.

Employee Benefits

The Credit Union sponsors a 401(k) savings plan for those employees who meet the eligibility requirements and elect to participate. As provided in the plan, participants may contribute up to a specified percentage of their gross wages to the plan.

Note 2 - Summary of Significant Accounting Policies (continued)

Income Tax Matters

The Credit Union is exempt, by statute, from federal and state income taxes.

U.S. GAAP requires management to evaluate tax positions taken by the Credit Union, including whether the Credit Union is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Credit Union had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Credit Union is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years ending before December 31, 2020.

Advertising Costs

Advertising costs are expensed as incurred. The Credit Union incurred advertising costs of approximately $348,000 and $364,000 for the years ended December 31, 2023 and 2022, respectively, included in educational and promotional expenses on the statement of income.

Adoption of Recent Accounting Pronouncements

On January 1, 2023, the Credit Union adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the CECL methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held to maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. In addition, ASC 326 made changes to the accounting for available for sale debt securities. The adoption of CECL had no impact on the Credit Union's held to maturity and available for sale securities portfolios.

The Credit Union adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. There was no cumulative effect to the recorded allowance or members' equity in the adoption of ASC 326 as of January 1, 2023.

Accrued interest for all financial instruments is included in a separate line on the face of the balance sheets. The Credit Union elected not to measure ACL for accrued interest receivable and instead elected to reverse interest income on loans or securities that are placed on nonaccrual status, which is generally when the instrument is 90 days past due, or earlier if the Credit Union believes the collection of interest is doubtful. The Credit Union has concluded that this policy results in the timely reversal of uncollectible interest.

Note 2 - Summary of Significant Accounting Policies (continued)

Adoption of Recent Accounting Pronouncements (continued)

The ACL for the majority of loans was calculated using the Probability of Default methodology applied at a loan level. The Credit Union elected to use, as a practical expedient, the fair value of collateral when determining the ACL on loans for which repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty.

The Credit Union's CECL allowances will fluctuate over time due to macroeconomic conditions and forecasts, as well as the size and composition of the loan portfolios.

On January 1, 2023, the Credit Union adopted ASU 2022-02, *Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The amendments contained in this ASU eliminate the accounting guidance for troubled debt restructurings (TDR) by creditors, while enhancing disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. The Credit Union adopted ASU 2022-02 using a modified retrospective transition approach for the amendments related to the recognition and measurement of TDRs. The impact of the adoption resulted in an immaterial change to the ACL, thus no adjustment to retained earnings was recorded. Disclosures have been updated to reflect information on loan modifications given to borrowers experiencing financial difficulty as presented in Note 4. TDR disclosures are presented for comparative periods only and are not required to be updated in current periods.

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right-to-use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Credit Union adopted Topic 842 on January 1, 2023, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Credit Union has applied Topic 842 to reporting periods beginning on January 1, 2023, while prior periods continue to be reported and disclosed in accordance with the Credit Union's historical accounting treatment under ASC Topic 840, *Leases*.

Upon adoption the Credit Union recognized a ROU asset of approximately $326,000 and a lease liability of approximately $332,000 on the statement of financial condition. See Note 13 for additional disclosures related to the adoption of this guidance.

Note 3 - Loans to Members, Net

A summary of loans outstanding, by primary collateral, at the end of the reporting periods is as follows:

	December 31, 2023	December 31, 2022
Commercial real estate	**$ 14,207,017**	$ 14,047,876
Residential real estate		
First mortgages	**152,778,555**	157,658,080
Home equities	**50,700,441**	52,435,303
	203,478,996	210,093,383
Consumer		
Secured	**30,296,701**	28,336,212
Unsecured	**3,529,566**	3,202,425
Credit cards	**8,683,554**	8,756,720
Education	**1,859,453**	2,249,739
	44,369,274	42,545,096
Gross loans	**262,055,287**	266,686,355
Allowance for credit losses	**(1,783,091)**	(1,699,760)
Net loans	**$ 260,272,196**	$ 264,986,595
Included in the loan balances are the following Net unamortized deferred loan costs	**$ 1,362,979**	$ 1,309,749
Loans pledged as collateral for borrowings and commitments from Vizo line of credit	**$ 254,883,177**	$ 259,534,431

The Credit Union assigns, transfers, sets over, pledges, and grants to Vizo a security interest in the Credit Union's loan portfolio including, but not limited to, present and future loans and accounts receivable from its members, including proceeds of insurance and security interests, and leases and similar contract rights payable to the Credit Union as part of its lending program. This grant of security interest is applicable to any and all loans made by Vizo to the Credit Union from time to time.

The Credit Union has purchased loan participations originated by other institutions, which are secured by vehicles or real estate to members of these institutions. The loan participations were purchased without recourse and the originating institution performs all loan servicing functions on these loans. Loan participations included in consumer secured totaled $12,345,001 and $14,450,379 at December 31, 2023 and 2022, respectively. Loan participations included in commercial real estate totaled $11,093,437 and $10,664,576 at December 31, 2023 and 2022, respectively.

Note 4 - Loan Quality

The following table presents, by loan segment, activity in the ACL under the CECL methodology for the years ended December 31:

	Commercial Real Estate	Residential Real Estate	Consumer	Total
Allowance at December 31, 2022	$ 283,184	$ 860,874	$ 555,702	$ 1,699,760
Charge-offs	(30,436)	-	(302,545)	(332,981)
Adjustment for the adoption of ASU 2016-13	-	-	-	-
Recoveries	-	-	111,312	111,312
Provisions (reversals)	(30,617)	1,188	334,429	305,000
Allowance at December 31, 2023	$ 222,131	$ 862,062	$ 698,898	$ 1,783,091

The following table presents activity in the allowance for loan losses under the incurred loss methodology for the years ended December 31:

	Commercial Real Estate	Residential Real Estate	Consumer	Total
Allowance at December 31, 2021	$ 120,284	$ 609,873	$ 614,034	$ 1,344,191
Charge-offs	-	-	(195,583)	(195,583)
Recoveries	-	-	51,152	51,152
Provisions	162,900	251,001	86,099	500,000
Allowance at December 31, 2022	$ 283,184	$ 860,874	$ 555,702	$ 1,699,760

The following tables present loans that were evaluated for the allowance under the expected loss model as of December 31, 2023 and the incurred loss model as of December 31, 2022 on an individual basis and collective basis:

2023	Commercial Real Estate	Residential Real Estate	Consumer	Total
Loans evaluated for allowance				
Individually	$ 13,843	$ 145,452	$ 97,706	$ 257,001
Collectively	14,193,174	203,333,544	44,271,568	261,798,286
	$ 14,207,017	$ 203,478,996	$ 44,369,274	$ 262,055,287

Note 4 - Loan Quality (continued)

2023	Commercial Real Estate	Residential Real Estate	Consumer	Total
Allowance established for loans evaluated				
Individually	**$ 4,568**	**$ 139,344**	**$ 49,770**	**$ 193,682**
Collectively	**217,563**	**722,718**	**649,128**	**1,589,409**
Allowance at December 31, 2023	**$ 222,131**	**$ 862,062**	**$ 698,898**	**$ 1,783,091**
2022				
Loans evaluated for allowance				
Individually	$ 30,436	$ 516,196	$ 591,978	$ 1,138,610
Collectively	14,017,440	209,577,187	41,953,118	265,547,745
	$ 14,047,876	$ 210,093,383	$ 42,545,096	$ 266,686,355
Allowance established for loans evaluated				
Individually	$ 30,436	$ 3,274	$ 258,861	$ 292,571
Collectively	252,748	857,600	296,841	1,407,189
Allowance at December 31, 2022	$ 283,184	$ 860,874	$ 555,702	$ 1,699,760

The following tables present additional information about those loans considered to be impaired at December 31:

	December 31,			For the Year Ended December 31,
2023	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	**Average Recorded Investment**
Impaired loans with no specific allowance				
Residential real estate				
Home equities	**$ -**	**$ -**	**$ -**	**$ -**
Consumer				
Secured	**8,366**	**8,366**	**-**	**9,746**
Credit cards	**-**	**-**	**-**	**-**
	$ 8,366	**$ 8,366**	**$ -**	**$ 9,746**

Note 4 - Loan Quality (continued)

2023	December 31, Recorded Investment	December 31, Unpaid Principal Balance	December 31, Related Allowance	For the Year Ended December 31, Average Recorded Investment
Impaired loans with specific allowance				
Residential real estate				
Home equities	$ 6,108	$ 145,452	$ 139,344	$ 145,453
Commercial real estate	9,275	13,843	4,568	14,170
Consumer				
Secured	10,255	10,453	198	14,834
Unsecured	29,315	78,887	49,572	64,567
Credit cards	-	-	-	-
Education	-	-	-	-
	$ 54,953	$ 248,635	$ 193,682	$ 239,024
2022				
Impaired loans with no specific allowance				
Residential real estate				
Home equities	$ 450,706	$ 450,706	$ -	$ 390,712
Consumer				
Secured	141,212	141,212	-	119,715
Credit cards	31,222	31,222	-	33,242
	$ 623,140	$ 623,140	$ -	$ 543,669
Impaired loans with specific allowance				
Residential real estate				
Home equities	$ 62,216	$ 65,490	$ 3,274	$ 32,745
Commercial real estate	-	30,436	30,436	15,218
Consumer				
Secured	52,558	96,810	44,252	67,602
Unsecured	22,657	60,714	38,057	51,108
Credit cards	82,592	194,714	112,122	147,504
Education	2,876	67,306	64,430	74,451
	$ 222,899	$ 515,470	$ 292,571	$ 388,628

Note 4 - Loan Quality (continued)

The Credit Union held no Purchased Credit Deteriorated (PCD) Loans as of December 31, 2022 and 2023.

A loan is considered collateral-dependent when the borrower is experiencing financial difficulty, and repayment of the loan is expected to be provided substantially through the operation or sale of the collateral. Loans considered collateral-dependent were as follows at December 31, 2023:

	Amortized Cost	Collateral Description
Consumer	$ 18,820	Used Auto

Under CECL, for collateral dependent loans, the Credit Union has adopted the practical expedient to measure the ACL based on collateral. The ACL is calculated on an individual loan basis, based on the shortfall between the fair value of the loan's adjusted for liquidation costs/discounts and amortized cost. If the fair value of the collateral exceeds the amortized cost, no allowance is required.

The Credit Union's policy is to obtain third-party valuations of collateral for secured loans. These valuations generally consist of appraisals of real estate and other publicly available sources for loans secured by automobiles and similar assets.

As part of its process to calculate the ACL, the Credit Union reviews several credit quality factors, including payment status (performing, nonperforming, and aging), internal credit ratings, and historical loss experience.

The following table presents a summary of nonperforming assets as of December 31:

	2023		2022	
	Balance	Percent of Loan Segment	Balance	Percent of Loan Segment
Nonaccrual loans				
Commercial real estate	$ -	- %	$ 30,436	0.22 %
Residential real estate				
Home equities	201,188	0.40 %	168,587	0.32 %
Consumer				
Secured	-	- %	4,025	0.01 %
Unsecured	21,818	0.62	15,564	0.49
Credit cards	-	-	123,945	1.42
Education	150	0.01	13,962	0.62
	21,968	0.41 %	157,496	0.37 %
Total nonaccrual loans	223,156	0.09 %	356,519	0.13 %

Note 4 - Loan Quality (continued)

	2023		2022	
	Balance	**Percent of Loan Segment**	**Balance**	**Percent of Loan Segment**
Loans past due 90 days or more and not included above				
Consumer				
Credit cards	**$ -**		$ -	
Education	**-**		-	
Total loans past due 90 days or more and still accruing	**-**		-	
Total nonaccrual and loans past due 90 days or more and still accruing	**223,156**		356,519	
Foreclosed assets	**-**		-	
Total nonperforming assets	**$ 223,156**		$ 356,519	
Restructured loans (TDRs)				
Performing	**$ 318,319**		$ 588,148	
Nonperforming	**260,641**		168,300	
Total TDRs	**$ 578,960**		$ 756,448	
Nonperforming assets to total gross loans		**0.09 %**		0.13 %
Nonperforming assets to total assets		**0.07 %**		0.11 %
Allowance for credit losses to nonperforming assets		**799.03 %**		476.77 %

Loans on which the accrual of interest has been discontinued and reversed approximated $223,000 and $357,000 at December 31, 2023 and 2022, respectively. If interest on those loans had been accrued, such accrued income would have approximated $21,000 and $29,000 for 2023 and 2022, respectively. The effect of nonaccrual loans was not significant to the results of operations.

Note 4 - Loan Quality (continued)

The following tables present the aging of payments of the loan portfolio at December 31:

2023	Current	Loans Past Due (Days) 30-59	60-89	90+	Total	Total Loans
Commercial real estate	**$ 13,360,082**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 13,360,082**
Commercial small business loans	**833,092**	**-**	**13,843**	**-**	**13,843**	**846,935**
	14,193,174	**-**	**13,843**	**-**	**13,843**	**14,207,017**
Residential real estate						
First mortgages	**151,736,613**	**975,815**	**66,127**	**-**	**1,041,942**	**152,778,555**
Home equities	**50,085,068**	**252,743**	**161,442**	**201,188**	**615,373**	**50,700,441**
	201,821,681	**1,228,558**	**227,569**	**201,188**	**1,657,315**	**203,478,996**
Consumer						
Secured	**30,157,165**	**120,716**	**18,820**	**-**	**139,536**	**30,296,701**
Unsecured	**3,421,806**	**12,788**	**73,154**	**21,818**	**107,760**	**3,529,566**
Credit cards	**8,562,379**	**76,405**	**44,771**	**-**	**121,176**	**8,683,554**
Education	**1,784,387**	**74,915**	**-**	**150**	**75,065**	**1,859,453**
	43,925,737	**284,824**	**136,745**	**21,968**	**443,537**	**44,369,274**
	$ 259,940,592	**$ 1,513,382**	**$ 378,157**	**$ 223,156**	**$ 2,114,695**	**$ 262,055,287**
2022						
Commercial real estate	$ 14,017,440	$ -	$ -	$ 30,436	$ 30,436	$ 14,047,876
Residential real estate						
First mortgages	157,422,932	235,148	-	-	235,148	157,658,080
Home equities	52,056,622	198,162	11,932	168,587	378,681	52,435,303
	209,479,554	433,310	11,932	168,587	613,829	210,093,383
Consumer						
Secured	28,272,699	52,954	6,534	4,025	63,513	28,336,212
Unsecured	3,177,634	624	8,603	15,564	24,791	3,202,425
Credit cards	8,582,440	143,922	10,301	20,057	174,280	8,756,720
Education	2,192,914	42,863	-	13,962	56,825	2,249,739
	42,225,687	240,363	25,438	53,608	319,409	42,545,096
	$ 265,722,681	$ 673,673	$ 37,370	$ 252,631	$ 963,674	$ 266,686,355

Note 4 - Loan Quality (continued)

Generally, a loan is considered nonperforming if it is 90 days or greater past due. The following tables present the performance status on selected loans:

December 31, 2023	Commercial Real Estate	Consumer Secured	Consumer Unsecured	Consumer Credit Cards	Consumer Education	Residential Real Estate Home Equities	Residential Real Estate First Mortgages	Total
Performing	$ 14,207,016	$ 30,296,701	$ 3,507,748	$ 8,683,554	$ 1,859,303	$ 50,499,253	$ 152,778,556	$ 261,832,131
Nonperforming	-	-	21,818	-	150	201,188	-	223,156
	$ 14,207,016	$ 30,296,701	$ 3,529,566	$ 8,683,554	$ 1,859,453	$ 50,700,441	$ 152,778,556	$ 262,055,287

December 31, 2022	Commercial Real Estate	Consumer Secured	Consumer Unsecured	Consumer Credit Cards	Consumer Education	Residential Real Estate Home Equities	Residential Real Estate First Mortgages	Total
Performing	$ 14,017,440	$ 28,332,187	$ 3,186,861	$ 8,632,775	$ 2,235,777	$ 52,266,716	$ 157,658,080	$ 266,329,836
Nonperforming	30,436	4,025	15,564	123,945	13,962	168,587	-	356,519
	$ 14,047,876	$ 28,336,212	$ 3,202,425	$ 8,756,720	$ 2,249,739	$ 52,435,303	$ 157,658,080	$ 266,686,355

Member Business Loan Credit Quality Indicators

As part of the ongoing monitoring of the credit quality of the Credit Union's loan portfolio, management tracks certain credit quality indicators, including trends related to: (a) the risk ratings of commercial loans, (b) the level of classified loans, (c) net charge-offs, (d) nonperforming loans, (e) delinquency status, (f) credit scores (i.e. FICO), and (g) the general economic conditions in the market area.

Member Business Loan Credit Exposure

The following table represents member business loan credit exposures by creditworthiness at December 31, 2023 and 2022. The Credit Union's internal creditworthiness grading system is based on experiences with similarly graded loans. Category ratings are reviewed at least annually, at which time management analyzes the resulting scores, as well as other external statistics and factors, to track the migration of performance of the portfolio. The Credit Union's internal risk ratings are as follows:

Category 1 - Superior - Only those loans secured by properly margined liquid collateral.

Category 2 - Excellent - Excellent credit. No history of defaults, delinquencies, or underperformance. Debtor has good credit and alternative sources of credit. Loan is secured and loan to value is low.

Category 3 - Satisfactory - Above average credit. No significant history of defaults, delinquencies, or underperformance. Debtor has average credit. Debt capacity has good coverage.

Category 4 - Acceptable - Average credit. No significant history of defaults, delinquencies, or underperformance. Debt coverage is acceptable, but debtor is close to being fully leveraged.

Note 4 - Loan Quality (continued)

Member Business Loan Credit Exposure (continued)

Category 5 - Marginal/Watch List - Marginally acceptable credit. May exhibit some weakness(es). Generally acceptable loan to value. Debtor is fully leveraged with little or no excess debt capacity. Loan requires close supervision. Loans may be characterized by one or more inconsequential delinquencies generally not exceeding 60 days and/or the Credit Union is aware of some other deteriorating factor. This is not an adverse classification.

Category 6 - Special Mention - Loans or other assets that are at risk to some degree. Such assets fail to meet acceptable credit standards. Debtor may be over leveraged and/or asset quality may be questionable. Loans classified as Special Mention require close attention by management and pose an unwarranted risk that if not corrected could weaken the asset and increase risk in the future. This is not an adverse classification.

Category 7 - Substandard - Loans or assets that are inadequately protected by the current net worth, collateral, or paying capacity of the debtor. The credit is unacceptable and normal repayment is in jeopardy. Some loss is probable, unless corrective actions are taken and these assets have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. This is an adverse classification.

Category 8 - Doubtful - Loans or other assets that have all of the weakness(es) inherent in Substandard, with the added characteristic that the weakness(es) make the collection of liquidity in full, on the basis of currently existing facts, conditions, and values, highly improbable. This is an adverse classification.

Category 9 - Loss - There is an anticipated total loss. Loans or other assets of such little value that their continuance as earning assets is not warranted. This classification does not mean that the asset has no recoverable or salvage value, but rather it is not practical or desirable to defer writing off, even though partial recovery in the future may be possible. This is an adverse classification.

Category 10a - Troubled Debt Restructuring under the incurred loss methodology - Loans that have been restructured and the Credit Union has granted a concession to a member that the Credit Union would not otherwise consider. The debtor has experienced financial difficulties. This is an adverse classification.

Category 10b - Modified under the CECL methodology. Loans that have been modified to mitigate loss.

Note 4 - Loan Quality (continued)

Member Business Loan Credit Exposure (continued)

The following tables present the credit risk profile by creditworthiness category and by class of loan at December 31:

	Commercial	
	2023	**2022**
Pass (1 to 5)	**$ 13,716,361**	$ 13,501,218
Special Mention (6)	**464,436**	506,078
	$ 14,180,797	$ 14,007,296

Modifications

Effective January 1, 2023, the Credit Union adopted ASU 2022-02, which eliminated the accounting guidance for TDRs and now requires disclosures for certain loan modifications when a borrower is experiencing financial difficulty.

Occasionally, the Credit Union modifies loans to borrowers in financial distress as a part of our loss mitigation activities. Various types of modification may be offered including principal forgiveness, term extension, payment delays, or interest rate reductions. In some cases, the Credit Union will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession may be granted. For loans included in the "combination" columns below, multiple types of modifications have been made on the same loan within the current reporting period.

The followings table presents the amortized cost basis at December 31, 2023 of the loans modified for borrowers experiencing financial difficulty, by loan category and type of concession granted. Percentages labeled as "NM" are not measurable to the class of financing receivable, as they are less than 0.1% of the total class.

	Consumer	
	Amortized Cost Basis at December 31, 2023	**% of Total Class of Financing Receivable**
Payment Adjustments	**$ 63,377**	**NM**
Term Extensions	**$ 377,789**	**0.14%**
Combination - Interest Rate Reduction and Term Extension	**$ 21,383**	**NM**
Interest Rate Reduction	**$ 116,411**	**NM**
Total	**$ 578,960**	

Note 4 - Loan Quality (continued)

Modifications (continued)

For the year ended December 31, 2023, there were no modifications for borrowers experiencing financial difficulty with principal forgiveness concessions.

The following tables describes the financial effect for the year ended December 31, 2023 of the modifications made for borrowers experiencing financial difficulty:

Term Extension	
Loan Type	**Financial Effect**
Consumer	Added a weighted average two years to the life of loans, which reduced monthly payment amounts to borrowers

Interest Rate Reduction	
Consumer	Reduced contractual interest rate to 0% and fixed monthly payment for remaining term

None of the modifications made for borrowers experiencing financial difficulty for the year ended December 31, 2023 are considered to have had a payment default.

Upon the Credit Union's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by the same amount.

TDR Disclosures Prior to the Adoption of ASU 2022-02

The restructuring of a loan was considered a TDR if both (a) the borrower was experiencing financial difficulties and (b) the creditor had granted a concession. Concessions may have included interest rate reductions or below market interest rates, principal forgiveness, extension of terms and other actions intended to minimize potential losses.

The vast majority of the Credit Union's TDRs modified during year ended December 31, 2022 related to interest rate reductions combined with extension of terms. The Credit Union does not generally grant principal forgiveness.

The Credit Union's TDRs could be classified as either nonaccrual or accruing based on the loan's payment status. The TDRs that were nonaccrual were reported within the nonaccrual loan totals presented previously.

Note 4 - Loan Quality (continued)

TDR Disclosures Prior to the Adoption of ASU 2022-02 (continued)

The following table presents information related to loans modified in a TDR for the year ended December 31, 2022:

	Troubled Debt Restructurings			Troubled Debt Restructurings that Subsequently Defaulted		
	Number of Loans	Loan Balance	Specific Reserve	Number of Loans	Loan Balance	Specific Reserve
Residential real estate						
Home equities	7	$ 307,326	$ -	1	$ 138,587	$ -
Consumer						
Secured	22	175,054	37,908	2	4,319	4,319
Unsecured	10	46,812	24,155	1	10,909	2,727
Credit cards	21	162,915	72,790	-	-	-
Education	2	64,341	64,341	1	14,779	14,779
	62	$ 756,448	$ 199,194	5	$ 168,594	$ 21,825

A summary of loans, presented by type of concession, that were modified in TDRs is as follows during the year ended December 31, 2022:

	Interest Rate	Modified Payments	Total
Consumer			
Secured	$ 12,158	$ 51,706	$ 63,864
Unsecured	10,019	4,462	14,481
Education	-	47,265	47,265
	$ 22,177	$ 103,433	$ 125,610

The Credit Union does not have material commitments to lend additional funds to borrowers with loans whose terms have been modified in a TDR or whose loans are in nonaccrual.

Allowance for Credit Losses - Unfunded Loan Commitments

In addition to the ACL on loans, the Credit Union evaluates the need for an allowance for lending-related commitments such as unfunded loan commitments and letters of credit. Under CECL, the Credit Union estimates expected credit losses over the contractual period in which the Credit Union is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Credit Union. The allowance for lending-related commitments on off-balance sheet credit exposures is adjusted through the provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur, which is based on a historical funding levels derived from internal information, and an estimate of expected credit losses on commitments expected to be funded over its estimated life, which are the same loss rates that are used in computing the allowance for credit losses on loans, and are discussed in Note 2. Unfunded loan commitments of $63.5 million and $58.7 million at December 31, 2023 and 2022, respectively, resulted in expected losses of $3,944 and $1,763, respectively, and were included on the balance sheet within Other Liabilities.

Note 5 - Interest Bearing Accounts

Composition of Interest Bearing Accounts

	December 31, 2023	December 31, 2022
Vizo		
Federal funds account	**$ 9,270,000**	$ -
Share accounts	**138,427**	3,023,555
Perpetual contributed capital (PCC) account	**930,599**	930,599
Total Vizo	**10,339,026**	3,954,154
Certificates of deposit	**250,000**	3,213,000
Central Liquidity Facility (CLF)	**1,438,060**	-
PSCU compensating balance	**313,161**	280,166
FHLB of Pittsburgh	**313,926**	340,903
	$ 12,654,173	$ 7,788,223

The PCC account has a perpetual maturity and is callable only at the option of Vizo. This account is not subject to share insurance coverage by the National Credit Union Share Insurance Fund (NCUSIF or the Fund) or other deposit insurers. This account is subordinated to all other liabilities of Vizo, including uninsured obligations to shareholders and the NCUSIF.

The National Credit Union Administration Central Liquidity Facility (CLF or Facility) was created by the National Credit Union Central Liquidity Facility Act (12 U.S.C. § 1795). The Facility is a mixed ownership government corporation within the NCUA. It is an instrument of the Federal Government owned by its member credit unions and managed by the NCUA Board. The purpose of the Facility is to improve the general financial stability by providing member credit unions with a source of loans to meet their liquidity needs and thereby encourage savings, support consumer and mortgage lending, and provide basic financial resources to all segments of the economy.

The CLF was created by Congress in 1979 because credit unions needed their own source of funds to meet their liquidity needs in the same way that the Federal Reserve System discount window provided access to loans for banks. Over time, credit unions have gained access to federal contingent liquidity sources (for example, credit unions who qualify may now borrow from the Federal Reserve discount window), but the CLF continues to be an important back-up source of liquidity for both Federal- and state-chartered credit unions.

The PSCU compensating balance account is required to be held at PSCU and its balance is determined by activity in the debit card activity of the Credit Union's members.

Note 5 - Interest Bearing Accounts (continued)

Contractual Maturities of Certificates of Deposit

	December 31, 2023	December 31, 2022
Due in one year or less	**$ 250,000**	$ 2,963,000
One to two years	**-**	250,000
	$ 250,000	$ 3,213,000

Note 6 - Securities Available for Sale

December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
U.S. Governmental agency securities	**$ 9,858,953**	**$ -**	**$ 1,321,599**	**$ 8,537,354**
Mortgage-backed securities	**5,768,625**	**698**	**578,443**	**5,190,880**
Collateralized mortgage obligations	**19,989,956**	**-**	**4,042,867**	**15,947,089**
	$ 35,617,534	**$ 698**	**$ 5,942,909**	**$ 29,675,323**
December 31, 2022				
U.S. Governmental agency securities	$ 23,864,340	$ -	$ 2,049,587	$ 21,814,753
Mortgage-backed securities	6,841,687	-	707,233	6,134,454
Collateralized mortgage obligations	22,684,364	-	4,488,563	18,195,801
	$ 53,390,391	$ -	$ 7,245,383	$ 46,145,008

Contractual Maturities

	December 31, 2023	
	Amortized Cost	Approximate Fair Value
Less than one year	**$ -**	**$ -**
One to three years	**-**	**-**
Due after three years	**9,858,953**	**8,537,354**
Mortgage-backed securities	**5,768,625**	**5,190,880**
Collateralized mortgage obligations	**19,989,956**	**15,947,089**
	$ 35,617,534	**$ 29,675,323**

Note 6 - Securities Available for Sale (continued)

Contractual Maturities (continued)

	December 31, 2022	
	Amortized Cost	Approximate Fair Value
Less than one year	$ 10,005,533	$ 9,816,300
One to three years	3,000,000	2,902,410
Due after three years	10,858,807	9,096,043
Mortgage-backed securities	6,841,687	6,134,454
Collateralized mortgage obligations	22,684,364	18,195,801
	$ 53,390,391	$ 46,145,008

The Credit Union sold three U.S. governmental agency securities and one collateralized mortgage obligation with a par value of $9,760,952 at a loss of $398,796 during the year ended December 31, 2023. There were no sales of securities during the year ended December 31, 2022.

Information pertaining to securities with gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows at December 31:

	Less Than Twelve Months		Over Twelve Months	
2023	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**
U.S. Governmental agency securities	**$ -**	**$ -**	**$ 1,321,599**	**$ 8,537,354**
Mortgage-backed securities	**-**	**-**	**578,443**	**4,807,457**
Collateralized mortgage obligations	**36,572**	**1,257,373**	**4,006,295**	**14,689,715**
	$ 36,572	**$ 1,257,373**	**$ 5,906,337**	**$ 28,034,526**
2022				
U.S. Governmental agency securities	$ 286,823	$ 12,718,710	$ 1,762,764	$ 9,096,043
Mortgage-backed securities	8,918	471,128	698,315	5,663,326
Collateralized mortgage obligations	161,314	3,240,012	4,327,249	14,955,789
	$ 457,055	$ 16,429,850	$ 6,788,328	$ 29,715,158

Note 6 - Securities Available for Sale (continued)

Contractual Maturities (continued)

All of these securities are either guaranteed by the U.S. Government or secured by mortgage loans. These unrealized losses relate principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. As management has the ability to hold debt securities until maturity or for the foreseeable future if classified as available for sale, no declines are deemed to be other-than-temporary.

Note 7 - Accrued Interest Receivable

Composition of Accrued Interest Receivable

	December 31, 2023	December 31, 2022
Loans to members	**$ 956,805**	$ 881,019
Investment securities	**75,136**	141,986
	$ 1,031,941	$ 1,023,005

Note 8 - Property, Equipment, and Leasehold Improvements, Net

Composition of Property, Equipment, and Leasehold Improvements

	December 31, 2023	December 31, 2022
Building and improvements	**$ 1,824,082**	$ 1,824,082
Office furniture and equipment	**3,916,220**	3,906,550
Leasehold improvements	**1,222,741**	1,222,741
	6,963,043	6,953,373
Accumulated depreciation and amortization	**(5,706,473)**	(5,576,083)
	$ 1,256,570	$ 1,377,290

Note 9 - NCUSIF Deposit

Deposit in NCUA Share Insurance Fund

The National Credit Union Administration (NCUA) requires insured members to maintain a deposit balance with the NCUSIF equal to one percent of their insured shares, adjusted semiannually. Insured members may not withdraw funds, other than as an adjustment, as previously noted, from this deposit account, nor does this account earn interest, unless the conditions of the Fund are such that some rate of return is approved to be disbursed. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the Fund are transferred from the NCUA Board. The Fund utilizes earnings from these deposit balances to fund its operations.

If these earnings are not sufficient to maintain the Fund at a predetermined level, premium assessments may be levied against all insured members based upon their insured shares.

Note 10 - Federal Home Loan Bank of Pittsburgh

In 2020, the Credit Union became a member of the FHLB of Pittsburgh, and as such is required to maintain a minimum investment in stock that varies with the level of advances outstanding with the FHLB of Pittsburgh. The stock is bought from and sold to the FHLB of Pittsburgh based upon its $100 par value. The stock does not have a readily determinable fair value and, as such, is classified as restricted stock, carried at costs, and evaluated for impairment in accordance with ASC 942-325-35. The Credit Union's investment in the FHLB of Pittsburgh totaled $973,200 and $1,116,900 at December 31, 2023 and 2022, respectively.

The investment in FHLB of Pittsburgh stock is periodically analyzed by the Credit Union for impairment and no impairment existed at December 31, 2023 or 2022.

Note 11 - Shares and Savings Accounts

Composition of Members' and Nonmembers' Shares and Savings Accounts

	Rates at December 31, 2023	December 31, 2023	December 31, 2022
Regular share accounts	**0.01%-0.05%**	**$ 63,351,933**	$ 70,352,726
High-yield savings accounts	**0.50%**	**6,419,510**	11,352,692
Christmas club accounts	**0.01%**	**609,804**	609,214
Vacation club accounts	**0.01%**	**3,716,276**	3,832,350
Share draft accounts	**0.05%-4.89%**	**45,620,850**	51,653,520
IRA share accounts	**0.05%**	**1,653,717**	1,818,080
High-yield money maker accounts	**0.10%**	**9,777,844**	15,169,187
Money market accounts	**0.05%**	**8,536,938**	11,227,394
		139,686,872	166,015,163

Note 11 - Shares and Savings Accounts (continued)

Composition of Members' and Nonmembers' Shares and Savings Accounts (continued)

	December 31, 2023	2022
Share and IRA certificates		
0.10% to 1.00%	**$ 4,274,820**	$ 15,699,292
1.01% to 2.00%	**4,931,675**	22,082,644
2.01% to 3.00%	**11,362,643**	15,811,356
3.01% to 4.00%	**50,322,838**	47,314,709
4.01% to 5.00%	**44,980,849**	7,105,047
5.01% to 6.00%	**10,105,312**	-
	125,978,137	108,013,048
	$ 265,665,009	$ 274,028,211

The aggregate amounts of shares and savings accounts with cumulative balances over $250,000 were approximately $40,876,000 and $36,978,000 at December 31, 2023 and 2022, respectively.

Scheduled Maturities of Shares and Savings Accounts

	December 31, 2023	2022
No contractual maturity	**$ 139,686,872**	$ 166,015,163
Maturity within one year	**57,430,892**	34,991,565
One to two years	**32,330,797**	35,801,108
Two to three years	**16,608,182**	21,766,326
Three to four years	**13,504,310**	1,980,069
Four to five years	**6,103,956**	13,473,980
Thereafter	**-**	-
	$ 265,665,009	$ 274,028,211

Note 11 - Shares and Savings Accounts (continued)

Interest Expense on Shares and Savings Accounts

	Years Ended December 31, 2023	2022
Regular share accounts	**$ 82,122**	$ 38,279
High-yield savings accounts	**41,726**	44,924
Christmas club accounts	**194**	134
Vacation club accounts	**1,227**	1,118
Share draft accounts	**44,234**	7,955
IRA share accounts	**702**	736
High-yield money maker accounts	**11,519**	15,837
Money market accounts	**5,450**	5,784
Share and IRA certificates	**3,912,553**	1,303,958
	$ 4,099,727	$ 1,418,725

Other

Members' shares and savings accounts are subordinated to all other liabilities of the Credit Union upon liquidation. Interest on members' shares and savings accounts is based on available earnings at the end of an interest period and is not guaranteed by the Credit Union. Interest rates are set by the Asset Liability Committee and ratified by the Board of Directors based on an evaluation of current and future market conditions, as well as current earnings. Interest expense is charged to operations.

Note 12 - Borrowed Funds

Borrowings

Outstanding borrowings are summarized as follows at December 31, 2023:

Fixed note at 4.101%, maturing on September 14, 2027	**$ 5,000,000**
Fixed note at 4.370%, maturing on November 29, 2027	**5,000,000**
Fixed note at 4.513%, maturing on July 25, 2028	**5,000,000**
Fixed amortizing note at 3.583%, maturing on July 26, 2032	**4,401,608**
	$ 19,401,608

Note 12 - Borrowed Funds (continued)

Borrowings (continued)

Outstanding borrowings are summarized as follows at December 31, 2022:

Fixed note at 4.526%, maturing on January 23, 2023	$ 5,000,000
Fixed note at 4.430%, maturing on January 29, 2023	5,000,000
Fixed note at 4.446%, maturing on April 7, 2023	5,000,000
Fixed note at 4.101%, maturing on September 14, 2027	5,000,000
Fixed note at 4.370%, maturing on November 29, 2027	5,000,000
Fixed amortizing note at 3.580%, maturing on July 26, 2032	4,827,140
	$ 29,827,140

Notes Payable

The Credit Union has a $15.0 million line of credit with Vizo, none of which was in use at December 31, 2023 and 2022. The availability of the line of credit requires the Credit Union to maintain funds on deposit totaling $930,599 at both December 31, 2023 and 2022 (see Note 5). The interest rate is determined periodically and fluctuates depending upon general market conditions. The line of credit is collateralized by a security agreement covering substantially all member loans of the Credit Union.

As of December 31, 2023, the Credit Union has a maximum borrowing capacity of approximately $28.0 million from the FHLB of Pittsburgh, of which approximately $19.4 million was outstanding. The availability of the borrowing capacity requires the Credit Union to pledge securities. As of December 31, 2023, the Credit Union has pledged approximately $29.3 million.

As of December 31, 2022, the Credit Union had a maximum borrowing capacity of approximately $33.2 million from the FHLB of Pittsburgh, of which approximately $29.8 million was outstanding. As of December 31, 2022, the Credit Union had pledged approximately $34.6 million in securities.

Note 13 - Commitments and Contingencies

General

Contingencies

In the normal course of business, the Credit Union is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the financial statements.

Note 13 - Commitments and Contingencies (continued)

Loan Commitments and Contingencies

Financial Instruments with Off-Balance Sheet Risk

The Credit Union is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its members. These financial instruments include home equity lines of credit, unsecured lines of credit, credit card commitments, and overdraft protection program commitments. They involve, to varying degrees, elements of credit risk in excess of the amounts recognized on the statement of financial condition.

The Credit Union's exposure to credit loss, in the event of nonperformance by the other parties to the financial instruments for these commitments, is represented by the contractual amounts of those instruments. The Credit Union uses the same credit policies in making these commitments as it does for on-balance sheet instruments. The approximate commitments are as follows:

	December 31,	
	2023	**2022**
Home equity lines of credit	**$ 24,542,809**	$ 19,915,442
Unsecured lines of credit	**2,673,873**	2,844,305
Credit card commitments	**25,385,718**	26,590,266
Commercial real estate commitments	**888,069**	-
Overdraft protection program commitments	**3,708,381**	3,840,758
	$ 57,198,850	$ 53,190,771

Financial Instruments with Concentrations of Credit Risk

Home Equity and Unsecured Lines of Credit

Home equity and unsecured lines of credit are agreements to lend to a member, as long as there is no violation of any condition established in the agreement. Many of the commitments will expire without being fully utilized. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's credit worthiness on a case-by-case basis. Collateral held includes real estate for home equity lines of credit.

Credit Card Commitments

Credit card commitments are commitments on credit cards issued by the Credit Union. These commitments are unsecured.

Overdraft Protection Program Commitments

Overdraft protection program commitments are agreements to provide overdraft protection on member share draft accounts.

Note 13 - Commitments and Contingencies (continued)

Loan Commitments and Contingencies (continued)

Financial Instruments with Concentrations of Credit Risk (continued)

Concentration by Geographic Location

The Credit Union has a significant concentration of loans to members located primarily in Pennsylvania and New Jersey. Although the Credit Union has a diversified loan portfolio, a substantial portion of its members' abilities to honor their contracts is dependent upon the effect of the local economy on the Credit Union's field of membership. See Note 3 for concentration by loan type.

Other Contingencies, Credit Risk

Financial Instruments with Concentrations of Credit Risk

Cash and Cash Equivalents

The Credit Union maintains working cash on hand approximating $828,000 and $748,000 at December 31, 2023 and 2022, respectively.

Interest Bearing Accounts

The Credit Union has interest bearing accounts with various financial institutions. Generally, each interest bearing account is maintained under the deposit insurance limits. At December 31, 2023 and 2022, the first $250,000 of deposits with Vizo and the FHLB are insured by an agency of the U.S. Government. Interest bearing accounts may, at times, exceed federally insured limits.

Investment Securities

The Credit Union's investment securities are being held in accordance with the terms of safekeeping agreements with various brokers.

Although the Credit Union has credit risk due to the uninsured portion of the above deposits and investments, the Credit Union does not anticipate any accounting loss.

Lease Commitments

Operating leases in which the Credit Union is the lessee are recorded as ROU assets and lease liabilities are included in accrued expenses and other liabilities, in the statement of financial condition. Currently, the Credit Union does not have any finance leases.

Note 13 - Commitments and Contingencies (continued)

Lease Commitments (continued)

Operating lease ROU assets represent the right to use an underlying asset during the lease term and operating lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at lease commencement based on the present value of the remaining lease payments using a discount rate that represents the incremental borrowing rate of the Credit Union. The incremental borrowing rate was calculated for each lease by taking a variable rate FHLB product. Operating lease expense which is comprised of amortization of the ROU asset and the implicit interest accreted on the operating lease liability is recognized on a straight-line basis over the lease term and is recorded in occupancy and office expense in the statement of income.

The Credit Union has two leases for branch offices with remaining lease terms of 6.5 and 8 years. Operating lease cost for the year ended December 31, 2023 was $96,176. Rent expense under ASC 840 was $82,773 for the year ended December 31, 2022. ROU assets were $268,723 and lease liabilities were $277,199 as of December 31, 2023.

Branch Offices

The Credit Union leases its West Chester branch office space under an agreement that expires December 31, 2025. The lease requires an aggregate minimum annual rental of $33,579, resulting in aggregate future minimum rentals of $68,166 through the lease term (as defined therein) plus a proportionate share of defined expenses. Additionally, the agreement requires the Credit Union to carry certain minimum insurance coverages.

The Credit Union leases its Phoenixville branch office space under an agreement that expires September 30, 2025. The lease requires an aggregate minimum annual rental of $31,714, resulting in aggregate future minimum rentals of $56,031 through the lease term (as defined therein) plus a proportionate share of defined expenses. Additionally, the agreement requires the Credit Union to carry certain minimum insurance coverages.

The total minimum rental commitment at December 31, 2023 is due as follows:

2024	**$ 65,293**
2025	**58,904**
	$ 124,197

The total rental occupancy expense included in the statement of income for the years ended December 31, 2023 and 2022 was $96,176 and $82,773, respectively.

Note 14 - Capital Requirements

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's financial statements. Under capital adequacy regulations and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital regulations that involve quantitative measures of the Credit Union's assets, liabilities, and certain off-balance-sheet items, as calculated under generally accepted accounting practices. The Credit Union's capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the table below) of net worth (as defined) to total assets (as defined).

As of December 31, 2023 and 2022, the Credit Union's net worth is categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Credit Union must maintain a minimum capital ratio as set forth in the table. Management believes there are no conditions or events that will change the Credit Union's category.

The Credit Union's actual capital amounts and ratios are also presented as follows at December 31:

	Actual		To be Adequately Capitalized under Prompt Corrective Action Provisions		To be Well Capitalized under Prompt Corrective Action Provisions	
2023	**Amount ***	**Ratio**	**Amount ***	**Ratio**	**Amount ***	**Ratio**
Net worth	**$ 31,176**	**10.03%**	**$ 18,652**	**6.00%**	**$ 21,761**	**7.00%**
2022						
Net worth	$ 30,423	9.29%	$ 19,650	6.00%	$ 22,925	7.00%

* (Dollars in thousands)

In performing its calculation of total assets, the Credit Union used the quarter-end balance option, as permitted by regulation.

Note 15 - Pension Benefits

Retirement Savings Plan

The Credit Union sponsors a retirement savings plan (401(k) plan) covering all employees who reach 21 years of age and have completed at least three months of continuous service. Participants may elect to defer compensation up to the maximum allowed by federal regulations. The Credit Union contributes, on behalf of each of the employees who are participants of the plan, a matching contribution equal to 50% of the participant's contribution up to 1% for 2023 and 2022, respectively, in addition to a 3% safe harbor contribution in 2023 and 2022, respectively. The Credit Union reflects its contributions as an operating expense. Contributions to the retirement savings plan for the years ended December 31, 2023 and 2022 amounted to $103,565 and $102,912, respectively.

Note 16 - Related Party Transactions

Transactions with Directors, Principal Officers, Employees, and Immediate Family Members

Directors, principal officers, and employees of the Credit Union, including their families, are considered to be related parties.

The Credit Union has had, and may be expected to have in the future, transactions in the ordinary course of business with directors, principal officers, employees, and their immediate families on materially similar terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others. The aggregate loans to Credit Union officials amounted to $3,764,791 and $4,224,383 at December 31, 2023 and 2022, respectively. The aggregate amount of deposits is not significant to the financial statements.

Note 17 - Fair Values of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurement. This guidance also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under FASB ASC 820, fair value measurements are disclosed by level within that hierarchy.

This guidance requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

Note 17 - Fair Values of Financial Instruments (continued)

In determining the appropriate level, the Credit Union performs a detailed analysis of the assets and liabilities that are subject to FASB ASC 820. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following is a description of the valuation methodology used for investments measured at fair value. There has been no change in the methodology used during December 31, 2023 and 2022.

Estimated fair values for investment securities are obtained from a third-party and are based on a comparison of the book rate to the market rate at year-end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Credit Union believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of December 31:

	Fair Value Measurements at December 31, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Governmental agency securities	**$ -**	**$ 8,537,354**	**$ -**	**$ 8,537,354**
Mortgage-backed securities	**-**	**5,190,880**	**-**	**5,190,880**
Collateralized mortgage obligations	**-**	**15,947,089**	**-**	**15,947,089**
	$ -	**$ 29,675,323**	**$ -**	**$ 29,675,323**

	Fair Value Measurements at December 31, 2022			
U.S. Governmental agency securities	$ -	$ 21,814,753	$ -	$ 21,814,753
Mortgage-backed securities	-	6,134,454	-	6,134,454
Collateralized mortgage obligations	-	18,195,801	-	18,195,801
	$ -	$ 46,145,008	$ -	$ 46,145,008

Note 18 - Subsequent Events

The Credit Union has evaluated subsequent events through February 27, 2024. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2023 were noted.