

**Audited Consolidated Financial Statements**

**XCEL FEDERAL CREDIT UNION  
AND SUBSIDIARY**

**December 31, 2023**



**Firley, Moran, Freer & Eassa, CPA, P.C.**

125 East Jefferson Street • Suite 920 • Syracuse, NY 13202  
p: 315.472.7045 f: 315.472.7053 www.fmfecpa.com

**INDEPENDENT AUDITOR'S REPORT**

To the Supervisory Committee and Board of Directors  
XCEL Federal Credit Union  
Bloomfield, New Jersey

**Opinion**

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

*Xirley, Moran, Green & Esser, CPA, P.C.*

Syracuse, New York  
May 28, 2024

# CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

## XCEL FEDERAL CREDIT UNION AND SUBSIDIARY

	December 31,	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,207,174	\$ 14,837,077
Certificates of deposit	6,972,000	8,915,000
Investments--available for sale (\$36,809,772 and \$40,729,802 amortized cost, respectively)	32,164,278	35,337,067
Loans	116,692,779	112,473,635
Allowance for loan credit losses	(1,042,955)	(1,134,449)
Loans, net	115,649,824	111,339,186
Accrued interest receivable	461,826	449,799
Federal Home Loan Bank Stock, at cost	627,900	735,300
Property and equipment, net	4,993,447	4,296,116
NCUSIF deposit	1,592,773	1,621,199
Defined benefit pension asset	5,241,754	5,276,584
Other assets	1,416,128	952,783
<b>TOTAL ASSETS</b>	<b>\$183,327,104</b>	<b>\$183,760,111</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>LIABILITIES</b>		
Share accounts and nonmember deposits	\$168,523,959	\$170,437,224
Accrued expenses and other liabilities	939,975	787,406
<b>TOTAL LIABILITIES</b>	<b>169,463,934</b>	<b>171,224,630</b>
<b>MEMBERS' EQUITY</b>	<b>13,863,170</b>	<b>12,535,481</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$183,327,104</b>	<b>\$183,760,111</b>

See notes to consolidated financial statements

# CONSOLIDATED STATEMENTS OF INCOME

## XCEL FEDERAL CREDIT UNION AND SUBSIDIARY

	Year ended December 31,	
	2023	2022
Interest income:		
Loans	\$ 7,356,090	\$ 5,981,614
Investments	<u>1,576,581</u>	<u>1,005,557</u>
TOTAL INTEREST INCOME	8,932,671	6,987,171
Interest expense:		
Dividends on share accounts and interest on nonmember deposits	<u>1,349,545</u>	<u>434,928</u>
NET INTEREST INCOME	7,583,126	6,552,243
Provision for loan credit losses	<u>303,612</u>	<u>781,523</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN CREDIT LOSSES	7,279,514	5,770,720
Non-interest income:		
Service fees	1,201,104	1,286,691
Corporate Credit Union claim distribution	-0-	199,644
Employee retention tax credits	-0-	586,055
Other	<u>463,412</u>	<u>582,596</u>
	1,664,516	2,654,986
Non-interest expense:		
Compensation and employee benefits	4,062,509	3,435,205
Office occupancy and operations	2,632,186	2,255,715
Loan servicing	865,043	861,782
Professional and outside services	510,340	636,867
Education and promotion	<u>201,788</u>	<u>207,105</u>
	8,271,866	7,396,674
NET INCOME	<u>\$ 672,164</u>	<u>\$ 1,029,032</u>

See notes to consolidated financial statements.