

75 años impulsando tus sueños.



Informe Anual 2024

Un legado de confianza, un futuro de oportunidades:
75 años impulsando tus sueños



75 años impulsando tus sueños.



CONTENIDO

Acta	4
Informe Junta de Directores	9
Informe Tesorero	11
Informe Comité de Supervisión	13
Estados Financieros Auditados	15
Miembros Junta Directores y Comité	53
Empleados de administración y Sucursales	54



FEDERAL
CREDIT UNION

UNA COOPERATIVA HECHA PARA TI

ASAMBLEA ANUAL 2023

El sábado, 25 de mayo 2024, se celebró la Asamblea Anual de VAPR Federal Credit Union, correspondiente al año 2023, en el Salón de Conferencias del Hotel El Conquistador en Fajardo, Puerto Rico, bajo la Presidencia del señor Eduardo D. Ortega Vélez, desarrollándose los procedimientos según surge de la presente Acta.

I. LLAMADO AL ORDEN

A las 10:36 AM, el Presidente declara iniciados los trabajos del día.

II. QUÓRUM

Se establece el quórum reglamentario con 171 socios registrados y 76 presentes.

III. INVOCACIÓN

Eduardo D. Ortega Vélez, Presidente, ofrece la invocación.

IV. HOMENAJE A COOPERATIVISTAS FALLECIDOS

El Presidente lleva a cabo un Acto de Recordación en honor a los socios cooperativistas fallecidos, incluyendo al señor Luis Cordero Rivera, Presidente de la Cooperativa de Seguros Múltiples.

V. PRESENTACIÓN DE LA JUNTA DE DIRECTORES, EQUIPO GERENCIAL Y MIEMBROS DE COMITÉS

El Presidente presenta a los miembros de la Junta de Directores, personal de la cooperativa, miembros de los distintos comités e invitados especiales.

VI. REGLAS ESPECIALES DE LA ASAMBLEA

El Presidente enfatiza sobre las Reglas Especiales que se llevarán a cabo durante la asamblea. Las mismas son aprobadas por consentimiento unánime.

VII. AGENDA

El Presidente somete la agenda del día para la consideración de la Asamblea. No habiendo cambio alguno propuesto, la misma se aprueba por consentimiento unánime.

VIII. LECTURA Y APROBACIÓN DEL ACTA ANTERIOR

El Presidente presenta el Acta correspondiente a la Asamblea Anual del año 2022, celebrada el 3 de junio de 2023 en el Hotel Ponce Hilton, la cual fue aprobada por consentimiento unánime.

IX. INFORME JUNTA DE DIRECTORES

El Presidente presenta el Informe de la Junta de Directores correspondiente al año 2023.

El 2023 fue para VAPR Federal Credit Union un año de cambios, retos y un notable progreso donde se obtuvieron grandes logros donde se destacan los siguientes:

- El Equipo Ejecutivo se fortaleció con la incorporación del señor Kenel Grullón López como Gerente de Préstamos. El señor Grullón López ha desempeñado un rol fundamental en el desarrollo del Departamento de Crédito y se ha destacado, especialmente, en la implementación de la Política de Crédito Comercial.
- Se creó la plaza de Oficial de Préstamos Comerciales, reclutando a la señora Glorinil Castro Domínguez.
- Se añadieron los roles de Analista Financiero, Gerente de Mercadeo Estratégico y Analista de Préstamos Comerciales, para apoyar la implementación del Plan Estratégico.
- Debido al crecimiento de la plantilla de empleados, se ubicaron los Departamentos de Cobros y Cuentas Comerciales en el segundo nivel del edificio A-Plus frente a la Sucursal de VAPR Plaza.
- Se han revisado y optimizado los beneficios para los empleados.
- Se recibió la evaluación de NCUA donde obtuvimos una calificación sobresaliente.
- Se obtuvo la Certificación del “Community Development Financial Institution” (CDFI). Esta acreditación brinda a la Cooperativa acceso a fondos federales sin repago, permitiendo mejorar los servicios.
- Se implementó el producto de la Tarjeta ATH Débito MasterCard.
- Se implementó el Préstamo Verde (Green Loan) con el fin de proveer préstamos para la compra de sistemas de placas solares.
- En octubre se lanzó la plataforma de educación financiera en línea KOFE (Knowledge of Financial Education), accesible sin costo alguno a los socios. El objetivo es capacitar a los actuales y futuros socios para tomar decisiones financieras exitosas.
- Se introdujo un método conveniente y eficaz para realizar pagos mejorando la experiencia de los socios incluyendo la de aquellos que mantienen cuentas en otras instituciones financieras.
- Se designó la Sala de la Junta de Directores ubicada en VAPR Plaza como Sala Ángel Luis Vázquez Berrios, reconociendo los 40 años de servicio y lealtad del Vicepresidente de Operaciones.

- A finales de 2023 se llevó a cabo la apertura de Cuentas Comerciales para socios con negocio propio (DBA), corporaciones, o compañías de responsabilidad limitada (LLC).
- El 2023 finalizó con un Ingreso Neto de \$3,113,833.

Continuamos aunando esfuerzos para ampliar y ofrecer nuevos servicios.

Este año, expiraron siete (7) términos de los miembros de la Junta de Directores. Tres (3) de ellos decidieron no aspirar a su reelección, por lo tanto, la Junta por decisión unánime acordó reducir el número de miembros de once (11) a nueve (9). El señor Vicente Gregorio Martínez, CPA, es el nuevo Director por un término de dos (2) años.

El Presidente agradece la contribución y dedicación de la Lcda. Katherine Ruiz Díaz, a la señora Vilmarie Noriega Colón, y al Dr. Charles Juarbe Santos por la labor realizada durante su término en la Junta.

El Presidente también agradece al Grupo Gerencial y a los empleados liderados por el Licenciado José E. Ramos Monell, Principal Oficial Ejecutivo, a los miembros de los diferentes comités y muy especial a los compañeros directores por el respaldo y la confianza que le han brindado durante su presidencia durante el año 2023.

El Presidente concluye su Informe informando que VAPR Federal Credit Union se fundó en el 1950, siendo la primera cooperativa federal en Puerto Rico brindando un excelente servicio a sus socios y a la comunidad en general.

X. INFORME DEL TESORERO

El señor Roberto Rivera Ponce, Tesorero, presenta el Informe Anual correspondiente a los Estados Financieros Auditados al 31 de diciembre 2023.

- El año 2023 culminó con un Balance de Activos de \$249,024,486. El Balance de la Cartera de Préstamos a Diciembre 2023 fue de \$125,193,997, para un aumento neto de \$12,453,916, 11% más que el año anterior.
- Se informa que durante el año 2023 se aprobaron 2,560 solicitudes de préstamos las cuales totalizaron la cantidad de \$52,555,178. Esto representa una disminución de \$4,323,782, o sea, un 7.60% menos comparado con el año 2022. La mayoría de los préstamos otorgados son préstamos personales y de autos. Se

denegaron 565 solicitudes, las cuales fueron evaluadas de acuerdo con los requisitos de la Ley de Igualdad de Oportunidad de Crédito (ECOA), y la Política Prestataria de la Cooperativa.

- Se implantaron varias iniciativas: por ejemplo, ofertas de tasas de interés competitivas y la promoción de productos financieros que redundaron en mayor cantidad de préstamos otorgados en comparación con el año anterior y 1,522 socios nuevos.
- Al cierre del 2023, la proporción de préstamos morosos, comparada con el total de préstamos, fue de 0.11%. Esto representa un porcentaje relativamente bajo, si se compara con las otras instituciones financieras en Puerto Rico. Esto demuestra que la Cooperativa mantiene una cartera de préstamos sumamente saludable.
- Las acciones y depósitos de los socios durante el 2023 reflejaron un aumento de \$6,217,017, o sea, un 2.79%. Este aumento fue provocado por depósitos de nuevos socios y ajustes en las tasas de dividendos pagadas sobre los certificados.
- De acuerdo con las regulaciones de la NCUA, una Cooperativa debe tener un mínimo de 7% de Capital Regulatorio para entrar en la categoría de capitalización adecuada. Al 31 de diciembre 2023 el Capital Regulatorio de VAPR fue de \$26,741,029, para una relación de Capital al Total de Activos de 10.74%.
- El Ingreso de Intereses por concepto de préstamos totalizó \$7,031,232, para un aumento de \$1,563,569. El Rendimiento Promedio en los Préstamos fue de 5.91% en el 2023 y 5.32% en el 2022, lo que representa un aumento de 0.59%. Este aumento se debe, principalmente, al aumento en el balance y ajustes en las ofertas de préstamos.
- El Ingreso de Intereses por concepto de Inversiones fue de \$3,291,092, para un aumento de \$1,484,594. Este aumento se debe, principalmente, a que la Cooperativa movió balance disponible de efectivo a instrumentos con mayor rendimiento.
- El Gasto de Provisión para Pérdidas en Préstamos Incobrables fue de \$200,000 para el 2022 y \$794,485 para el 2023, lo cual refleja un aumento de \$594,485. Este incremento se debe, principalmente, al aumento en la Cartera de Préstamos y cambio en el método para el análisis y estimado de la Reserva de Préstamos Incobrables. Mantener una Reserva de Préstamos Incobrables adecuada es esencial porque ayuda a mitigar riesgos

y permite preservar la salud y estabilidad financiera de la Cooperativa. Durante el 2023 los cargos contra la Reserva de Préstamos Incobrables fueron de \$1,074,439, lo que reflejó un aumento de \$649,677 comparado con el 2022. La mayoría de estas pérdidas fueron en el renglón de préstamos personales y reposiciones de autos. El total de préstamos acogidos a la Ley de Quiebra fue de \$87,113, o sea, un 8.11% del total de préstamos eliminados contra la Reserva durante el 2023.

- En Otros Ingresos, la Cooperativa obtuvo \$1,841,143 que corresponden a cargos por servicio, cargos por demora, ingresos de intercambio en transacciones de tarjeta de crédito y cajeros automáticos, además de los relacionados a las alianzas con empresas cooperativas de seguros.
- Los Gastos Generales y Administrativos tuvieron un aumento de \$819,218 o sea, un 11%. Esto incluye gastos de salarios y beneficios marginales, consultorías, mantenimiento de oficinas, y depreciación, entre otros.
- En 2023 VAPR alcanzó un ingreso neto de \$3,113,833, o sea, un aumento de \$1,382,829 comparado con el año anterior, a pesar de los desafíos económicos y el clima de incertidumbre que sigue enfrentando Puerto Rico debido a los cambios en las tasas de interés. Este aumento se debe al esfuerzo y trabajo en equipo de todos los empleados y el cuerpo directivo de la Cooperativa.
- En 2023 el Comité de ALCO se mantuvo trabajando arduamente para el cumplimiento de las metas establecidas en el Plan Estratégico y para mantener el balance entre activos y pasivos de la Cooperativa.

El Tesorero indica que el mayor enfoque está dirigido a impulsar el aumento de la cartera de préstamos y continuar ofreciendo los mejores servicios a todos los socios. Por lo tanto, exhorta a todos los socios a que inviten a sus familiares, compañeros de trabajo y amigos a formar parte de esta Cooperativa. El Tesorero da gracias a Dios y agradece a la Junta de Directores y a todo el Equipo Gerencial por su compromiso en el servicio a los socios. Existen muchos desafíos, pero con la unión de la Junta de Directores, la Gerencia y todos los empleados, continuará el crecimiento y fortalecimiento de VAPR.

XI. INFORME COMITÉ DE SUPERVISIÓN

La señora Vilmarie Noriega Colón, Presidenta del Comité de Supervisión, informa que el Comité ha realizado las funciones propias del mismo a

tenor con las disposiciones de la Sección 715 de la Regulación establecida por National Credit Union Administration "NCUA".

La Presidenta presenta un resumen de los trabajos realizados por el comité para el periodo que comprende del 1 de enero al 31 de diciembre de 2023.

- El Comité se reunió en doce (12) ocasiones y se cumplió con el cien por ciento con el Plan de Trabajo.
- Se contrató a la firma de Contadores Públicos Autorizados, Zayas, Morazzani & Co., como Auditores Externos.
- En la Auditoría Externa 2023 no hubo hallazgos que informaran debido al excelente manejo financiero de la Gerencia.
- La Presidenta Noriega Colón agradece a los miembros del Comité por su compromiso, dedicación, y esfuerzo para cumplir con sus responsabilidades. Agradece también al señor Ángel Luis Vázquez Berrios, Vicepresidente de Operaciones, por su respaldo incondicional al Comité, así como a la gerencia por su apoyo a la cooperativa. Se archiva el Informe del Comité de Supervisión.

XII. CERTIFICACIÓN DE LOS RESULTADOS DE LAS ELECCIONES A LA JUNTA DE DIRECTORES

El Presidente informa que este año surgió una posición vacante en la Junta de Directores por un término de dos (2) años. Se recibió la solicitud del señor Vicente Gregorio Martínez, CPA, por tal razón, el señor Gregorio fue certificado por el Comité de Nominaciones y recomendado a la Junta de Directores para su aprobación.

A continuación se informa el periodo a servir por los siguientes miembros de la Junta:

Nilsa Piñeiro Serrano - 3 años
Humberto M. Monserrate Llombart - 3 años
Roberto Rivera Ponce - 2 años
Pedro J. Toro Cancio - 2 años
Vicente Gregorio Martínez - 2 años (nuevo miembro)

XIII. OTROS ASUNTOS

El señor José A. Pérez agradece a la Junta por celebrar la actividad social luego de terminar los trabajos de la Asamblea.

La señora Teresa Barajas pregunta si existe alguna posibilidad con la tecnología actual, de que se puedan reflejar las transacciones de la MasterCard Débito. Actualmente, las transacciones no se reflejan y hay que esperar hasta fin de mes para poder hacer una reconciliación de la cuenta.

El Principal Oficial Ejecutivo aclara que la situación depende del procesador mediante el cual se lleve a cabo la transacción. La Cooperativa usa dos procesadores: Evertec; o Internet si es una transacción internacional. En la Cooperativa existe la capacidad de ver las transacciones. Lamentablemente, por el momento, es necesario llamar a la Cooperativa.

La señora Barajas insiste en que, si se puede, se trate de identificar qué está provocando el “hold” porque algunas llamadas a la Cooperativa, tienen cargo por verificar asuntos en las cuentas mediante llamadas telefónicas. Hay que ver si se van a obviar los cargos en esas situaciones.

El Vicepresidente de Operaciones informa que ese tipo de llamada no tiene cargo alguno.

El señor Aladino Vega, residente de San Germán disfruta mucho de los servicios de la Cooperativa, pero quiere saber qué planes tiene la Cooperativa de abrir una sucursal en el área oeste. En esa área, la Cooperativa ofrece servicios a los Veteranos en la Clínica de Veteranos, pero los servicios son mínimos. Para otros servicios, hay que viajar hasta Guayama. Abrió cuentas a los nietos en la Cooperativa.

El Principal Oficial Ejecutivo contesta que continuamente se están evaluando todas estas iniciativas y son parte del Plan Estratégico. Sin embargo, aunque es algo que se está considerando constantemente, en este momento no es prioridad. Se está trabajando para ampliar los servicios al socio, enfatizando en la actualización de la tecnología.

El señor Randall Rodríguez informa que recientemente cambió la ATH tradicional por la ATH Débito MasterCard. Ahora, las sucursales que antes no cobraban le están cobrando por retirar dinero. Quiere saber si VAPR va a hacer como las cooperativas del “Navy” que le dan una mensualidad al veterano para cubrir el cargo que se les impone cuando ellos retiran dinero desde una sucursal que no es la que ellos están afiliados.

El Principal Oficial Ejecutivo informa que la Cooperativa comenzó con la tarjeta ATH Débito en abril. Hay cosas que se están descubriendo poco a poco. Ese punto que él trae era desconocido y no se supone que suceda.

El señor Ricardo Rosario informa que hace menos de un año, en la Cooperativa apareció que él había dado su firma a una persona para

ésta conseguir un préstamo. Luego, recibió un correo electrónico porque la persona no estaba pagando el préstamo. El señor Rosario indica que no conoce la persona ni ha dado su firma a terceros. Él se preocupó y cuando fue a comprar la entrada para la Asamblea, tuvo que solicitar que se limpiara el sistema para sacarlo a él de esa situación. Al momento, no está seguro de cómo está el asunto, aunque le dijeron que ya el sistema estaba limpio. Sin embargo, él entiende que cuando se va a otorgar un préstamo, y se obtiene la firma de un codeudor, se deben comunicar con esa persona para tener la certeza de que esa firma es real. A él le han robado el crédito tres veces y tiene que estar pendiente en todas las instituciones financieras que él pertenece.

El Presidente le agradece que haya traído ese punto y le asegura que se está tomando nota de todo lo que él está comunicando para investigar y poder contestarle correctamente.

El señor Luis Gerena indica que en la Asamblea anterior se habló sobre la tecnología. Entiende que se ha hecho mucho, pero que aún queda mucho por hacer. A veces él entra para ver el balance de su cuenta y las transacciones no aparecen.

Segundo, no ha solicitado la Tarjeta ATH Débito MasterCard de la Cooperativa porque tiene cuentas en otros bancos que no le cobran por la tarjeta. Indica que eso hay que trabajarlo porque si la Cooperativa no puede abrir sucursales, tienen que ser un poco más agresivos con la tecnología. Recuerda que no es la primera vez que se habla sobre este tema y, como socio, tiene la preocupación de que otras instituciones siguen creciendo más rápido. Asegura que VAPR es el único banco que él visita; en todos los demás él hace todo electrónicamente.

El Presidente contesta que se está tomando nota de todo lo que él ha presentado. Que está consciente que queda mucho por hacer y se está trabajando en esa dirección.

La señora Teresa Barajas comenta que en relación con las transferencias, quizás el sistema de la cooperativa tenga algún desperfecto, pero lo que ella ha notado es que cada vez que en una transferencia sale un aviso informando que el sistema encontró un error y no reconoce la transferencia en el momento, ella da “logout” y cuando vuelve a entrar, la transferencia se completa.

En relación con lo de la sucursal, señala que el Hospital de Veteranos tiene clínicas en el área de Mayagüez, Ponce y Arecibo. Sugiere que, al igual que la Cooperativa tiene una sucursal en el Hospital de Veteranos de San Juan, haga lo mismo en esos otros pueblos. De esa forma, con un solo empleado resuelve la situación de los veteranos del área Norte, Sur y Oeste, minimizando costos.

El Principal Oficial Ejecutivo informa que cada dos semanas se ofrecen servicios en las clínicas de Mayagüez y Ponce para que los socios tengan la oportunidad de realizar transacciones. En el caso de Arecibo, hace años se estaba haciendo lo mismo allí, pero no se daba casi ninguna actividad, por lo que se eliminó. En la Cooperativa todos, especialmente él que es quien toma las riendas cuando son servicios importantes para el socio, se está evaluando en todo momento si se aumentan las visitas a Mayagüez y a Ponce y si se van a incluir otras clínicas alrededor de la Isla. Pero, a lo que se le está poniendo más atención es a la tecnología.

Ella insiste en que en esas visitas no se hacen transacciones en efectivo y son exclusivamente para socios-empleados. Pero, si se está tratando de expandir los servicios a otros socios que no sean empleados, ella entiende que hay que brindar las transacciones tipo sucursal. Porque en esas áreas no solamente hay socios-empleados de las facilidades, sino también retirados así como otros veteranos que se hicieron socios por unas situaciones específicas. Y esas personas, generalmente, no hacen transacciones en efectivo sino a través de cheques.

El Principal Oficial Ejecutivo informa que existe la opción de utilizar la red de “share branch”, esto significa que el socio puede realizar transacciones en cualquier cooperativa incluyendo retiros, depósitos y pagos. Estas transacciones se pueden realizar en Puerto Rico en cualquier cooperativa aunque no sea la nuestra. Si estás en Estados Unidos puedes solicitar los servicios en las cooperativas participantes de “share branch”. En la página web existe un listado de las cooperativas que están en la red.

La señora Ana María Hernández Miranda informa que este año, para saber cuándo se iba a llevar a cabo la asamblea, tuvo que ir a la sucursal porque no enviaron la comunicación por correo ni por correo electrónico. Exhorta a que cada año envíen la invitación por correo.

El Presidente informa que deje su información por escrito al Vicepresidente de Operaciones, señor Ángel Luis Vázquez Berríos, para verificar que así suceda en el futuro.

El señor Manuel Claudio felicita a la nueva Junta de Directores. Indica que esta cooperativa estableció hace algunos años el quedarse en los hoteles el fin de semana para que asistieran más socios a la Asamblea. Pero, ha notado que no hay seguridad. También entiende que se debe velar por una vestimenta adecuada en la Asamblea.

Otro punto que él presenta es la dificultad que existe para comunicarse con los Oficiales de la Cooperativa. No contestan las llamadas telefónicas. Se debe prestar más atención a esto. Expresa que se alegra por los 41 años del señor Vázquez Berríos en la Cooperativa y lo felicita por eso.

El Presidente contesta que se entendió que no era necesario tener seguridad en las puertas porque la entrada al Hotel El Conquistador está bien restringida, solamente las personas registradas para la asamblea o que se están quedando en el hotel tienen acceso al mismo.

La señora Myriam Báez solicita considerar y evaluar la situación cuando sucede un accidente de automóvil. El socio tiene que llevar a la Cooperativa la unidad afectada para que le puedan desembolsar la segunda parte del dinero. En otras instituciones simplemente el hojalatero envía por email la foto del vehículo con el estimado y ellos hacen el desembolso. Pero, en VAPR hay que llevar la unidad, a pesar de que el hojalatero no entrega el auto si no se le paga todo el dinero. Por lo tanto, ¿qué sucede con el socio que no tiene el dinero para pagar la totalidad y llevar el vehículo? Los demás socios aplauden su presentación.

El Presidente le agradece por traer el asunto a la consideración de la Asamblea y le indica que se van a considerar sus sugerencias.

XIV. CLAUSURA

No habiendo ningún otro asunto por considerar, el Presidente agradece la asistencia de todos los presentes y declara cerrados los trabajos a las 11:47 AM.

INFORME DE LA JUNTA DE DIRECTORES

¡Estimados socios, miembros de la Junta de Directores, comités, empleados, oficiales e invitados cooperativistas! Es un honor darles la más cordial bienvenida a esta asamblea, donde celebramos juntos no solo los logros alcanzados en 2024, sino también el 75 aniversario de nuestra cooperativa.

Hoy, tengo el privilegio de presentarles el informe de la Junta de Directores, donde compartiremos los destacados avances de VAPR Federal Credit Union en este año que nos ha brindado desafíos y, aún más, ¡grandes triunfos que todos hemos construido juntos! Pocas instituciones pueden celebrar 75 años de vida, y nosotros estamos aquí hoy gracias al apoyo de nuestros socios, y al legado dejado por nuestros pasados directores y las administraciones anteriores que también han contribuido de manera significativa a nuestro crecimiento y éxito. ¡Gracias a ellos, estamos cosechando los frutos de su esfuerzo y visión!

El 2024 ha sido un año de transformación y crecimiento. Entre los logros más destacados, nos complace informar que el recién establecido departamento de cuentas comerciales ha sido todo un éxito. Al cierre de 2024, contamos con 27 socios comerciales y \$2,272,568 en préstamos comerciales otorgados. Este logro marca el inicio de una etapa de oportunidades, reafirmando nuestro compromiso con los socios y el desarrollo continuo de nuevos servicios.

Uno de los proyectos más trascendentales para nuestra cooperativa ha dado inicio: el proceso de selección de un nuevo Core bancario. Este paso estratégico nos permitirá modernizar nuestra infraestructura tecnológica, optimizar nuestras operaciones y elevar la experiencia de servicio para cada uno de nuestros socios. Un Core bancario de última generación nos brindará mayor eficiencia, agilidad y seguridad en cada transacción, permitiéndonos integrar nuevas soluciones digitales, mejorar la experiencia en canales físicos y virtuales, y ofrecer productos financieros más innovadores y personalizados.

Este no es solo un cambio tecnológico; es una transformación que nos prepara para el futuro y refuerza nuestro compromiso de ofrecer un servicio sólido, confiable y alineado con las necesidades de nuestros socios. Estamos construyendo una cooperativa más fuerte, ágil y conectada con la evolución del sector financiero. Seguimos avanzando con visión y determinación, y los resultados de este proceso marcarán un antes y un después en nuestra capacidad para servirles mejor.

No podemos dejar de resaltar un logro que nos llena de orgullo: nuestra cooperativa recibió por primera vez la calificación más alta en todos los indicadores de desempeño durante la auditoría de la NCUA. Esta evaluación se realiza a través del sistema CAMELS (siglas en inglés), que analiza seis áreas clave para determinar la salud financiera de una cooperativa: Capital, Calidad de Activos, Calidad de la Gestión, Rentabilidad, Liquidez y Sensibilidad al Riesgo. Obtener una calificación de 1 —la más alta posible— en cada uno de estos componentes no solo es poco común, sino que representa un reconocimiento directo a la solidez, eficiencia y estabilidad de nuestra institución. Este resultado reafirma que vamos por el camino correcto, con bases firmes para continuar creciendo y sirviendo con excelencia a nuestros socios.

Nuestra tarjeta MC débito, anunciada en nuestra asamblea pasada, ha demostrado ser un rotundo éxito, ¡ya la utilizan más de 1,900 de nuestros socios!

Nuestro programa de Becas Estudiantiles “Un Futuro Brillante” ha dado un gran paso adelante. Tuvimos el honor de otorgar un total de \$10,000 a 10 talentosos estudiantes, brindándoles una herramienta concreta para avanzar en su educación y forjar su propio futuro. Este año, estamos emocionados de anunciar que ya hemos comenzado la convocatoria para recibir solicitudes de estudiantes, y hemos aumentado el fondo de becas a un total de \$20,000. Esto significa que más jóvenes talentosos de nuestra comunidad tendrán la oportunidad de beneficiarse de este apoyo.

Creemos firmemente en el potencial de nuestros jóvenes y en su capacidad para marcar la diferencia en el futuro. Con este programa, no solo estamos invirtiendo en su educación, sino también en el desarrollo de líderes que contribuirán al crecimiento de nuestra comunidad y de nuestra cooperativa. Gracias al esfuerzo del comité de becas liderado por nuestro vicepresidente, Sr. Pedro J. Toro Cancio, el Lcdo. Gabriel A. Olivera Magraner, la Sra. Gabriela Sotomayor Xon, Oficial de Recursos Humanos, y la Srta. Olga I. Barreto Castro secretaria de la junta, quien fué la gestora de la iniciativa.

¡Y eso no es todo! Este año hemos alcanzado más logros impresionantes que merecen ser destacados:

- ** Cierre de Hipotecas: ** Hemos cerrado más hipotecas en 2024 que en los últimos cinco años juntos, lo que refleja nuestra dedicación a ayudar a las familias a lograr el sueño de tener una casa propia.

- **** Ingreso Neto:** ****** Además, hemos alcanzado un ingreso neto impresionante de \$2,357,477. Este resultado no solo demuestra nuestra solidez financiera, sino que también nos permite seguir invirtiendo en nuestros servicios y en nuestra comunidad.
- **** Récord de Préstamos:** ****** También hemos establecido un récord en préstamos otorgados, con un total asombroso de \$71,598,295. Esto significa que más socios están accediendo a los recursos que necesitan para hacer realidad sus proyectos y sueños.

Estos logros son el resultado del esfuerzo conjunto de todos nosotros y son una prueba del compromiso que tenemos con nuestra comunidad y nuestros socios. ¡Sigamos avanzando juntos hacia un futuro aún más brillante!

Sin duda, nuestra cooperativa sigue destacándose por su servicio excepcional y personalizado a cada uno de nuestros socios. Nuestro equipo de gerencia trabaja arduamente para expandir nuestros servicios y ser más competitivos en el dinámico mercado cooperativista de Puerto Rico, todo esto en el marco de nuestra celebración de 75 años de dedicación y esfuerzo.

Este año, cuatro miembros de la junta de directores verán expirar sus términos. Me complace anunciar que todos ellos han sido ratificados para continuar en sus cargos, lo que garantiza la continuidad y fortaleza de nuestra junta. Los miembros que seguirán liderando con su dedicación y compromiso son:

Srta. Olga I. Barreto Castro
Lcdo. Gabriel A. Olivera Magraner
Sr. Fernando A. Vélez Garret
Sr. Eduardo D. Ortega Vélez

Agradecemos al comité de nominaciones, liderado por su presidente Sr. Roberto Rivera Ponce, la Dra. Nilsa Piñeiro Serrano y la Sra. Ana Isabel Rosario Castañer por su trabajo, asegurando que nuestra junta se mantenga fuerte y comprometida con los intereses de todos nuestros socios.

En este 75 aniversario, es fundamental honrar a quienes han sido pilares en el crecimiento y evolución de nuestra cooperativa. Su liderazgo y dedicación han dejado huellas profundas que continúan guiando nuestro camino. Por ello, al finalizar la asamblea, todos están cordialmente invitados a acompañarnos al salón contiguo para el acto de conmemoración y la presentación del libro '75 años de historia'.

Permítanme dedicar un momento para expresar mi más sincero agradecimiento a todos aquellos que hoy han sido parte fundamental de nuestro éxito. A mis compañeros de la gerencia -Lcdo. José Ernesto Ramos Monell, CPA Sonya M. Dávila Cosme, Sr. Ángel Luis Vázquez Berríos y Sr. Kenel Grullón López- muchas gracias por su liderazgo y dedicación incansable. Su compromiso con nuestra misión han sido clave para alcanzar nuestras metas.

A los gerentes de sucursales -Sr. Roy Rodríguez González, Sr. Antonio Colón Rodríguez y Sr. Juan C. Torres Nuñez- su trabajo en el campo han fortalecido nuestra conexión con los socios y ha hecho posible que brindemos un servicio excepcional.

A mis compañeros directores y a todo miembro de los distintos comités, su confianza, esfuerzo y colaboración han sido esenciales para nuestros logros. Cada uno de ustedes aporta valor y dedicación, y juntos formamos un equipo capaz de crear un impacto significativo en nuestra cooperativa.

También quiero dedicar un reconocimiento especial a nuestros 66 empleados. Cada uno de ustedes representa el corazón de nuestra cooperativa. Su esfuerzo diario y su pasión por servir a nuestros socios son fundamentales para nuestro éxito. Ustedes son quienes, con su compromiso y entrega, hacen posible que nuestra visión se convierta en realidad.

Y no podemos olvidar a nuestros valiosos socios. ¡Gracias por su apoyo incondicional y su lealtad! Ustedes son la razón de ser de nuestra cooperativa.

Celebrar 75 años es mucho más que contar el paso del tiempo; es honrar un legado de esfuerzo colectivo, de sueños compartidos y de servicio inquebrantable a nuestra comunidad. Hoy miramos al pasado con gratitud, al presente con orgullo y al futuro con la certeza de que lo mejor aún está por venir.

Sigamos construyendo juntos una cooperativa cada vez más fuerte, más solidaria y comprometida con su gente. Porque ésta historia no termina aquí: continúa con cada uno de nosotros, escribiendo juntos los próximos capítulos de grandeza de nuestra cooperativa.

Eduardo D. Ortega Vélez
 Presidente Junta de Directores
 VAPR Federal Credit Union

INFORME DEL TESORERO

Estimado Presidente, miembros de la Junta de directores y de los distintos Comités, Oficiales, empleados, estimados socios e invitados reciban un cordial saludo.

En representación de nuestra Junta de Directores y Oficiales de VAPR Federal Credit Union me honra presentar el informe anual correspondiente a los estados financieros auditados al 31 de diciembre de 2024.

A continuación, un resumen de los datos más significativos durante el año operacional del 2024:

Durante el 2024, nuestra Cooperativa alcanzó un importante logro al sobrepasar los \$250 millones en activos, culminando el año con un balance de \$277,812,667. Este logro refleja el crecimiento sostenido y la solidez financiera que nos permite continuar expandiendo nuestros servicios y reafirmando nuestro compromiso con el bienestar de nuestros socios.

El balance neto de la cartera de préstamos a diciembre de 2024 fue de \$150,903,867, reflejando un aumento de \$25,709,870 o 20.67% en comparación con el año anterior.

De parte de nuestro "Non-Approval Loan Committee", presidido por la Sra. Sonia E. Santos Pérez, se informa que durante el año 2024 se aprobaron 2,811 solicitudes de préstamos, las cuales totalizaron \$71,598,295, un incremento de \$19,069,690 o 36% en relación con 2023.

Se revisaron 489 solicitudes de préstamos denegadas, concluyéndose que todas se procesaron conforme a la Ley de Igualdad de Oportunidad de Crédito (ECO) y la Política Prestataria establecida. Agradecemos al Comité y al Sr. Kenel Grullón López, Vicepresidente de Préstamos, por su apoyo incondicional.

Durante este periodo se mantuvo un monitoreo constante de las tasas de interés para asegurar la competitividad de los productos financieros que se ofrecen, de igual forma se hizo énfasis en promoción de la diversa gama de productos financieros que ofrece la Cooperativa. Nuestra

actividad crediticia se fortaleció mediante nuevas iniciativas, incluyendo el ofrecimiento de préstamos comerciales. La mayoría de los préstamos otorgados estuvo concentrada en préstamos personales y de automóviles.

Al cierre del 2024, la proporción de préstamos morosos comparada con el total de préstamos fue de 0.36%, un nivel significativamente bajo en comparación con otras instituciones financieras en Puerto Rico. Podemos concluir que esta relación demuestra que la Cooperativa mantiene una cartera de préstamos sumamente saludable.

Los depósitos de los socios reflejaron un incremento de \$24,475,861 o 10.72%. Este incremento fue provocado por depósitos de nuevos socios y ajustes en tasas de dividendos pagadas sobre los certificados.

El capital regulatorio al 31 de diciembre alcanzó los \$29,098,506, representando una relación de capital a activos de 10.50%, superando ampliamente el mínimo requerido por la NCUA.

El ingreso de intereses por concepto de préstamos totalizó \$9,141,027, para un aumento de \$2,109,795. El rendimiento promedio en los préstamos fue de 6.50% en el 2024 y 5.82% en el 2023, lo que representa un aumento de 0.68%. Por otro lado, el ingreso de intereses por concepto de inversiones fue de \$4,130,869, para un incremento de \$839,777. Ambos renglones reflejan aumentos sustanciales gracias al crecimiento de la cartera de préstamos y las tasas de mercado.

El gasto en provisión para pérdidas crediticias fue de \$1,825,997, impulsado por el crecimiento en la cartera de préstamos y el efecto del método para el análisis y estimado de la reserva de préstamos incobrables. Mantener una provisión adecuada es esencial, ya que ayuda a mitigar riesgos, y permite preservar la salud y estabilidad financiera de la Cooperativa.

Durante el 2024 el total de préstamos que se eliminaron contra la reserva de préstamos incobrables fue de \$1,595,424, lo que reflejó un aumento de \$520,985 comparado con el 2023, la mayoría de estas pérdidas fueron en el renglón

de préstamos personales y autos repositados. El total de préstamos acogidos a la Ley de Quiebra que fueron eliminados contra la reserva fue de \$155,121 y representa un 9.82% del total de préstamos eliminados durante el 2024.

En otros ingresos la Cooperativa generó \$1,444,563 provenientes de cargos por servicio, cargos por demora, ingresos de intercambio en transacciones de tarjeta de crédito y cajeros automáticos, además de otros relacionados a alianzas con empresas cooperativas de seguros.

Los gastos generales y administrativos totalizaron \$7,790,173, para un aumento de 7.72%. Este renglón incluye el gasto de salario y beneficios marginales, consultorías, mantenimiento de oficinas, depreciación, entre otros.

Finalmente, se obtuvo un ingreso neto de \$2,357,477, logrando un retorno en activo de 0.90%.

El comité ALCO trabajó intensamente para cumplir las metas del Plan Estratégico, asegurando el balance adecuado entre activos y pasivos.

Los planes y estrategias establecidos nos permitieron seguir fortaleciendo las reservas de capital y a enfrentarnos a los retos que el año 2024 nos presentó y que continuaremos enfrentando.

Durante este año, el Community Development Financial Institutions Fund (CDFI) asignó fondos por \$1.1 millones a nuestra Cooperativa. Este incentivo no solo fortalece nuestra posición financiera, sino que también forma parte de un esfuerzo que ha beneficiado a múltiples cooperativas en Puerto Rico. Estos fondos nos permitirán ampliar nuestras iniciativas y continuar impactando positivamente a nuestros socios y comunidades.

Estamos enfocados en continuar el crecimiento de nuestra cartera de préstamos, manteniendo la excelencia en el servicio. Durante 2024 logramos la incorporación de 1,871 nuevos socios. Exhortamos a nuestros socios a invitar a sus familiares, colegas y amigos a ser parte de nuestra Cooperativa, fortaleciendo nuestra gran familia financiera.

Agradecemos profundamente a Dios, a la Junta de Directores, a la Administración, a nuestro CEO, Lcdo. José Ernesto Ramos Monell, a nuestra VP Ejecutiva & CFO, Sonya M. Dávila Cosme, y a nuestro VP de Operaciones, Ángel Luis Vázquez Berríos, por su compromiso incansable.

Nos espera un nuevo año de retos y oportunidades. Con el esfuerzo conjunto de la Junta de Directores, la gerencia y todos nuestros empleados, lograremos continuar fortaleciendo y haciendo crecer nuestra Cooperativa VAPR FCU.

Roberto Rivera Ponce

Tesorero
Junta de Directores

INFORME ANUAL COMITÉ DE SUPERVISIÓN VAPRFCU 2024

Buenos días tengan todos: compañeros de la Junta de Directores, empleados (motor de nuestra cooperativa), socios e invitados a esta nuestra Asamblea Anual. Reciban un cordial saludo de parte del Comité de Supervisión de VAPR Federal Credit Union.

El Comité de Supervisión, en cumplimiento con la Sección 715 de la Regulación establecida por la Administración Nacional de Cooperativas de Crédito (NCUA, por sus siglas en inglés) llevó a cabo sus funciones y responsabilidades durante el año 2024.

Entre las responsabilidades principales del comité se encuentran:

- a) Asegurar el cumplimiento de las reglas y regulaciones de NCUA.
- b) Salvaguardar los objetivos financieros de nuestra Cooperativa.
- c) Asegurar que las metas financieras sean cumplidas por la administración.
- d) Proteger los activos de los socios.

Durante el año 2024 el comité se reunió 12 veces y cumplimos al 100% con nuestro plan de trabajo. Durante este año, continuamos con la asistencia de los servicios del Sr. Harold Badillo Mercado de la compañía Harold Badillo & Asociados, como auditor interno y asesor del Comité de Supervisión para realizar las auditorías y exámenes de los controles internos y cumplimiento de la institución.

Las tareas del comité son establecidas según su prioridad y análisis de riesgo. Los trabajos realizados durante el año se concentraron en las siguientes áreas:

1. Informes Financieros y Trimestrales e Informes de Seguridad Interna.
2. Seguimiento a medidas correctivas sugeridas por los auditores de NCUA.
3. Seguimiento al Plan Estratégico aprobado por la Junta de Directores.
4. Verificación de las operaciones del Departamento de Crédito.

5. Verificación de las operaciones del Departamento de Cobros.
6. Manejo de cuentas de socios fallecidos.
7. Control de acceso del personal.
8. Visitas a sucursales para los arqueos de caja y verificación de procedimientos internos.
9. Desembolsos de facturas para compras y servicios profesionales.
10. Servicio al cliente y aperturas de cuentas nuevas y cierres de cuentas de socios.
11. Manejo de las tarjetas de crédito asignadas a gerenciales de la cooperativa.
12. Revisión de cumplimiento con las políticas relacionadas a recursos humanos.
13. Verificación de las operaciones del Departamento de Cumplimiento.
14. Análisis de contratos de servicios profesionales.
15. Revisión de las cuentas de empleados, directivos y familiares.
16. Prueba de las cuentas inactivas o cuentas sin movimiento.
17. Evaluación del cuadro de las cuentas bancarias por parte del Departamento de Contabilidad.
18. Análisis de la cartera de inversiones en valores y compras de nuevas inversiones.

Estas pruebas son realizadas y discutidas en las reuniones del Comité y con la gerencia de la cooperativa. Posteriormente, se le da seguimiento a cualquier sugerencia y/o hallazgo.

Adicional a los trabajos de auditoría interna, se contrataron los servicios de la firma de CPA, Llavona-Casas CPA, P.S.C., como auditores externos de los estados financieros. El trabajo realizado por los auditores comprende principalmente, evaluaciones en las siguientes áreas:

- Pruebas y confirmaciones de balances en bancos, certificados, inversiones y seguros.
- Selección y envío de confirmaciones de balances de préstamos y depósitos a los socios.
- Análisis y pruebas de balances de propiedad, equipos y otros activos.
- Seguimiento a las deudas registradas y análisis de cuentas de ingresos y gastos.

La auditoría externa 2024 concluyó y fue una sin hallazgos o ajustes que reportar por lo que agradecemos a la gerencia por su excelente manejo financiero.

Agradezco a Myriam Zayas, a Anna Isabel Rosario y a Sylvia Teresa Pérez, miembros del Comité de Supervisión por su compromiso, dedicación y sobre todo por su tiempo de trabajo voluntario para el bienestar de los socios de nuestra cooperativa. Quisiera además agradecerle a la Dra. Nilsa Piñeiro, representante de la Junta de Directores ante el Comité de Supervisión, por su dedicada labor tanto al Comité como a la cooperativa y sus socios.

Agradecemos también a nuestros colaboradores, que con su conocimiento y profesionalismo, nos apoyaron en el cumplimiento de nuestras funciones. A ustedes, nuestros socios, les agradecemos el apoyo que le dan a nuestra Cooperativa.

Lcda. Katherine Ruíz Díaz

Presidenta

Comité de Supervisión

VAPR FEDERAL CREDIT UNION
**AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

For the years ended
December 31, 2024 and 2023

VAPR FEDERAL CREDIT UNION
For the years ended
December 31, 2024 and 2023

CONTENTS

Independent auditor's Report	1-3
Financial Statements:	
Statements of Financial Condition	4
Statements of Income and Expenses	5
Statements of Changes in Member's Equity	6
Statements of Comprehensive Income	7
Statements of Cash Flows	8-9
Notes to Financial Statements:	
Note 1. <i>Organization</i>	10
Note 2. <i>Summary of significant accounting policies</i>	10
Note 3. <i>Cash, Cash Equivalents and restricted cash</i>	19
Note 4. <i>Certificates of Deposits</i>	20
Note 5. <i>Investments in securities</i>	21
Note 6. <i>Loans receivable in portfolio, reserve movement, and credit quality</i>	23
Note 7. <i>Accrued interest receivable</i>	28
Note 8. <i>Investment in corporate credit union</i>	28
Note 9. <i>Property and equipment</i>	28
Note 10. <i>Foreclosed and repossessed assets</i>	29
Note 11. <i>Prepaid expenses and other assets</i>	29
Note 12. <i>Members' shares and savings account</i>	30
Note 13. <i>Accounts payable and accrued liabilities</i>	31
Note 14. <i>Lease with right of use</i>	31
Note 15. <i>Other income (excluding interest)</i>	31
Note 16. <i>Other expenses (excluding interest)</i>	32
Note 17. <i>Employee benefit plan</i>	32
Note 18. <i>Uncertainties, commitments, and contingencies</i>	33
Note 19. <i>Fair value measurements</i>	34
Note 20. <i>Regulatory capital</i>	35
Note 21. <i>Subsequent events</i>	36



INDEPENDENT AUDITORS' REPORT

Audit and Supervisory Committee and Board of Directors
VAPR Federal Credit Union
Guaynabo, Puerto Rico

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS:

AUDITORS' OPINION

We have audited the accompanying financial statements of the VAPR Federal Credit Union ("the Credit Union") which comprise the statement of financial condition as of December 31, 2024, and the related statement of income and expenses, changes in members' equity, comprehensive income and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2024, and the results of its operations, changes in members' equity, comprehensive income and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 2 to the financial statements, the Credit Union changed the way it accounts for its allowance for credit losses for the year 2023.

BASIS FOR OPINION

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

MANAGEMENTS' RESPONSIBILITIES 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 available to be issued.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

AUDITORS' 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 generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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.



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

EMPHASIS OF A MATTER

Allowance for Credit Losses on Loans Held in Portfolio (receivable): Quantitative Models and Qualitative Adjustments

As described in Note 2 of the financial statements, the Credit Union follows the Current Expected Credit Losses (CECL) model to establish and assess the Allowance for Credit Losses (ACL) to cover expected losses in the loan portfolio. As of December 31, 2024, the allowance for credit losses represented \$2,995,793 out of a total loan portfolio of \$153,829,273.

This CECL model establishes a prospective methodology reflecting expected credit losses over the life of financial assets. The quantitative model framework includes competitive risk scenarios to generate defaults and prepayments over the life of the assets, along with other loan-level modeling techniques to estimate loss severity. As part of this methodology, management evaluates various macroeconomic scenarios and may apply probability weighting to the outcome of selected loss scenarios. The ACL also includes a qualitative framework addressing expected but unobservable losses within the quantitative model framework. To identify potential losses not captured through the models, management assessed model limitations as well as the different risks covered by the variables used in each quantitative model.

OTHER MATTERS

The financial statements of VAPR Federal Credit Union, for the year ended December 31, 2023, were audited by other auditors, who issued an unqualified opinion in their report dated April 3, 2024, in accordance with accounting principles generally accepted in the United States.

San Juan, Puerto Rico
April 10, 2025



DPSC226-18
VAPR Federal Credit Union

Handwritten signature

LLAVONA - CASAS, CPA PSC
License Number 226
Expires on December 1, 2027

VAPR Federal Credit Union
STATEMENTS OF FINANCIAL CONDITION
December 31, 2024 and 2023

Assets	<u>2024</u>	<u>2023</u>
Cash, cash equivalents and restricted cash	\$ 32,791,330	\$ 28,179,144
Certificates of deposits (maturity greater than three months)	3,472,000	3,224,000
Investments in securities:		
Available for sale	71,245,905	72,433,700
Held to maturity	5,436,538	6,592,676
Total investments in securities	<u>76,682,443</u>	<u>79,026,376</u>
Loans receivable in portfolio:	153,899,660	127,539,379
Allowance for credit losses	<u>(2,995,793)</u>	<u>(2,345,382)</u>
Loans receivable in portfolio, net	150,903,867	125,193,997
Accrued interest receivable	762,420	716,348
NCUSIF deposit	2,262,861	2,054,388
Investment in corporate credit union	48,653	48,653
Property and equipment, net of accumulated depreciation	9,874,518	9,980,846
Foreclosed and repossessed assets	27,525	29,536
Prepaid expenses and other assets	<u>987,050</u>	<u>571,198</u>
Total assets	<u>\$ 277,812,667</u>	<u>\$ 249,024,486</u>
 Liabilities and Members' Equity		
Members' shares, savings and certificates of deposit accounts	\$ 252,891,709	\$ 228,415,848
Accrued interest payable	140,033	84,652
Accounts payable and accrued liabilities	<u>1,572,915</u>	<u>898,593</u>
Total liabilities	<u>254,604,657</u>	<u>229,399,093</u>
 Members' Equity		
Regular reserve	2,908,705	2,908,705
Undivided earnings	26,189,801	23,832,324
Accumulated other comprehensive loss	<u>(5,890,496)</u>	<u>(7,115,636)</u>
Total members' equity	<u>23,208,010</u>	<u>19,625,393</u>
Total liabilities and members' equity	<u>\$ 277,812,667</u>	<u>\$ 249,024,486</u>

The accompanying notes are an integral part of the financial statements.

VAPR Federal Credit Union
STATEMENTS OF INCOME AND EXPENSES
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Interest Income:		
Interest on loans	\$ 9,141,027	\$ 7,031,232
Interest on investment securities and savings	<u>4,130,869</u>	<u>3,291,092</u>
Total interest income	13,271,896	10,322,324
Interest expense:		
Interest and dividends on members' shares, savings accounts and borrowed funds	<u>2,742,812</u>	<u>1,082,502</u>
Income before provision for credit losses	10,529,084	9,239,822
Provision for credit losses	<u>(1,825,997)</u>	<u>(794,485)</u>
Net interest income after provision for credit losses	<u>8,703,087</u>	<u>8,445,337</u>
Other income (excluding interest)	<u>1,444,563</u>	<u>1,899,770</u>
Other expenses (excluding interest)		
Compensation and benefits	3,314,024	3,010,827
Office operations	835,065	779,886
Occupancy and related	1,358,600	1,264,114
Professional services and contracted services	195,217	264,622
Education and promotional	206,611	282,849
Data Processing	1,219,634	1,097,451
Loss on disposal of assets	86,075	58,627
Other operating expenses	<u>574,947</u>	<u>472,898</u>
Total other expenses (excluding interest)	<u>7,790,173</u>	<u>7,231,274</u>
Net Income	<u>\$ 2,357,477</u>	<u>\$ 3,113,833</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

For the years ended December 31, 2024 and 2023

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income/ (loss)	Total
Balance, December 31, 2022	2,908,705	21,666,551	(8,922,054)	15,653,202
Cumulative effect of change in accounting principle	-	(948,060)	-	(948,060)
Net income	-	3,113,833	-	3,113,833
Other comprehensive income	-	-	1,806,418	1,806,418
Balance, December 31, 2023	2,908,705	23,832,324	(7,115,636)	19,625,393
Net income	-	2,357,477	-	2,357,477
Other comprehensive income	-	-	1,225,140	1,225,140
Balance, December 31, 2024	\$ 2,908,705	\$ 26,189,801	\$ (5,890,496)	\$ 23,208,010

The accompanying notes are an integral part of the financial statements.

VAPR FEDERAL CREDIT UNION
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Net Income	\$ 2,357,477	\$ 3,113,833
Other Comprehensive income (expenses):		
Changes in net unrealized loss on investment securities available for sale during the year	<u>1,225,140</u>	<u>1,806,418</u>
Total comprehensive net income	<u>\$ 3,582,617</u>	<u>\$ 4,920,251</u>

The accompanying notes are an integral part of the financial statements.

VAPR Federal Credit Union
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net income	\$ 2,357,477	\$ 3,113,833
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	412,108	419,054
Provision for possible loan losses	1,825,997	794,485
Loss on disposition of assets	86,075	58,627
Premium amortization and discount accretion, net	481,211	610,320
Net unamortized deferred origination fees	72,412	102,226
Recoveries on charged-off loans	412,667	296,749
(Increase) decrease in assets:		
Accrued interest receivable	(46,072)	(133,084)
Prepaid expenses and other assets	(415,852)	(16,026)
(Decrease) increase in liabilities:		
Accrued interest payable	55,381	55,362
Accounts payable and accrued liabilities	674,322	(155,668)
Total adjustments	<u>3,558,249</u>	<u>2,032,045</u>
Net cash provided by operating activities	<u>5,915,726</u>	<u>5,145,878</u>
Cash flows from investing activities:		
Cash proceeds from maturities, disposition and return on principal over investments	12,983,992	9,002,665
Net (increase) in certificates of deposit	(248,000)	(1,240,000)
Acquisition of investment securities available for sale	(9,896,129)	-
Net (increase) in loans to members	(28,105,011)	(14,595,436)
Acquisitions of property and equipment	(305,780)	(112,917)
Investment in credit corporate union	-	(2,765)
Deposit in NCUSIF	(208,473)	11,881
Net cash (used) by investing activities	<u>(25,779,401)</u>	<u>(6,936,572)</u>
Cash flows from financing activities:		
Net increase in shares and savings accounts	24,475,861	6,217,017
Net cash provided by financing activities	<u>24,475,861</u>	<u>6,217,017</u>
Net increase in cash, cash equivalents and restricted cash	4,612,186	4,426,323
Cash, cash equivalents and restricted cash at beginning of year	<u>28,179,144</u>	<u>23,752,921</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 32,791,330</u>	<u>\$ 28,179,244</u>

The accompanying notes are an integral part of the financial statements.

Supplemental Disclosures of Cash Flow Information

The following non-cash transactions were registered:

- Interests and dividends paid for the years ended December 31, 2024, and 2023 were approximately \$2,742,812 and \$1,082,502, respectively.
- During the years ended December 31, 2024 and 2023, change in comprehensive net income were recognized for \$1,225,140 and \$1,806,418, respectively.
- Also, during the year ended December 31, 2023, changes in accounting principle for cumulative first day adjustment of CECL were recognized for \$948,060.

The accompanying notes are an integral part of the financial statements.

1. ORGANIZATION

VAPR Federal Credit Union ("Credit Union") is located in Guaynabo Puerto Rico and was organized and chartered under the Federal Credit Union Act ("The Law"). The Credit Union is organized to promote thrift among its members by receiving savings from its members in the form of shares and deposits to provide sources of financing. Its powers are limited to those granted in its regulations and the Law. The Credit Union is governed by the rules established in its statutes and the regulations issued by the National Credit Union Administration (NCUA), the regulatory entity. As of December 31, 2024, and 2023, the NCUA insured the Credit Union shares members' accounts up to \$250,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are presented following the accounting principles generally accepted in the United States of America (U.S. GAAP). The most significant policies are as follows:

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change include the determination of the allowance for loan losses.

Reclassifications

Certain figures in the accompanying 2023 financial statements were reclassified to conform to the 2024 presentation.

Tax Exemption

The Credit Union, their subsidiaries or affiliates shall be exempt from all kinds of income, property, patent, or any other tax imposed or imposed later by the Commonwealth of Puerto Rico or any political subdivision thereof. Several previous laws eliminated the exemption from excise taxes and from the sales and use tax (IVU) on the purchases of goods and services by credit unions.

All members' shares and securities issued by credit unions and by any of their subsidiaries or affiliates are exempt, including the total value and the dividends or interests paid in accordance with them, from any types of contributions from revenues, property, excise taxes, municipal taxes or other taxes imposed or then later could be imposed by the Commonwealth of Puerto Rico or any of its political subdivisions.

Cash and Cash Equivalents

For purposes of the cash flow statements, the Credit Union considers cash and cash equivalents, the change funds, current accounts in local banks, money market accounts and certificates of deposit that have a maturity date of three months or less from the date of purchase. Certificates of deposit with a maturity date more than 90 days from the date of purchase are presented in a separate line in the statement of financial condition.

Restricted Cash

The Credit Union adopted the ASU 2016-18 Accounting Standard, to identify its restricted cash in the statement of financial condition and in the statement of cash flows. Restricted cash is an asset that is reserved for a particular purpose primarily to satisfy regulatory or contractual requirements. Restricted assets subject to these specific requirements are segregated from other assets to mark clear boundaries of their use.

Concentrations of Credit Risk

Financial instruments that potentially subject the Credit Union to credit risk include cash balances and certificate of deposits with several financial institutions located in Puerto Rico and the United States, which were insured for up to \$250,000 by the U.S. Federal Deposit Insurance Corporation (FDIC). The balances may exceed amounts insured by the FDIC. Credit risk for loans receivable and share accounts are also concentrated since most of the Credit Union's members are in the Puerto Rico geographical area.

Loans to Members

The Credit Union extends credit to its members through personal loans, auto loans, mortgages, credit cards and lines of credit. During 2024 and 2023, the Credit Union originated loans with an aggregated dollar value of approximately \$71,598,295 and \$52,555,178, respectively. Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses and net origination fees. Interest on loans to members is recognized over the terms of the loans and is calculated on principal amounts outstanding.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in the process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not collected for loans that are placed nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Investment in Marketable Securities

Investments are made in accordance with the Credit Union's policies, which incorporate the regulations of National Credit Union Administration (NCUA), hence they are principally invested in federally sponsored and guaranteed financial instruments. Marketable securities mainly consist of agency securities and obligations issued by the United States Government, obligations of United States corporations, and securities collateralized by mortgages on residential, commercial, and other assets in the United States. Investment securities are classified into two categories and accounted for as follows:

Classified as held-to-maturity

Debt securities that the Credit Union intends and has the ability to hold until maturity are classified as held-to-maturity debt securities and are recorded at amortized cost. An allowance for credit losses (ACL) is established for expected credit losses over the remaining term of the held-to-maturity debt securities.

The Credit Union has established a methodology for estimating credit losses that considers qualitative factors, including internal credit ratings and the underlying payment source to determine the amount of expected credit losses. Held-to-maturity debt securities are adjusted through the ACL when a portion or all the amount is considered uncollectible, based on the information considered to develop expected credit losses over the asset's life.

There may be certain financial assets for which the expectation of zero credit loss after evaluating historical loss information, making necessary adjustments for current conditions and reasonable and sustainable forecasts, and considering any collateral.

Factors to consider when evaluating whether expectations of zero credit loss are appropriate may include, among others:

- A financial asset that is fully collateralized by cash or cash equivalents;
- Principal and interest payments guaranteed by the government of the United States of America.

The Credit Union cannot sell or transfer held-to-maturity securities without questioning its intention to hold the debt securities until maturity unless a non-recurring or unusual event has occurred that could not have been reasonably anticipated.

Classified as available-for-sale

Debt securities classified as available-for-sale are recorded at fair value. Decreases in fair value below amortized cost of securities not related to estimated credit losses are recorded through comprehensive income. If the Credit Union intends to sell or believes it is more

likely than not to be required to sell the debt security, it is written down to its fair value through operations.

The Credit Union's available-for-sale securities portfolio is primarily composed of United States Treasury bonds and obligations of the United States Government. These securities have an explicit or implicit guarantee from the government of the United States, have high ratings from major rating agencies, and have a long history without credit losses. Therefore, the Credit Union applies a zero-credit loss assumption, and no ACL has been established for these securities.

The Credit Union monitors the composition of its securities portfolio and credit performance to determine if any provision is considered necessary. Available-for-sale debt securities are written off when a portion or all the amount is considered uncollectible, based on the information considered to develop expected credit losses over the asset's life. The specific identification method is used to determine realized gains and losses on available-for-sale debt securities, which are included in net gain or loss on the sale of debt securities in the income statement.

Deferred Loan Origination Costs

The Credit Union adopted ASC 310-20, Fees and Other Non-Reimbursable Costs, this standard establishes that direct costs in granting credit be deferred and amortized, and that the income generated in the borrowing activity by commissions is also recognized through the life of the loans.

Accounting Standards Update (ASU) from FASB - Financial Instruments: Credit Losses (Topic 326)

The Expected Credit Losses (CECL) model is applied to financial assets measured at amortized cost that are subject to credit losses and certain exposures outside of the balance sheet. CECL establishes a prospective methodology that reflects expected credit losses over the life of financial assets, beginning when such assets are acquired or originated. Under the revised methodology, credit losses are measured based on past events, current conditions, and reasonable and supportable forecasts that affect the recoverability of financial assets. CECL also revises the approach for recognizing credit losses on securities available for sale by replacing the direct write-off approach with the allowance approach and limiting the credit reserve to the amount by which the market value of the security is below amortized cost.

As a result of the adoption, the Credit Union recorded an increase in its allowance for credit losses related to its loan portfolio. The adoption of CECL was recognized under the Weighted Average Remaining Maturity (WARM) approach. Therefore, adjustments to record the increase in the reserve for credit losses were recorded as a decrease in the surplus for the implementation year as a first-day adjustment. The total adjustment, as a result of

the cumulative effect in accounting change reflected on members' equity, related to the adoption of CECL at the beginning of the year ended December 31, 2023, was \$948,060.

Allowance for Credit Losses

The Credit Union establishes the allowance for credit losses (ACL) for its loan portfolio based on its estimate of credit losses over the remaining contractual term of the loans, adjusted for expected prepayments, in accordance with ASC 326 "Financial Instruments - Credit Losses." An ACL is recognized for all loans, including originated and acquired loans, from inception, with a corresponding provision for credit losses charge. Losses on loans are charged by reducing the ACL, and recoveries are credited as increases.

The Credit Union follows a methodology to estimate the ACL that includes a reasonable and justifiable forecast period to estimate credit losses, considering both quantitative and qualitative factors as well as the economic outlook. As part of this methodology, management evaluates various macroeconomic scenarios provided by third parties. As of December 31, 2024 and 2023, management applied probability weighting to the outcomes of selected scenarios. This assessment includes comparison procedures as well as careful analysis of the underlying assumptions used to construct the scenarios. The Credit Union considers additional macroeconomic scenarios as part of its qualitative adjustment framework.

The macroeconomic variables chosen to estimate credit losses were selected by combining quantitative procedures with expert judgment. These variables were determined as the best forecasts of expected credit losses within the Credit Union's loan portfolios and include indicators such as unemployment rate, various measures of employment levels, housing prices, gross domestic product, and measures of disposable income, among others. The determined loss framework includes a reasonable and justifiable period, with historical macroeconomic variables at the model input level.

The Credit Union developed quantitative models at the loan level segmented by loan type. This segmentation was determined by evaluating their risk characteristics, including repayment sources, terms, collateral type, among others. To generate expected credit losses, the output of these models is combined with information on historical losses based on weighted averages and estimated life of the developed segments.

The Credit Union has designated collateral-dependent loans when foreclosure is probable or when foreclosure is not probable but practical history is used. Practical history is used when payment is expected to be substantially provided through the sale or foreclosure of collateral. The ACL for collateral-dependent loans is measured based on the fair value of the collateral fewer selling costs. The fair value of the collateral is based on appraisals, which may be adjusted due to their age, and the type, location, and condition of the property or area or general market conditions to reflect the expected change in value between the effective date of the appraisal and the measurement date.

Modified Loans

The Credit Union applied ASU 2023-02 "Debt Modifications for Troubled Debt Restructurings." The ASU eliminates accounting guidance for troubled debt restructurings (TDR) by creditors who have adopted Topic 326 of the Accounting Standards Codification (ASC) and enhances disclosures for certain loan restructurings when a borrower is experiencing financial difficulties.

ASU 2023-02, or Accounting Standards Update 2023-02, is an accounting standard issued by the Financial Accounting Standards Board (FASB) that may have specific implications for disclosure of restructured loans under TDR agreements.

Loan Portfolio Quality Indicators for Consumer Loans

The Credit Union measures the various credit risks of its portfolio by loan types. The delinquency, and credit score quality information per member and customer are quality indicators that the Credit Union monitors and utilizes in assessing credit quality.

Credit Score Quality Information

Consumer Loans - The use of risk classifications in consumer loans allows management to estimate their exposure to different types of risk. The Credit Union has established policies to evaluate application for loans using FICO credit scores, among other information provided by major credit reporting agencies. A FICO score is a credit score developed by a third party that take information and analyze it to predict consumer behavior, such as how likely someone is to pay their bills on time or not, or whether they are able to handle a larger credit line. Generally, the FICO score range is 300 to 850, with the higher number representing less risk to the lender.

Credit Quality Levels, Credit Score and Loans to Members' Risk Exposure

The different levels of risk of loss established internally by the Credit Union according to the FICO credit scores are as follows:

Level 1 - 710 or more, members have little or no additional risk.

Level 2 - 709 to 650, member represents a nominal risk of loss.

Level 3 - 649 or less, member is experiencing some degree of financial difficulty and represents a potential risk of loss.

These levels are reviewed periodically, as well as other statistics and external factors, to monitor the performance of the portfolio.

Loan Charge-off Policies

The Credit Union's quality control process includes preparing lists to monitor and track delinquent loans. Tracking the loans on these lists enables management to assess the performance of the loan portfolio and act to mitigate risk therein through necessary changes in policy and procedures. The quality control process also serves as a tool to assist the Credit Union in identifying loans for charge-off on a timely basis. All loans will be charged-off once deemed uncollectible.

Generally, non-performing loans are deemed to be a loss when they become three months delinquent unless it is determined prior that there is no collectability based on the established loan life collections process. This process includes well defined procedures and guidelines used to identify, monitor, and address non-performing loans and when they should be considered for charge-off.

Comprehensive Income

Accounting principles generally require revenue, expenses, gains, and losses to be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on investment securities, are reported as separate components of members' equity in the statements of financial condition.

Other Accounts Receivable

Accounts receivables are stated at their net realizable value.

NCUSIF Deposit

The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with National Credit Union Administration (NCUA) regulations, requiring the maintenance of a deposit by each insured credit union in an amount equal to one percent (1%) of its insured shares. The deposit would be refunded to the credit union if: (1) the insurance coverage is terminated, (2) The Credit Union converts to insurance coverage from another source; (3) the operations of the fund are transferred from the NCUA Board.

Property and Equipment

Property and equipment are recorded at their acquisition cost. Improvements that extend the useful life of the asset are capitalized. Maintenance and repairs that do not extend the useful life of such assets are expensed as incurred. Depreciation and amortization are calculated using the straight-line method over the estimated useful life of the related asset.

Management evaluates the carrying amount of property and equipment when events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. The recoverability of the assets that will be used and retained is determined by

comparing the carrying amount to the future undiscounted cash flows expected to be generated by the asset.

If it is determined that an impairment in the value of any fixed asset has occurred, the difference between the future undiscounted cash flows and the carrying amount of the property and equipment is recognized against operations for the year.

For the years ended December 31, 2024, and 2023, the Cooperative did not recognize impairment losses on fixed assets.

Right of Use Assets

Lease contracts, which were identified as operating leases, are recognized on the balance sheet as a right-of-use asset (ROU) and in liabilities as lease liabilities for those with terms exceeding one year.

Lease liabilities and their corresponding ROU assets are initially recorded based on the present value of future lease payments over the expected lease term. An incremental borrowing rate is used, which is the rate at which borrowing could be obtained on a collateralized basis over a similar term in an amount equal to the lease payments. The ROU asset may include initial direct costs paid for the lease and incentives paid to the lessor.

Leased property, including variable lease payments made during the lease term and not based on a rate or index, is excluded from the measurement of ROU assets and lease liabilities, and recognized as lease expense as incurred.

Repossessed Properties

Properties acquired through foreclosure or other types of liquidation are recorded at fair market value less estimated disposal costs. The difference between the loan's carrying amount and the fair market value less the cost of sale is recorded as an adjustment to the ACL. After the property is foreclosed, any impairment loss arising from periodic revaluations of the properties, as well as any gains or losses from the sale of these properties, are charged against operations in the period incurred. The cost of maintenance and operation of such properties is recorded as expense as incurred.

Members' Shares Accounts

The dividend rates are set by the Credit Union's Board of Directors based on an evaluation of current and future market conditions. Dividends on members' shares accounts are based on available earnings at the end of the corresponding period and are not guaranteed by the Credit Union. Dividends are credited to the members' share accounts on the last day of the month for which dividends are declared. Members share accounts are subordinated to all other liabilities of the Credit Union upon liquidation.

Members' Equity

VAPR Federal Credit Union is required by regulation to maintain a statutory reserve ("Regular reserves"); representing a regulatory restriction of members' equity, and thus these regular reserves are not available for the payment of dividends on share accounts. The statutory reserve consists of \$2,908,705 for both years 2024 and 2023. Other appropriated members' equity amounts may be established or transferred to the discretion of the Board of Directors.

Advertising and Promotional Costs

Advertising and promotional costs are included in education and promotional expenses and are expensed as incurred.

Fair Value of Financial Instruments

The Credit Union adopted ASC 820, which defines the concept of fair value, establishes a consistent framework for measuring fair value, and expanded disclosures on fair value measurements.

Determination of Fair Value

Pursuant to ASC 820 provisions, the Credit Union determines fair value by the price that would be received to sell the asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The Credit Union seeks to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurement, in accordance with the fair value hierarchy provided by ASC 820.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

In some cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement falls entirely will be determined based on the lowest-level input that is significant to the entire fair value measurement.

Below is a summary of the hierarchy used by the Credit Union to classify various financial instruments:

- Level 1 Input - They correspond to prices quoted (unadjusted) in active markets for active or passive identical to which the entity can access the date of measurement. The active market for the asset or liability is the market in which transactions for the

asset or liability occur frequently and there is enough volume to continuously provide information about pricing.

- Level 2 Input - Correspond to prices quoted for similar assets or liabilities in active markets, quoted prices for assets or liabilities that are identical or similar in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, price quotations vary substantially, either in time or between those who make the market (for example, a principal-to-principal market); inputs other than quoted prices that are observable in the asset or liability (for example, interest rates, yield curves, speeds of pre-payment, severity of losses, credit risks, and failure to pay rates); and inputs that are mainly derived from or are corroborated by observable data through correlation or other means (confirmed by the market inputs).
- Level 3 Input - They are unobservable inputs for the asset or liability. Unobservable inputs are used only for the measurement of fair value in the way that the observable inputs are not available, what happens in situations where there is little activity in the market, if any, for the asset or liability at the date of measurement.

Subsequent Events

The Credit Union adopted ASC 855, relating to Subsequent Events. ASC 855 establishes general standards for the accounting and disclosure of events that occurred after the date of the balance sheet but before the date of issuance of the financial statements.

Specifically, it establishes the period after the date of the balance sheet during which the Credit Union's management must evaluate events or transactions that may have occurred and would need to be recorded or disclosed in the financial statements, the circumstances under which the Credit Union should recognize and disclose such events, and the type of disclosure that should be provided for these events that occurred after the date of the balance sheet.

3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

As of December 31, 2024, and 2023, the balance of cash, cash equivalents and restricted cash consisted of the following:

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating accounts	\$ 6,649,957	\$ 11,485,398
Savings and money market accounts	24,901,145	14,607,237
Change fund and petty cash	1,156,434	1,510,432
Certificate of deposit with original maturity of less than 90 days	-	496,000
Total cash and cash equivalents	<u>\$ 32,707,536</u>	<u>\$ 28,099,067</u>
Restricted cash	83,794	80,077
Total cash, cash equivalents and restricted cash	<u>\$ 32,791,330</u>	<u>\$ 28,179,144</u>

The Bank deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Association (NCUA) up to \$250,000 per institution. At December 31, 2024 and 2023, the bank balance of deposits in commercial banks amounting to approximately \$5,763,245 and \$7,7497,945 respectively, exceeded the amounts covered by federal depository insurance limits. Similarly, deposits in natural and corporate credit unions exceeded NCUA insurance limits by approximately \$20,927,648 and \$15,353,203 respectively. Additionally, deposits held in Banco Cooperativo amounted to approximately \$796,200 and \$637,615, respectively, and were uninsured. Furthermore, deposits in the Federal Home Loan Bank (FHLB) totaled \$4,147,803 and \$2,683,949, respectively, and were also uninsured. Management monitors counterparty risk associated with uninsured deposits to mitigate potential exposure

Restricted Cash

The Credit Union adopted the ASU 2016-18 Accounting Standard, to identify its restricted cash in the statement of financial condition and in the statement of cash flows. Restricted cash is an asset that is reserved for a particular purpose primarily to satisfy regulatory or contractual requirements. Restricted assets subject to these specific requirements are segregated from other assets to mark clear boundaries of their use. As of December 31, 2024, and 2023, the Credit Union deposited \$83,794 and \$80,077, respectively, in restricted cash for the payment of property taxes and insurance on properties that serve as collateral under mortgage loans.

4. CERTIFICATES OF DEPOSITS

As of December 31, 2024, and 2023, the Credit Union maintains certificates of deposits mostly in denominations of equal or less than \$250,000. The schedules maturities at the end of the period were as follows:

	<u>2024</u>	<u>2023</u>
Due in one year or less	\$ 3,224,000	\$ 2,480,000
Due after one year through three years	248,000	744,000
Total certificates of deposits	<u>\$ 3,472,000</u>	<u>\$ 3,224,000</u>

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

5. INVESTMENT IN SECURITIES

As of December 31, 2024 and 2023, the amortized cost and the estimate fair market value of investment securities available for sale and held to maturity were as follows:

<u>2024</u>				
<u>Available for sale:</u>				
<u>Type of Investment</u>	<u>Amortized Cost</u>	<u>Unrealized</u>		<u>Market Value</u>
		<u>Gain</u>	<u>Unrealized Loss</u>	
Federal Agriculture Mortgage Corporation (FAMCA)	\$ 1,000,000	\$ -	\$ (4,544)	\$ 995,456
Federal Farm Credit Bank (FFCB)		-		-
Federal Home Loan Bank (FHLB)	2,499,591	-	(4,575)	2,495,016
Federal Home Loan Mortgage Corporation (FHLMC)	1,500,029	-	(11,000)	1,489,029
Federal National Mortgage Association (FNMA)	3,332,065	-	(83,135)	3,248,930
Mortgage Back Securities Pools (MBS)	54,844,106	-	(4,544,995)	50,299,111
Municipal Bonds	10,969,693	-	(1,237,332)	9,732,361
US Treasury Bonds	2,990,917	-	(4,914)	2,986,002
Total	<u>\$ 77,136,401</u>	<u>\$ -</u>	<u>\$ (5,890,496)</u>	<u>\$ 71,245,905</u>

<u>2024</u>				
<u>Held to maturity:</u>				
<u>Type of Investment</u>	<u>Amortized Cost</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Market Value</u>
Federal Home Loan Bank (FHLB)				\$ -
US Treasury Bonds	5,436,538		(81,657)	5,354,881
Total	<u>\$ 5,436,538</u>	<u>\$ -</u>	<u>\$ (81,657)</u>	<u>\$ 5,354,881</u>

<u>2023</u>				
<u>Available for sale:</u>				
<u>Type of Investment</u>	<u>Amortized Cost</u>	<u>Unrealized</u>		<u>Market Value</u>
		<u>Gain</u>	<u>Unrealized Loss</u>	
Federal Home Loan Bank (FHLB)	2,999,315		(35,975)	2,963,340
Federal Home Loan Mortgage Corporation (FHLMC)	1,497,591		(8,961)	1,488,630
Mortgage Back Securities Pools (MBS)	61,715,327		(5,672,641)	56,042,686
Municipal Bonds	11,337,103		(1,382,825)	9,954,278
US Treasury Bonds	2,000,000		(15,234)	1,984,766
Total	<u>\$ 79,549,336</u>	<u>\$ -</u>	<u>\$ (7,115,636)</u>	<u>\$ 72,433,700</u>

<u>2023</u>				
<u>Held to maturity:</u>				
<u>Type of Investment</u>	<u>Amortized Cost</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Market Value</u>
New York Mellon Corp	199,978		(3,168)	196,810
US Treasury Bonds	6,392,698		(123,762)	6,268,936
Total	<u>\$ 6,592,676</u>	<u>\$ -</u>	<u>\$ (126,930)</u>	<u>\$ 6,465,746</u>

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

The following table shows the unrealized losses, estimated market value, and the length of time investments have been on the Credit Union's books in an unrealized loss position as of December 31, 2024 and 2023:

Description of Securities	As of December 31, 2024					
	Continuing Unrealized Losses for Less Than 12 months		Continuing Unrealized Losses for 12 months or More		Total	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses	Market Value	Unrealized Losses
Federal Agriculture Mortgage Corporation (FAMCA)	\$ 995,456	\$ (4,544)	\$ -	\$ -	\$ 995,456	\$ (4,544)
Federal Home Loan Bank (FHLB)	2,495,016	(4,575)	-	-	2,495,016	(4,575)
Federal Home Loan Mortgage Corporation (FHLMC)	1,489,029	(11,000)	-	-	1,489,029	(11,000)
Federal National Mortgage Association (FNMA)	1,466,798	(906)	1,782,132	(82,229)	3,248,930	(83,135)
Mortgage Back Securities Pools (MBS)	-	-	50,299,111	(4,544,995)	50,299,111	(4,544,995)
Municipal Bonds	-	-	9,732,361	(1,237,332)	9,732,361	(1,237,332)
US Treasury Bonds	2,986,002	(4,914)	-	-	2,986,002	(4,914)
	\$ 9,432,301	\$ (25,939)	\$ 61,813,604	\$ (5,864,556)	\$ 71,245,905	\$ (5,890,495)

Description of Securities	As of December 31, 2023					
	Continuing Unrealized Losses for Less Than 12 months		Continuing Unrealized Losses for 12 months or More		Total	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses	Market Value	Unrealized Losses
Federal Home Loan Bank (FHLB)	\$ -	\$ -	2,963,340	\$ (35,975)	\$ 2,963,340	\$ (35,975)
Federal Home Loan Mortgage Corporation (FHLMC)	-	-	1,488,630	(8,961)	1,488,630	(8,961)
Mortgage Back Securities Pools (MBS)	-	-	56,042,686	(5,672,641)	56,042,686	(5,672,641)
Municipal Bonds	-	-	9,954,278	(1,382,825)	9,954,278	(1,382,825)
US Treasury Bonds	-	-	1,984,766	(15,234)	1,984,766	(15,234)
	\$ -	\$ -	\$ 72,433,700	\$ (7,115,636)	\$ 72,433,700	\$ (7,115,636)

During the year ended December 31, 2024, management determined that no expected credit losses were anticipated for unrealized securities. This analysis considered various factors including, but not limited to, issuer performance indicators, default rates, industry analyst reports, credit ratings, and other information.

Contractual cash flows are expected to occur. As a result of this evaluation, management determined that no credit loss provisions were required for the years ended December 31, 2024 and 2023.

The available for sale debt securities portfolio reflects unrealized losses of approximately \$5,890,496 and \$7,115,636 required for the year ended December 31, 2024 and 2023, respectively, primarily driven by fixed-rate US Treasury securities and mortgage-backed securities, which have been impacted by a decrease in their fair value due to rising interest rates.

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

The amortized cost and estimated fair value of investment securities at December 31, 2024 and 2023, by contractual maturity, are shown below. Investment expected maturities may differ from original contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<u>Due Date</u>	<u>2024</u>		<u>2023</u>	
	<u>Amortized Cost</u>	<u>Market Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>
Due in one year or less	\$ 6,925,370	\$ 6,919,478	\$ -	\$ -
Due in one to five years	20,036,515	18,691,676	13,389,326	13,200,672
Due after five years through ten years	92,910	88,497	11,037,360	9,656,087
Due more than ten years	55,518,144	50,901,135	61,715,326	56,042,687
Total	<u>\$ 82,572,939</u>	<u>\$ 76,600,786</u>	<u>\$ 86,142,012</u>	<u>\$ 78,899,446</u>

6. LOANS RECEIVABLE IN PORTFOLIO

As of December 31, 2024, and 2023, the portfolio of loans to members of the Credit Union by type was as follows:

	<u>2024</u>	<u>2023</u>
<u>Commercial:</u>		
Corporations and individuals	\$ 2,355,702	\$ -
Total commercial	<u>2,355,702</u>	<u>-</u>
<u>Loans</u>		
Personal	42,300,385	34,877,281
Auto	91,435,317	76,241,442
Mortgage	12,959,667	11,623,841
Credit cards	4,092,877	3,889,503
Lines of credit	685,325	764,513
Total consumer	<u>151,473,571</u>	<u>127,396,580</u>
Total loans	<u>\$ 153,829,273</u>	<u>\$ 127,396,580</u>
Less: Allowance for loan losses	(2,995,793)	(2,345,382)
Less: Net unamortized deferred origination fees	70,387	142,799
Total loans to members, net	<u>\$ 150,903,867</u>	<u>\$ 125,193,997</u>

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

The movement of the allowance for credit losses in the Credit Union's loan portfolio for the years ended December 31, 2024, and 2023, is presented below:

Allowance for credit losses-loans held in portfolio:

	2024		
	Commercial	Consumer	Total
Beginning balance	\$ -	\$ 2,345,382	\$ 2,345,382
Loans charge-offs	-	(1,595,424)	(1,595,424)
Provision during the year	32,115	1,801,053	1,833,168
Recoveries of loans previously charged-off	-	412,667	412,667
Ending balance	<u>\$ 32,115</u>	<u>\$ 2,963,678</u>	<u>\$ 2,995,793</u>

Evaluation of Allowance:

Allowance evaluated individually	\$ -	\$ -	\$ -
Allowance evaluated collectively	32,115	2,963,678	2,995,793
Total	<u>\$ 32,115</u>	<u>\$ 2,963,678</u>	<u>\$ 2,995,793</u>

Loan Ending Balance:

Evaluated individually for impairment	\$ -	\$ -	\$ -
Evaluated collectively for impairment	2,355,702	151,473,571	153,829,273
Total	<u>\$ 2,355,702</u>	<u>\$ 151,473,571</u>	<u>\$ 153,829,273</u>

Allowance for credit losses-loans held in portfolio:

	2023		
	Commercial	Consumer	Total
Beginning balance	\$ -	\$ 1,395,422	\$ 1,395,422
Change in accounting principle- Cummulative effect of first day adjustment of CECL		913,133	913,133
Loans charge-offs	-	(1,074,439)	(1,074,439)
Provision during the year	-	814,517	814,517
Recoveries of loans previously charged-off	-	296,749	296,749
Ending balance	<u>\$ -</u>	<u>\$ 2,345,382</u>	<u>\$ 2,345,382</u>

Evaluation of Allowance:

Allowance evaluated individually	\$ -	\$ -	\$ -
Allowance evaluated collectively	-	2,345,382	2,345,382
Total	<u>\$ -</u>	<u>\$ 2,345,382</u>	<u>\$ 2,345,382</u>

Loan Ending Balance:

Evaluated individually for impairment	\$ -	\$ -	\$ -
Evaluated collectively for impairment	-	127,396,580	127,396,580
Total	<u>\$ -</u>	<u>\$ 127,396,580</u>	<u>\$ 127,396,580</u>

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

Allowance for credit losses-unfunded commitments:

	<u>2024</u>		
	Commercial	Consumer	Total
Beginning balance	\$ -	\$ 14,891	\$ 14,891
Provision during the year	-	(7,171)	(7,171)
Ending balance	<u>\$ -</u>	<u>\$ 7,720</u>	<u>\$ 7,720</u>

The allowance for credit losses for unfunded commitments is presented as part of accounts payable and accrued liabilities in the balance sheet (see note 13). The provision for credit losses (pcl) presented as part of the statement of income and expenses for the year ended December 31, 2024, would be as follows:

	<u>2024</u>		
	Commercial	Consumer	Total
Provision for credit losses-loans	\$ -	\$ 1,833,168	\$ 1,833,168
Provision for credit losses-unfunded commitments	-	(7,171)	(7,171)
Total	<u>\$ -</u>	<u>\$ 1,825,997</u>	<u>\$ 1,825,997</u>

The Credit Union generally places loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain, part of the principal balance has been charged off and no restructuring has occurred, or the loans reach over ninety (90) days past due. As of December 31, 2024, and 2023 there were no loans in non-accruing status.

At December 31, 2024 and based on the most recent analysis performed, the risk category of member's commercial loans is as follows:

	<u>December 31, 2024</u>				
	Pass	Special Mention	Substandard	Doubtful or Loss	Total
Commercial	\$ 2,355,702	\$ -	\$ -	\$ -	\$ 2,355,702
Total commercial	<u>\$ 2,355,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,355,702</u>

The following table presents the aging of the recorded investment in past due loans at December 31, 2024 and 2023:

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

Age Analysis of Loan to members Receivables by Category as of December 31, 2024

December 31, 2024	Current	60-90	91-120	Over 121	Total	Non Accruing
Personal	\$ 42,023,180	\$ 277,205	\$ -	\$ -	\$ 42,300,385	\$ -
Auto	91,206,435	228,882	-	-	91,435,317	-
Mortgage	12,959,667	-	-	-	12,959,667	-
Credit cards	4,048,376	44,501	-	-	4,092,877	-
Lines of credit	685,325	-	-	-	685,325	-
Total loans to members	\$ 150,922,983	\$ 550,588	\$ -	\$ -	\$ 151,473,571	\$ -
Commercial	2,355,702	-	-	-	2,355,702	-
Total loans to members	\$ 153,278,685	\$ 550,588	\$ -	\$ -	\$ 153,829,273	\$ -

Age Analysis of Loan to members Receivables by Category as of December 31, 2023

December 31, 2023	Current	60-90	91-120	Over 121	Total	Non Accruing
Personal	\$ 34,803,663	\$ 73,618	\$ -	\$ -	\$ 34,877,281	\$ -
Auto	76,180,789	60,653	-	-	76,241,442	-
Mortgage	11,623,841	-	-	-	11,623,841	-
Credit cards	3,888,427	1,076	-	-	3,889,503	-
Lines of credit	764,513	-	-	-	764,513	-
Total loans to members	\$ 127,261,233	\$ 135,347	\$ -	\$ -	\$ 127,396,580	\$ -

The following table represents the recorded investment in consumer loans based on FICO score for the years ended December 31, 2024 and 2023:

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

	2024				
	FICO SCORE				
	Over 710	709-650	649-600	599 or less	Total
Personal	\$ 28,429,367	\$ 8,798,205	\$ 2,925,490	\$ 2,147,323	\$ 42,300,385
Auto	71,030,552	11,118,312	4,165,032	5,121,421	91,435,317
Mortgage	8,703,690	2,670,213	900,559	685,205	12,959,667
Credit Cards	2,358,466	1,151,269	326,157	256,985	4,092,877
Lines of Credit	337,818	206,786	96,450	44,271	685,325
Total	\$ 110,859,893	\$ 23,944,785	\$ 8,413,688	\$ 8,255,205	\$151,473,571

	2023				
	FICO SCORE				
	Over 710	709-650	649-600	599	Total
Personal	\$ 24,753,219	\$ 7,342,064	\$ 2,326,813	\$ 455,185	\$ 34,877,281
Auto	60,961,612	10,862,805	2,122,884	2,294,141	76,241,442
Mortgage	6,689,571	3,524,754	859,584	549,932	11,623,841
Credit Cards	2,413,378	912,106	223,194	340,825	3,889,503
Lines of Credit	270,104	213,382	108,384	172,643	764,513
Total	\$ 95,087,884	\$ 22,855,111	\$ 5,640,859	\$ 3,812,726	\$ 127,396,580

Below is a summary of the type of concession granted to modified loans with balances as of December 31, 2024, and 2023:

	For the year ended					
	December 31, 2024			December 31, 2023		
	Reduction in interest rate and/or maturity date	Principal forgiveness	Total	Reduction in interest rate and/or maturity date	Principal forgiveness	Total
Consumer:						
Personal	\$ 201,926	\$ -	\$ 201,926	\$ 235,899	\$ -	\$ 235,899
Mortgage	246,960	-	246,960	264,112	-	264,112
Auto	426,526	-	426,526	254,259	-	254,259
Credit Card	4,855	-	4,855	-	-	-
Total consumer loans	\$ 880,267	\$ -	\$ 880,267	\$ 754,270	\$ -	\$ 754,270
Commercial	-	-	-	-	-	-
Total	\$ 880,267	\$ -	\$ 880,267	\$ 754,270	\$ -	\$ 754,270

Loans to Related Parties

Certain officers, directors, and employees had loans with the Credit Union during 2024 and 2023. Such loans were in the ordinary course of business at normal credit terms including interest rates and collateralization and do not represent more than a normal risk of collection. Total loans outstanding to these related parties at December 31, 2024 and 2023, amounted to \$1,680,124 and \$1,278,436, respectively. The following table presents the movement of the loans to related parties during the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Beginning balance of loans	\$ 1,278,436	\$ 961,570
Originations	1,106,674	699,251
Collections	<u>(704,986)</u>	<u>(382,385)</u>
Ending balance of loans	<u>\$ 1,680,124</u>	<u>\$ 1,278,436</u>
Shares	<u>\$ 798,694</u>	<u>\$ 536,182</u>

7. ACCRUED INTEREST RECEIVABLE

At December 31, 2024 and 2023, the following were the components of accrued interest receivable:

	<u>2024</u>	<u>2023</u>
Accrued interests on loans	\$ 435,518	\$ 381,971
Accrued interests on investments	<u>326,902</u>	<u>334,377</u>
Total accrued interest receivable	<u>\$ 762,420</u>	<u>\$ 716,348</u>

8. INVESTMENT IN CORPORATE CREDIT UNION

As of December 31, 2024, and 2023, the balance of investment in the Corporate One Federal Credit Union was \$48,653. This deposit is not subject to the insurance of the National Credit Union Insurance Fund or other deposit insurance.

9. PROPERTY AND EQUIPMENT

As of December 31, 2024, and 2023, the property and equipment were composed of the following:

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

	Useful Life (in Years)	2024	2023
Buildings	40	\$ 7,608,884	\$ 7,608,884
Leasehold Improvements	5-15	1,424,938	1,418,638
Furniture and equipment	1-10	2,077,070	1,816,626
Information systems	3-5	3,383,093	3,344,056
		<u>14,493,985</u>	<u>14,188,204</u>
Less accumulated depreciation and amortization		<u>(6,434,555)</u>	<u>(6,022,446)</u>
		8,059,430	8,165,758
Works of Art		425,088	425,088
Land		<u>1,390,000</u>	<u>1,390,000</u>
Total property and equipment		<u>\$ 9,874,518</u>	<u>\$ 9,980,846</u>

Depreciation and amortization expense for the years ended December 31, 2024 and 2023, was approximately \$412,108 and \$419,054, respectively, and is included in occupancy and related expenses.

10. FORECLOSED AND REPOSSESSED ASSETS

As of December 31, 2024 and 2023 the change in the fair value of repossessed automobiles and other properties, which was determined using Level 3 inputs, is presented below:

	2024	2023
Balance, at the beginning of the year	\$ 29,536	\$ 85,145
Properties repossessed during the year	192,923	198,259
Repossessed properties sold during the year	(108,859)	(195,241)
Losses realized on sales and provisions	<u>(86,075)</u>	<u>(58,627)</u>
Balance, at the end of the year	<u>\$ 27,525</u>	<u>\$ 29,536</u>

11. PREPAID EXPENSES AND OTHER ASSETS

As of December 31, 2024 and 2023 the other assets were composed of the following:

	2024	2023
Prepaid expenses	342,708	290,871
Deposits and security bonds	71,765	118,062
Accounts receivable	24,775	30,644
Right of use asset	421,928	-
Others	<u>125,874</u>	<u>131,621</u>
Total other assets	<u>\$ 987,050</u>	<u>\$ 571,198</u>

12. MEMBERS' SHARES AND SAVINGS ACCOUNTS

As of December 31, 2024 and 2023 members' shares accounts are summarized as follows:

	Weighted-Average Dividend Rate at December 31	December 31	
		2024	2023
Shares drafts	0.00%	\$ 16,639,732	\$ 15,505,254
Regular shares	0.03%	135,336,541	135,874,806
Special Shares	0.03%	9,920,573	10,354,701
Christmas and summer clubs	0.03%	4,041,399	3,898,408
Individual Retirement Accounts	0.65%	9,429,725	10,928,843
Share certificates	4.06%	77,523,739	51,853,836
Total members shares accounts		<u>\$ 252,891,709</u>	<u>\$ 228,415,848</u>

At December 31, 2024, scheduled maturities of share certificates for the next five years are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2025	\$ 68,227,683
2026	4,769,044
2027	2,035,403
2028	2,255,057
2029	158,936
Thereafter	77,616
	<u>\$ 77,523,739</u>

Share and deposit amounts up to \$250,000 per ownership interest are federally insured through the National Credit Union Share Insurance Fund. Individual deposit account balances exceeding \$250,000 at December 31, 2024 and 2023, totaled \$17,131,343 and \$13,246,232, respectively.

At December 31, 2024 and 2023, interest expense on members' shares, savings accounts and borrowed funds is summarized as follows:

<u>Type</u>	<u>2024</u>	<u>2023</u>
Regular shares, christmas and summer clubs	\$ 50,296	\$ 54,009
Individual Retirement Accounts	66,250	67,134
Share certificates	2,626,266	961,359
Total interest expense on members' shares and savings	<u>2,742,812</u>	<u>1,082,502</u>

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As of December 31, 2024 and 2023 the composition of accruals and other liabilities is as follows:

	<u>2024</u>	<u>2023</u>
Accrued payroll and related	\$ 173,594	\$ 276,512
Allowance for credit losses on Off-Balance Sheet Risk	7,720	14,891
Accrued liabilities	366,354	120,844
Accounts Payable	519,525	407,091
Escrow accounts	83,794	79,255
Lease liability	421,928	-
Total accruals and other liabilities	<u>\$ 1,572,915</u>	<u>\$ 898,593</u>

14. LEASES WITH RIGHT OF USE

The Credit Union maintains lease contracts classified as operational for its branches. The agreement between the parties – Credit Union and lessor stipulates that the contracts would have a renewable expiration.

None of these extensions of renewable terms were included in the estimated lease debt, as it has not been reasonably determined that the options will be exercised. As of December 31, 2024 and 2023, the assets with the right to use and the related debt were as follows:

	<u>2024</u>	<u>2023</u>
Lease contracts classified as operational- net of amortization	421,928	-
Debt on operating lease	<u>\$ 421,928</u>	<u>\$ -</u>

15. OTHER INCOME (EXCLUDING INTEREST)

The other income, excluding interest income, for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
ATM card fees	\$ 514,433	\$ 464,295
Service fees	199,661	210,954
ACH fees	109,940	94,068
Credit card fees	184,324	176,559
Late charges	56,702	50,165
Mortgage origination fees	16,011	800
Loan refinancing fees	1,295	-
Miscellaneous	362,197	902,929
Total other income (excluding interest)	<u>\$ 1,444,563</u>	<u>\$ 1,899,770</u>

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

16. OTHER EXPENSES (EXCLUDING INTEREST)

The other expenses, excluding interest expenses, for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Compensation and benefits	\$ 3,314,024	\$ 3,010,827
Office operations	835,065	779,886
Occupancy and related:		
Depreciation and amortization	412,108	419,054
Rent	130,236	100,925
Utilities	167,101	164,616
Insurance	325,620	292,476
Repairs and maintenance	142,974	124,461
Security	180,561	162,582
	<u>1,358,600</u>	<u>1,264,114</u>
Professional services and contracted services	195,217	264,622
Education and promotional	206,611	282,849
Data processing	1,219,634	1,097,451
Loss on disposal of assets	86,075	58,627
Other operating expenses:		
Credit reports and collection	158,122	110,896
Annual meeting	203,385	125,000
Federal operating	45,388	39,383
Equipment and software maintenance	66,868	93,991
Directors and committee	28,703	26,978
Dues and subscriptions	21,780	19,490
Other miscellaneous	50,701	57,160
Total other operating expenses	<u>574,947</u>	<u>472,898</u>
Total other expenses (excluding interest)	<u>\$ 7,790,173</u>	<u>\$ 7,231,274</u>

17. EMPLOYEE BENEFIT PLAN

The Credit Union maintains a 401(k)-retirement plan that covers substantially all employees who meet the plan's eligibility requirements. Employees become eligible to participate on the first day after completing one (1) year of service. Participants can elect to contribute up to \$15,000 per year from their eligible compensation. The Credit Union matches up to 8.17% provided that the employee contributes between 5% and 6.83% of their eligible compensation. During the years ended December 31, 2024, and 2023, the credit union contributed \$121,257 and 107,663, respectively, to the plan.

18. UNCERTAINTIES, COMMITMENTS AND CONTINGENCIES

Exposure of the Cooperative and Puerto Rico's Fiscal Situation

The credit quality of the Credit Union's loan portfolio necessarily reflects, among other things, the general economic conditions in Puerto Rico and other adverse conditions affecting Puerto Rico, its consumers, and businesses. The effects of the prolonged recession are reflected in the limited demand for loans, an increase in foreclosure rates, and loan moratoriums granted in Puerto Rico. While PROMESA provides a process to address Puerto Rico's fiscal crisis, the duration and complexity of Title III proceedings for the Puerto Rican government suggest a risk of further economic contraction.

This could have an impact on Puerto Rico's economic activity where the Credit Union conducts its business. The accompanying financial statements do not include adjustments related to the effect of uncertainties related to Puerto Rico's economic conditions and their effects on the Credit Union.

Interest Rate Risk

The interest rate risk is the exposure of the economies and the current or future capital of a cooperative to adverse changes in market rates. This risk is a normal part of the risks managed by financial institutions and cooperatives. Proper management of this risk results in a significant source of profitability and value for cooperatives; However, excessive interest rate risk can strain economies, capital, liquidity, and solvency of financial institutions. During the years ended December 31, 2024 and 2023, the effect of the monetary policy of the Federal Reserve of the United States of America, regarding the pace of interest rate increases, has pressured the balance sheets of financial institutions in general, specifically on the aforementioned items. As of December 31, 2024, the Credit Union was closely measuring and monitoring this risk to anticipate and effectively control any adverse effects that may arise from exposure to it.

Litigation

The Credit Union has no other legal claims that normally are associated with the ordinary operations of a financial institution.

Off-Balance Sheet Risk

The Credit Union is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its members and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statements of financial condition. The contract or notional amounts of those instruments reflect the extent of involvement the Credit Union has in particular classes of financial instruments.

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. As of December 31, 2024, and 2023, the total unfunded commitments under such credit cards and lines-of-credit were approximately \$7,940,177 and \$7,643,984, respectively. The Credit Union evaluates each member’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management’s credit evaluation of the member.

VAPR Federal Credit Union estimates expected credit losses related to off-balance sheet exposures, which primarily include unfunded loan commitments and other financial instruments with credit risk. These estimated losses are not included in the Allowance for Credit Losses, as cash has not yet been disbursed to fund the contractual obligation. Instead, the estimate is recorded as a liability on the Balance Sheet. As of December 31, 2024, and 2023, the estimated expected credit losses related to off-balance sheet exposures were \$7,719 and \$14,891, respectively.

19. FAIR VALUE MEASUREMENTS

Financial Assets Recognized at Fair Value on a Recurring Basis

As of December 31, 2024, and 2023, the Credit Union had held to maturity securities and available for-sale securities for which fair value measurement is required on a recurring basis:

Asset Class	Fair Value	Fair Value Measurement At Reporting Date Using:		
		Level 1	Level 2	Level 3
December 31, 2024				
Investment securities	\$ 76,600,786	\$ 76,600,786	-	-
December 31, 2023				
Investment securities	\$ 78,899,446	\$ 78,899,446	-	-

Financial Assets Recognized at Fair Value on a Non-Recurring Basis

The Credit Union may be required, from time to time, to measure certain assets at their fair value on a non-recurring basis in accordance with U.S. GAAP. These fair value adjustments usually result from applying the lower of cost or market accounting or impairment in value of individual assets. The valuation methodology used for these fair value adjustments is described above.

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

The level of inputs used to determine each adjustment and the carrying value of the related asset as of December 31, 2024, and 2023, are summarized below:

Asset Class	Fair Value	Fair Value Measurement At Reporting Date Using:		
		Level 1	Level 2	Level 3
December 31, 2024				
Assets acquired in liquidation of loans	\$ 27,525	-	-	\$ 27,525
December 31, 2023				
Assets acquired in liquidation of loans	\$ 29,536	-	-	\$ 29,536

Estimated Fair Value

The carrying value of financial instruments and their estimated fair value as of December 31, 2024, and 2023, are summarized below:

	December 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalents	\$ 32,791,330	\$ 32,791,330	\$ 28,179,144	\$ 28,179,144
Certificates of deposits	3,472,000	3,472,000	3,224,000	3,224,000
Investment securities	76,682,443	76,600,786	79,026,376	78,899,446
Loans receivable (net of unamortized deferred origination fees)	153,899,660	140,612,927	127,539,379	120,681,335
Accrued interest receivable	762,420	762,420	716,348	716,348
Assets acquired in liquidation of loans	27,525	27,525	29,536	29,536
	<u>\$267,635,378</u>	<u>\$254,266,988</u>	<u>\$238,714,783</u>	<u>\$231,729,809</u>
Financial Liabilities				
Members' shares accounts	<u>\$252,891,709</u>	<u>252,891,709</u>	<u>\$228,415,848</u>	<u>228,415,848</u>
Off- Balance Sheet Financial:				
Commitments to extend credit	<u>\$ 7,940,177</u>	<u>\$ 7,940,177</u>	<u>\$ 7,643,984</u>	<u>\$ 7,643,984</u>

Fair value is an estimate of value at a specific point in time and is not relevant in predicting future cash flows or earnings. Estimated fair values are based on subjective assumptions and contain a significant degree of uncertainty. They do not reflect the effect of potential income taxes or other expenses that may be incurred in the disposition of financial instruments.

20. REGULATORY CAPITAL

As of December 31, 2024, and 2023, the Credit Union's net worth to total assets ratio is categorized as "well capitalized" as per the most recent call report. To be categorized as "well capitalized", the Credit Union must maintain a minimum net worth ratio of 7% as

VAPR Federal Credit Union
NOTES TO FINANCIAL STATEMENTS
 For the years ended December 31, 2024 and 2023

defined under the regulatory framework provisions of Section 38 of the FDI Act. Credit Unions whose net worth ratio falls below 7% will be subject to Prompt Corrective Actions requirements.

The Credit Union net worth ratio at December 31, 2024 and 2023 follows:

Period	VAPR FCU		
	Net Worth Amount	Net Worth to Total Assets Ratio (1)	VAPR FCU Category (2)
2024	\$ 29,098,506	10.50%	Well Capitalized
2023	\$ 26,741,029	10.74%	Well Capitalized

- (1) In performing its calculation of total assets, the credit union used the monthly average over the quarter option, as permitted by regulation.
- (2) There are no conditions or events since the most recent Call Report that management believes has changed the Credit Union’s category.

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 principles. The Credit Union’s capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weighting, and other factors.

21. SUBSEQUENT EVENTS

The Credit Union evaluated subsequent events up to April 10, 2025, the date when these financial statements were ready to be issued. The Credit Union’s management believes that there are no significant subsequent events as of December 31, 2024, that should be recorded in the financial statements or require additional disclosure in the notes to the financial statements.

JUNTA DE DIRECTORES

Sr. Eduardo D. Ortega Vélez

Presidente

Ing. Pedro J. Toro Cancio

Vicepresidente

Sr. Roberto Rivera Ponce

Tesorero

Srta. Olga Iris Barreto-Castro

Secretaria

Dra. Nilsa Piñeiro Serrano

Directora

Sr. Fernando A. Vélez Garrett

Director

Lcdo. Gabriel A. Olivera-Magraner

Director

Sr. Humberto M. Monserrate Llombart

Director

CPA Vicente Gregorio Martínez

Director

COMITÉ EJECUTIVO

Sr. Eduardo D. Ortega Vélez

Presidente

Ing. Pedro J. Toro Cancio

Vicepresidente

Sr. Roberto Rivera Ponce

Tesorero

Srta. Olga Iris Barreto-Castro

Secretaria

CPA Vicente Gregorio Martínez

Vocal

COMITÉ DE SUPERVISIÓN

Lcda. Katherine Ruiz Díaz

Presidenta

Dra. Nilsa Piñeiro Serrano

Sra. Myriam Zayas Ramos

Sra. Sylvia Pérez Guzmán

Sra. Anna I. Rosario Castañer

NON-APPROVAL LOAN COMMITTEE (COMITÉ DE CRÉDITO)

Sra. Sonia E. Santos Pérez

Presidenta

Dr. Gonzalo Solís Sánchez

Lcda. Doris Nevárez Torres

Sr. Carlos Cabrera Reyes

Sr. Kenel Grullón López

VP de Préstamos, CLO

ALCO COMITÉ DE ACTIVOS Y PASIVOS

Sr. Fernando A. Vélez Garrett

Presidente

Sr. Eduardo D. Ortega Vélez

Secretario

Lcdo. Gabriel A. Olivera-Magraner

Ing. Pedro J. Toro Cancio

Sr. Roberto Rivera Ponce

Sra. Bridget Balesky

Brick & Associates

Lcdo. José Ernesto Ramos-Monell

CEO

Sra. Sonya M. Dávila Cosme

VP Ejecutiva, CFO

Sr. Ángel Luis Vázquez Berrios

COO

Sr. Kenel Grullón López

VP de Préstamos, CLO

COMITÉ DE NOMINACIONES

Sr. Roberto Rivera Ponce

Presidente

Dra. Nilsa Piñeiro Serrano

Secretaria

Sra. Anna I. Rosario Castañer

ADMINISTRACIÓN

Lcdo. José Ernesto Ramos-Monell

PRINCIPAL OFICIAL EJECUTIVO

Sonya M. Dávila Cosme

VP EJECUTIVA, CFO

Ángel Luis Vázquez Berrios

VP DE OPERACIONES

Kenel Grullón López

VP DE PRÉSTAMOS, CLO

Solimar Torres Hernández

ASISTENTE EJECUTIVA

Josué Lozada Carrasquillo

GERENTE DE SISTEMAS DE INFORMACIÓN

María González Torres

GERENTE DE COBROS

Jadaí Paoli Villanueva

GERENTE DE CONTABILIDAD

Gabriela Sotomayor Xon

OFICIAL DE RECURSOS HUMANOS

Alejandro Santiago Santana

OFICIAL DE CUMPLIMIENTO

Glorinil Castro Domínguez

ANALISTA DE CRÉDITO COMERCIAL

Andrea Rivera Díaz

RECEPCIONISTA

Gabriel Ortiz Morales

ANALISTA FINANCIERO

Edgardo Pabón Lausell

ANALISTA TRANSACCIONES BANCARIAS

María Báez Muriel

ANALISTA BSA/AML

Víctor Rodríguez Camacho

ANALISTA BSA/AML

Rodolfo Rosso Rivera
OPERADOR CENTRO DE CÓMPUTOS

José Ramos Soto
PROGRAMADOR

Isabel Sesman Miranda
OFICIAL DE COBROS II

Sonymar Rosario Cepeda
OFICIAL DE COBROS I

Janmarie Pérez padilla
OFICIAL DE COBROS I

Joel Nieves Ayala
ASISTENTE DE CONTABILIDAD

Michael G. Díaz Rivera
ASISTENTE DE CONTABILIDAD

Betzaida Manzano Rivera
ASISTENTE DE CONTABILIDAD

Mari Tere Pérez Nieves
OFICIAL TARJETA MASTER CARD

Sonia Irene García
OFICIAL CUENTAS A PAGAR

Ubaldo Sepúlveda Mass
MENSAJERO

SUCURSAL VAPR PLAZA

Roy Rodríguez González
GERENTE SUCURSAL GUAYNABO

Johannaliz Andujar Díaz
ASISTENTE DE GERENTE

Irma González Rondón
ANALISTA DE PRÉSTAMOS

José Piñero Noceda
OFICIAL DE PRÉSTAMOS

Waleska Joubert Miranda
RECEPCIONISTA

Luz Marrero García
RECEPCIONISTA

Carmen X. Suárez Acosta
OFICIAL DE SERVICIOS COOPERATIVOS

Soleil Cosme Rivera
OFICIAL DE SERVICIOS COOPERATIVOS

Estefany López Matta
OFICIAL DE SERVICIOS COOPERATIVOS

Kevin Martínez Suárez
OFICIAL DE SERVICIOS COOPERATIVOS

Francisco Torres Torres
OFICIAL DE SUCURSAL

Ana Prieto Erazo
OFICIAL DE SUCURSAL

Yenetzky Rodríguez Vargas
OFICIAL DE SUCURSAL

Ángela Iglesias Santiago
OFICIAL DE SUCURSAL

Roberto Santiago Bevilacqua
OFICIAL DE CONTROL DE CALIDAD

Vivian Jiménez Soto
REGISTRACIÓN DE AUTOS

SUCURSAL GUAYAMA

Antonio Colón Rodríguez
GERENTE SUCURSAL GUAYAMA

Virgen Cintrón Vega
OFICIAL DE SERVICIOS COOPERATIVOS

Frances Santiago Torres
OFICIAL DE SERVICIOS COOPERATIVOS

Nayda Rodríguez González
RECEPCIONISTA

Marilyn Caraballo De Jesús
OFICIAL DE SUCURSAL

Karla López Santana
OFICIAL DE SUCURSAL

SUCURSAL HOSP. DE VETERANOS

Giovanna Ferrer Laboy
GERENTE SUCURSAL HOSP. VETERANOS

Olga Rodríguez Rodríguez
ASISTENTE DE GERENTE

Evelyn Cardy García
ANALISTA DE PRÉSTAMOS

Denisevette Vázquez Santiago
RECEPCIONISTA

Nelson De León Soto
OFICIAL DE SERVICIOS COOPERATIVOS

Juan Carlos Torres Núñez
OFICIAL DE SERVICIOS COOPERATIVOS

Emmanuel Cardona Santiago
OFICIAL DE SERVICIOS COOPERATIVOS

Fabiola Sánchez Ortiz
OFICIAL DE SERVICIOS COOPERATIVOS

Erick Marrero García
OFICIAL DE SUCURSAL

Ruth Rodríguez González
OFICIAL DE SUCURSAL

Catherine Badillo Ortiz
OFICIAL DIGITALIZACIÓN Y CONTROL

OFICINA DE SERVICIO EDIFICIO FEDERAL

José Luis Albino Torres
OFICIAL DE SERVICIOS COOPERATIVOS

CALL CENTER SUCURSAL HOSP. VETERANOS

Jocelyn M. Bermúdez Torres

Dina Iturrino Ortiz

Chayanne Pérez Acevedo

Karla Prieto López

75 años impulsando tus sueños.





FEDERAL CREDIT UNION

UNA COOPERATIVA HECHA PARA TI

