



# 2023 annual report



**New England  
Federal Credit Union**

# Table Of Contents



**04** Preparing for Transition  
Looking Forward

---

**05** New Name & Identity

---

**06** Serving Our Members

---

**07** Green Lending

---

**07** Consumer Lending

---

**08** Mortgages

---

**09** Home Equity Loans

**10** Business Lending

---

**11** Financial Education

---

**12** Supporting Our Communities

---

**14** Supervisory Committee Report

---

**15** Our Team

---

**16** Financials

# Preparing for Transition

## Looking Forward



2023 wasn't a typical year for our credit union. On January 1, 2023, New England Federal Credit Union and VSECU (Vermont State Employees Credit Union) legally merged to become Vermont's largest financial cooperative and alternative to traditional banks.



**John J. Dwyer, Jr.**  
Chief Executive Officer

We began preparing for this transition before we were one legal entity, identifying and planning for the integration of various complex systems to operate as one unified organization. This involved hundreds of interconnected decisions across 21 cross-functional teams that spent many early mornings, late nights, and long weekends bringing our operations together.



**Arthur G. Woolf**  
Board Chair

This year-long planning process resulted in a successful member data conversion in November. Our combined membership of over 160,000 now has access to the same products, services, digital banking platform, and member experience regardless of where they do their banking with NEFCU.

We are deeply grateful for our team members who worked tirelessly throughout the year to make this transition as seamless as possible for our members, and equally grateful for the patience and trust our members have had in us throughout this process.

While we worked through our systems integration, we were also developing how our unified credit union would look beyond our temporary combined logo. You can read more on the next page about the thoughtful, meticulous process that has gone into our new name and brand identity, but suffice to say we're excited to show you the results of that process later this summer.

As always, we remain committed to the mission and purpose that we've always had as a credit union: serving our members to help them meet their financial needs and goals.

As part of our commitment to financial well-being and literacy, we offered dozens of financial education opportunities through our certified financial counselors, partnership with GreenPath, and other financial experts.

Our mortgage loan officers were once again the top home loan providers in Vermont, supporting hundreds

of members as they navigated high interest rates and fewer homes for sale. In this market, many members took advantage of the equity they have built in their current homes to finance home improvements or pay for unexpected expenses that life throws at all of us.

The flooding in July of last year was one such example of an event we couldn't foresee. It was devastating to see the destruction of homes, businesses, and communities across Vermont, but it was also gratifying to see the people of Vermont come together to support one another in a time of extreme need. We are grateful to have partnered with and worked alongside so many incredible organizations that immediately took action to provide critical aid for individuals, families, and businesses affected by the flooding.

We still have much work ahead of us, both in our local communities and as a credit union. Inflation is slowing, but members are coping with higher costs of everyday essentials. Interest rates are still elevated for now, and we've seen a decline in savings as more families use their funds to manage expenses and others search for higher yields. As we did in 2023, we'll continue to balance higher loan rates with increased dividends on deposits, particularly in short-term Certificates and our money market product. We have also witnessed an increase in members' use of lines of credit as a liquidity source when they need it.

There will still be transitions in 2024 as we further align and optimize our systems and services to bring our members a simpler, more streamlined experience. But we are looking forward to what's to come: building on our legacies to better serve our members, current and future, on the road ahead.

## New Name & Identity



Alongside the work to ensure a successful conversion for our members, much of 2023 was focused on a process and strategy to determine a new name and identity for our credit union. Through meticulous market research and strategic planning, we successfully developed a new brand and identity, not yet shared with our members, that encompasses the rich histories of both NEFCU and VSECU, the values of our combined membership, and our unwavering aspiration to be the best financial advocate for our members and local communities.

Over the next few months, we will be putting the final touches on our new name and anticipate revealing it to our members this summer. We will work into the fall to update our branches and will re-introduce ourselves to the market in the autumn months. We are extremely proud of the work our teams have done and we look forward to sharing our new name and look soon!

# Serving Our Members

Our members come from many different walks of life: students, young professionals, families, homeowners, retirees, savers, borrowers, Vermont residents, Vermonters abroad, and more. Here's a snapshot of our membership, over 160,000 strong.

**83.9%**  
ARE VERMONT RESIDENTS

## Demographics

**3.1%** Business  
**4.1%** 0-17 Years Old  
**10%** 18-29 Years Old  
**31.4%** 30-49 Years Old  
**26.1%** 50-64 Years Old  
**25.2%** 65+ Years Old








~ .1% unknown

As part of our integration, we brought together our in-person and virtual support services, including our branches, video teller transactions, phone calls, and secure messages.

We also expanded our services in 2023. We added a new chat feature that allows members to connect with

a live representative during business hours. Members can now call our Contact Center 24/7 as well. If our third-party answering service is unable to assist members at that time, they can take down members' information for one of our team members to reach out during the next business day.

## Retail services by the numbers

 <b>17</b> Branches & Service Centers	 <b>720,274</b> In-person Teller Transactions	 <b>103,209</b> Video Teller/ITM Transactions	 <b>48</b> Video Teller Machines (ITMs) & ATMs	 <b>255,975</b> Calls Taken	 <b>44,855</b> Chats/Secure Messages	 <b>21,892</b> New Account Openings
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# Green Lending

Sustainability and environmental stewardship are pillars of our values as a credit union. That's why our green lending program offers flexible, affordable options to finance thousands of energy improvement projects and purchases.

This can range from a green vehicle or electric bike that reduce our transportation emissions, to solar, battery storage, weatherization, heating systems, and other upgrades to help members transition to clean energy.

Product	# of Loans	Amount
Solar and Battery Storage	1011	\$38,848,250
Home Energy Loans*	397	\$ 4,448,835
Electric Vehicles (EVs)	172	\$ 4,952,424
Other Green Vehicles**	119	\$2,913,429

\* Includes weatherization, heat pumps, pellet furnaces and stoves, wood stoves, appliances, and flood recovery loans.  
\*\* Hybrids and vehicles with a combined city/highway MPG higher than 35, as defined by [www.fueleconomy.gov](http://www.fueleconomy.gov).

**2023 Green Loan Program**

**\$56,863,284**  
Total amount borrowed

**1915**  
Total number of loans

**\$29,694**  
Average loan amount  
(consumer, energy equity, business)

# Consumer Lending

Product	# of Loans	Amount
Credit Cards	1507	\$5,570,375
Personal Loans	2609	\$20,210,739
Vehicle Loans	3356	\$60,451,323
Recreational Vehicle Loans	710	\$20,601,948

**Loan Balances**

**39.9%**  
Members have a loan

**\$12,588**  
Average loan balance

**\$8,391**  
Average savings balance

**\$12,588**  
Average total deposit balance

# Mortgages



Interest rates remained high and housing inventory remained limited in 2023, creating another challenging year for prospective home buyers. Although rates declined slightly towards year end, it wasn't enough to incentivize current homeowners to consider moving, which made house hunting even more difficult for home buyers.

In this higher-rate, low-inventory environment, we doubled down on what's most important to us: making the homebuying process as accessible as possible through personalized service, financial education, and resources that support our borrowers at each step along the way. Our mortgage officers continue to immerse themselves in local communities and led 15 seminars over the course of the year to help educate potential homeowners.

## Affordable Housing

This past year also brought the fruits of our labor to bear for the three-year, \$6 million commitment that we made in 2021 to support affordable housing in Vermont. We partnered with the Vermont Housing Finance Authority (VHFA) and the Champlain Housing Trust (CHT) to support their missions of providing low-cost, equitable housing to all people in Vermont.

### In 2023 our donation funds helped:

Enable  
**15 first-generation homeowners**

Assist with  
**18 down payments** for Black, Indigenous, and People of Color (BIPOC) families. Pre-qualify  
**19 home loans** for BIPOC homebuyers

Support the development of  
**200 affordable housing units** across the state

# Home Equity, HELOC, & MyChoice Mortgage



## Home Equity

High interest rates and low housing inventory led over 1,100 of our members to tap into the equity in their home for a variety of reasons. Some used their home equity loan to make improvements to their current home, while others leveraged the value in their property for other life expenses, like tuition costs, car repairs, medical bills, or even to take a vacation. Many used a home equity to consolidate their credit card debt for a lower, fixed interest rate.

**625**  
Home Equity Loans  
**\$40,633,302**  
Total Loans

**504**  
Lines of Credit  
**\$66,163,585**  
Available Funds

## Home Equity Lines of Credit

Overall, our home equity lines of credit (HELOCs) saw the greatest volume, with more than \$66 million in equity available to members. This is likely based on the adjustable rates, which we anticipate will start to decrease over the next couple of years. HELOCs provide access to existing equity and act as a line of credit available for unexpected expenses.

## MyChoice Mortgage

Our MyChoice Mortgage allows members to refinance their home with a term of ten years or less without an appraisal in most cases, while generally limiting closing costs to \$150.

**38**  
Loans  
**\$5,178,731**  
Total Loans

Top home loan provider in the state of Vermont

59th among credit unions nationwide in mortgage production



## Business Lending



In the dynamic landscape of commerce, we're here to help our local businesses grow. This past year, we have supported our business members with \$85,388,474 in loans, empowering entrepreneurs to realize their ambitions. We have successfully launched products and services specific to our commercial members to meet the needs of their businesses, including a wider range of deposit accounts as well as digital banking enhancements.

Our strategic allocation of resources has enabled us to extend tailored financial solutions that holistically support member ventures. We remain committed to not only provide financial support, but to be a trusted ally by guiding, sharing expertise, and dedicating ourselves to the success of our local businesses.

Together, we've built a foundation for growth that spans over decades. We look forward to developing more relationships and enhancing the ones we have by showcasing other business features designed to support our vibrant business communities.

## Financial Education



Empowering our members and communities to improve their financial well-being is at the heart of what we do as a credit union. We hold a variety of virtual and in-person financial education events each year for members of our credit union and the community to add to their financial knowledge and help them get closer to their financial goals.

The NEFCU-sponsored version of Zogo®, a mobile app that makes financial literacy fun, is another avenue where thousands of members build on their financial skills—and redeem rewards for gift cards to popular brands. We also have two certified financial counselors on staff and a partnership with GreenPath for free, confidential, one-on-one support for budgeting, credit-building, debt resolution, and more.

**64**  
Financial Education Events

**3,077**  
Participants

**891**  
Consultations with NEFCU  
Certified Financial Counselors

**14,778**  
NEFCU-sponsored Zogo Users

**\$350K**  
Total Debt Paid Off  
Through GreenPath

**\$3K**  
Average Debt Paid Off Per Member

# Supporting Our Communities



Credit unions were born because we do better together than we do as individuals. This extends beyond finances into our broader communities, where we strive to make a positive impact on not just our members, but our local organizations and neighbors as well.

## \$322K

**SPONSORSHIPS OF  
COMMUNITY EVENTS**  
(MAJOR EVENTS INCLUDE)

- Burlington Discover Jazz Festival
- Catamount Film and Arts Highlight – Burlington NYE Juneteenth
- Spectrum Youth and Family Services Thunder Road
- Vermont Businesses for Social Responsibility
- Vermont Green Up Day
- Vermont Lake Monsters

## \$600K

**GIVING  
CONTRIBUTIONS**  
(MAJOR GIFTS INCLUDE)

- Capstone Community Action
- Champlain Valley Office of Economic Opportunity (CVOEO)
- Committee on Temporary Shelter (COTS)
- Community Health Centers United Way
- UVM Children’s Hospital

## Flood Relief

The July 2023 floods were devastating to our state, both physically and emotionally. In typical Vermont fashion, though, we rallied around one another. So many people volunteered to help businesses and homeowners clean up debris and start to rebuild—and then did it all over again when we had more flooding in December.

To support Vermonters recovering from the July floods, we partnered with the Vermont Community Foundation to offer 0% Member Emergency Loans to Vermont residents, just like after Tropical Storm Irene and during the beginning of the COVID-19 pandemic. In less than ten days, we started writing and approving the first of 246 interest-free loans, ultimately totaling over \$723,057 in direct flood relief to help with unexpected expenses, the sudden loss of income, and other immediate needs.

Many other organizations across the state also stepped up to provide critical assistance for 2023 flood response and recovery. Together, we saw the need to support vulnerable families and individuals with basic needs like food and

housing and access to federal sources of support. We also knew it was vital to clean up the Main Streets, downtowns, and village centers that serve as our community hubs and support small businesses and local farms with critical grant funds to rebuild and recover. To increase impact in these areas, we contributed a total of \$250,000 to the following foundations and non-profits working in all corners of Vermont:

- Barre Community Relief Fund
- Capstone Community Action
- Champlain Valley Office of Economic Opportunity (CVOEO)
- Community Action in Southwestern Vermont (BROC)
- Montpelier Foundation – Montpelier Strong Fund
- Northeast Kingdom Community Action (NEKCA)
- Southeastern Vermont Community Action (SEVCA)
- Vermont Community Foundation
- Vermont Main Street Relief Fund



Photo taken by ~ Bob Fitch

## Fighting Hunger in Vermont

For years, the Point to Point has been VSECU’s signature event to help fight hunger in Vermont. 2023 was the first year that NEFCU + VSECU planned the Point to Point as one combined organization, and we were excited to see how much money we could raise together for the Vermont Foodbank. When the dust settled from all the bike riders on September 23, our incredible fundraisers, donors, sponsors, and other hunger fighters helped us meet our fundraising goal—\$150,000, which provides 172,000 meals to people experiencing hunger in Vermont.

But hunger hasn’t stopped. That means we’re already in the process of planning the 2024 Point to Point, which will be on Saturday, September 21, on the State House Lawn in Montpelier. Stay up to date at [thepointtopoint.org](http://thepointtopoint.org), and we hope to see you there!

## \$150,000 RAISED



## 172,500 MEALS PROVIDED

# Supervisory Committee Report



The Supervisory Committee provides oversight of the credit union's financial reporting process on behalf of the Board of Directors. As part of that oversight process, the Committee independently selects a certified public accounting firm to perform an annual opinion audit on the credit union's financial statements.

Management is responsible for the financial statements and the financial reporting process, including internal controls. In fulfilling its oversight responsibilities, the Supervisory Committee discussed the results of the audited financial statements with management, including a discussion of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Supervisory Committee discusses with the independent certified public accounting firm's auditors, the results of the financial statement audit and their judgments as to the acceptability of the

credit union's accounting principles and such other matters as are required to be discussed with the Committee under generally accepted auditing standards. In addition, the Committee has discussed with the independent certified public accounting firm the auditor's independence from management and the credit union and considered the compatibility of non-audit services with the auditor's independence.

The Supervisory Committee also discussed with the company's internal and independent auditors the overall scope and plan for their respective audits. The Committee meets with internal and contracted auditors as well as the independent certified public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the credit union's internal controls, and the overall quality of the credit union's financial reporting and compliance initiatives. The financial statements and non-financial statement audits completed in 2023 reflected positive results.

The Committee is perpetuated by the volunteer efforts of credit union members. Members who are interested in serving on the Committee are encouraged to email the Board of Directors at [boardofdirectors@nefcu.com](mailto:boardofdirectors@nefcu.com) for additional information.

## Supervisory Committee Members

John R. Eisenmann, Jr., Chair  
 Henry R. Farmer, Secretary  
 Renee M. Sullivan  
 Michael J. Towle  
 Eugene S. Wescott

# Our Team



## Leadership

**John J. Dwyer, Jr.**  
 Chief Executive Officer

**Mark Ackerly**  
 Chief Information Officer

**Gregory Hahr**  
 Co-Chief Lending Officer

**Robert Miller**  
 President &  
 Chief Operating Officer

**Valerie Beaudin**  
 Co-Chief Lending Officer

**Richard Hommel**  
 Chief Retail Officer

**Susan Leonard**  
 Executive Vice President  
 & Chief Financial Officer

**Yvonne Garand**  
 Chief Brand &  
 Marketing Officer

**Gregory Huysman**  
 Business Lending

**Elizabeth Morton**  
 Chief People Officer

## Board of Directors

**Arthur G. Woolf**  
 Board Chair

**Michael Hogan**  
 Treasurer

**Julie Lineberger**

**Spencer Newman**  
 1st Vice-Chair

**Margaret H. O'Donnell**  
 Secretary

**Subha Luck**

**Kathleen S. Emery-Ginn**  
 2nd Vice-Chair

**Frank G. Harris**

**Stephanie Meunier**

**George Sales**

**Amy Vaughan**



## Statement of Financial Condition

December 31, 2023

<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 64,710,000
Investments:	
Available-for-Sale	235,909,000
Equity Securities	33,925,000
Other	12,929,000
Loans Held-for-Sale	5,398,000
Loans to Members, Net	2,447,934,000
Accrued Interest Receivable	7,497,000
Property and Equipment, Net	45,503,000
National Credit Union Share Insurance Fund Deposit	23,740,000
Mortgage Servicing Rights, Net	12,312,000
Goodwill and Intangibles, Net	85,677,000
Other Assets	<u>25,156,000</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,000,690,000</u></b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>	
<b>Liabilities</b>	
Members' Shares	\$ 2,444,517,000
Accrued Expenses and Other Liabilities	47,779,000
Borrowed Funds	<u>180,243,000</u>
Total Liabilities	2,672,539,000
<b>Members' Equity</b>	
Retained Earnings	357,972,000
Accumulated Other Comprehensive Loss	<u>(29,821,000)</u>
Total Members' Equity	<u>328,151,000</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u>\$ 3,000,690,000</u></b>

## Statement of Income

December 31, 2023

<b>INTEREST INCOME</b>	
Interest on Loans to Members	\$ 125,151,000
Interest on Investments and Cash Equivalents	<u>10,247,000</u>
Total Interest Income	135,398,000
<b>INTEREST EXPENSE</b>	
Dividends on Members' Shares	31,080,000
Borrowed Funds	<u>7,240,000</u>
Total Interest Expense	<u>38,320,000</u>
Net Interest Income Before Provision for Credit Losses	97,078,000
<b>PROVISION FOR CREDIT LOSSES</b>	<b><u>4,074,000</u></b>
Net Interest Income After Provision for Credit Losses	93,004,000
<b>NON-INTEREST INCOME (EXPENSE)</b>	
Mortgage Origination & Servicing Fees	4,735,000
Deposit Fees	3,462,000
Credit/Debit Card Fees and Income	13,272,000
Commissions, Fees and Other Income	3,833,000
Gain (Loss) on Equity Securities	3,576,000
Gain on Sale of Available-for-Sale Securities	827,000
Gain on Sale of Mortgages	1,354,000
Core Deposit Intangible Amortization	<u>(12,323,000)</u>
Total Non-Interest Income	18,736,000
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	
Salaries and Benefits	56,408,000
Operations	24,168,000
Occupancy	5,615,000
Promotional	3,469,000
General and Administrative	<u>6,491,000</u>
Total General and Administrative Expenses	<u>96,151,000</u>
<b>NET INCOME</b>	<b><u>\$ 15,589,000</u></b>



**New England  
Federal Credit Union**

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Federally Insured by NCUA

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