

2021 annual report



Federally Insured by NCUA



TABLE OF CONTENTS

Our Story..... 1

Message from our Chairperson and CEO..... 2

Financial Performance..... 3

Financial Highlights..... 4, 5 & 6

Audit Report; Board of Directors..... 7

Executive Team, Management & Staff..... 8

Social Responsibility..... 9

Year in Review..... 10

Products and Services..... 11

OUR STORY

HISTORY

Naveo Credit Union was founded in 1928 when twenty-seven Portuguese-Americans banded together to form a financial cooperative after finding it increasingly difficult to access deposit and loan products from banks in the community.

Naveo Credit Union, formerly Cambridge Portuguese Credit Union, was incorporated on March 2, 1928 as a place where the community could deposit their savings with confidence and borrow money at low rates of interest. In 2014, the Credit Union changed its name to Naveo Credit Union to complement the changing demographics of the area by becoming an inclusive institution, one that is welcoming to everyone in the community.

ABOUT US

Naveo is a local not-for-profit community financial institution focused on serving its members/owners. Our mission is to assist our members with their financial needs by providing them with products and services they need in a friendly, inviting environment. As stated in our motto of “Saving Together to Lend to Each Other,” we take member deposits and in-turn, lend to our neighbors and local organizations.

As a local financial institution, we are proud to take an active role in our community by reinvesting in the community with local loans and contributions to local organizations. We are aware that individuals in our community value an institution beyond just low fees and great rates, which is why we pride ourselves on the partnerships we make with local organizations that bring value to our neighbors and members.

MISSION STATEMENT

Guiding the financial lives of the people we serve – in the neighborhoods where we live.

MESSAGE FROM OUR CHAIRPERSON & CEO

Dear Naveo Family,

Amid a continued pandemic and volatile economic climate, our Naveo team demonstrated a tenacious and boundless commitment to serving our members and communities.

As many organizations saw record employee turnover as the “Great Resignation” took hold, we met the challenge through enhanced employee experience initiatives to solidify our goal to be an employer of choice resulting in successful retention and talent acquisition strategies. It is our genuine objective to provide a work environment that demonstrates our commitment to our valued employees.

In 2021, we began the execution of a five-year strategic plan designed to enhance our members’ experiences through technological advancements, and a renewed commitment to our members, community organizations and our employees. Feedback and suggestions from you, our valued members, helped steer us toward enhancing our product offerings, delivery of services and community programs.

Whether in person, on the phone or via digital banking, it is our vision to allow you the option to bank with us in a way that is both convenient and provides a seamless and exceptional experience. We understand that our members have unique banking needs; some prefer person-to-person experiences, and some prefer self-service. We are excited to improve and enhance these options to best meet your needs.

In addition to the array of loan products we currently offer, we are expanding to enhance lending programs and cash management services to our small business community and enhancing mortgage loan programs to first time homebuyers and affordable housing initiatives within our communities.

In 2021, we continued to experience growth. Although, slower than 2020 growth, our assets increased by \$16mm in 2021 to \$178mm. We continue to stay on course to ensure sustainable and steady growth and to remain well-capitalized which allows us to execute strategic plans to better serve our members.

To support our communities, Naveo donated nearly \$30,000 to twenty-eight local community organizations. In addition, we awarded four scholarships totaling \$5,500 to assist local students with the financial impact of their academic journey.


To ensure we continue to fulfill our mission, “guiding the financial lives of the people we serve – in the neighborhoods where we live”, we joined 445 credit unions to become a member of the Inclusiv network. Credit Unions in the Inclusiv network are committed to financial inclusion and community development and provide affordable, responsible, and sustainable financial services to nearly 17 million consumers in 47 states. Inclusiv will provide resources to assist us with programs to better serve our community with financial education and banking needs.

While we have launched new initiatives to improve member experiences with Naveo and because we believe we can always do better, our members have shared the following:

- “I never leave unsatisfied. When I come in, they always do what is needed to be done so that I never leave with anything unsettled.”
- “I like that my money is invested locally and kept out of big banks.”
- “The service is unbelievable, and the staff are professional.”
- “Minimal fees, great stuff, wonderful community ethic”
- “I love this credit union and the free coffee and lollipops are cool.”

In the year ahead, we pledge to remain committed to advancing our member experience initiatives to better serve you and to continue supporting our community partners while maintaining reliability and stability.

Warmest Regards,


Leontina Mancini
Chairperson of the Board


Andrea White
President/CEO



FINANCIAL PERFORMANCE

COMPARATIVE BALANCE SHEET (Unaudited)

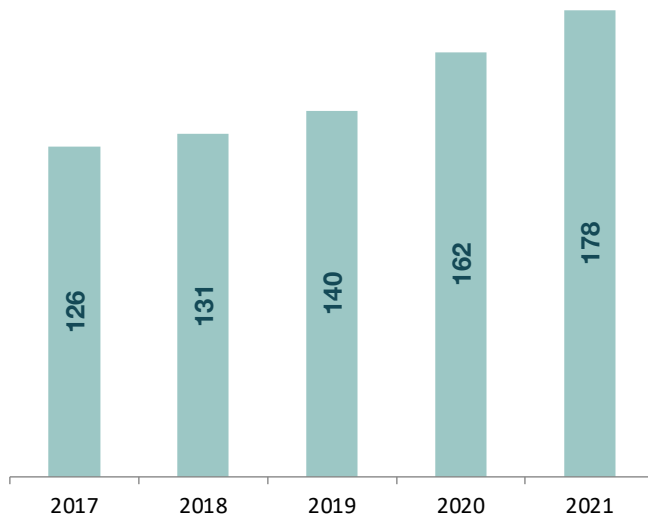
| Assets | 2021 | 2020 |
|---------------------------------------|----------------------|----------------------|
| Cash & Cash Equivalents | \$ 14,005,693 | \$ 24,076,415 |
| Investments | \$ 77,878,078 | \$ 44,430,441 |
| Loans to Members | \$ 82,531,005 | \$ 90,084,664 |
| Allowance for Loan Losses | \$ (576,353) | \$ (714,345) |
| Land, Building & Other Fixed Assets | \$ 1,688,005 | \$ 1,739,345 |
| NCUA Share Insurance | \$ 1,456,657 | \$ 1,328,480 |
| Other Assets | \$ 1,267,906 | \$ 1,119,759 |
| Total Assets | \$178,250,991 | \$162,064,758 |
| Liabilities | | |
| Accounts Payable & Other Liabilities | \$ 557,579 | \$ 680,435 |
| Share Draft Accounts | \$ 39,971,550 | \$ 32,258,579 |
| Regular Share Accounts | \$ 94,660,524 | \$ 84,749,653 |
| All Other Share & Deposit Accounts | \$ 30,249,445 | \$ 30,692,240 |
| Total Liabilities | \$165,439,098 | \$148,380,907 |
| Equity | | |
| Regular Reserves | \$ 1,972,373 | \$ 1,972,373 |
| Accumulated Unrealized Gains/(Losses) | \$ (1,020,765) | \$ 298,595 |
| Undivided Earnings | \$ 11,860,285 | \$ 11,412,883 |
| Total Equity | \$ 12,811,893 | \$ 13,683,851 |
| Total Liabilities & Equity | \$178,250,991 | \$162,064,758 |

INCOME STATEMENT (Unaudited)

| Income | 2021 | 2020 |
|-------------------------------------|---------------------|---------------------|
| Investment Income | \$ 528,812 | \$ 638,983 |
| Interest on Loans | \$ 4,033,550 | \$ 4,344,446 |
| Non-Interest Income | \$ 879,356 | \$ 1,696,310 |
| Total Income | \$ 5,441,718 | \$ 6,679,739 |
| Interest Expense | | |
| Interest on Shares | \$ 91,552 | \$ 78,475 |
| Interest on Certificates of Deposit | \$ 235,647 | \$ 348,252 |
| Total Interest Expense | \$ 327,199 | \$ 426,727 |
| Non-Interest Expense | | |
| Employee Compensation & Benefits | \$ 2,882,971 | \$ 2,694,651 |
| Travel & Conference Expense | \$ 27,403 | \$ 25,540 |
| Office Occupancy Expense | \$ 187,208 | \$ 186,766 |
| Office Operations Expense | \$ 778,021 | \$ 745,114 |
| Educational & Promotional Expense | \$ 91,227 | \$ 89,774 |
| Loan Servicing Expense | \$ 110,502 | \$ 58,005 |
| Professional and Outside Services | \$ 666,247 | \$ 676,801 |
| Operating Fees | \$ 18,600 | \$ 18,700 |
| Misc. Operating Expenses | \$ 49,825 | \$ 54,244 |
| Total Non-Interest Expense | \$ 4,812,004 | \$ 4,549,595 |
| Provision for Loan Losses | \$ (144,887) | \$ 83,131 |
| Net Income | \$ 447,402 | \$ 1,620,286 |

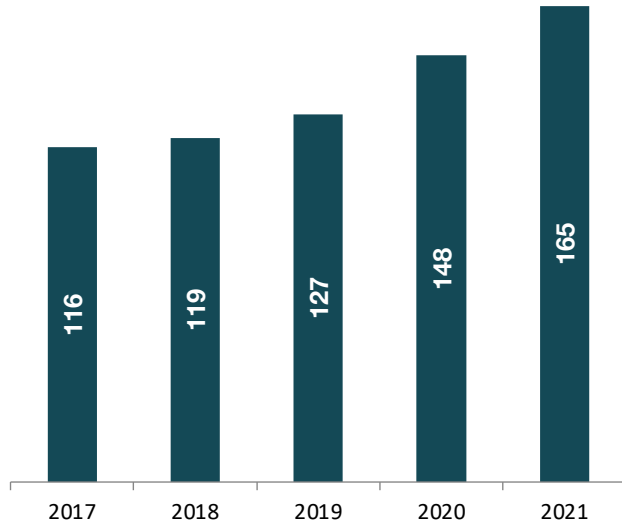
ASSET GROWTH

(\$ Millions)



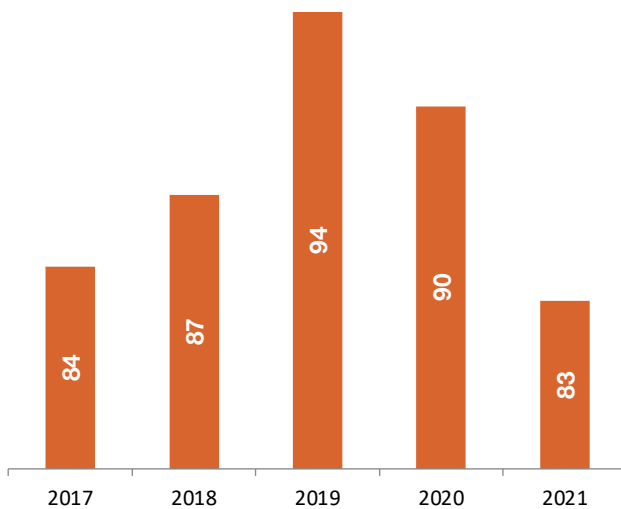
DEPOSIT GROWTH

(\$ Millions)



LOAN GROWTH

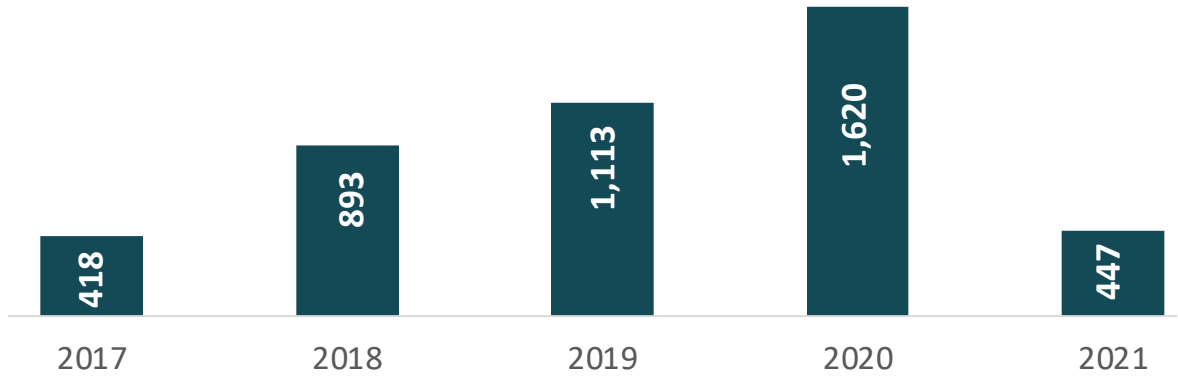
(\$ Millions)



FINANCIAL HIGHLIGHTS

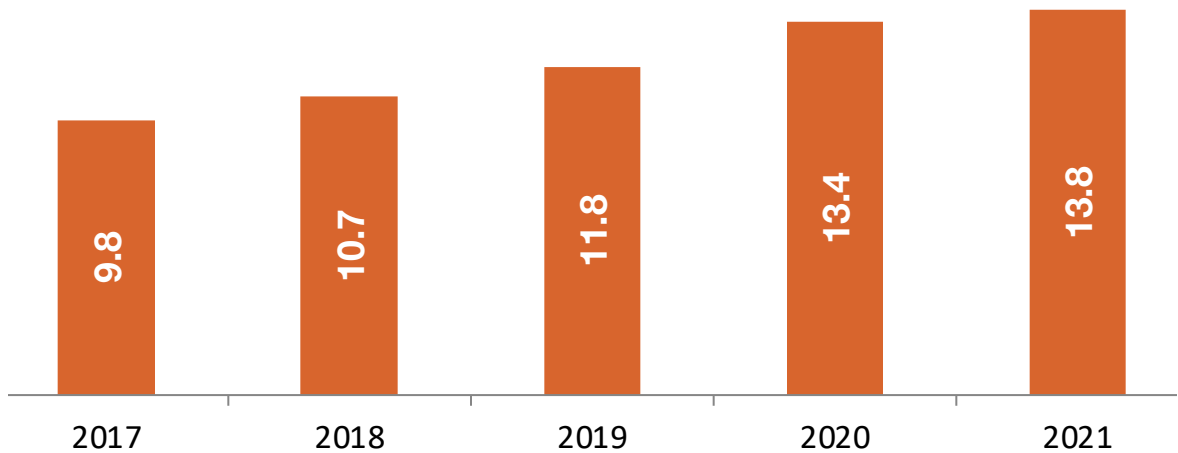
NET INCOME

(\$ Thousands)

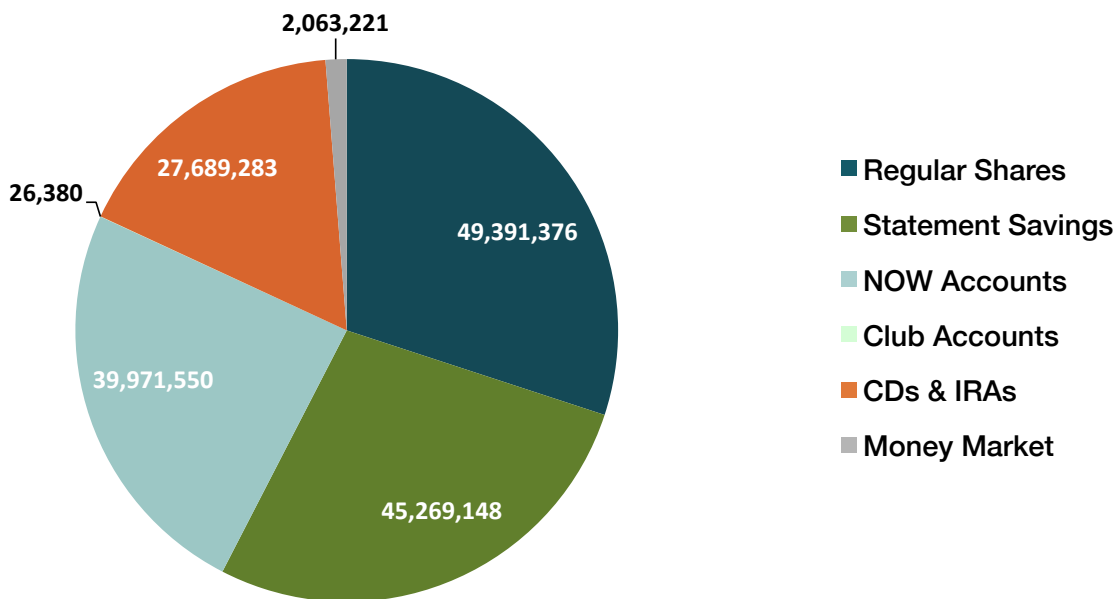


REGULATORY CAPITAL GROWTH

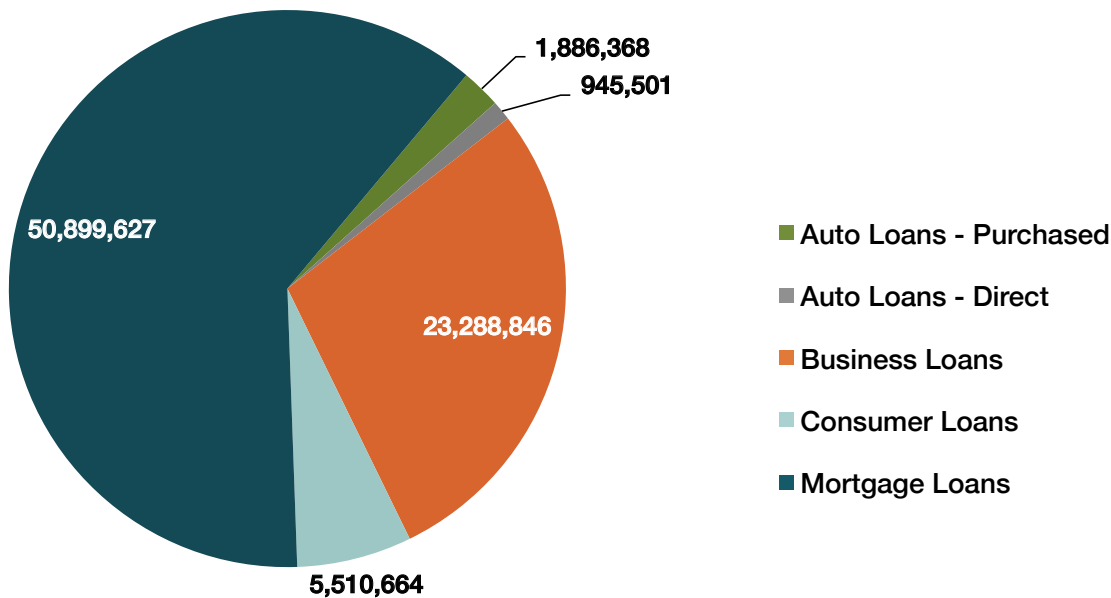
(\$ Millions)



DEPOSIT COMPOSITION



LOAN COMPOSITION



AUDIT REPORT

The Credit Union's financial soundness and quality of management are examined by the Commonwealth of Massachusetts' Division of Banks and the National Credit Union Administration (NCUA).

Naveo Credit Union is a member of the NCUA and the Cooperative Credit Union Association. These organizations support the objectives and concerns of the credit union movement, as well as assist with and promote the viability of individual credit unions.

The audit committee oversees the operations of Naveo as required by law. The Board of Directors are appointed by the Credit Union membership with the responsibility of reviewing the Credit Union's operations. They also monitor the regulatory examination performed by the Division of Banks and NCUA, and oversee an annual certified opinion audit.

Wolf & Company, P. C., certified public accountants, performed the audits for our fiscal years ended June 30, 2021 and 2020. In their opinion, the financial statements present fairly, in all material respects, the financial position of Naveo, the results of operations and related cash flows for the years then ended in conformity with Generally Accepted Accounting Principles of the United States of America.

VOLUNTEER BOARD OF DIRECTORS

Leontina Mancini, *Chairperson*

Isaac M. Machado, *1st Vice Chairman*

Paul Ferreira, *2nd Vice Chairman*

Charles Montemor, *Asst. Treasurer*

Lindsay Lucke, *Secretary/Clerk*

Christopher Alphen

Sonja Darai

Manuel Da Silva

Jennifer Lawrence

EXECUTIVE TEAM

Andrea White, *President/CEO*
Albert Pinho, *Senior Vice President and Senior Lender*
Kevin George, *Vice President of Finance*
Jamie Levine, *Vice President, Human Resources*
Judith Murdoch, *Vice President of Operations & IT*
Raquel Sa, *Vice President of Marketing & Retail*
Adam Carpenter, *Senior Director, Technology*
Mike Dwyer, *Director of Operations*

MANAGEMENT

Ana C. Santos, *Assistant Vice President of Lending*
Bienvenida Feliz, *Branch Manager - Cambridge*
Lucia Gonzalez, *Branch Manager - Somerville*
Julie Schanda, *Deposit Operations Manager*

STAFF

| | |
|-------------------|--------------------|
| Alena Mashukova | Margaret Iao |
| Alex Duncan | Margaret Silva |
| Ana Barrenquy | Michaela Glover |
| Arielle Bezerra | Mylma Lemos |
| Cesar Sorto | Patty Van Dooren |
| Clarissa Oliveira | Patricia Acquaviva |
| Corália Garcia | Peggy Norton |
| Edimar Rodrigues | Roseline Alexandre |
| Elizabeth Cabral | Samantha Cicerone |
| Eric Lu | Shina Marmar |
| Karina Gonzalez | Susan Jacobucci |
| Liz Coletta | Veronica Corrente |



SOCIAL RESPONSIBILITY

Donated Nearly
\$30,000
to Local Organizations

Raised over
\$1,500
In-Branch to Benefit
Local Organizations

Supported Nearly
30
Local Organizations

Awarded
\$5,500
in scholarships
to local students

Hosted 5 “drives” both
in-branch and virtually and
donated over

\$500

We proudly support...

A Bed for Every Child
Boston Children’s Hospital
Cambridge YWCA
Children’s Miracle Network
Community Action Agency of Somerville
Community Cooks
East Cambridge Business Association (ECBA)
East Somerville Main Streets
Ellie Fund
Escola Portuguesa de Cambridge e Somerville, Inc.
Groundworks Somerville
Jimmy Fund
Joe & Dorothy Chaves Foundation
Kiwanis Club of Somerville
Leukemia & Lymphoma Society
Massachusetts Alliance of Portuguese Speakers
MAPS Senior Center
Massachusetts Coalition for the Homeless
On the Rise
Saint Louis & Zelig Martin Paris
Second Chances
Somerville-Cambridge Elder Services
Somerville Chamber of Commerce
Somerville High School, Yearbook Club
Somerville Homeless Coalition (SHC)
Somerville Kiwanis Club, Scholarship Fund
Somerville Museum
Somerville Youth Hockey
Toys for Local Children
Toys for Tots
Union Square Main Streets

YEAR IN REVIEW

Our footprint in the community is deepened further through our partnerships with recognized, empowering and influential organizations within the neighborhoods we serve.



PRODUCTS AND SERVICES

SAVINGS PRODUCTS

Statement Savings
Passbook Savings
Kid's Club
Non-Interest Bearing Savings
Certificates
IRAs
Christmas Clubs

PERSONAL CHECKING

Secure Checking
Eco Checking
Student Checking
Money Market

HOME LOANS

Home Mortgages
Home Equity Loans
Home Equity Lines of Credit
Mortgage Refinancing

CONSUMER LOANS

New & Used Auto Loans
Personal Loans
Student Loans
Mass Save Heat Loan
Home MVP Loan
Bicycle Loan
Dreamer Loan
Construction Loan
MasterCard® & Visa Credit Card

eSERVICES

iBanking
Popmoney™
Mobile Banking App
Mobile Check Deposit
Online Account Opening
eStatements
Online Loan Center
Text/E-mail Alerts
Financial Calculators
24-7 Telephone Response

BUSINESS SERVICES

Commercial Real Estate Loans
Lines of Credit
Term Loans
Free Business Checking**
Business Savings
Business Money Market
Paycheck Protection Program
MasterCard® & Visa Credit Card

**Check orders are excluded.

ADDITIONAL SERVICES

EMV ATM/Debit Card
24-Hour ATM
Money Orders
Wire Transfers
Notary Public
Official Checks
Direct Deposit
Automatic Payments
Consumer Loan Skip-A-Payment
Telephone Transfers
Foreign Money Exchange
Shared Branching Network Member

Your savings federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government, National Credit Union Administration, a U.S. Government Agency.



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Somerville, MA 02143

Cambridge Branch
251 Hampshire Street
Cambridge, MA 02139
Drive-up Available

24-7 Telephone Access
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