DUKE UNIVERSITY FEDERAL CREDIT UNION

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(With Independent Auditor's Report Thereon)

DoerenMayhew
ASSURANCE

DUKE UNIVERSITY FEDERAL CREDIT UNION

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DoerenMayhew
ASSURANCE

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INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee and Board of Directors
Duke University Federal Credit Union

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Duke University Federal Credit Union as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Duke University Federal 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 opinion.

Other Matter

The financial statements of Duke University Federal Credit Union for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on April 3, 2024.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Duke University Federal Credit Union's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Duke University Federal 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 Duke University Federal 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Doeren Mayhew Assurance

Miami, Florida
April 15, 2025

DUKE UNIVERSITY FEDERAL CREDIT UNION

STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2024 AND 2023

Assets

	2024	2023
Cash and cash equivalents	$ 32,490,243	$ 20,924,558
Interest bearing deposits	5,602,494	5,601,078
Investments: (Note 2)		
Available-for-sale debt securities	37,016,835	57,750,080
Loans receivable, net of allowance for credit losses of $1,357,388 and $883,697 (Note 3)	110,182,060	100,539,302
Accrued interest receivable	593,337	461,899
Premises and equipment, net (Note 4)	225,586	103,555
National Credit Union Share Insurance Fund deposit	1,635,430	1,738,106
Right-of-use assets	1,526,676	1,973,508
Prepaid and other assets	4,989,112	4,872,051
Total Assets	$ 194,261,773	$ 193,964,137

Liabilities and Members' Equity

	2024	2023
Liabilities:		
Share and savings accounts (Note 5)	$ 174,074,450	$ 176,215,131
Lease liabilities	1,526,676	1,973,508
Accrued expenses and other liabilities	956,043	979,540
Total liabilities	176,557,169	179,168,179
Commitments and contingent liabilities (Note 7)		
Members' Equity: (Note 8)		
Undivided earnings	19,187,769	18,045,878
Accumulated other comprehensive loss	(1,483,165)	(3,249,920)
Total members' equity	17,704,604	14,795,958
Total Liabilities and Members' Equity	$ 194,261,773	$ 193,964,137

See accompanying notes to the financial statements

DUKE UNIVERSITY FEDERAL CREDIT UNION

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Interest income:		
Interest on loans receivable	$ 5,818,414	$ 4,948,260
Interest on investments	1,885,716	1,974,821
Total interest income	7,704,130	6,923,081
Interest expense:		
Dividends on share and savings accounts	866,124	229,517
Interest expense	866,124	229,517
Net interest income	6,838,006	6,693,564
Provision for credit losses	920,511	495,229
Net interest income after provision for credit losses	5,917,495	6,198,335
Non-interest income:		
Other non-interest income	1,167,157	1,204,494
Fees and charges	802,794	847,728
Interchange income	202,689	203,889
Total non-interest income	2,172,640	2,256,111
Non-interest expense:		
Compensation and employee benefits	3,158,936	3,019,245
Operating expense	1,663,935	1,427,949
Office operations	1,528,940	1,459,062
Occupancy	596,433	569,269
Total non-interest expenses	6,948,244	6,475,525
Net income	$ 1,141,891	$ 1,978,921

See accompanying notes to the financial statements

DUKE UNIVERSITY FEDERAL CREDIT UNION

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Net income	$ 1,141,891	$ 1,978,921
Other comprehensive income		
Net unrealized holding gains on securities arising during the year	1,766,755	2,146,320
Comprehensive income	$ 2,908,646	$ 4,125,241

See accompanying notes to the financial statements

DUKE UNIVERSITY FEDERAL CREDIT UNION

STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Undivided Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2022	$ 16,066,957	$ (5,396,240)	$ 10,670,717
Comprehensive Income	1,978,921	2,146,320	4,125,241
Balance, December 31, 2023	18,045,878	(3,249,920)	14,795,958
Comprehensive Income	1,141,891	1,766,755	2,908,646
Balance, December 31, 2024	$ 19,187,769	$ (1,483,165)	$ 17,704,604

See accompanying notes to the financial statements

DUKE UNIVERSITY FEDERAL CREDIT UNION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Net income	$ 1,141,891	$ 1,978,921
Adjustments to reconcile net income to net cash:		
Provision for credit losses	920,511	495,229
Depreciation and amortization of premises and equipment	72,505	62,466
Changes in operating assets and liabilities:		
Accrued interest receivable	(131,438)	(91,378)
Prepaid and other assets	(117,061)	(90,422)
Accrued expenses and other liabilities	(23,497)	137,506
Net cash provided by operating activities	1,862,911	2,492,322
Cash Flows From Investing Activities:		
Purchases of:		
Interest bearing deposits	(1,416)	-
Premises and equipment	(194,536)	(70,005)
Proceeds from:		
Maturities of Interest bearing deposits	-	362,193
Maturities, paydowns and sales of available-for-sale debt securities	22,500,000	-
Net change in:		
Loans receivable, net of charge-offs	(10,563,269)	(7,059,243)
NCUSIF deposit	102,676	48,885
Net cash provided by (used in) investing activities	11,843,455	(6,718,170)
Cash Flows From Financing Activities:		
Net change in share and savings accounts	(2,140,681)	(14,316,555)
Net cash used in financing activities	(2,140,681)	(14,316,555)
Net Change in Cash and Cash Equivalents	11,565,685	(18,542,403)
Cash and Cash Equivalents at Beginning of Year	20,924,558	39,466,961
Cash and Cash Equivalents at End of Year	$ 32,490,243	$ 20,924,558
Supplemental Cash Flow Disclosure:		
Dividends and interest paid	$ 866,135	$ 229,877

See accompanying notes to the financial statements

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Business
Duke University Federal Credit Union (the Credit Union) is a cooperative association organized in accordance with the provisions of the Federal Credit Union Act for the purposes of promoting thrift among, and creating a source of credit for its members. Participation in the Credit Union is limited to those individuals that qualify for membership. The field of membership is defined in the Credit Union's Charter and Bylaws.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles in the United States (U.S. GAAP) requires Management to make 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 these estimates. Material estimates that are particularly subject to change in the near term include the determination of the allowance for credit/loan losses (ACL) and valuation of securities.

Concentrations of Credit Risk
Participation in the Credit Union is limited to those who qualify for membership as defined in the Credit Union’s bylaws. A significant amount of the Credit Union’s business activity is with its members who are employees or former employees and students of Duke University. The Credit Union may be exposed to credit risk from a regional economic standpoint, since a significant concentration of its borrowers work or reside in the Durham, North Carolina area. Therefore, the borrowers’ ability to repay loans may be affected by the economic climate of the overall geographical region where borrowers reside. However, the loan portfolio is well diversified, and the Credit Union does not have any significant concentration of credit risk, except unsecured loans, which by their nature, increase the risk of loss compared to those loans that are collateralized.

Comprehensive Income/(Loss)
Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities are reported in a separate component of comprehensive income/(loss). Other comprehensive income/(loss) (OCI) relates to the change in the unrealized gain/(loss) on available-for-sale debt securities. When available-for-sale debt securities are sold, the gain or loss realized on the sale is reclassified from accumulated other comprehensive income/(loss) (AOCI) to the gain/loss on sale of investment securities reported in the statements of income.

Accounting Standard Adopted January 1, 2023

Financial Instruments - Credit Losses (CECL)
The adoption of this guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures. This framework requires that management's estimate reflects credit losses over the instrument’s remaining expected life and considers expected future changes in macroeconomic conditions.

Cash and Cash Equivalents
The statements of cash flows classify changes in cash or cash equivalents (short-term, highly liquid investments readily convertible into cash with an original maturity of three months or less) according to operating, investing or financing activities. Financial instruments which potentially subject the Credit Union to concentrations of credit risk consist principally of cash and temporary cash investments. At times, cash balances held at financial institutions were in excess of the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) insurance limits. The Credit Union places its temporary cash investments with high-credit, quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution.

Continued

Interest Bearing Deposits

Interest bearing deposits are time deposits with financial institutions with an original maturity in excess of 90 days. These deposits are all 100% insured as no deposit to one individual institution exceeds $250,000.

Investment Securities

Available-for-Sale Securities

Securities available-for-sale consist of securities not otherwise classified as trading securities or as securities to be held-to-maturity and are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income (loss).

The Credit Union evaluates its available-for-sale investment securities portfolio periodically for indicators of impairment. The Credit Union assesses whether an impairment has occurred when the fair value of a debt security is less than the amortized cost at the balance sheet date. Management reviews the amount of unrealized loss, the credit rating history, market trends of similar security classes, time remaining to maturity, and the source of both interest and principal payments to identify securities which could potentially be impaired. For those debt securities that the Credit Union intends to sell or is more likely than not required to sell, before the recovery of their amortized cost basis, the difference between fair value and amortized cost is considered to be impaired and is recognized in provision for credit losses. For those debt securities that the Credit Union does not intend to sell or is not more likely than not required to sell, prior to expected recovery of amortized cost basis, the credit portion of the impairment is recognized through an allowance in provision for credit losses while the noncredit portion is recognized in other comprehensive income. In determining the credit portion, the Credit Union uses a discounted cash flow analysis, which includes evaluating the timing and amount of the expected cash flows. Non-credit-related impairment results from other factors, including increased liquidity spreads and higher interest rates.

Gains and losses on sales of securities available-for-sale are determined using the specific-identification method. Purchase premiums are amortized and discounts are accreted using the interest method of accounting.

Loans Held for Investment

Loans, net, are carried at unpaid principal balances, including purchase accounting (i.e., acquisition-date fair value) adjustments, net deferred loan origination costs or fees, and the allowance for credit losses on loans. The Credit Union recognizes interest income on loans using the interest method over the life of the loan. Accordingly, the Credit Union defers certain loan origination and commitment fees, and certain loan origination costs, and amortizes the net fee or cost as an adjustment to the loan yield over the term of the related loan. When a loan is sold or repaid, the remaining net unamortized fee or cost is recognized in interest income.

Loans are considered past due when the contractual amounts due with respect to principal and interest are not received within 30 days of the contractual due date. A loan generally is classified as a “non-accrual” loan when it is 60 days or more past due or when it is deemed to be impaired because the Credit Union no longer expects to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, management ceases the accrual of interest owed, and previously accrued interest is charged against interest income. A loan is generally returned to accrual status when the loan is current and management has reasonable assurance that the loan will be fully collectible. Interest income on non-accrual loans is recorded when received in cash.

Certain loans for which repayment is expected to be provided substantially through the operation or sale of the loan collateral are considered to be collateral-dependent. Consumer collateral-dependent loans were deemed insignificant and intentionally omitted for disclosure purposes.

Continued

Any loan in any portfolio may be charged-off prior to the policies described below if a loss confirming event has occurred. Loss confirming events include, but are not limited to, bankruptcy (unsecured), continued delinquency, foreclosure, or receipt of an asset valuation indicating a collateral deficiency and that asset is the sole source of repayment.

As part of the ongoing monitoring of the credit quality of the Credit Union’s loan portfolio, management tracks certain credit quality indicators. The Credit Union utilizes a risk grading of pass, special mention, substandard, doubtful and loss to assess the overall credit quality of large commercial loans. All large commercial credit grades are reviewed at a minimum of once a year for pass grade loans. Loans with grades below pass are reviewed more frequently depending on the grade. A description of the general characteristics of these grades is as follows:

Pass – Loans that are considered to be of acceptable credit quality.

Watch – Loans within this risk category demonstrate an acceptable level of risk, albeit with inadequate ability to sustain major setbacks. They are characterized by declining trends, strained cash flow, and increasing leverage. These members generally have limited additional debt capacity. Management weakness may exist. These members should be able to obtain similar financing with comparable terms, although that ability may diminish in difficult economic times. Extension of additional credit should be done with caution and prudence as continued deterioration in the member’s financial position may put repayment at risk.

Substandard – A substandard loan is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged. Assets so classified have a well-defined weakness that jeopardizes the liquidation of the debt. They are characterized by the distinct possibility that the Credit Union will sustain some loss if the deficiencies are not corrected.

Automobile and other consumer loans are generally charged-off no later than 180-days past due. Residential mortgages and home equity loans are charged-off to the estimated fair value of the collateral at 180-days past due. Commercial loans are generally either charged-off or written down to net realizable value at 180-days past due.

Consumer and residential real estate loans are not risk graded. Rather, consumer and residential real estate loans in non-accrual are deemed non-performing.

Borrowers that are experiencing financial difficulty and receive a modification in the form of principal forgiveness, interest rate reduction, an other-than-insignificant payment delay or a term extension in the current period needs to be disclosed. The Credit Union may modify loans to borrowers experiencing financial difficulty as a way of managing risk and mitigating credit loss from the borrower. The Credit Union may make various types of modifications and may in certain circumstances use a combination of modification types to mitigate future loss. As of and for the years ended December 31, 2024 and 2023, modifications were deemed insignificant and intentionally omitted for disclosure purposes.

Continued

Allowance for Credit Losses on Loans

The allowance for credit losses on loans is deducted from the amortized cost basis of a group of financial assets so that the balance sheet reflects the net amount the Credit Union expects to collect. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net earnings as a credit loss expense. Management estimates the allowance by utilizing models dependent upon loan risk characteristics and economic parameters. Consumer loan risk characteristics include but are not limited to FICO scores, LTV, and delinquency status. The economic parameters are developed using available information relating to past events, current conditions, and reasonable and supportable forecasts. The Credit Union's reasonable and supportable forecast period reverts to a historical norm based on inputs within approximately two years. Historical credit experience provides the basis for the estimation of expected credit losses, with adjustments made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency levels and terms, as well as for changes in the micro- and macroeconomic environments. The contractual terms of financial assets are adjusted for expected prepayments.

Loans that do not share risk characteristics are evaluated on an individual basis. These include loans that are in non-accrual status with balances above management determined materiality thresholds depending on loan class. If a loan is determined to be collateral-dependent or meets the criteria to apply the collateral-dependent practical expedient, expected credit losses are determined based on the fair value of the collateral at the reporting date, less costs to sell as appropriate. As noted above, consumer collateral-dependent loans were deemed insignificant and intentionally omitted for disclosure purposes.

The Credit Union maintains an allowance for credit losses on off-balance sheet credit exposures. The Credit Union estimates expected credit losses over the contractual period in which the Credit Union is exposed to credit risk via a contractual obligation to extend credit unless that obligation is unconditionally cancellable by the Credit Union. The allowance for credit losses on off-balance sheet credit exposures is adjusted as a provision for credit losses expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over their estimated life. The allowance for credit losses on off-balance sheet credit exposures was deemed insignificant and intentionally omitted for disclosure purposes.

The Credit Union has elected to exclude accrued interest receivable from the measurement of its allowance for credit loss given the well-defined non-accrual policies in place for all loan portfolios which results in timely reversal of outstanding interest through interest income.

Premises and Equipment

Furniture and equipment are carried at cost, less accumulated depreciation and leasehold amortization. Building(s), furniture, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the respective leases. Maintenance and repairs are expensed, and major improvements and renovations are capitalized. Management reviews premises and equipment for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Gains and losses on disposals are included in current operations.

Perpetual Contributed Capital (PCC)

As a requirement of membership, the Credit Union maintains PCC accounts with Vizo Financial Corporate Credit Union totaling $698,508 as of December 31, 2024 and 2023, respectively. The PCC is not subject to share insurance coverage by the NCUSIF or other deposit insurer. The PCC is not releasable due to a merger, charter conversion or liquidation and is callable at the option of Vizo Financial Corporate Credit Union. The PCC has a perpetual maturity and a non-cumulative dividend. The PCC is included within prepaid and other assets in the statements of financial condition.

Continued

NCUSIF Deposit

The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to one percent of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the NCUA Board. The NCUSIF deposit is required to be reviewed for impairment, including consideration of the refundability of the deposit.

Share and Savings Accounts

Shares include savings deposit accounts of the owners of the Credit Union. Share ownership entitles the members to vote in annual elections of the Board of Directors and on other corporate matters. Irrespective of the amount of shares owned, no member has more than one vote. As a natural person credit union, deposits that exceed the $250,000 NCUA insurance limit (uninsured shares) are subordinated to all other liabilities of the Credit Union upon liquidation except subordinated debt. Dividends on share and savings accounts, except for interest on certificates of deposit which is set in advance, is based on available earnings at the end of a dividend period and are not guaranteed by the Credit Union. Dividend rates on share and savings accounts are set by the Board of Directors, based on an evaluation of current and future market conditions.

Revenue from Contracts with Customers

A description of the Credit Union's revenue streams accounted for under ASC 606 are as follows.

Fees and Charges

The Credit Union earns fees from its deposits for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Credit Union fulfills the member's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Credit Union satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. These charges on deposits are withdrawn from the member's account balance.

Interchange Income

The Credit Union earns interchange fees from debit/credit cardholder transactions conducted through the payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Income Taxes

The Credit Union is exempt from most federal, state, and local taxes under the provisions of the Internal Revenue Code and state tax laws. The Income Taxes Topic of the FASB ASC clarifies accounting for uncertainty in income taxes reported in the financial statements. The interpretation provides criteria for assessment of individual tax positions and a process for recognition and measurement of uncertain tax positions. Tax positions are evaluated on whether they meet the "more likely than not" standard for sustainability on examination by tax authorities. Management has determined there are no material uncertain tax positions.

Reclassification and Presentation

Certain balances in the 2023 presentation have been reclassified to conform to the 2024 presentation. There were no changes to total equity or net earnings as a result of the aforementioned.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 15, 2025, which is the date the financial statements were available to be issued.

Continued

Note 2 - Investment Securities

Available-for-Sale Debt Securities

The following tables present the amortized cost and estimated fair value of investments:

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Federal agency securities	$ 38,500,000	$ -	$ (1,483,165)	$ 37,016,835
Total	$ 38,500,000	$ -	$ (1,483,165)	$ 37,016,835

	As of December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Federal agency securities	$ 61,000,000	$ -	$ (3,249,920)	$ 57,750,080
Total	$ 61,000,000	$ -	$ (3,249,920)	$ 57,750,080

The amortized cost and estimated market value of debt securities at December 31, 2024, by contractual maturity, are shown below. Expected maturities on mortgage-backed securities, collateralized mortgage obligations and small business administration securities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Due in less than one year	$ 12,000,000	$ 11,825,330
Due in one year to less than five years	26,500,000	25,191,505
Total	$ 38,500,000	$ 37,016,835

Information pertaining to securities with gross unrealized losses at December 31, 2024 aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows:

	As of December 31, 2024					
	Continuing Unrealized Losses For Less than 12 Months		Continuing Unrealized Losses For 12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Federal agency securities	$ -	$ -	$ 38,500,000	$ (1,483,165)	$ 38,500,000	$ (1,483,165)
Total	$ -	$ -	$ 38,500,000	$ (1,483,165)	$ 38,500,000	$ (1,483,165)

Continued

Information pertaining to securities with gross unrealized losses at December 31, 2023 aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows:

	As of December 31, 2023					
	Continuing Unrealized Losses For Less than 12 Months		Continuing Unrealized Losses For 12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Federal agency securities	$ -	$ -	$ 57,750,080	$ (3,249,920)	$ 57,750,080	$ (3,249,920)
Total	$ -	$ -	$ 57,750,080	$ (3,249,920)	$ 57,750,080	$ (3,249,920)

As of December 31, 2024 and 2023, the Credit Union's security portfolio consisted of 12 and 21 securities, 12 and 21 of which were in an unrealized loss position, respectively.

The Credit Union’s federal agency securities are issued by the U.S Government and its Agencies. Therefore, unrealized losses on these securities, if any, have not been recognized income because of the implicit guarantee of the principal balances of these securities by the U.S Government and its Agencies. The decline is fair value is primarily due to differences between security yields and market interest rates. Additionally, the decline in fair value is expected to be recovered as securities approach their maturity date and/or market rates decline. Management has the intent to hold these securities through to recovery of fair value, which may be maturity, therefore; the Credit Union did not record expected credit loss.

Note 3 - Loans to Members

The composition of loans to members are as follows:

	December 31, 2024	December 31, 2023
Real Estate:		
First Liens	$ 51,547,611	$ 46,242,601
Second Liens	14,429,557	12,606,561
	65,977,168	58,849,162
Consumer:		
New vehicle	2,454,491	3,261,288
Used vehicle	12,117,628	14,030,921
Credit cards	2,816,768	2,659,672
Unsecured	18,538,450	14,372,697
Other secured	325,432	248,747
	36,252,769	34,573,325
Commercial:		
Real Estate	9,309,611	8,000,512
	9,309,611	8,000,512
	111,539,548	101,422,999
Less: Allowance for credit losses	(1,357,488)	(883,697)
Loans to members, net	$110,182,060	$100,539,302

Continued

Allowance for Credit Losses

The following table presents the activity in the allowance and a summary of the allowance by portfolio segment:

	For the year ended December 31, 2024			
	Commercial	Residential Real Estate	Consumer	Total
Allowance for credit losses:				
Beginning Balance, December 31, 2023	$ 80,506	$ 81,140	$ 722,051	$ 883,697
Provision for credit losses	116,711	126,829	676,971	920,511
Recoveries on previous credit losses	-	17,164	59,463	76,627
Loans receivable charged off	-	(42,068)	(481,279)	(523,347)
Ending Balance, December 31, 2024	$ 197,217	$ 183,065	$ 977,206	$ 1,357,488

As of December 31, 2024, the allowance for credit losses (ACL) totaled approximately $1,358,000, up approximately $474,000 compared to December 31, 2023.

The following table presents the activity in the allowance and a summary of the allowance by portfolio segment:

	For the year ended December 31, 2023			
	Commercial	Residential Real Estate	Consumer	Total
Allowance for credit losses:				
Beginning Balance, December 31, 2022	$ 38,000	$ 62,896	$ 654,681	$ 755,577
Provision for credit losses	42,506	22,007	430,716	495,229
Recoveries on previous credit losses	-	5,404	168,497	173,901
Loans receivable charged off	-	(9,167)	(531,843)	(541,010)
Ending Balance, December 31, 2023	$ 80,506	$ 81,140	$ 722,051	$ 883,697

Continued

Age Analysis of Past Due Loans

The following tables present the aging of the recorded investment in past due loans:

	As of the year ended December 31, 2024					
	30-59 Days Past Due	60-89 Days Past Due	90 Days Past Due	Total Past Due	Current	Total
Real Estate:						
First Liens	$ -	$ -	$ 195,994	$ 195,994	$ 51,351,617	$ 51,547,611
Second Liens	20,553	21,654	11,015	53,222	14,376,335	14,429,557
Total	20,553	21,654	207,009	249,216	65,727,952	65,977,168
Consumer:						
New vehicle	19,780	-	-	19,780	2,434,711	2,454,491
Used vehicle	134,451	49,066	31,713	215,230	11,902,398	12,117,628
Credit cards	7,458	20,322	5,825	33,605	2,783,163	2,816,768
Unsecured	146,087	33,011	93,284	272,382	18,266,068	18,538,450
Other secured	5,315	-	296	5,611	319,821	325,432
Total	313,091	102,399	131,118	546,608	35,706,161	36,252,769
Commercial:						
Real Estate	-	-	476,422	476,422	8,833,189	9,309,611
Total	-	-	476,422	476,422	8,833,189	9,309,611
Grand Total	$ 333,644	$ 124,053	$ 814,549	$ 1,272,246	$110,267,302	$111,539,548

	As of the year ended December 31, 2023					
	30-59 Days Past Due	60-89 Days Past Due	90 Days Past Due	Total Past Due	Current	Total
Real Estate:						
First Liens	$ -	$ -	$ 80,198	$ 80,198	$ 46,162,403	$ 46,242,601
Second Liens	90,523	-	-	90,523	12,516,038	12,606,561
Total	90,523	-	80,198	170,721	58,678,441	58,849,162
Consumer:						
New vehicle	-	4,538	-	4,538	3,256,750	3,261,288
Used vehicle	190,184	65,558	52,516	308,258	13,722,663	14,030,921
Credit cards	34,474	6,945	997	42,416	2,617,256	2,659,672
Unsecured	54,063	23,309	142,129	219,501	14,153,196	14,372,697
Other secured	1,061	-	-	1,061	247,686	248,747
Total	279,782	100,350	195,642	575,774	33,997,551	34,573,325
Commercial:						
Real Estate	-	-	-	-	8,000,512	8,000,512
Total	-	-	-	-	8,000,512	8,000,512
Grand Total	$ 370,305	$ 100,350	$ 275,840	$ 746,495	$100,676,504	$101,422,999

Consumer and Real Estate Credit Quality

The Credit Union considers the performance of the loan portfolio and its impact on the allowance. For consumer loan and real estate classes, the Credit Union evaluates credit quality based on the aging status of the loan and payment activity. Accordingly, non-accrual loans are considered to be in a non-performing status for purposes of credit quality evaluation.

The following tables present the loan balance based on performance indication:

	As of December 31, 2024		As of December 31, 2023	
	Performing Loans	Non-performing Loans	Performing Loans	Non-performing Loans
Real Estate:				
First Liens	$ 51,351,617	$ 195,994	$ 46,162,403	$ 80,198
Second Liens	14,418,542	11,015	12,606,561	-
Total	$ 65,770,159	$ 207,009	$ 58,768,964	$ 80,198
Consumer:				
New vehicle	2,454,491	-	3,261,288	-
Used vehicle	12,085,915	31,713	13,978,405	52,516
Credit cards	2,810,943	5,825	2,658,675	997
Unsecured	18,445,166	93,284	14,230,568	142,129
Other secured	325,136	296	248,747	-
Total	$ 36,121,651	$ 131,118	$ 34,377,683	$ 195,642
Grand Total	$101,891,810	$ 338,127	$ 93,146,647	$ 275,840

Commercial Credit Quality

The Credit Union considers the performance of the loan portfolio and its impact on the allowance for credit losses. For commercial loan classes, the Credit Union evaluates credit quality based on risk ratings assigned to each loan as described in Note 1.

The following tables present the loan balance for commercial loans based on risk rating:

	As of December 31, 2024
	Commercial Real Estate
Credit Grade:	
Pass	$ 7,844,330
Watch	988,859
Substandard	476,422
Total	$ 9,309,611

Continued

	As of December 31, 2023
	Commercial Real Estate
Credit Grade:	
Pass	$ 8,000,512
Watch	-
Substandard	-
Total	$ 8,000,512

Non-accrual Loans

Loans on which the accrual of interest has been discontinued or reduced amounted to approximately $939,000 and $376,000 in consumer, real estate, and commercial loans as of December 31, 2024 and 2023, respectively.

Note 4 - Premises and Equipment

	December 31, 2024	2023
Furniture and equipment	2,330,771	2,209,654
	2,330,771	2,209,654
Less accumulated depreciation and amortization	(2,105,185)	(2,106,099)
Premises and equipment, net	$ 225,586	$ 103,555

Note 5 - Share and Savings Accounts

	December 31, 2024	2023
Share draft accounts	$ 49,234,057	$ 50,624,915
Money market accounts	16,051,934	18,242,898
Share accounts	89,875,198	95,742,355
IRA share accounts	2,472,030	2,625,299
Certificate accounts	16,441,231	8,979,664
Total	$174,074,450	$176,215,131

The scheduled maturities of certificate accounts are as follows:

Year Ending December 31,	Amount
2025	$ 15,492,057
2026	913,186
2027	35,988
Total	$ 16,441,231

	December 31, 2024	2023
Certificate accounts in denominations of $250,000 or more	$ 2,388,504	$ 537,769

Continued

Note 6 - Borrowed Funds

Corporate Line-of-Credit
The Credit Union had an unused line-of-credit. The terms of the agreements require the pledging of equipment and all present and future loans as collateral for obligations under this line-of-credit agreement. The interest rate terms under this line-of-credit agreement are variable.

	December 31, 2024		December 31, 2023	
	Credit Limit	Balance	Credit Limit	Balance
Vizo Financial Corporate Credit Union	$ 7,500,000	$ -	$ 7,500,000	$ -
	$ 7,500,000	$ -	$ 7,500,000	$ -

Federal Reserve Bank Line-of-Credit
As of December 31, 2024 and 2023, the Credit Union had the ability to borrow from the Federal Reserve for emergency liquidity needs. The Credit Union would need to pledge investments in order to borrow. There were no investments pledged nor any outstanding borrowing with the Federal Reserve as of December 31, 2024 and 2023.

Federal Home Loan Bank
As of December 31, 2024 and 2023, the Credit Union established the ability to borrow from the Federal Home Loan Bank of Atlanta for liquidity needs. The Credit Union would need to pledge real estate loans and/or investments in order to borrow. The Credit Availability approximates $48,504,000 and $48,636,000 as of December 31, 2024 and 2023 respectively. There were no advances outstanding as of December 31, 2024 and 2023.

Note 7 - Commitments and Contingent Liabilities

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. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statements of financial condition.

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, the total unfunded commitments under such lines-of-credit was approximately $25,900,000. 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.

Note 8 - Capital Requirements

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

Continued

As of December 31, 2024, the most recent call reporting period, the NCUA categorized the Credit Union as well capitalized under the regulatory framework. To be categorized as well capitalized, the Credit Union must maintain a minimum net worth ratio of 7% of assets. There are no conditions or events since that notification that management believes have changed the institution's category.

Key aspects of the Credit Union's minimum capital amounts and ratios are summarized as follows:

	General Capital Requirements			
	December 31, 2024		December 31, 2023	
	Amount	Ratio	Amount	Ratio
Regulatory net worth	$ 19,187,769	10.03%	$ 18,045,878	9.49%
Net Worth Classification	Well Capitalized		Well Capitalized	
Amount needed to be classified as:				
Well Capitalized	$ 13,394,047	7.00%	$ 13,304,042	7.00%
Adequately Capitalized	$ 11,480,611	6.00%	$ 11,403,464	6.00%

The Credit Union uses a permitted optional method to calculate regulatory net worth. The Credit Union uses the optional method of using the average of daily assets over the calendar quarter to calculate total assets at quarter end of regulatory net worth calculations.

Note 9 - Fair Value Measurements

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under this guidance are described below:

Basis of Fair Value Measurements

Level 1 – Valuation is based on quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based on inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined by using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

Assets Measured at Fair Value on a Recurring Basis

	Assets at Fair Value as of December 31, 2024			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
Federal agency securities	$ 37,016,835	$ -	$ 37,016,835	$ -
Total	$ 37,016,835	$ -	$ 37,016,835	$ -

	Assets at Fair Value as of December 31, 2023			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
Federal agency securities	$ 57,750,080	$ -	$ 57,750,080	$ -
Total	$ 57,750,080	$ -	$ 57,750,080	$ -

Note 10 - Employee Benefits

Pension Plan

Certain salaried employees of the Credit Union were participants in Duke University's contributory defined contribution pension plan. In addition, other full-time employees participate in Duke University's noncontributory defined benefit pension plan. It is not possible to determine the net pension expense for the Credit Union for the year ending December 31, 2024 and 2023 or to present separately the actuarial present value of benefit obligations or the net assets available for benefits of the Credit Union because no determination has been made of the allocation of such amounts between Duke University and the Credit Union.

The Credit Union also participates in Duke University's unfunded defined benefit postretirement medical plan. The plan covers all full time status employees who elect coverage and satisfy the plan's requirements when they retire. It is not possible to determine the net periodic postretirement benefit cost attributed to the Credit Union for the year ending December 31, 2024 and 2023, nor is it possible to present separately the actuarial accumulated postretirement benefit obligation for the Credit Union because no determination has been made of the allocation of such amounts between Duke University and the Credit Union.

Note 11 - Leases

The Credit Union evaluates contracts at inception to determine if an arrangement is or contains a lease. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial condition. The leases relate primarily to branches, office facilities, and equipment. Lease ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of the future lease payments over the lease term. The leases do not provide an implicit rate, so the Credit Union uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is reevaluated upon lease modification. The lease ROU asset also includes initial direct costs and prepaid lease payments made, if any, less lease incentives, if any. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Credit Union will exercise that option. The Credit Union has elected the practical expedient not to separate lease and nonlease components for all of their branch and office facility leases. The lease has a remaining lease term of 3 years and includes the option to renew the lease for two subsequent renewals for 5 years each.

Continued

The Credit Union has elected the practical expedient for short-term leases (i.e. leases with an initial term of twelve months or less that do not contain a purchase option that is likely to be exercised), and thus are not recorded on the statements of financial condition. Lease payments are recognized in expense on a straight-line basis over the term of the lease.

Recognized rent expense associated with the leases is as follows:

	Years Ended December 31, 2024	2023
Operating lease cost:		
Fixed rent expense	$ 446,832	$ 446,832
Net lease costs	$ 446,832	$ 446,832

Right-of-use assets and lease liabilities related to leases were as follows:

	As of December 31, 2024	2023
Operating leases:		
Right-of-use assets	$ 1,526,676	$ 1,973,508
Lease liabilities	$ (1,526,676)	$ (1,973,508)

The following cash and non-cash activities associated with our leases were as follows:

	Years Ended December 31, 2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 470,510	$ 461,216

The future payments due under operating and finance leases is as follows:

Year Ending December 31,	Operating
2025	$ 479,978
2026	489,620
2027	499,435
2028	209,814
Total lease payments	1,678,847
Imputed Interest	(152,171)
Total lease liability	$ 1,526,676

	As of December 31, 2024	2023
Weighted average remaining lease term:		
Operating leases	3.42 Years	4.42 Years

Because generally the rate is not implicit in the lease, the Credit Union utilizes their incremental borrowing rate as the discount rate.

	As of December 31, 2024	2023
Weighted average discount rate		
Operating leases	2.00%	2.00%