Maspeth Federal Savings and Loan Association and Subsidiaries

Consolidated Financial Statements

September 30, 2022
and 2021

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Independent Auditor's Report

Board of Directors
Maspeth Federal Savings and Loan Association and Subsidiaries
Maspeth, New York

Opinion

We have audited the consolidated financial statements of Maspeth Federal Savings and Loan Association and Subsidiaries (collectively, the "Association"), which comprise the consolidated statements of financial condition, as of September 30, 2022 and 2021, and the related consolidated statements of income, consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

New York, New York
January 30, 2023

Maspeth Federal Savings and Loan Association and Subsidiaries

Consolidated Statements of Financial Condition
(In Thousands)
September 30, 2022 and 2021

	2022	2021
Assets		
Cash and due from banks (including interest-earning balances of $180,221 at September 30, 2022 and $267,720 at September 30, 2021)	$ 190,953	$ 280,021
Securities available for sale, at fair value	90,646	42,920
Federal Home Loan Bank of New York stock, at cost	2,177	2,707
Loans receivable, net of allowance for loan losses of $17,395 at September 30, 2022 and $17,588 at September 30, 2021	1,828,166	1,792,438
Interest receivable	5,552	5,672
Real estate owned	1,463	1,463
Real estate held for investment	3,444	3,515
Premises and equipment, net	18,920	19,590
Deferred income tax asset, net	11,400	9,510
Other assets	8,919	10,705
Total assets	$ 2,161,640	$ 2,168,541
Liabilities and Equity		
Liabilities		
Deposits	$ 1,433,096	$ 1,449,289
Mortgage escrow funds	6,869	7,292
FHLB Advances - Short term	-	12,000
Accrued expenses and other liabilities	24,552	22,650
Total liabilities	1,464,517	1,491,231
Commitments and Contingencies		
Equity		
Retained earnings	704,289	678,653
Accumulated other comprehensive loss, net of income taxes	(7,166)	(1,343)
Total equity	697,123	677,310
Total liabilities and equity	$ 2,161,640	$ 2,168,541

Maspeth Federal Savings and Loan Association and Subsidiaries

Consolidated Statements of Income
(In Thousands)
Years Ended September 30, 2022 and 2021

	2022	2021
Interest Income		
Loans	75,067	73,973
Securities, taxable	3,226	1,185
Other interest-earning assets	128	131
Total interest income	78,421	75,289
Interest Expense		
Borrowings	221	302
Deposits	6,593	9,231
Total interest expense	6,814	9,533
Net interest income	71,607	65,756
Provision for Loan Losses	(272)	1,013
Net interest income after credit for loan losses	71,879	64,743
Non-Interest Income		
Fees and service charges	123	157
Net gain on sale of real estate owned	-	87
Other operating revenues	1,081	468
Total non-interest income	1,204	712
Non-Interest Expense		
Compensation and benefits	20,072	20,194
Occupancy and equipment	4,284	4,409
Outside service expense	5,593	6,296
Advertising and promotion	1,843	1,659
Federal deposit insurance premiums	456	434
State and Local franchise tax	2,626	1,209
Other operating expenses	6,036	5,894
Total non-interest expense	40,910	40,095
Income before provision for income taxes	32,173	25,360
Provision for Income Taxes	6,537	5,497
Net income	$ 25,636	$ 19,863

Maspeth Federal Savings and Loan Association and Subsidiaries

Consolidated Statements of Comprehensive Income
(In Thousands)
Years Ended September 30, 2022 and 2021

	2022	2021
Net Income	$ 25,636	$ 19,863
Other Comprehensive Income (Loss)		
Pension liability	(595)	163
Directors' Retirement Plan	329	246
Unrealized loss on securities available for sale	(7,106)	(1,555)
	(7,372)	(1,146)
Deferred income tax effect	1,549	241
Total other comprehensive loss	(5,823)	(905)
Total comprehensive income	$ 19,813	$ 18,958

Maspeth Federal Savings and Loan Association and Subsidiaries

Consolidated Statements of Changes in Equity
(In Thousands)
Years Ended September 30, 2022 and 2021

	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance - September 30, 2020	$ 658,790	$ (438)	$ 658,352
Net income	19,863	-	19,863
Other comprehensive loss net of tax	-	(905)	(905)
Balance - September 30, 2021	678,653	(1,343)	677,310
Net income	25,636	-	25,636
Other comprehensive loss net of tax	-	(5,823)	(5,823)
Balance - September 30, 2022	$ 704,289	$ (7,166)	$ 697,123

Maspeth Federal Savings and Loan Association and Subsidiaries

Consolidated Statements of Cash Flows
(In Thousands)
Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Net income	$ 25,636	$ 19,863
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,889	1,868
Provision for loan losses	(272)	1,013
Net amortization of security premium and discount	(31)	68
Amortization of deferred loan fees and costs, net	(138)	(102)
Gain from sale of real estate owned	-	(87)
Deferred income tax benefit	(342)	(355)
(Increase) Decrease in:		
Other assets	1,786	(3,269)
Interest receivable	120	(8)
Increase (decrease) in:		
Accrued expenses and other liabilities	1,636	(2,289)
Net cash provided by operating activities	30,284	16,702
Cash Flows from Investing Activities		
Net (increase) decrease in loans	(35,318)	(34,457)
Net sale (purchase) of Federal Home Loan Bank of New York stock	530	(14)
Purchases of securities	(54,800)	(4,955)
Proceeds from sale of real estate owned	-	1,136
Purchases of premises and equipment, net	(1,148)	(1,195)
Net cash (used in) investing activities	(90,736)	(39,485)
Cash Flows from Financing Activities		
Increase (decrease) in mortgage escrow funds	(423)	1,862
Repayments of FHLB-NY Advance	(12,000)	-
Net (decrease) increase in deposits	(16,193)	117,727
Net cash (decrease) provided by financing activities	(28,616)	119,589
Net (decrease) increase in cash and cash equivalents	(89,068)	96,806
Cash and Cash Equivalents, Beginning of Year	280,021	183,215
Cash and Cash Equivalents, End of Year	$ 190,953	$ 280,021
Supplementary Cash Flows Information		
Interest paid	$ 6,814	$ 9,533
Income taxes paid	$ 6,550	$ 6,825

1. Summary of Significant Accounting Policies

Maspeth Federal Savings and Loan Association (the "Association") is a federally-chartered savings and loan association regulated by Office of the Comptroller of the Currency (the "OCC"). The Association is principally engaged in the business of attracting customer deposits and investing those funds into residential and commercial mortgage loans. The Association presently conducts its operations through seven locations in the New York City area.

The consolidated financial statements of the Association and its subsidiaries are prepared in conformity with accounting principles generally accepted in the United States of America. The following are the significant accounting and reporting policies followed by the Association in preparing and presenting the accompanying consolidated financial statements.

Basis of Presentation

The accompanying consolidated financial statements of the Association include the accounts of its wholly-owned subsidiaries, M.A.B. Realty Corp. and M.S.H. Services Ltd. M.A.B. Realty Corp. was formed to hold certain real estate acquired by the Association through foreclosure and real estate held for investment. Results of operations for real estate acquired through foreclosure are included in other operating expenses. M.S.H. Services Ltd. was formed to hold certain real estate property. All significant intercompany accounts and transactions are eliminated in consolidation.

In preparing these consolidated financial statements, the Association evaluated events for recognition or disclosure through January 30, 2023, the date these consolidated financial statements were available to be issued.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates and assumptions.

A material estimate that is particularly susceptible to significant changes relates to the determination of the allowance for loan losses. Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions in the Association's market area.

In addition, the OCC, as an integral part of its examination process, periodically reviews the Association's allowance for loan losses. The OCC may require the Association to recognize additions to the allowance for loan losses based on its judgments about information available at the time of its examination.

In December 2019, a novel coronavirus (COVID-19) was reported in China, and, in March 2020, the World Health Organization declared it a pandemic. The outbreak of COVID-19 has adversely impacted a broad range of industries in which the Association's customers operate and could impair their ability to fulfill their financial obligations to the Association.

As a result of the emergence of the pandemic and the uncertainty, it is not possible to determine the overall impact of the pandemic on the Association's business. However, if the pandemic continues for an extended period of time, there could be a material adverse effect on the Association's business, results of operations, financial condition and cash flows.

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief and Economic Security ("CARES") Act in response to the coronavirus pandemic. This legislation aims at providing relief for individuals and businesses that have been negatively impacted by the coronavirus pandemic.

The CARES Act includes a provision for the Association to opt out of applying the "troubled-debt restructuring" ("TDR") accounting guidance in Accounting Standards Codification ("ASC") 310-40 for certain loan modifications. Loan modifications made between March 1, 2020 and the earlier of i) January 1, 2022 or ii) 60 days after the President declares a termination of the COVID-19 national emergency are eligible for this relief if the related loans were not more than 30 days past due as of December 31, 2019. The Association adopted this provision and as of September 30, 2021, 96.2% of the loan portfolio are paying as agreed without forbearance or deferrals, 3.8% of the portfolio have deferred their payments, approximately 43.5 million are 1-4 family homes, 6.3 million are multifamily loans, 18.8 million are commercial real estate loans. The Association did not underwrite any loans under the Paycheck Protection Program during fiscal year 2021.

The preparation of financial statements in conformity with 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 reported amounts of revenue and expenses during the reporting period. Estimates that are particularly susceptible to change in the near term, including COVID-19 related changes, are used in connection with the determination of the allowance for credit losses, the review of the need for a valuation allowance of the Association's deferred tax assets and the fair value of financial instruments.

Reclassification

For the year ended September 30, 2021 work in progress totaling $2,794,000 was reclassified from other assets to Premises and Equipment, net to conform to the current year presentation.

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents include cash and due from banks.

Securities

The Association reports debt securities in one of the following categories: (i) “held-to-maturity” (management has positive intent and ability to hold to maturity) which are reported at cost adjusted for the amortization of premiums and accretion of discounts; (ii) “trading” (held for current resale) which are reported at fair value, with unrealized gains and losses included in earnings; and (iii) “available-for-sale” (all other debt securities) which are reported at fair value, with unrealized gains and losses reported net of tax as a separate component of equity. At the time of new securities purchases, a determination is made as to the appropriate classification. At September 30, 2022 and 2021, all securities were classified as available-for-sale.

Individual securities are considered impaired when fair value is less than amortized cost. Management evaluates on a monthly basis whether any securities are other-than-temporarily impaired. In making this determination, management considers the extent and duration of the impairment, the nature and financial health of the issuer, other factors relevant to specific securities, and whether or not the Association intends or may be required to sell a security prior to the full recovery of its fair value to an amount at least equal to amortized cost. If a security is determined to be other-than-temporarily impaired, any credit related impairment loss is charged to operations.

Premiums and discounts on securities are amortized to expense and accreted to income over the contractual lives of the respective securities using the straight-line method which is not materially different from the level-yield method. Gains and losses on the sales of securities are recognized when sold using the specific identification method.

Federal Home Loan Bank of New York Stock

Federal law requires a member institution of the Federal Home Loan Bank (“FHLB”) system to hold stock of its district FHLB according to a predetermined formula. The stock is carried at par value. Such shares are redeemed by the FHLB at par upon reduction in the Associations borrowing levels.

Management evaluates the stock for impairment in accordance with guidance on accounting by certain entities that lend to or finance the activities of others. Management’s determination of whether these investments are impaired is based on their assessment of the ultimate recoverability of their cost rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of their cost is influenced by criteria such as (1) the significance of the decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the length of time this situation has persisted; (2) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB; (3) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FHLB; and (4) the liquidity position of the FHLB.

Management believes no impairment charge was necessary related to the FHLB Stock for the years ended September 30, 2022 and 2021.

Loans Receivable

Loans receivable are stated at unpaid principal balances adjusted for net deferred loan origination costs/fees and the allowance for loan losses. Loan origination fees, and certain loan origination costs, net, are deferred and recognized through interest income as an adjustment of the loan's yield over the term of the loan using the interest method.

Loans are placed on nonaccrual status when they become past due ninety days, or sooner if management deems it appropriate. Past due status is determined based on original or modified contractual terms. All interest previously accrued and not collected is reversed against interest income, and income is subsequently recognized only to the extent cash is received until, in management's judgment, a return to accrual status is warranted. Loans are generally returned to accrual status when principal and interest payments are current, full collectability of principal and interest is reasonably assured and a consistent record of performance, generally six months, has been demonstrated.

Cash receipts on nonaccrual loans, including impaired loans, are applied to principal and interest in accordance with the contractual terms of the loan unless full payment of principal is not expected, in which case, both principal and interest payments received are applied as a reduction of the carrying value of the loan.

Concentration of Credit Risk

The Association's lending activities are concentrated in loans secured by real estate located primarily in the State of New York (predominantly in New York City.)

Allowance for Loan Losses

An allowance for loan losses is maintained at a level considered necessary to provide for loan losses based upon an evaluation of known and inherent losses in the loan portfolio. Provisions for losses are charged to operations. Management of the Association, in determining the allowance for loan losses, considers the losses in the portfolio and changes in the nature and volume of its loan activities, along with the local economic and real estate market conditions. The Association utilizes a two-tier approach: (1) identification of impaired loans and establishment of specific loss allowances on such loans as necessary and (2) establishment of a general valuation allowance on the remainder of its loan portfolio. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The Association maintains a loan review system which allows for a periodic review of its loan portfolio and the early identification of impaired loans. The Association considers one-to-four family mortgage loans and consumer installment loans to be homogeneous and, therefore, does not separately evaluate them for impairment unless they are considered a troubled debt restructuring (TDR). A loan is considered to be a troubled debt restructuring when, to maximize the recovery of the loan, the Association modifies the borrower's existing loan terms and conditions in response to financial difficulties experienced by the borrower.

Management takes into consideration, among other things, delinquency status, size of loans, types of collateral and financial condition of borrowers when determining impairment. A loan is deemed to be impaired when, based on current information and events, it is probable that the Association will be unable to collect all amounts due according to the contractual terms of the loan agreement. All loans identified as impaired are evaluated individually to measure the amount of impairment, if any. The Association does not aggregate such loans for evaluation purposes. Loan impairment is measured based on the present value of expected future cash flows discounted to the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. The amount by which the recorded investment of an impaired loan exceeds its fair value is recognized by creating a valuation allowance through a charge to the provision for loan losses.

General valuation allowances are based upon a combination of factors including, but not limited to the higher of actual loan loss or peer loss rates, composition of the loan portfolio, current economic conditions and management's judgment. Regardless of the extent of the analysis of customer performance, portfolio evaluations, trends and risk management processes established, certain inherent, but undetected losses are probable within the loan portfolio. This is due to several factors including inherent delays in obtaining information regarding a customer's financial condition or changes in their financial condition, the judgmental nature of individual loan evaluations, collateral assessments and the interpretation of economic trends, and the sensitivity of assumptions utilized to establish allocated allowances for homogeneous groups of loans among other factors. These other risks factors are continually reviewed and revised by management where conditions indicate that the estimates initially applied are different from actual results.

While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic condition or the result of regulatory examination. Management believes that the allowance for loan losses is adequate.

Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the related assets or, with respect to leasehold improvements, over the term of the related leases, whichever is shorter. Significant renewals and betterments are charged to the property and equipment account. Maintenance and repairs are charged to operations in the year incurred. Rental income is netted against occupancy costs in the consolidated statement of income.

Real Estate Owned and Real Estate Held for Investment

Real estate acquired through foreclosure, or a deed-in-lieu of foreclosure is recorded at fair value less estimated selling costs at the date of acquisition or transfer establishing a new cost basis, and subsequently at the lower of its new cost or fair value less estimated selling costs. Adjustments to the carrying value at the date of acquisition or transfer are charged to the allowance for loan losses. The carrying value of the individual properties is subsequently adjusted to the extent it exceeds estimated fair value less estimated selling costs, at which time a provision for losses on such real estate is charged to operations.

Operating expenses of holding real estate, net of related income, are charged against income as incurred. Gains on sales of real estate are recognized, normally at closing, when initial investment and certain other requirements are met; otherwise such gains are deferred and recognized on the installment method of accounting. Losses on the disposition of real estate, including expenses incurred in connection with the disposition, are charged to operations.

Real estate held for investment consists of mixed use real estate adjacent to the main office. This property was acquired to protect the franchise value of the Association.

Income Taxes

The Association and its subsidiaries file consolidated federal and combined state and city income tax returns. Income taxes are allocated based on the contribution of their respective income or loss to the consolidated income tax return.

Income taxes have been provided on the basis of reported income.

Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. To the extent that current available evidence about the future raises doubt about the realization of a deferred tax asset, a valuation allowance is established. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Association follows the provisions of FASB ASC Topic 740, “Accounting for Uncertainty in Income Taxes”, that provides clarification on accounting for uncertainty in income taxes recognized in an enterprise’s financial statements. The provisions prescribe a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Association has recognized no adjustment for unrecognized tax benefits for the years ended September 30, 2022 and 2021. The Association’s policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense in the Consolidated Statement of Income. The amount of interest and penalties for the years ended September 30, 2022 and 2021 was immaterial. The tax years subject to examination by the taxing authorities are the years ended September 30, 2021, December 31, 2020 and 2019.

Advertising Costs

Advertising costs are expensed as incurred.

Comprehensive Income

Total comprehensive income consists of net income and other comprehensive (loss) representing changes in equity resulting from transactions not recognized in net income. Accumulated other comprehensive loss at September 30, 2022 and 2021, and other comprehensive (loss) for the years then ended related to post retirement liabilities and securities available for sale.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 12. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Defined Benefit Plan

The Association accounts for its defined benefit plans in accordance with the provisions of FASB ASC Topic 715, “Compensation – Retirement Benefits”, which requires an employer to: (*1*) recognize in its statement of financial condition an asset for a plan’s overfunded status or a liability for a plan’s underfunded status; (*2*) measure a plan’s assets and its obligations that determine its funded status as of the end of the employer’s fiscal year (with limited exceptions); and (*3*) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur.

Off-Balance Sheet Credit-Related Financial Instruments

In the ordinary course of business, the Association enters into commitments to extend credit, including commitments under lines of credit. Such financial instruments are recorded when they are funded.

Interest Rate Risk

The Association is principally engaged in the business of attracting deposits from the general public and using these deposits, together with other funds, to purchase securities and to make loans secured by real estate. The potential for interest-rate risk exists as a result of the generally shorter duration of the Association’s interest-sensitive liabilities compared to the generally longer duration of its interest-sensitive assets. In a rising rate environment, liabilities will reprice faster than assets, thereby reducing net interest income. For this reason, management regularly monitors the maturity structure of the Association’s assets and liabilities in order to measure its level of interest-rate risk and to plan for future volatility.

2. Securities

Securities available-for-sale at September 30, 2022 and 2021 are summarized as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2022:				
U.S. agency notes	$ 45,105	$ -	$ 3,965	$ 41,140
U.S. treasury bills	49,961	-	455	49,506
	$ 95,066	$ -	$ 4,420	$ 90,646
September 30, 2021:				
U.S. agency notes	$ 40,234	$ 2,693	$ 7	$ 42,920
	$ 40,234	$ 2,693	$ 7	$ 42,920

The following is a summary of the amortized cost and fair values of securities available for sale at September 30, 2022, by remaining term to contractual maturity. Actual maturities may differ from contractual maturities because the issuers may have the right to call or redeem their obligations prior to contractual maturity (in thousands).

	Amortized Cost	Fair Value
Less than one year	$ 49,961	$ 49,506
After one year, within five years	20,148	19,288
After five years, within ten years	24,957	21,852
	$ 95,066	$ 90,646

There were no sales of securities during the years ended September 30, 2022 and 2021.

The Association reviewed each available for sale security that had an unrealized gain at September, 2022 and September 30, 2021. The Association does not have the intent to sell these securities, and is more likely than not the Association will not be required to sell the securities before recovery of the securities' amortized cost basis.

Gross unrealized losses on securities available-for-sale and the fair value of the related securities, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2022 are as follows (in thousands):

	Less Than 12 Months		Greater Than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
September 30,2022:						
U.S agency notes	$ 37,081	$3,062	$ 4,059	$ 903	$ 41,140	$ 3,965
U.S. treasury notes	$ 49,506	$ 455	$ -	$ -	$ 49,506	$ 455
	$ 86,587	$3,517	$ 4,059	$ 903	$ 90,646	$ 4,420
September 30,2022:						
U.S agency notes	$ 4,957	$ 7	$ -	$ -	$ 4,957	$ 7
	$ 4,957	$ 7	$ -	$ -	$ 4,957	$ 7

The Association had 10 and 1 securities in an unrealized loss position for 12 months or less at September 30, 2022 and September 30, 2021 respectively.

The Association had 1 security in an unrealized loss position for greater than 12 months at September 30, 2022 and September 30, 2021 respectively.

3. Loans Receivable and Allowance for Loan Losses

Loans receivable, net, at September 30, 2022 and 2021 are summarized as follows (in thousands):

	2022	2021
Mortgage loans:		
One-to-four family	$ 961,890	$ 969,954
Multi-family	312,493	297,958
Commercial, lines of credit and others	529,976	484,612
Construction and land	40,941	57,272
	1,845,300	1,809,796
Consumer and other loans:		
Home improvement loans	8	11
Loans secured by deposit accounts	3	10
	11	21
	1,845,311	1,809,817
Deferred discounts and loan origination costs and fees, net	250	209
Allowance for loan losses	(17,395)	(17,588)
	$ 1,828,166	$ 1,792,438

The allowance for loan losses consists of specific, general and unallocated components. The specific component relates to loans classified as impaired, and an allowance is established when the discounted cash flow of the impaired loan or the fair value of the underlying collateral is lower than the carrying value of the loan. The general component covers pools of loans by loan class not considered impaired, such as smaller balance homogeneous loans, such as one-to-four family real estate, construction real estate, land, commercial line of credit and passbook loans. These pools of loans are evaluated for loss exposure based upon the higher of the Association's actual loan loss or peer loss rates for each of these categories of loans, adjusted for qualitative factors to reflect current conditions. These qualitative factors include:

1. Lending policies and procedures, including underwriting standards and collection, charge-offs, and recovery practices.

2. Regional and local economic and business conditions including the value of underlying collateral for collateral dependent loans.

3. Nature and volume of the portfolio and terms of loans.

4. Experience, ability, and depth of lending management and staff and the quality of the Association's loan review system.

5. Volume and severity of past due, classified and nonaccrual.

6. Existence and effect of any concentrations of credit and changes in the level of such concentrations.

7. Changes in the values of mortgage loan's collateral.

8. Effects of external factors, such as competition and legal and regulatory requirements.

Each factor is assigned a value reflecting improving, stable or declining conditions based on management's best judgment using relevant information available at the time of evaluation. Adjustments to the factors are supported through documentation of changes in conditions in a narrative accompanying the allowance for loan loss calculation.

An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

The evaluation of the adequacy of the allowance is based on an analysis which categorizes the entire loan portfolio by certain risk characteristics. The loan portfolio is segmented into the following loan classes, where the risk level for each class is analyzed when determining the allowance for loan losses.

Mortgage Loans:

1. One-to-four Family Loans - consists of loans secured by first liens on either owner occupied or investment properties. These loans can be affected by economic conditions and the value of the underlying properties. The risk is considered relatively low as the Association has had minimal historical losses and does not have sub-prime loans in its loan portfolio.

2. Multi-family Loans - consists of loans secured by multi-family real estate which generally involve a greater degree of risk than one-to-four family residential mortgage loans. These loans can be affected by economic conditions and the value of the underlying properties. The Association has had minimal historical losses and does not have sub-prime loans in its portfolio.

3. Commercial Loans and Line of Credit - consists mostly of loans to purchase commercial real estate, renovate the property, or for the property owner to take equity out of the property. This segment is disaggregated into two classes: commercial real estate loans and commercial lines of credit. Both classes are secured by commercial real estate. Commercial real estate loans are only secured by first lien positions, whereas commercial lines of credit are mostly secured by second liens. The repayments of these kinds of loans are dependent upon either ongoing cash flow of the borrowing entity or the lease of the subject property. These loans can be affected by economic conditions and the value of the underlying properties to a greater degree than one-to-four family and multi-family loans.

4. Construction and Land Loans - consists primarily of the financing of construction of one- to four-family properties or for construction of multi-family homes. The construction only loans generally are considered to involve a higher degree of risk of loss than long term financing on improved, occupied real estate due to uncertainty of construction costs. Inspections are performed prior to disbursement of loan proceeds as construction progresses to mitigate these risks. These loans are affected by economic conditions. Land loans consist of loans secured by land for borrowers who are not ready to begin construction at this time and as such are not ready to obtain a construction loan but will be ready in the future. Land loans are considered to involve a higher risk of loss. These loans are affected by economic conditions.

Consumer and Other Loans:

1. Home Improvement Loans - consists of loans secured by first liens or second liens of owner occupied properties. These loans can be affected by borrower's continuing financial stability, and therefore are more likely to be adversely affected by job loss, divorce, illness, or personal bankruptcy. The credit risk is considered slightly higher than one-to-four family first lien loans as these loans are also dependent on the value of underlying properties but have an added risk in subordinate collateral positions.

2. Loans secured by deposit accounts - consists of loans secured by passbook accounts and unsecured loans. The passbook loans have low credit risk as they are fully secured by their collateral.

The Association further segregates loan classes into credit quality risk rating categories. The borrower's overall financial condition, repayment sources, guarantors and value of collateral, if appropriate, are evaluated when credit deficiencies arise, such as delinquent loan payment. Credit quality risk ratings include regulatory classifications of special mention, substandard, doubtful and loss. Loans classified as special mention have potential weakness and deserve management's close attention. If uncorrected, the potential weakness may result in deterioration of the repayment prospects. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They include loans that are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as doubtful have all the weaknesses inherent in loans classified as substandard with the added characteristics that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified as a loss are considered uncollectable and are charged to the allowance for loan losses. Loans not classified are rated pass.

The following table presents the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Association's internal risk rating system as of September 30, 2022 and 2021 (in thousands).

	Pass	Special Mention	Substandard	Doubtful	Total
At September 30, 2022:					
Real estate loans:					
One-to-four family	$ 925,764	$ 22,588	$ 13,538	$ -	$ 961,890
Multi-family	306,973	1,511	4,009	-	312,493
Commercial and line of credit	519,577	1,479	8,920	-	529,976
Construction and land	38,162	-	2,779	-	40,941
Consumer and other loans:					
Home improvement loans	8	-	-	-	8
Loans secured by deposit accounts	3	-	-	-	3
Total	$ 1,790,487	$ 25,578	$ 29,246	$ -	$ 1,845,311

	Pass	Special Mention	Substandard	Doubtful	Total
At September 30, 2021:					
Real estate loans:					
One-to-four family	$ 936,861	$ 18,186	$ 14,907	$ -	$ 969,954
Multi-family	295,004	801	2,153	-	297,958
Commercial and line of credit	467,988	7,753	8,871	-	484,612
Construction and land	54,553	-	2,719	-	57,272
Consumer and other loans:					
Home improvement loans	11	-	-	-	11
Loans secured by deposit accounts	10	-	-	-	10
Total	$ 1,754,427	$ 26,740	$ 28,650	$ -	$ 1,809,817

The following tables summarizes the activity in the allowance for loan losses by class and the information in regard to the allowance for loan losses and the recorded investment in loans receivable by loan class as of and for the years ended September 30, 2022 and 2021 (in thousands).

For the year ended	Allowance for Loan Losses: Beginning Balance	Charge-offs	Recoveries	Provisions/ Credits	Ending Balance	Ending Balance Individually Evaluated for Impairment	Ending Balance Collectively Evaluated for Impairment
September 30, 2022:							
One-to-four family	$ 7,635	$ -	$ 79	$ 1,664	$ 9,378	$ 3,348	$ 6,030
Multi-family	1,614	-	-	806	2,420	-	2,420
Commercial and line of credit	3,407	-	-	1,670	5,077	264	4,813
Construction and land	368	-	-	(25)	343	-	343
Home improvement loans	1	-	-	-	1	-	1
Loans secured by deposit accounts	-	-	-	-	-	-	-
Unallocated	4,563	-	-	(4,387)	176	-	176
Total	$ 17,588	$ -	$ 79	$ (272)	$ 17,395	$ 3,612	$ 13,783

	Loans Receivable: Ending Balance	Ending Balance Individually Evaluated for Impairment	Ending Balance Collectively Evaluated for Impairment
At September 30, 2022:			
One-to-four family	$ 961,890	$ 27,408	$ 934,482
Multi-family	312,493	-	312,493
Commercial and line of credit	529,976	8,115	521,861
Construction and land	40,941	2,779	38,162
Home improvement loans	8	-	8
Loans secured by deposit accounts	3	-	3
Total	$ 1,845,311	$ 38,302	$ 1,807,009

For the year ended	Allowance for Loan Losses: Beginning Balance	Charge-offs	Recoveries	Provisions/ Credits	Ending Balance	Ending Balance Individually Evaluated for Impairment	Ending Balance Collectively Evaluated for Impairment
September 30, 2021:							
One-to-four family	$ 9,426	$ (15)	$ -	$ (1,776)	$ 7,635	$ 3,395	$ 4,240
Multi-family	2,298	-	-	(684)	1,614	-	1,614
Commercial and line of credit	4,184	-	-	(777)	3,407	410	2,997
Construction and land	374	-	-	(6)	368	-	368
Home improvement loans	1	-	-	-	1	-	1
Loans secured by deposit accounts	-	-	-	-	-	-	-
Unallocated	307	-	-	4,256	4,563	-	4,563
	$ 16,590	$ (15)	$ -	$ 1,013	$ 17,588	$ 3,805	$ 13,783

	Loans Receivable: Ending Balance	Ending Balance Individually Evaluated for Impairment	Ending Balance Collectively Evaluated for Impairment
At September 30, 2021:			
One-to-four family	$ 969,954	$ 28,991	$ 940,963
Multi-family	297,958	-	297,958
Commercial and line of credit	484,612	9,118	475,494
Construction and land	57,272	2,719	54,553
Home improvement loans	11	-	11
Loans secured by deposit accounts	10	-	10
Total	$ 1,809,817	$ 40,828	$ 1,768,989

The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable as determined by the length of time a recorded payment is past due. The following table presents the classes of the loan portfolio summarized by the past due status as of September 30, 2022 and 2021 (in thousands).

	30-59 Days Past Due	60-89 Days Past Due	>90 Days Past Due	Total Past Due	Current	Total Gross Loans
At September 30, 2022:						
Real estate loans:						
One-to-four family	$ 5,856	$ 3,023	$ 18,857	$ 27,736	$ 934,154	$ 961,890
Multi-family	1,082	982	2,261	4,325	308,168	312,493
Commercial and line of credit	3,270	961	7,699	11,930	518,046	529,976
Construction and land	-	-	2,062	2,062	38,879	40,941
Consumer loans:						
Home improvement loans	-	-	-	-	8	8
Loans secured by deposit accounts	-	-	-	-	3	3
Total	$ 10,208	$ 4,966	$ 30,879	$ 46,053	$ 1,799,258	$ 1,845,311

	30-59 Days Past Due	60-89 Days Past Due	>90 Days Past Due	Total Past Due	Current	Total Gross Loans
At September 30, 2021:						
Real estate loans:						
One-to-four family	$ 8,837	$ 2,984	$ 16,203	$ 28,024	$ 941,930	$ 969,954
Multi-family	1,272	413	1,424	3,109	294,849	297,958
Commercial and line of credit	5,093	2,458	3,201	10,752	473,860	484,612
Construction and land	-	-	2,049	2,049	55,223	57,272
Consumer loans:						
Home improvement loans	-	-	-	-	11	11
Loans secured by deposit accounts	-	-	-	-	10	10
Total	$ 15,202	$ 5,855	$ 22,877	$ 43,934	$ 1,765,883	$ 1,809,817

The following table provides nonaccrual loans by class of the loan portfolio as of September 30, 2022 and 2021 (in thousands):

	2022	2021
One-to-four family	$ 23,677	$ 25,299
Multi-family	2,988	1,957
Commercial	9,116	8,414
Construction and land	2,062	2,359
Total nonaccrual loans	$ 37,843	$ 38,029

The effect on interest income of such nonaccrual loans for the years ended September 30, 2022 and 2021 was a reduction in interest income of approximately $1,965,000 and $1,916,000, respectively.

The following table summarizes information in regard to impaired loans for loan's individually evaluated for impairment as of and for the years ended September 30, 2022 and 2021 (in thousands).

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
2022:					
With no related allowance recorded:					
One-to-four family	$ 6,266	$ 6,460	$ -	$ 6,475	$ 50
Multi-family	-	-	-	-	-
Commercial and line of credit	1,142	1,196	-	1,142	-
Construction and land	2,062	2,062	-	2,055	-
Total with no allowance recorded	$ 9,470	$ 9,718	$ -	$ 9,672	$ 50
With an allowance recorded:					
One-to-four family	$ 21,177	$ 21,177	$ 3,348	$ 21,534	$ 632
Multi-family	-	-	-	-	-
Commercial and line of credit	6,938	6,938	264	7,579	233
Construction and land	717	717	-	698	30
Total with an allowance recorded	$ 28,832	$ 28,832	$ 3,612	$ 29,811	$ 895
Total:					
One-to-four family	$ 27,443	$ 27,637	$ 3,348	$ 28,009	$ 682
Multi-family	-	-	-	-	-
Commercial and line of credit	8,080	8,134	264	8,721	233
Construction and land	2,779	2,779	-	2,753	30
Total impaired	$ 38,302	$ 38,550	$ 3,612	$ 39,483	$ 945

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
2021:					
With no related allowance recorded:					
One-to-four family	$ 6,832	$ 7,105	$ -	$ 6,864	$ 10
Multi-family	-	-	-	-	-
Commercial and line of credit	1,142	1,196	-	1,142	-
Construction and land	2,049	2,049	-	2,044	-
Total with no allowance recorded	$ 10,023	$ 10,350	$ -	$ 10,050	$ 10
With an allowance recorded:					
One-to-four family	$ 22,159	$ 22,159	$ 3,395	$ 23,040	$ 732
Multi-family	-	-	-	434	-
Commercial and line of credit	7,976	7,976	410	7,739	339
Construction and land	670	670	-	668	18
Total with an allowance recorded	$ 30,805	$ 30,805	$ 3,805	$ 31,881	$ 1,089
Total:					
One-to-four family	$ 28,991	$ 29,264	$ 3,395	$ 29,904	$ 742
Multi-family	-	-	-	434	-
Commercial and line of credit	9,118	9,172	410	8,881	339
Construction and land	2,719	2,719	-	2,712	18
Total impaired	$ 40,828	$ 41,155	$ 3,805	$ 41,931	$ 1,099

The Association had no loans which were 90 days or more past due and accruing interest at September 30, 2022 and 2021.

The Association may grant a concession or modification for economic or legal reasons related to a borrower's financial condition that it would not otherwise consider resulting in a modified loan which is then identified as a troubled debt restructuring (TDR). The Association may modify loans through rate reductions, extensions of maturity, interest only payments, or payment modifications to better match the timing of cash flows due under the modified terms with the cash flows from the borrowers' operations. Loan modifications are intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. TDRs are considered impaired loans for purpose of calculating the Association's allowance for loan losses.

The Association identifies loans for potential restructure primarily through direct communication with the borrower and evaluation of the borrower's financial statements, revenue projections, tax returns, and credit reports. Even if the borrower is not presently in default, management will consider the likelihood that cash flow shortages, adverse economic conditions, and negative trends may result in a payment default in the near future.

Loans which have been current for six consecutive months at the time they are restructured remain on accrual status. Loans which were delinquent at the time they are restructured are placed on non-accrual status until they have made timely payments for six consecutive months.

Pursuant to the CARES Act, loan modifications made between March 1, 2020 and the earlier of i) January 1, 2022 or ii) 60 days after the President declares a termination of the COVID-19 national emergency are not classified as TDRs if the related loans were not more than 30 days past due as of December 31, 2019. The Association has elected that loans temporarily modified for borrowers directly impacted by COVID-19 are not considered TDR, assuming the above criteria is met and as such, these loans are considered current and continue to accrue interest at its original contractual terms. When the forbearance period is over, borrowers are expected to resume contractual payments. The determination of whether a loan is past due is based on the modified terms of the agreement. Once the deferral period is over, the borrower will resume making payments and normal delinquency-based non-accrual policies will apply. The Association adopted this provision and at September 30, 2022, we have 1 active forbearances for loans with an aggregate outstanding loan balance of approximately $192 thousand. The Association's effect on interest income from all COVID-19 forbearance loans is $715 thousand and $3.3 million for the years ended September 30, 2022 and 2021, respectively.

The following table reflects information regarding the Association's troubled debt restructurings entered into and troubled debt restructuring loans which have subsequently defaulted within twelve months of the restructure for the years ended September 30, 2022 and 2021 (dollars in thousands):

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
2022:			
Troubled debt restructurings:			
One-to-four family	1	$ 290	$ 205
Total	1	$ 290	$ 205

	Number of Contracts	Recorded Investment
Troubled debt restructurings that subsequently defaulted:	-	$ -

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
2021:			
Troubled debt restructurings:			
Commercial	1	$ 441	$ 384
Total	1	$ 441	$ 384

	Number of Contracts	Recorded Investment
Troubled debt restructurings that subsequently defaulted:	-	$ -

Residential Mortgage Loans in Foreclosure

The Association may obtain physical possession of one-to-four family real estate collateralizing a residential mortgage loan via foreclosure or through an in-substance repossession. As of September 30, 2022, the Association held two single-family property in real estate owned with a carrying value of $1,463,000 that were acquired through foreclosure on residential mortgage loans. As of September 30, 2022, we held 37 residential mortgage loans with aggregate carrying value totaling $12,509,000 million which were in the process of foreclosure.

4. Premises and Equipment, Net

Premises and equipment at September 30, 2022 and 2021 are summarized as follows (in thousands):

	Estimated Useful Lives	2022	2021
Land	-	$ 4,019	$ 4,019
Buildings and improvements	20 - 40	18,909	17,003
Furnishings and equipment	5 - 10	11,847	10,115
Work in progress		304	2,794
		35,079	33,931
Accumulated depreciation and amortization		(16,159)	(14,341)
		$ 18,920	$ 19,590

Depreciation and amortization expense on premises and equipment totaled $1,889,000 and $1,868,000 respectively, during the years ended September 30, 2022 and 2021.

5. Deposits

Deposits at September 30, 2022 and 2021 are summarized as follows (dollar amounts in thousands):

	2022		2021	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
Demand accounts:				
Passbook accounts	$ 829,803	0.44 %	$ 798,515	0.39 %
Variable rate money market deposit accounts	20,360	0.44	23,277	0.39
Negotiable order of withdrawal (NOW) accounts	148,227	0.44	137,211	0.39
Non-interest bearing	59,497	0.00	50,863	0.00
	1,057,887	0.41	1,009,866	0.37
Certificates of deposit:				
0.10% to 0.99%	250,736		337,194	
1.00% to 1.99%	59,688		25,122	
2.00% to 2.99%	64,785		77,107	
	375,209	1.01	439,423	.92
	$ 1,433,096	.57 %	$ 1,449,289	.53 %

The aggregate amount of certificates of deposit with balances equal to or greater than $250,000 was $57,861,000 and $68,811,000 at September 30, 2022 and 2021, respectively.

Scheduled maturities of certificates of deposit at September 30, 2022 are as follows (dollar amounts in thousands):

	Amount	Percent
Less than one year	$ 280,804	74.8%
Over one year but less than three years	80,575	21.5
Over three years	13,830	3.7
	$ 375,209	100.0%

The Federal Deposit Insurance Corporation (FDIC) insures deposits of account holders up to $250,000 per insured depositor. To provide for this insurance, the Association must pay a risk-based annual assessment which considers the financial soundness of the institution and capitalization level. The Association, as a well-capitalized institution, has been assessed at the FDIC's lowest assessment level.

6. Borrowings – Short-term

Although deposits are our primary source of funds, we also use borrowings as an alternative and cost-effective source of funds for lending, investing and other general purposes. The Association is a member of, and is eligible to obtain advances from, the FHLB-NY. Such advances generally are secured by a blanket lien against the Association's mortgage portfolio.

The Association had advances of $12 million bearing interest rate at 2.52% outstanding at September 30, 2021. These advances were fully repaid at September 30.2022.

7. Income Taxes

Income tax expense for the years ended September 30, 2022 and 2021 is summarized as follows (in thousands):

	2022	2021
Federal income tax expense:		
Current	$ 6,879	$ 5,852
Deferred	(342)	(355)
	6,537	5,497
State and city tax expense:		
Current	-	-
Deferred	-	-
	-	-
	$ 6,537	$ 5,497

The reconciliation between the statutory federal income tax rate and the effective tax rate is as follows:

	2022	2021
Statutory tax rate	21.0 %	21.0 %
Tax effects of:		
True up prior year	-	-
Other, net	(.7)	.7
	20.3 %	21.7 %

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities at September 30, 2022 and 2021 are as follows (in thousands):

	2022	2021
Deferred tax assets:		
Allowance for loan losses	$ 5,923	$ 5,988
Nonaccrual interest	2,656	2,473
Performance share plan	7,060	6,991
Directors Retirement Plan Liability	468	394
Loan Forbearance Interest	3,318	3,548
Securities available for sale	928	-
State and Local NOL	844	1,078
Directors Retirement Plan Liability (accumulated other comprehensive loss)	-	36
Pension liability (accumulated other comprehensive loss)	1,010	885
Valuation Allowance	(7,216)	(6,997)
Total deferred tax assets	14,991	14,396
Deferred tax liabilities:		
Deferred loan costs	(970)	(1,001)
Prepaid pension asset	(1,450)	(1,733)
Depreciation	(1,035)	(1,407)
Securities available for sale	-	(564)
Directors Retirement Plan (accumulated Other comprehensive loss)	(33)	-
Other	(103)	(181)
Total deferred tax liabilities	(3,591)	(4,886)
Net deferred tax asset	$ 11,400	$ 9,510

The Association's retained earnings include approximately $22.4 million at September 30, 2022 and 2021, which has been segregated for federal income tax purposes as a bad debt reserve. The use of this amount for purposes other than to absorb losses on loans may result in taxable income for federal income taxes.

Management believes it to be more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets.

8. Regulatory Capital

The Association is subject to various regulatory capital requirements administered by the Federal banking agencies. 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 Association's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Association must meet specific capital guidelines that involve quantitative measures of the Association's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Association's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weightings and other factors. Management believes, as of September 30, 2022 and 2021, that the Association meets all capital adequacy requirements to which it is subject. The most recent notification from the Comptroller of the Currency (the "OCC") categorized the Association as "well capitalized" under the regulatory framework for prompt corrective action.

In accordance with the Economic Growth, Regulatory Relief, and Consumer Protection Act, the federal banking agencies adopted, effective January 1, 2020, a final rule whereby financial institutions and financial institution holding companies that have less than $10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio of greater than 9% ("qualifying community banking organizations"), are eligible to opt into a community bank leverage ratio ("CBLR") framework. Qualifying community banking organizations that elect to use the CBLR framework and that maintain a leverage ratio of greater than 9% are considered to have satisfied the generally applicable risk-based and leverage capital requirements in the agencies' capital rules and will be considered to have met the well capitalized ratio requirements under the PCA statutes

The agencies reserved the authority to disallow the use of the CBLR framework by a financial institution or holding company, based on the risk profile of the organization. The Bank elected to adopt the CBLR framework. As a qualifying community banking organization, the Company and the Bank may opt out of the CBLR framework in any subsequent quarter by completing its regulatory agency reporting using the traditional capital rules. In April 2020, the federal banking agencies issued interim final rules pursuant to section 4012 of the CARES Act, temporarily lowering the CBLR requirement to 8.00% through the end of 2020, 8.50% for calendar year 2021 and 9.00% in 2022. The CARES Act also provides that, during the same time period, if a qualifying community banking organization falls no more than 1% below the CBLR, it will have a two-quarter grace period to satisfy the CBLR.

The Bank excludes accumulated OCI components from Tier 1 and Total regulatory capital.

The Bank's actual and required capital amounts and ratios under the CBLR rules at September 30, 2022 and the Basel III rules at September 31, 2021 are presented in the tables below.

The Association's actual capital amounts and ratios are also presented in the table (dollars in thousands):

	Actual Capital		uired For Capital Adequacy Purposes	
	Amount	**Ratio**	**Amount**	**Ratio**
s of September 30, 2022:				
Tier 1 capital to average asset:				
Bank	704,290	32.51	108,308	10.0
s of September 30, 2021:				
Tier 1 capital to average assets:				
Bank	679,253	31.59	107,510	8.0

9. Benefit Plans

Pension Plan

The Association has a noncontributory qualified defined benefit pension plan (Plan) covering substantially all of its eligible employees. The following table sets forth information at September 30, 2022 and 2021 regarding this Plan (in thousands):

	2022	2021
Change in benefit obligation:		
Projected benefit obligation, beginning of year	$ 13,614	$ 13,751
Interest cost	200	149
Actuarial loss (gain)	(975)	706
Benefits paid	(865)	(1,977)
Service cost	981	1,042
Settlement recognition	--	(57)
Projected benefit obligation, end of year	$ 12,955	$ 13,614
Change in plan assets:		
Fair value of plan assets, beginning of year	$ 14,489	$ 11,437
Actual return on plan assets	(1,220)	529
Contributions	-	4,500
Benefits paid	(865)	(1,977)
Fair value of plan assets, end of year	$ 12,404	$ 14,489

Effective December 1, 2006, the methodology for calculating retirement benefits under the Plan was significantly changed. All retirement benefits earned by participants through November 30, 2006, which were determined via the Projected Unit Credit method, were frozen. All benefits earned after November 30, 2006, for both participants already in and subsequently joining the Plan, have been and will be calculated using a cash balance method based upon a percentage of annual compensation (ranging from 5.0% to 20.0%).

The following is a reconciliation of the funded status of the Plan and the net amounts recognized in the Association's consolidated statement of financial condition at September 30, 2022 and 2021 (in thousands):

	2022	2021
Actuarial present value of benefit obligation:		
Accumulated benefit obligation	$ 12,955	$ 13,614
Fair value of plan assets	$ 12,404	$ 14,489
Projected benefit obligation for service rendered to date	12,955	13,614
Funded status included in accrued expenses and other liabilities	$ (551)	$ 875

The discount rates used to determine the benefit obligation at September 30, 2022 and 2021 were 5.00% and 2.55%, respectively, for the portion of the liability frozen at November 30, 2006, and 1.88% and 1.50%, respectively, for the liabilities subsequently recorded under the cash balance method.

The components of net periodic pension expense are as follows for the years ended September 30, 2022 and 2021 (in thousands):

	2022	2021
Service cost - benefits earned during the period	$ 981	$ 1,042
Interest cost on projected benefit obligation	200	149
Expected return on plan assets	(540)	(521)
Net amortization and deferral	190	205
Settlement Loss	-	600
Net periodic pension cost	$ 831	$ 1,475

The straight-line method of amortization is used for prior service costs.

The assumptions used to determine net periodic pension cost for the years ended September 30, 2022 and 2021 were as follows:

	2022	2021
Discount rate	5.00 % And 3.05 %	2.55 % And 1.98 %
Expected long-term rate of return on plan assets	4.50	4.50

The long-term investment objective is to allocate the Plan's assets to a range of approximately 19% equities, 74% fixed income securities, and 7% cash and cash equivalents to achieve an optimal risk/reward profile. Based on an analysis of the current market environment, the Association projects a 3% return from fixed income and a 6% return from equities, for an overall expected rate of return of approximately 4.50%. The long-term rate of return on assets assumption is set based on historical returns earned by equities and fixed income securities, adjusted to reflect expectations of future returns as applied to the Plan's actual target allocation of asset classes.

At September 30, 2022, $4,809,000 has been recorded in accumulated other comprehensive loss before income tax effects. At September 30, 2021, $4,214,000 has been recorded in accumulated other comprehensive loss before income tax effects. Approximately $190,000 of the actuarial loss are expected to be included in net periodic pension cost during the year ending September 30, 2022.

The Association's investment policies and strategies for plan assets are to manage the plan assets as a balanced account composed primarily of equities and fixed income securities. The equity portion of the plan assets is invested in growth and value stocks. Growth selections are made in issues that have high growth rates with lower than average dividend payouts and yields. Value selections are made from issues that have strong fundamentals but are undervalued in the marketplace. The fixed income security portion of the plan assets may include, among others, investments in U.S. Treasury or Agency securities, as well as corporate notes and bonds. The expected long-term rate of return on plan assets is determined based upon the projected allocation of plan assets and the historical returns for each asset category.

The fair values of the Association's pension plan assets at September 30, 2022 and 2021 by asset category (see Note 12 for the definitions of levels) are as follows (in thousands):

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2022:				
Asset category:				
Cash and cash equivalents	$ 902	$ 902	$ -	$ -
U.S. treasury and agency securities	9,142	1,735	7,407	-
Equity securities	2,360	2,360	-	-
	$ 12,404	$ 4,997	$ 7,407	$ -

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2021:				
Asset category:				
Cash and cash equivalents	$ 951	$ 951	$ -	$ -
U.S. treasury and agency securities	10,655	815	9,840	-
Equity securities	2,883	2,883	-	-
Exchange traded funds			-	-
	$ 14,489	$ 4,649	$ 9,840	$ -

The Association does not expect to contribute to the pension plan for the year ending September 30, 2022. The following benefit payments are expected to be paid during the years ended September 30 (in thousands):

2023	$ 2,124
2024	3,431
2025	141
2026	221
2027	723
2028-2032	5,748

Directors' Retirement Plan

The Directors' Retirement Plan is a nonqualified, unfunded defined benefit pension plan with benefits based on fees paid to directors. The following table sets forth the funded status for the Directors' Retirement Plan and amounts recognized in the consolidated statements of financial condition at September 30, 2022 and 2021 (in thousands):

	2022	2021
Change in benefit obligation:		
Benefit obligation - beginning	$ 1,330	$ 1,442
Service cost	110	26
Interest cost	33	26
Benefits paid	-	-
Actuarial gain	(255)	(164)
Projected benefit obligation included in accrued expenses and other liabilities - ending	$ 1,218	$ 1,330

The assumptions used to determine the projected benefit obligation at September 30, 2022 and 2021 are as follows:

	2022	2021
Discount rate	5.00 %	2.55 %

Net periodic pension cost consisted of the following for the year ended September 30, 2022 and 2021 (in thousands):

	2022	2021
Service cost	$ 110	$ 26
Interest cost	33	26
Amortization of unrecognized net obligation	74	74
Amortization of unrecognized gain	-	7
Net periodic pension cost	$ 217	$ 133
Assumptions:		
Discount rate	5.00 %	1.84 %

At September 30, 2022 and 2021, transition obligation of $65,000 and $139,000 and actuarial loss of $222,000 and $33,000 before income tax effects, were included in accumulated other comprehensive loss, respectively. For the fiscal year ending September 30, 2022, $74,000 of transition obligation is expected to be recognized as a component of net periodic pension cost.

The Association will not contribute to the pension plan for the year ended September 30, 2022. The following benefit payments are expected to be paid during the years ended September 30 (in thousands):

2023	$ 64
2024	88
2025	108
2026	125
2027	136
2028-2032	701

401(k) Plan

The Association has established a defined contribution and thrift savings plan under Section 401(k) of the Internal Revenue Code. All employees who have completed one year of service with 1,000 hours and who are 21 years or older are eligible for voluntary participation. The plan is effectuated through a trust established by the Association. The Association makes 25% matching contributions of each participant's contributions, up to the first 4% of the participant's eligible compensation. During the fiscal years ended September 30, 2022 and 2021, the Association made $71,000 and $77,000 of cash contributions, respectively.

Performance Share Plan

The Association has adopted a Performance Share Plan (Share Plan) that offers the Association the means by which it may reward participants as they contribute to the creation of maximum value for the Association. The awards under the Share Plan are based on the value of the performance shares as defined by the Share Plan. The value of the performance shares is intended to relate to the increase in value of the Association which is measured through the attainment of certain performance criteria. Each participant in the Share Plan is allocated a certain number of performance shares which vest over a period of three years and will be paid in cash. As of September 30,2022 and 2021, the Association had $20,736,000 and $20,532,000, respectively, of accrued plan expenses which are included in accrued expenses and other liabilities on the consolidated statement of financial condition and represent the value of the shares vested to date. During the years ended September 30, 2022 and 2021, the Association recorded expenses of $1,438,000 and $1,500,000, respectively, related to the Share Plan.

10. Available Credit Facility

The Association has an approved line of credit from the FHLB of $205,441,000 at September 30, 2022 which is collateralized by the Association’s portfolio of qualifying mortgage loans. At September 30, 2022 there is no outstanding balance under this line of credit.

11. Commitments and Contingencies

In the ordinary course of the Association’s business, there are various outstanding legal proceedings. In the opinion of management, after consultation with legal counsel, the financial position of the Association will not be affected materially by the outcome of such legal proceedings.

The principal commitments and contingent liabilities of the Association are discussed below:

Lease Commitments

At September 30, 2022, the Association was obligated under a number of noncancelable operating leases on property used for operational purposes. These leases contain escalation clauses, which correspond with increased real estate taxes and other operating expenses, and renewal options calling for increased rents as the leases are renewed. Rent expense under such operating leases, included in occupancy and equipment expense, was $161,000 and $157,000 for the years ended September 30, 2022 and 2021, respectively.

At September 30, 2022, the projected minimum rental payments for the related fiscal years ending September 30 under the terms of the leases expiring through January 31, 2026 are as follows (in thousands):

2023	155
2024	153
2025	145
2026	49
	$ 502

Loan Commitments

At September 30, 2022 and 2021, outstanding commitments made by the Association to originate mortgage loans approximated $66 million and $31 million, respectively. These commitments mature within three months and are principally for fixed rate loans. Additionally, at September 30, 2022 and 2021, the Association had commitments to fund construction loans in process of $7.5 million and $11 million and unused lines of credit of $22 million and $17 million, respectively. Such commitments may not represent future cash requirements.

For commitments to originate credit, the Association's maximum exposure to credit risk is represented by the contractual amount of those instruments. Those commitments represent ultimate exposure to credit risk only to the extent that they are subsequently drawn upon by customers. The Association uses the same credit policies and underwriting standards in making loan commitments as it does for on-balance-sheet instruments. For loan commitments, the Association would generally be exposed to interest rate risk for three months from the time a commitment is issued with a defined contractual interest rate.

12. Fair Value of Financial Instruments

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Association's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Association's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. The tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

The following table summarizes the carrying values and the estimated fair values of the Association's financial instruments at September 30, 2022 and 2021 (in thousands):

	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2022:					
Cash and due from banks	$ 190,953	$ 190,953	$ 190,953	$ -	$ -
Securities					
Available-for-sale	90,646	90,646	49,506	41,140	-
FHLB stock	2,177	2,177	-	2,177	-
Loans receivable, net	1,828,166	1,739,407	-	-	1,739,407
Accrued interest receivable	5,552	5,552	-	5,552	-
Demand accounts	1,057,887	842,520	-	842,520	-
Certificates of deposit	375,209	366,510	-	366,510	-

	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2021:					
Cash and due from banks	$ 280,021	$ 280,021	$ 280,021	$ -	$ -
Securities					
Available-for-sale	42,920	42,920	-	42,920	-
FHLB stock	2,707	2,707	-	2,707	-
Loans receivable, net	1,792,438	1,829,605	-	-	1,829,605
Accrued interest receivable	5,672	5,672	-	5,672	-
Demand accounts	1,009,866	984,107	-	984,107	-
Certificates of deposit	439,423	442,883	-	442,883	-

The following methodologies and assumptions were utilized by the Association in estimating the fair values of its financial instruments at September 30, 2022 and 2021:

Cash and Due from Banks, Accrued Interest Receivable and Accrued Interest Payable

The carrying values of cash and due from banks, accrued interest receivable and accrued interest payable approximate their fair values because of the relatively short period of time between the origination of the instruments and their expected realization.

Securities

Fair value estimates of securities were determined by use of quoted market prices where available or matrix pricing based on the securities relationship to other quoted benchmark prices.

FHLB Stock

The estimated fair value of the Association's investment in FHLB stock is deemed to be equal to its par value which represents the price at which it may be redeemed.

Loans Receivable, Net

The loan portfolio was segregated into various components for valuation purposes in order to group loans based on their significant characteristics, such as type of interest rate (adjustable or fixed) and payment status (performing or nonperforming). Fair values were estimated for each component using the valuation method described below.

The fair values of performing residential mortgage loans, consumer loans, and performing commercial mortgage loans were estimated by discounting the anticipated cash flows from the respective portfolios. The discount rates reflect current market rates for loans with similar terms to borrowers of similar credit quality.

The fair values of nonperforming residential and commercial mortgage loans were based on recent collateral appraisals or management's analysis of estimated cash flows discounted at rates commensurate with the credit risk involved.

Demand Deposits and Certificates of Deposit

The estimated fair value of demand deposits with no stated maturity, which include NOW, money market, passbook accounts and noninterest bearing accounts, is deemed to be equal to the amount payable on demand at the valuation date. The estimated fair value of fixed-maturity certificates of deposit is calculated based upon the discounted value of contractual cash flows using interest rates currently offered for deposits of similar remaining maturities.

Loan Commitments

The fair value of loan commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The estimated fair values of commitments outstanding at September 30, 2022 and 2021 are not considered significant and are not included in the above table.

Fair Value Measurements

FASB ASC 820, "Fair Value Measurement", defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. The standards apply to other accounting pronouncements that require or permit fair value measurements.

The standards established a fair value hierarchy that prioritizes the inputs to valuation methods 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following table summarizes financial assets and liabilities measured at fair value on a recurring basis at September 30, 2022 and 2021 and the fair value measurements by level within the fair value hierarchy used are as follows (in thousands):

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2022:				
Securities available for sale				
U.S. agency notes	$ 41,140	-	$ 41,140	
U.S. treasury bills	49,506	$ 49,506	-	$ -
	$ 90,646	$ 49,506	$ 41,140	$ -

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2021:				
Securities available for sale				
U.S. agency notes	$ 42,920	$ -	$ 42,920	$ -
	$ 42,920	$ -	$ 42,920	$ -

For financial assets measured at fair value on a non-recurring basis, the fair value measurements by level within the fair value hierarchy used are as follows (in thousands):

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2022:				
Impaired loans	$ -	$ -	$ -	$ -
Real estate owned	-	-	-	-
	$ -	$ -	$ -	$ -
September 30, 2021:				
Impaired loans	$ 670	$ -	$ -	$ 670
Real estate owned	-	-	-	-
	$ 670	$ -	$ -	$ 670

The following valuation techniques were used to measure the fair value of the assets in the tables above:

- *Impaired Loans* - Impaired loans are those that are accounted for under FASB ASC 310, "Receivables", in which the Association has measured impairment based on fair value. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

- *Real estate owned* – Once a loan is foreclosed, the fair value of the real estate continues to be evaluated based upon market value of the repossessed real estate originally securing the loan. At September 30, 2022 and 2021 there was no real estate owned written down during the year. The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for which Level 3 inputs were used to determine fair value:

	Fair value Estimate	Valuation techniques	Unobservable input	Liquidation expense	Weighted average
September 30, 2022:					
Impaired Loans	$ -	Real Estate appraisals (1)	Liquidation expenses (2)	-%	-%
Real estate owned	$ -	Real Estate appraisals (1)	Liquidation expenses (2)	-%	-%
September 30, 2021:					
Impaired Loans	$ 670,000	Real Estate Appraisals (1)	Liquidation expenses (2)	8%	8%
Real estate owned	$	Real Estate appraisals (1)	Liquidation expenses (2)	-%	-%

(1) Fair value is generally determined through independent appraisals of the underlying collateral which is discounted further based on the age of the appraisals, which generally include various Level 3 inputs which are not identifiable.
(2) Includes estimated liquidation expenses.

13. Accumulated Other Comprehensive Loss (in thousands)

The following table summarizes the Association's Accumulated Other Comprehensive Loss at September 30, 2022 and 2021 (in thousands):

	September 30,	
	2022	2021
Unrealized gain (loss) on securities available for sale	$ (4,420)	$ 2,686
Related deferred income tax liability	929	(564)
	(3,491)	2,122
Pension plan deferred actuarial loss	(4,809)	(4,214)
Related deferred income tax asset	977	885
	(3,832)	(3,329)
Directors' Retirement Plan deferred actuarial loss	222	(33)
Directors' Retirement Plan unamortized transition obligation	(65)	(139)
	157	(172)
Related deferred income tax asset	-	36
	157	(136)
Accumulated Other Comprehensive Loss	$ (7,166)	$ (1,343)

14. Related Party Transactions

In the normal course of business, the Association entered into loan and deposit transactions with members of the Board of Directors and management. These transactions are entered into under the same terms as those for nonrelated parties. The Association has extended credit to its directors and executive officers. The balances totaled $2,315.000 and $2,753,000 for the years ended September 30, 2022 and 2021, respectively. In addition, a member of the Board of Directors provides legal services to the Association. Fees paid for these services totaled $201,000 and $249,000 for the years ended September 30, 2022 and 2021, respectively.

15. Revenue Recognition

The Association accounts for revenue from contracts with customers in accordance with ASC 606 Revenue from Contracts ("ASC 606"). The majority of the Associations revenues are comprised of interest income on loans and investments in securities.

For the years ended September 30, 2022 and 2021, the out-of-scope revenue related to financial instruments was 99.5% and 99.5% of the Association's total revenue, respectively. Revenue-generating activities that are within the scope of ASC 606, are components of non-interest income. These revenue streams can generally be classified into fees and service charges on deposits and bank card income.

The following table presents non-interest income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the years ended September 30, 2022 and 2021 (in thousands).

	2022	2021
Non-interest income:		
In-scope of Topic 606:		
Fees and service charge on deposits	$ 174	$ 180
Bank Card income	207	195
Total in-scope non interest income	381	375
Total out of-scope non interest income	823	337
	$ 1,204	$ 712

Fees and service charges on deposits include safe deposit service fees and other deposit related fees. These fees are generally transaction-based, or time-based services. The Association's performance obligation for these services are generally satisfied, and revenue recognized, at the time the transaction is completed, or the service rendered. Fees for these services are generally received from the customer either at the time of transaction or monthly. Bank card income is generally transaction-based and is comprised of interchange fees and ATM fees. Debit card revenue is primarily comprised of interchange fees earned when a customer's Association card is processed through a card payment network. ATM fees are largely generated when on Association cardholder uses a non-Association ATM, or a non-Association cardholder uses a Association ATM. The Association's performance obligation for these services are satisfied when the service is rendered. Payment is generally received at time of transaction or monthly.

Out-of-scope non-interest income primarily consists of gains and losses on the sale of loans and foreclosed real estate, fees and service charges on loans, loan servicing fees, gain on sale of securities. None of these revenue streams are subject to the requirements of Topic 606.

16. Subsequent Events

The Association has performed subsequent event procedures through January 30, 2023, which is the date the consolidated financial statements were available for issuance. The Association is not aware of any subsequent events that require recognition or disclosure in the consolidated financial statements.