



*2022 Annual Report*

*45th Annual Membership Meeting*



### **VISION STATEMENT**

Our vision is to be the institution of choice for comprehensive financial services and information in Loudoun County.

### **MISSION STATEMENT**

Loudoun Credit Union, a member-owned institution, exists to meet the financial needs and goals of its members while maintaining long-term financial stability. Loudoun Credit Union strives to provide the highest level of member service by offering a broad range of quality financial services at fair and reasonable rates.



# A MESSAGE FROM THE CEO AND BOARD CHAIR

We are grateful to have you as a member of the Loudoun CU family! Our commitment to meeting your personal and financial needs is unwavering, and we continuously strive to improve our products and services. Our aim is to offer you the best rates and benefits available.

We understand that the past couple of years have been challenging, and we deeply appreciate your ongoing support of our credit union family. We hope that you feel the same level of appreciation towards us. We are all in this together, and we look forward to continuing our partnership with you.

## **Some 2022 milestones we have to share:**

- Expansion of LCU charter to allow membership to anyone who lives, works, worships, or volunteers in Loudoun County
- Added Business Development Specialist to LCU team to further strengthen the credit union's community outreach plan
- Remained financially sound and well-capitalized
- Awarded three \$3,000 grants to not-for-profit organizations in Loudoun County
- Awarded three \$1,000 scholarships to graduating Loudoun School seniors
- Reintroduced personal lines of credit and overdraft protection with reduced fee

## **What's coming in 2023:**

- We have a lot to accomplish together in 2023. We have financial products and services to help you drive off in your dream car, create an outdoor entertainment space, or move into a new home.

Contact us today to make your financial goals a reality. And, as always, thank you for being a part of the Loudoun CU family!

# 2023 - 2025 STRATEGIC GOALS AND TACTICS

## STRATEGIC GOALS

LCU has established the following Key Objectives for the 3-Year Strategic Plan based on the analysis of the credit union's strengths, vulnerabilities, fundamentals, and assumptions made concerning factors that will shape the future of the credit union.

1. LCU will seek to maintain financial stability through the ethical, trustworthy stewardship of our members' funds
2. LCU will seek to increase its membership by 5% by pursuing members of the community at large, particularly in the young adults (18 – 40) age group
3. LCU will seek to increase its visibility and outreach in the Loudoun community

## STRATEGIC OBJECTIVES

### Key Financial Target Goals and Guidelines for Financial and ALM Management

**Net Worth Ratio:** Maintain between 9.00% and 10.00% by year-end 2025

**Asset Growth:** Average of 1.05% annual growth 2023-2025

**Loan Growth:** Grow Loan Portfolio by 17.50% annually via LCU originated loans and participation purchases

**Member Growth:** Grow membership by an annual average of 5.00%

**Delinquency:** Manage Delinquencies below 1.00% of Total Loans

**Charge-Offs:** Maintain Charges-Offs below 0.75% of Average Loans

**Loan to Share Ratio:** Grow ratio greater than 55% by year-end 2025

**Net Income:** \$215,000 in 2023; \$472,000 in 2024; \$554,000 in 2025

**ROA:** 0.37% in 2023; 0.81% in 2024; 0.94% in 2025

**Operating Expenses:** \$2.20 million in 2023; \$2.26 million in 2024; \$2.48 million in 2025

**Deposit Growth:** \$543,500 in 2023; \$551,300 in 2024; \$641,600 in 2025

**Loan Growth:** \$3.67 million in 2022; \$4.27 million in 2024; \$5.01 million in 2025

**New Accounts Opened:** 263 new member accounts opened in 2023; 276 in 2024; and 290 in 2025

**Fee Income:** Increase Fee Income annually by 3.33%

**Interchange Income:** Increase Interchange Income annually by 6.75%

**Loan Losses:** Maintain below .40%

# BOARD & STAFF

## STAFF

CEO	Travis Allen
Director of Finance	Kathleen Broadhurst
Branch Manager	Caitlin Martin
Assistant Accounting Manager	Cayla Phipps
Business Development Specialist	Deborah Headen
Financial Service Officer	Cheryl Sullivan

## MEMBER SERVICE REPRESENTATIVES

Lead Member Service Representative	Jin Liu
Member Service Representative	Cathy Nelson
Member Service Representative	Kiora Daniels

## BOARD OF DIRECTORS

Chair	Cindy Mester
Vice Chair	Eric Jewell
Treasurer	Dr. Rodney Kander
Director	Shelly Morris
Director	Monika Dixit
Director	Michael Lang
Director	Kindra Dionne

## SUPERVISORY COMMITTEE

Chair	Lisa Stillman
Member	Annie Carlson
Member	Joe DeCarlo
Member	Ollie Henson

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### Are you interested in bettering your community?

We're looking for one new Supervisory Committee member AND one new Board member in 2023! Contact us for more information.

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The credit union is a voluntary, not-for-profit cooperative association. A Board of Directors elected by the members governs the credit union. Members, regardless of their financial stake in the credit union, are eligible for one vote. It is democratically administered to encourage thrift among its members, create a source of credit at a low rate, and provide maximum service at a reasonable cost.

# FINANCIAL HIGHLIGHTS

DECEMBER 2021 TO DECEMBER 2022



TOTAL ASSETS GREW BY \$202,480 TO

**\$57,835,481**



TOTAL SHARE DEPOSITS GREW BY \$2,500,000 TO

**\$55,689,812**



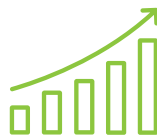
NET INCOME

**\$136,567**



NET WORTH RATIO

**7.74% - WELL CAPITALIZED**



ROA

**0.24%**

# INCOME STATEMENT

PERIOD ENDING 12/22

ACCOUNT DESCRIPTION	M-T-D BALANCE	%	Q-T-D BALANCE	%	Y-T-D BALANCE	%
INTEREST FROM LOANS	106,749.52	53.60	314,048.45	53.84	1,164,894.74	54.24
INVESTMENT INCOME	60,010.20	30.13	171,431.52	29.39	556,093.69	25.89
FEES AND CHARGES	9,427.61	4.73	27,507.75	4.72	106,768.57	4.97
MISC OPERATING INCOME	22,959.19	11.53	70,285.39	12.05	319,757.64	14.89
<b>TOTAL GROSS REVENUE</b>	<b>199,146.52</b>	<b>100.00</b>	<b>583,273.11</b>	<b>100.00</b>	<b>2,147,514.64</b>	<b>100.00</b>
WAGES, SALARIES, AND BONUSES	59,555.44	29.91	146,340.03	25.09	564,194.76	26.27
EMPLOYEE BENEFITS	18,817.86	9.45	48,413.16	8.30	211,858.16	9.87
TRAVEL & CONFERENCE EXPENSE	.00	.00	787.93-	.14-	3,857.71	.18
ASSOC. & PROFESS. DUES	1,426.84	.72	4,280.52	.73	18,987.10	.88
OFFICE OCCUPANCY EXPENSE	5,537.67	2.78	16,943.05	2.90	73,491.69	3.42
OFFICE OPERATIONS EXPENSE	30,875.84	15.50	99,344.72	17.03	400,908.71	18.67
ADVERTISE/PROMO/TRAIN EXPENSE	8,404.85	4.22	24,086.71	4.13	113,771.96	5.30
LOAN SERVICING EXPENSE	5,718.55	2.87	16,830.48	2.89	89,050.25	4.15
PROFESSIONAL/OUTSIDE SERVICES	22,393.21	11.24	68,969.19	11.82	277,814.42	12.94
PROVISION FOR LOAN LOSSES	55,007.41	27.62	133,711.34	22.92	174,066.43	8.11
MEMBERS' INSURANCE	.00	.00	.00	.00	.00	.00
STATE OPERATING FEE	500.00	.25	1,500.00	.26	6,000.00	.28
CASH OVER AND SHORT	180.00	.09	189.00	.03	229.00	.01
INTEREST ON BORROWED MONEY	.00	.00	.00	.00	25.86	.00
ANNUAL MEETING EXPENSE	750.00	.38	2,250.00	.39	7,383.35	.34
MISC OPERATING EXPENSES	187.08	.09	1,659.85	.28	5,990.80	.28
<b>TOTAL OPERATING EXPENSE</b>	<b>209,354.75</b>		<b>563,730.12</b>		<b>1,947,630.20</b>	
<b>INCOME OR LOSS FROM OPERATION</b>	<b>10,208.23-</b>		<b>19,542.99</b>		<b>199,884.44</b>	
DIVIDEND EXPENSE	9,363.77	4.70	23,464.19	4.02	62,469.24	2.91
GAIN (LOSS) ON INVESTMENTS	.00	.00	.00	.00	848.00	.04
GAIN (LOSS) DISPOSITION ASSETS	.00	.00	.00	.00	.00	.00
OTHER NONOPER INCOME (EXPENSE)	.00	.00	.00	.00	.00	.00
<b>TOTAL DIVIDENDS &amp; EXPENSES</b>	<b>218,718.52</b>	<b>109.83</b>	<b>587,194.31</b>	<b>100.67</b>	<b>2,010,947.44</b>	<b>93.64</b>
<b>NET INCOME OR LOSS</b>	<b>19,572.00-</b>	<b>9.83-</b>	<b>3,921.20-</b>	<b>.67-</b>	<b>136,567.20</b>	<b>6.36</b>

# BALANCE SHEET

PERIOD ENDING 12/22

ACCOUNT DESCRIPTION	CURRENT BALANCE	LAST YEAR'S EOM BALANCE	THIS YEAR'S AVERAGE BALANCE
LOANS TO MEMBERS	20,395,807.89	18,506,399.96	20,004,020.64
ALLOWANCE FOR LOAN LOSSES	105,700.85-	79,254.68-	62,488.81-
RECEIVABLES	16,711.96	131,068.81	181,932.46
CASH AND CASH ITEMS	4,084,277.87	4,084,277.87	3,678,096.62
INVESTMENTS	32,331,769.34	28,504,533.83	31,945,876.31
INVESTMENT IN CLF	497,272.16	456,426.63	471,386.47
PREPAID EXPENSES	191,199.67	164,493.01	209,158.88
FIXED ASSETS	55,553.18	64,311.80	56,185.94
ACCRUED INCOME	145,219.22	84,837.75	77,314.72
OTHER ASSETS	223,370.51	307,064.53	108,246.25
<b>TOTAL ASSETS</b>	<b>57,835,480.95</b>	<b>57,633,129.53</b>	<b>56,669,729.48</b>
ACCOUNTS PAYABLE	118,769.18-	355,321.42-	330,746.32-
NOTES PAYABLE	.00	.00	795.57-
DIVIDENDS	41.39-	17.22-	3,015.66-
TAXES PAYABLE	6,972.21-	4,827.47-	4,599.00-
ACCRUED EXPENSES	47,428.92-	54,551.05-	41,756.87-
UNDISBURSED LOAN PROCEEDS	9,238.69-	7,678.17-	7,293.85-
UNAPPLIED D/P EXCEPTIONS	.00	.00	.00
<b>TOTAL LIABILITIES</b>	<b>182,450.39-</b>	<b>422,395.33-</b>	<b>388,207.27-</b>
SHARES	55,689,811.66-	53,177,950.59-	53,748,319.72-
RESERVES	304,996.32-	304,996.32-	304,996.32-
UNDIVIDED EARNINGS	1,658,222.58-	3,755,433.75-	2,256,045.46-
NET INCOME	.00	.00	.00
UNDISTRIBUTED NET INCOME	.00	27,646.46	27,839.13
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>57,835,480.95-</b>	<b>57,633,129.53-</b>	<b>56,669,729.64-</b>



# SUPERVISORY COMMITTEE REPORT

The Supervisory Committee of the Loudoun Credit Union (LCU) is appointed by the Board of Directors in accordance with the Federal Credit Union Act. Bylaws require a minimum of three members and an odd number of members. Currently, the Supervisory Committee is composed of four volunteer members, Lisa Stillman, Chair, Annie Carlson, Ollie Henson, and Joe DeCarlo. The function of the Committee is basically to serve as an independent resource for reviewing a sampling of transactions and accounts of the credit union as well as to review the internal controls and perform some testing to see if those controls are functioning properly. We work very closely with LCU staff, but we are not employees of the credit union.

We continue to evolve and improve our reviews. One of the tasks that the Supervisory Committee is required to perform is hiring an accounting firm to perform a required independent review of internal controls and reporting of information. Our accounting firm, Brown, Edwards, and Co., is performing the annual review and producing the report that we will present to the Board of Directors.

We have tasks that we typically perform in accordance with a schedule that is approved by the Board of Directors in December each year. They include reviewing such things as change of address, dormant account reviews, a review of the CEO's credit card purchases, and reviewing and passing on comments from a variety of sources, including mail, email, and a suggestion box. Additional tasks that we perform periodically include surprise cash counts, bank reconciliation reviews, loan reviews, CD reviews, and other tasks as deemed necessary.

We all appreciate the ongoing cooperation of staff in responding to our questions and requests.

# GRANT & SCHOLARSHIP WINNERS

**\$3,000 GRANT RECIPIENTS**

**Awarded Not-For-Profit Organizations  
In Loudoun County**

Ryan Bartel Foundation

Echo

Loudoun Volunteer Caregivers

**\$1,000 SCHOLARSHIP WINNERS**

**Awarded To Graduating Loudoun  
County School Seniors**

Matthew Melvin

Tiegan Powell

Liliana Sage Selvaraj

