

2019

Annual Report






ARLINGTON COMMUNITY
FEDERAL CREDIT UNION
PO Box 40070
Arlington, VA 22204-7070

0913

November 5, 2019

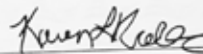
PAY TO THE
ORDER OF

Arlington Free Clinic

\$2,110 ⁰⁰/₁₀₀

Two thousand one hundred ten dollars and no cents Dollars

Breast Cancer Awareness Month



Karen Rosales, President & CEO

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COVER IMAGES LEFT TO RIGHT

Each year ACFCU recognizes staff members who best represent each of our Core Values. Our 2019 Core Values winners represented Community, Opportunity, Passion, Integrity, Empathy, and Remarkable Service.

In 2019 we launched our “We’re With You” brand campaign to highlight our connection with our members and community.

IMAGE LEFT

We held our first staff-led matching donation campaign to support Arlington Free Clinic’s Women’s Health Center for Breast Cancer Awareness Month.

IMAGES BELOW LEFT TO RIGHT

Staff dressed up in red to cheer for our home team — the Washington Nationals — as they went to the World Series.

We participated in a day of inspiration and professional development at the Leadership Center for Excellence Annual Summit.



Chairman & CEO Report

As we reflect back on 2019 we want to thank our Arlington community for the trust that you have put in us as your community financial institution.

In 2019 we committed to serving our members by improving our staff education, continuing to listen to our members' needs with empathy, and maintaining a staff culture that looks to find solutions. We also launched our "We're With You" brand campaign where we featured our credit union members, staff, and local neighborhoods and businesses as we rolled out a refreshed look for all of our materials.

We know our members' financial journeys because we live those journeys, too. Our team members are also saving for retirement, buying their first homes, navigating college tuition payments, and budgeting for their financial futures. We are living the experiences of our members and that's why #WereWithYou as we guide you through your financial journey.

We are thankful that you continue to be our biggest advocates and the voice of our mission and values. You voted us Arlington Magazine's "Best Community Bank for 2020," a distinction that you have given us

since 2016. We were also humbled to be recognized as an Arlington Chamber of Commerce Best Business, voted the 2019 Sun Gazette Best of the Best, and selected for the Arlington Chamber's Chair's Award. These accolades reflect the passion and dedication of our Board and staff in working towards providing remarkable opportunities to our members and the community.

We've invested in growth with significant technology investments to make us a leaner and more efficient organization, and maintained our focus on security for our members.



We made major behind-the-scenes upgrades to our technology infrastructure, which has laid the groundwork for us to pivot efficiently to serve our members and provide better technology services in 2020 and beyond.

We brought new products and services to our members, and we've supported more people on their home-buying journey through our mortgage programs than ever before.

As we grow in our service to our members, you can be confident that our dedication to our community is always central. In 2019 we had well over 100 community partnerships including financial education

workshops, student run In School Branches, and staff volunteer efforts. We also served on 20 boards, councils, and committees in the community to contribute valuable leadership expertise. We don't forget that "community" is our middle name and we make it a priority to be part of the neighborhoods, nonprofits, and schools that you're a part of.

We've been Arlington's credit union since we were originally formed by Arlington teachers and government workers. Our founders knew that this community needed a not-for-profit financial cooperative that was formed based on values, reliable financial solutions, and a knowledge of the local community. We take

your trust seriously and you can be sure that we will continue to work to be the most trusted financial institution for anyone who is looking for competitive rates, staff who know members by name, and an organization that puts community first.

Thank you for being part of our journey towards community empowerment. We look forward to serving you for years to come!

Karen Rosales
President & CEO

Daniel Murray
Chair, Board of Directors

\$345M in assets

22,797 members

5 branches

IMAGES LEFT TO RIGHT

We accepted the 2019 Chair's Award from the Arlington Chamber of Commerce. This award recognized us for our contributions to the Chamber and the business community.

Our staff, members, and members of the community collected school supplies for children of incarcerated parents.



Building Financial Strength

STATEMENT OF CONDITION

	2018	2019
ASSETS		
Cash	20,988,600	19,631,001
Auto Loans	70,181,564	63,506,497
Real Estate Loans	137,972,900	160,896,132
Credit Card Loans	17,449,522	16,918,635
Business Loans	37,966,218	36,158,539
Personal and Other Loans	11,550,129	12,042,319
Less: Allowance for Loan Losses	(1,718,341)	(1,379,334)
Net Total Loans	273,401,992	288,142,788
Investments	5,332,673	3,842,470
Land and Buildings	18,158,034	17,953,053
Furniture and Equipment	832,414	712,871
All Other Assets	14,341,936	14,645,239
Total Assets	333,055,649	344,927,421
LIABILITIES/RESERVES		
Prime Shares	89,235,573	89,827,444
Money Market Shares	40,402,219	39,394,822
Checking Accounts	54,964,487	61,290,951
Holiday Club	76,646	68,771
IRAs	11,671,697	11,550,246
Certificates of Deposit	70,826,303	88,119,664
Borrowed Funds	34,670,000	10,670,000
Other Liabilities	3,144,036	14,363,739
Total Liabilities	304,990,961	315,285,637
Regular Reserves	2,036,933	2,036,933
Other Reserves	26,027,755	27,604,852
Total Reserves	28,064,688	29,641,784
Total Liabilities And Reserves	333,055,649	344,927,421

STATEMENT OF INCOME

	2018	2019
Interest On Loans	13,071,224	14,797,520
Income from Investments	323,384	429,500
Total Interest Income	13,394,608	15,227,020
Other Non-Interest Income	5,053,617	5,300,548
Total Income	18,448,225	20,527,568
Total Dividend Expense	1,568,918	3,191,291
Salaries & Benefits	7,396,260	7,698,456
Other Operating Expenses	6,930,230	6,983,057
Provision for Loan Loss Expense	1,278,300	1,128,000
Total Expenses & Losses	17,173,708	19,000,804
Net Income	1,274,517	1,526,764



Treasurer's Report

Thanks to our members, Arlington Community Federal Credit Union experienced tremendous growth in 2019. We finished the year with \$345 million in assets. We now have five branches serving our 22,797 members.

IMAGE BELOW

Our staff volunteers passed out water to runners at the annual Cherry Blossom Race to support Children's Miracle Network hospitals.



According to statistics from our federal regulator, the National Credit Union Administration (NCUA), we grew faster than peer credit unions in most major growth categories:

- Assets increased 3.6% vs. 5.4% at peer credit unions

↑ 3.6%

- Member share deposits increased 12.5% vs. 5.3% at peer credit unions

↑ 12.5%

- Loans increased 5.2% vs. 4.8% at peer credit unions

↑ 5.2%

- Membership increased 1.8% vs. 1.5% at peer credit unions

↑ 1.8%

As a financial cooperative, credit unions reinvest deposits back into their communities through loans to members and community benefit programs. We believe our best use of funds is reinvesting in our community in the form of mortgages, auto loans, credit cards, and business loans.

Reinvesting funds in member loans helps members and strengthens our neighborhoods.

While our peer credit unions reinvest 78% of their member deposits in loans to their members, ACFCU has loaned over 95% of deposits back into our community to improve the financial lives of our members. Seventy percent of our members have a loan with our credit union vs. 56% at other credit unions.

Despite our rapid growth we remained a “well-capitalized” credit union. NCUA measures the ratio of a credit union’s capital to its total assets as a measure of safety and soundness. A capital ratio over 7% is considered “well-capitalized.” Your credit union’s capital ratio was 8.6% at the end of 2019.

As the financial steward of your credit union, I thank you for your continued support of the only financial cooperative dedicated to serving the Arlington community and thank our volunteers and staff for their continued hard work and dedication.

Luis Araya
Treasurer

Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors to monitor the effectiveness of the Credit Union’s internal control systems; confirm adherence to established policies, procedures and regulations; review member feedback; and arrange for an annual audit of the Financial Statements. Your Committee members for 2018-2019 were Max Montague, Stephen Vu, Jasmine Senn, and Angel Amin.

Doeren Mayhew CPAs were retained to perform the annual audit for 2019 in accordance with generally accepted auditing standards. Our CPAs found that our financial statements fairly represent the financial condition of the Credit Union in conformity with generally accepted accounting principles. Other firms were engaged to assess the Credit Union’s information security and to determine compliance with various regulations.

After reviewing the various audit reports, reviews and assessments, the Supervisory Committee finds that management and staff are handling the operations of the Credit Union professionally, accurately, and within all regulations and guidelines. The Committee commends the Board of Directors, Management, and staff for their diligence in maintaining the financial stability and integrity of your Credit Union.

Max Montague
Chair, Supervisory Committee

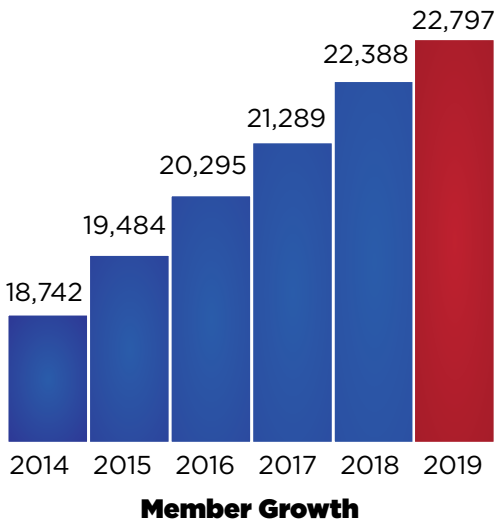
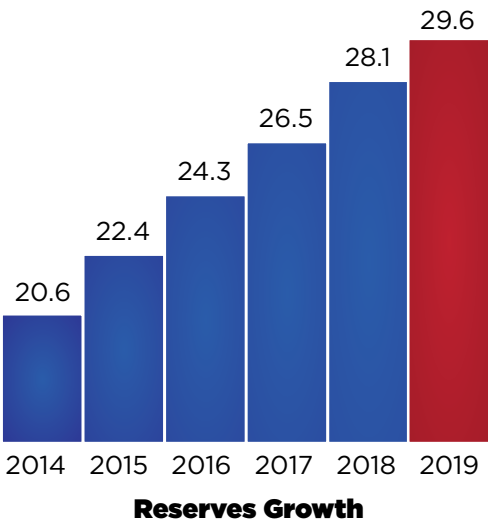
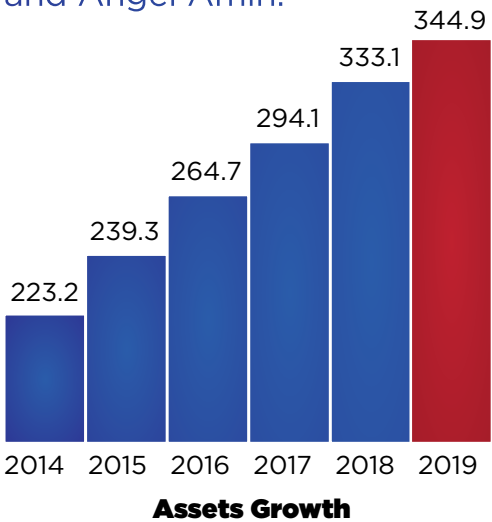


IMAGE RIGHT
ACFCU Community Involvement Ambassador Hannah Dannenfelser with Sylvia O’Neal and Dr. Jeannette Allen of Arlington Public Schools and student tellers at the Dr. Charles R. Drew Elementary In School Branch Grand Opening.




ARLINGTON COMMUNITY
FINANCIAL SERVICES

Welcome to
Dr. Charles R. Drew
Elementary School.
We're with you.

The Centsables
with Mrs. [Name]
The Centsables
with Mrs. [Name]
The Centsables
with Mrs. [Name]



ARLINGTON COMMUNITY

FEDERAL CREDIT UNION

www.ArlingtonCU.org

703.526.0200