



2020

Community Impact Report

An Unprecedented Year

Arlington Community Federal Credit Union

Our Vision:

To be recognized as the most trusted resource for financial education and empowerment in our community

Our Mission:

To empower the financial lives of our members at each stage of their financial journey

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Chairman & CEO Report

Our world changed dramatically in March as we rapidly prepared to face a pandemic. We shifted to a remote work model, imposed tight restrictions on our branches, and operated with a new staffing model to ensure safety of our teammates and members. As the year progressed we grappled with the challenges of social distancing, a public health crisis, racial reckonings and economic challenges.

When the pandemic first hit, your credit union was deemed an “essential” business as we all went into lockdown. We pivoted our entire organization over a period of a few days, to ensure our staff could serve our members efficiently from their homes. A few staff members stayed in the branches under strict social distancing protocols to ensure that members had support for their financial needs during the crisis. Your credit union was determined to provide the same level of remarkable service and attention that you always expect from us throughout the duration of the pandemic.

While the year was challenging, it also helped us build resilience that will carry us forward. We found new operational efficiencies and working norms. We shopped with local businesses and donated to safety net nonprofits with urgent needs. We practiced radical empathy with our members and our colleagues, knowing that they were facing similar challenges to our own. We supported our members’ diverse needs, including financial emergencies, throughout the pandemic. Like most organizations, our future will look different than it did pre-pandemic. What will stay the same is our commitment to financially empower our members and the larger community, and our dedication to seeing ourselves in our members every day.

While there have been so many heroes over the course of this past year — healthcare workers, first responders, grocery store workers, nonprofit workers — we’re dedicating our annual report this year to our branch staff. Our branch staff may not have joined the ACFCU family with the goal of being heroes, but when the moment came, they rose to the challenge. We will forever be grateful to them for their dedication to our mission and commitment to our members in the middle of a crisis.

To resilience and hope for a bright future,

Karen Rosales
President & CEO

Daniel Murray
Chair, Board of Directors



A Pandemic Doesn't Stop Us: Member Service Highlights

Nothing stops us from serving our members, not even a pandemic. In 2020 we served members in need, provided solutions to keep them safe, and leveraged technology to keep us connected to them.

Secure & Convenient Digital Banking

When the state lockdowns started, we encouraged our members to safely conduct their critical transactions from home with our highly rated Mobile App and Online Banking platforms. We were pleased so many members were able to leverage the security and convenience of these tools.



Our members used Online and Mobile Banking features in 2020 more than in any preceding year. We were pleased so many members were able to leverage the security and convenience of these tools, in an effort to keep themselves and our staff healthy.



Sara Hunter
Director,
Enterprise Solutions

Digital Banking by the Numbers

↑ 10%
increase in
mobile users

↑ 64%
of credit card
payments
were
processed
online
between
March and
December

↑ 31%
increase in
total monthly
logins in 2020

↑ 36%
increase
in mobile
deposit
utilization



Our member service team continually pivoted to support members as safety restrictions changed throughout the pandemic.

Serving Members in Need

When our members were facing financial crises, we were proud to:

- Offer members the opportunity to skip loan payments
- Allow early withdrawals on share certificates
- Provide both short-term and long-term emergency loans
- Provide education to members about protection from scams
- Offer historically low-rate car loans and help members refinance their loans to save them money each month, in addition to offering low rate personal loans to reduce debt.
- Continue real estate equity lending when many institutions stopped, resulting in a record-setting year for both mortgages and home equity loans to members.

Ensuring Safety at Satellite Branches

Supporting Goodwin House

When it was critical to close our in-person branches at Goodwin House senior living communities, we continued socially distanced service with safe, frequent transaction pick-ups to provide seamless service to residents and staff.

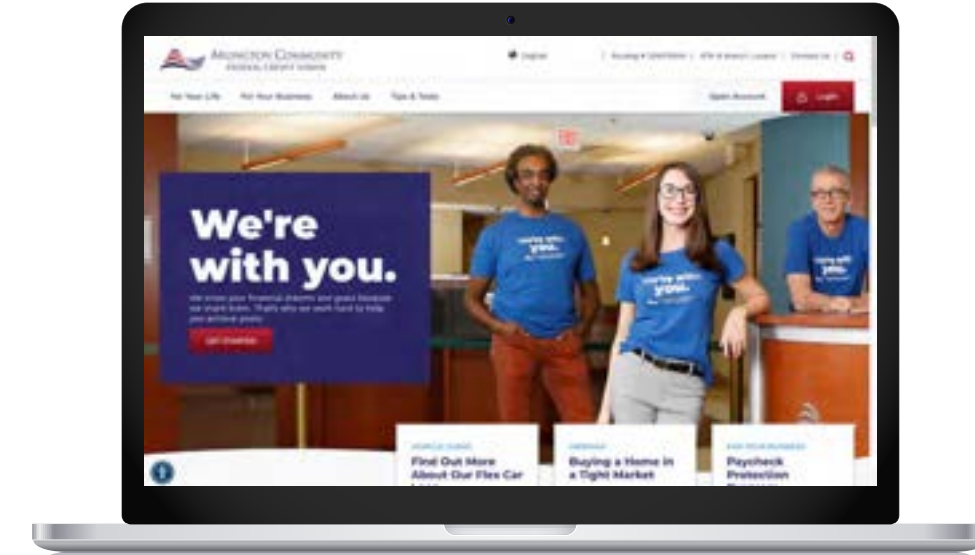
3,132

loan payments skipped from March - December 2020

Staying Connected to Our Members

We knew it was time for a modern, welcoming, and easier to navigate website for our members. We created a cross-departmental team to develop a website that was better than ever and provides important information to our members.

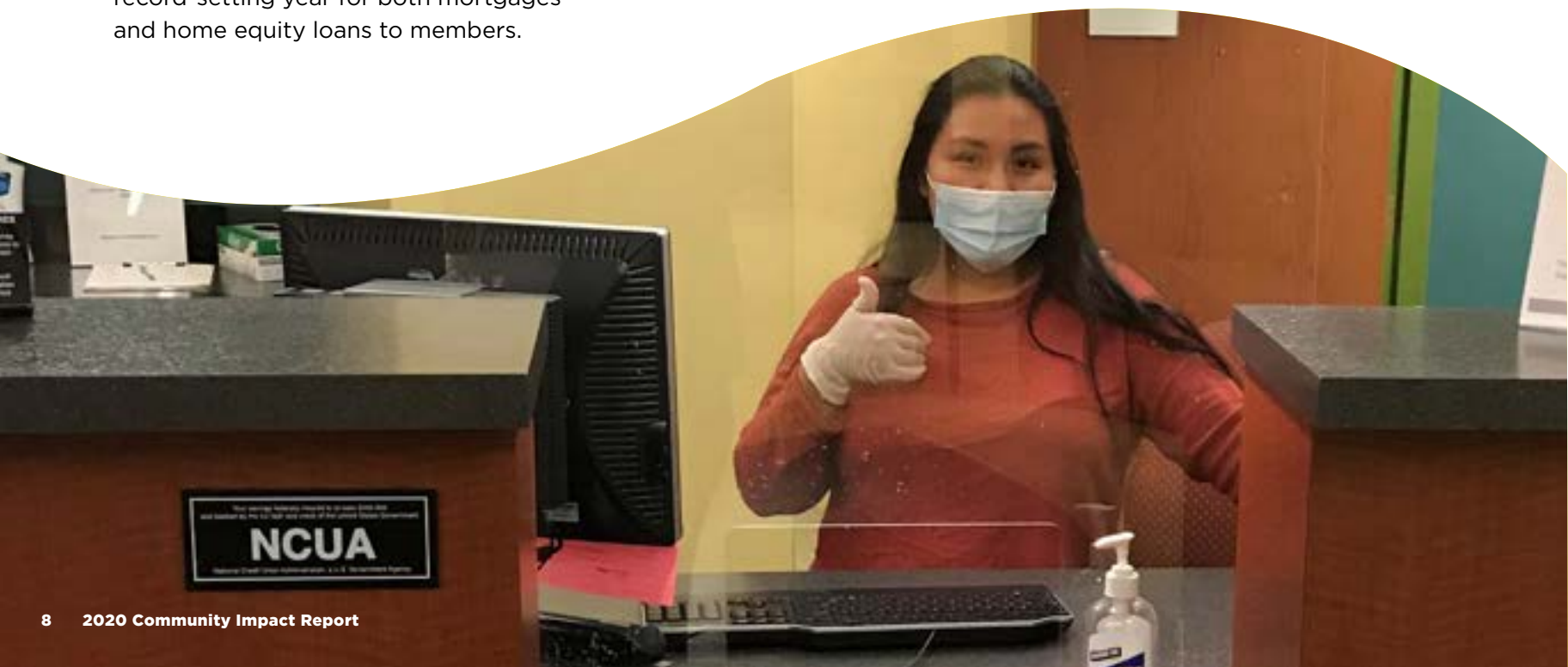
A phone system upgrade in March 2020 allowed us to provide uninterrupted service to our members and handle record-breaking call volume at the onset of the pandemic.



In early 2020, we conducted a major overhaul of our IT infrastructure and systems which bolstered network resiliency and achieved near 100% uptime of key systems. These changes positioned the credit union to adjust quickly to remote work at the beginning of the pandemic. We were able to ensure safety of our staff and members while continuing uninterrupted service.



David Martinez
Chief Information Officer





Protecting Our Economy: Support for Local Businesses

Paycheck Protection Program

Businesses across the country, especially small businesses, were hit hard by the pandemic. The Small Business Administration's Paycheck Protection Program (PPP) was created to assist business owners with funds to continue operations and retain their staff members on payroll. The PPP provided forgivable loans to small businesses, through their financial institution.

ACFCU was dedicated to supporting small businesses through PPP. When many institutions, especially big banks, were slow to offer PPP loans to small businesses, we served every business who qualified and sought loans with us.

Average
ACFCU
PPP loan:

\$31,000

When many institutions targeted larger businesses to generate more loan income, we maintained our commitment to small, local businesses.



ACFCU came through for the Arlington Chamber of Commerce to help us secure a forgivable PPP loan, as they did for many other local businesses and organizations. The staff was extremely efficient and responsive, and did everything possible to get our application in quickly to make sure we were funded. Their team embodies their values, and they made the stressful application process a positive one.



Kate Bates

President & CEO
Arlington Chamber
of Commerce

Supporting Our Business Community

We were proud to support female business owners through the Awesome Women Entrepreneurs (AWE). We continued to be part of the AWE community as they transitioned to be part of the Arlington Chamber of Commerce's Women in Business program.

We maintained our passion for shopping and dining locally and supported small businesses with our initiatives and programs. We provided resources and referrals to our staff members to encourage them to shop local and support small businesses.



We partnered with local restaurant Lost Dog Café to encourage members to use their ACFCU Platinum Credit Card — the Arlington Card — for their restaurant purchases. We offered our members triple credit card points on restaurant transactions to thank them for supporting businesses.

“ We are uplifted by a collective community desire to help those in need. The credit union movement has always been about people helping people. We're proud to be able to support our community on behalf of our membership at this time, and we encourage others to support our community in any way that they can. ”

Karen Rosales
President & CEO
April 22, 2020



ACFCU staff volunteers coordinated a socially-distanced Halloween craft day for families at a Bridges to Independence's residence.



A Community Support Plan

Our larger community had profound needs when the pandemic hit and we knew we needed to help. We unveiled a community support initiative focused on philanthropy and community service.

Donations:

We donated \$15,000 to organizations addressing urgent issues as a result of the coronavirus.

- Arlington Thrive
- Real Food for Kids
- Doorways for Women and Families
- Arlington Food Assistance Center
- Bridges to Independence
- Arlington Chamber of Commerce

Caring for the Caretakers:

We supported local restaurants and nonprofits by providing meals to staff members of numerous key organizations.

- Arlington Food Assistance Center
- Arlington Free Clinic
- Culpepper Garden
- Virginia Hospital Center Emergency Room

Mobilized Community Volunteers:

We were proud to partner with Volunteer Arlington to lead efforts to connect young professionals with distance-appropriate volunteer opportunities.

Keeping Hope Alive in Our Community

While we were able to adjust quickly when the pandemic first hit, there was still much to be done as we settled into our “new normal.” As our community coped with the challenges of pandemic life, we kept up our efforts to support our members and help our community stay strong.





Supporting Our Healthcare Workers

We launched Healthcare Heroes, a campaign to recognize these essential workers.

Community members nominated their heroes and we sent the randomly selected winners and their teams lunch from a local restaurant. We launched this partnership with the Arlington Free Clinic, the Culmore Clinic, and Neighborhood Health and made donations to each organization to support their work.

We were proud to take care of Virginia Hospital Center employees by offering them a special 0% interest loan and by underwriting fitness classes to help them stay healthy and active while they were taking care of us.

Supporting Our Teachers

We joined in Arlington Public Schools, New Teacher Orientation and provided prizes to some of our wonderful new educators!

Four teachers received either \$500 in “Classroom Cash” or a \$100 gift card to local restaurant Lost Dog Café.

We partnered with Virginia Hospital Center to offer free fitness classes to Arlington Public Schools teachers and staff.

We knew how important it was for them to stay healthy during long days of virtual learning!



Austin Gladden, a new teacher at Washington Liberty High School, won \$500 from ACFCU to help decorate and supply his new classroom



Socially Distanced FUN!

We sponsored the Columbia Pike Revitalization Organization’s summer drive-in movie series to bring some socially-distanced joy and nostalgia into the community!

Donations Where They Mattered Most

Many organizations still had significant needs at the end of 2020. Our staff voted to select local organizations that would benefit from year-end donations.

Our staff awarded \$10,000 to:



Culmore Clinic to support their mission to provide little-to-no cost healthcare to low-income residents of the Bailey's Crossroads neighborhood.



Edu-Futuro to support their mission to ensure immigrant youth and their families attain postsecondary goals, improve long-term financial stability, and strengthen interfamily cohesiveness.



Arlington Department of Human Services Secret Santa Program to make the holiday season a little brighter for vulnerable neighbors by providing much needed gift cards in the holiday season.



Bridges to Independence to support their mission to lead families out of homelessness and into stable, independent futures.



Our Greatest Resource

We know that one of the best ways we can uplift our cooperative is to support the staff who serve our members. Our internal initiatives throughout the year helped maintain our staff culture and values, while supporting our hardworking staff through enhanced benefits.

Taking Care of Our People During an International Crisis

Supporting Priority Needs

- We re-trained and restructured staff members in order to avoid layoffs.
- We worked with staff to ensure they had the flexibility they needed as they navigated virtual schooling and other work life pressures.
- We paid employee health insurance premiums for a payroll in December to give staff more money for the holidays.

Maintaining Our Culture & Community

- We launched virtual town hall meetings for organizational updates and camaraderie.
- We showed our staff that we were thankful for them at a socially-distanced “Thanksgiving drive thru.” They received turkey and pies for their Thanksgiving meals with family.

ZERO

Number of Employees laid-off during the economic downturn

Our Commitment to a Diverse and Inclusive Workforce & Community

During a year when we witnessed far too many examples of exclusion, violence, racism, inequity, and financial struggle, we recommitted to practicing the highest standards for companionate love, inclusion, and equity inside our credit union and in our community.

We issued this statement to our membership in May 2020:

Our credit union is deeply saddened by the deaths of George Floyd, Breonna Taylor, and Ahmaud Arbery. At a time when a global pandemic and economic uncertainty had already magnified division in our country and isolated us from one another, the events of the past few weeks further identify the need for social and racial equity, and an ongoing commitment to community.

As one of our core values, Community is more important to us now than ever.

Community means understanding that we must operate as one body to stand up for others when we see injustice and inequity.

Community is about supporting each other in times of need. It is about understanding that what affects one directly, affects all of us indirectly.

Community is about offering care and concern for our members and colleagues as whole people. It is about embracing inclusion, and making a commitment to help each other succeed.

Community is about understanding and feeling each other’s pain, so that no one feels alone and invisible.

Community means we not only lift up others who pursue justice and equity, but we also look within to identify our own areas of opportunity for leadership.

We stand with our black colleagues, members, neighbors, and everyone who is working for justice and equity, in our community and beyond. We’re with you.

A Diverse Community:

26%

Spanish-speaking staff

48%

People of color within ACFCU leadership



We’re proud to have one of the most diverse organizations in Arlington, but that doesn’t mean that we don’t have work to do. In 2020 we made a commitment to dig in deep to make diversity, equity, and inclusion a top priority within our organizational culture.



Amy D. Thomas
Chief of Staff



Reports & Financials

Supervisory Committee Report

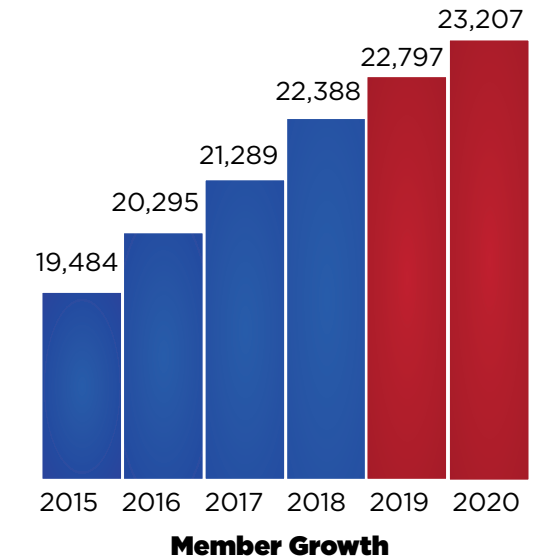
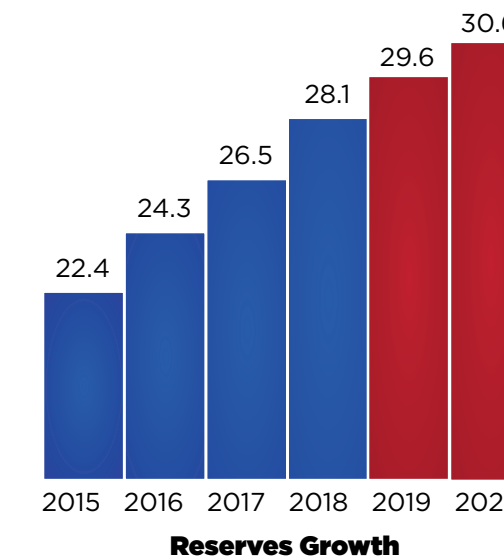
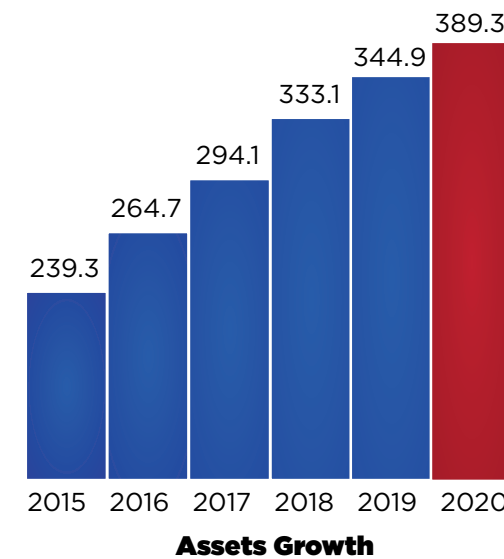
The Supervisory Committee is appointed by the Board of Directors to monitor the effectiveness of internal control systems; confirm adherence to established policies, procedures, and regulations; review member feedback; and arrange for an annual audit of the Financial Statements. Your Committee members for 2019-2020 were Max Montague, Stephen Vu, Jasmine Senn, and Angel Amin.

Doeren Mayhew CPAs were retained to perform the annual audit for 2020 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



Treasurers Report

Thanks to our members, Arlington Community Federal Credit Union experienced steady growth in a challenging year. We finished the year with \$389 million in assets and 23,207 members.

↑ **12.87%**
increase in assets

↑ **15.88%**
increase in member share deposits

↑ **8.52%**
increase in loans

↑ **1.08%**
increase in memberships

According to statistics from our federal regulator, the National Credit Union Administration (NCUA), here is how we compared to our peers in 4 of our major growth categories in 2020:

- Assets increased 12.87% vs. 16.91% at peer credit unions
- Member share deposits increased 15.88% vs. 18.82% at peer credit unions
- Loans increased 8.52% vs. 3.71% at peer credit unions
- Membership increased 1.80% vs. .80% at peer credit union.

As financial cooperatives, credit unions pool money from members. Those funds are then used to make loans to members or investments. We believe our best use of funds is lending back to our community in the form of mortgages, auto loans, credit cards, and business loans. Re-investing funds in member loans helps those members and strengthens our neighborhoods. While our peer credit unions

re-invest 66% of their member deposits in loans to their members, Arlington Community has loaned over 90% of deposits back into our community to help improve the financial lives of our members. 75% of our members have a loan with our credit union vs. 61% at other credit unions.

Despite our growth, the credit remained a “well-capitalized” credit union as defined by the NCUA. NCUA measures the ratio of a credit union’s capital to its total assets in determining safety and soundness. A capital ratio over 7% is considered “well-capitalized.” Your credit union’s capital ratio was 7.82% at the end of 2020.

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

Financials

STATEMENT OF CONDITION

	2018	2019	2020
ASSETS			
Cash	20,988,600	19,631,001	27,848,949
Auto Loans	70,181,564	63,506,497	59,719,060
Real Estate Loans	137,972,900	160,896,132	191,592,764
Credit Card Loans	17,449,522	16,918,635	14,755,864
Business Loans	37,966,218	36,158,539	37,776,008
Personal and Other Loans	11,550,129	12,042,319	10,355,674
Less: Allowance for Loan Losses	(1,718,341)	(1,379,334)	1,694,114
Net Total Loans	273,401,992	288,142,788	308,067,737
Investments	5,332,673	3,842,470	15,768,119
Land and Buildings	18,158,034	17,953,053	17,748,241
Furniture and Equipment	832,414	712,871	862,055
All Other Assets	14,341,936	14,645,239	14,507,146
TOTAL ASSETS	333,055,649	344,927,421	389,331,988
LIABILITIES/RESERVES			
Prime Shares	89,235,573	89,827,444	113,876,384
Money Market Shares	40,402,219	39,394,822	49,434,133
Checking Accounts	54,964,487	61,290,951	79,773,295
Holiday Club	76,646	68,771	72,358
IRAs	11,671,697	11,550,246	12,830,191
Certificates of Deposit	70,826,303	88,119,664	84,900,227
Borrowed Funds	34,670,000	10,670,000	7,000,000
Other Liabilities	3,144,036	14,363,739	10,806,372
TOTAL LIABILITIES	304,990,961	315,285,637	348,302,460
Regular Reserves	2,036,933	2,036,933	2,036,933
Other Reserves	26,027,755	27,604,852	28,602,095
Total Reserves	28,064,688	29,641,784	30,639,028
Total Liabilities And Reserves	333,055,649	344,927,421	389,331,988

STATEMENT OF INCOME

	2018	2019	2020
Interest On Loans	13,071,224	14,797,520	3,901,684
Income from Investments	323,384	429,500	269,712
Total Interest Income	13,394,608	15,227,020	14,171,396
Other Non-Interest Income	5,053,617	5,300,548	4,742,732
Total Income	18,448,225	20,527,568	18,914,127
Total Dividend Expense	1,568,918	3,191,291	2,449,495
Salaries & Benefits	7,396,260	7,698,456	7,940,292
Other Operating Expenses	6,930,230	6,983,057	6,483,698
Provision for Loan Loss Expense	1,278,300	1,128,000	1,218,462
Total Expenses & Losses	17,173,708	19,000,804	18,091,947
Net Income	1,274,517	1,526,764	822,180



ARLINGTON COMMUNITY
FEDERAL CREDIT UNION

www.ArlingtonCU.org

703.526.0200