



# 2014 Annual Report



**CONVENIENT**



# Anytime

MESSAGE FROM THE

## Chairman

I would like to take this opportunity to thank all of our members for their patience as we completed our technology upgrade in 2014. This daunting project enables DVA FCU to offer services on par with many of the largest financial institutions in the country. The technology upgrade gives us the ability to introduce new products and services. The initial focus has been on services like mobile banking and mobile check deposit. Now DVA FCU is convenient no matter the time of day or where you happen to be. We hope you see the value in this added convenience and will take advantage of our new services.

The primary responsibility of your Board of Directors is to ensure that the operations of DVA FCU are performed safely and soundly. The financial reports included in the 2014 Annual Report show that your credit union is indeed managed in accordance with policies, laws, and regulations. We finished 2014 with a capital ratio of 11.03%. This represents a slight decrease from 2013 as the Board made a decision to invest some of the capital built up over the years to position the credit union for the future. The National Credit Union Administration considers DVA FCU to be "Well-Capitalized" which is an important measurement of our financial health.

For 2015 and beyond management will be expanding on the capabilities inherent in our upgraded technology infrastructure to offer new products and services and to make DVA FCU the only financial institution you need.

**Greg Hosmer**  
Board Chairman

MESSAGE FROM THE

## President & CEO

June 1, 2014 marked the roll out of our new and improved technology infrastructure. Although there were some minor inconveniences for home banking and CUCall users, the upgrade went much better than anticipated. Thanks to all of our members for your patience and thanks to all of the DVA FCU staff for their hard work and extra effort throughout this process.

Prior to the upgrade we were often asked why this was needed. The purpose for the upgrade was to give DVA FCU the ability to expand our services and make your account accessible 24 hours a day, 7 days a week. Since this upgrade was completed we have introduced DVAnywhere Mobile Banking which allows you to do your banking from your smartphone or tablet. We have also rolled out Mobile Check Deposit which enables you to deposit checks by taking a picture of the check with your smartphone. Other new services include Interbank Transfer, which allows you to transfer funds to or from your DVA FCU account to other financial institutions, and person-to-person (P2P) payments which enables you to pay anyone with a bank account with nothing more than their email address.

We continue to make your money accessible in other ways as well. As a DVA FCU member you have access to the Allpoint ATM network. Allpoint maintains over 50,000 ATMs, all surcharge-free, located near your home or office. They can be found in places like CVS, 7-11, Target, Costco, Walgreens and many more. We also offer access to your funds via the CO-OP shared branching network. Shared branches are often in your neighborhood and are a great alternative when you just can't get to your favorite DVA FCU branch. Check out our website or mobile app to find an ATM or shared branch near you.

This is just the beginning. We continue to work with our new systems to find better ways to serve our members. Thank you for your membership and keep an eye out for other new and exciting products and services in the months ahead.

**Don Johnson**  
President/CEO



## MESSAGE FROM THE Treasurer

Capital reinvestment was the name of the game in 2014 as the credit union made a major capital investment in upgrading its technology infrastructure. This investment allowed the credit union to introduce a number of new products and services for our members and has positioned the credit union for years of future growth. The technology investment required the payment of substantial one-time expenses of \$404,000.00. The improved technology infrastructure will enable the credit union to offer additional services without increasing operating expenses in future years.

Fiscal year 2014 saw the credit union become another victim of the cyber-crimes affecting financial institutions throughout the world. The data breaches at Home Depot and other retailers affected some of our members and resulted in losses to the credit union in excess of \$100,000.00. New card controls have been implemented, which we are hopeful, will reduce this type of loss going forward. Even with this impediment, after factoring out the cost of the technology improvements, the credit union suffered only a small operating loss of about \$35,000.00.

Unlike the commercial banking industry our credit union remains well capitalized at 11.03%. The credit union has an aggressive plan for 2015 projecting substantial loan and income growth. The management and staff of our credit union are committed to making this happen. Thank you for your membership and continued support.

*Donald Walsh*  
Treasurer

### STATEMENT OF INCOME

For Years Ended December 31, 2013 & 2014

	2014	2013
<b>INTEREST INCOME:</b>		
Loans to members	\$ 2,625,055	\$ 2,553,345
Investment Securities	\$ 774,508	\$ 709,091
<b>Total Interest Income</b>	<b>\$ 3,399,563</b>	<b>\$ 3,262,436</b>
<b>INTEREST EXPENSE</b>		
Members Share & Savings Accounts	\$ 356,271	\$ 422,115
Interest on Borrowed funds	\$ 0	\$ 0
<b>Total interest expense</b>	<b>\$ 356,271</b>	<b>\$ 422,115</b>
Net interest income, before provision	\$ 3,043,292	\$ 2,840,320
Less: Provision for loan losses	\$ -283,545	\$ -165,676
Net interest income after provision loan losses	2,759,747	2,674,644
<b>NON-INTEREST INCOME</b>		
Fee, Charges & other operating income	\$ 1,991,161	\$ 2,115,500
Gain on sale of investments	-5,336	8,526
<b>Total non-interest income</b>	<b>\$ 1,985,825</b>	<b>\$ 2,124,026</b>
<b>Non-Interest Expense</b>		
Employee compensation & benefits	\$ 2,180,084	\$ 2,017,090
General & administrative expenses	\$ 2,531,423	\$ 2,433,419
Federal operating & accounting fees	\$ 19,702	\$ 99,234
Association dues	\$ 24,010	\$ 21,994
Miscellaneous Expense	\$ 25,759	\$ 15,028
<b>Total non-interest expense</b>	<b>\$ 4,780,978</b>	<b>\$ 4,586,765</b>
Non-Operating Expenses	\$ 404,309	\$ 0
<b>NET INCOME</b>	<b>\$ -439,714</b>	<b>\$ 211,905</b>

### STATEMENT OF FINANCIAL CONDITION

For years ended December 31, 2012 & 2013

	2014	2013
<b>ASSETS</b>		
Cash	\$ 1,659,109	\$ 2,007,197
Loans to Members	\$ 45,051,784	\$ 46,049,898
Investment securities	\$ 55,456,937	\$ 57,794,022
Accrued income receivable	\$ 290,029	\$ 303,719
Fixed assets	\$ 278,623	\$ 324,496
Prepaid expenses & Other Assets	\$ 1,305,631	\$ 1,085,662
Allowance for Loan Loss	\$ (668,102)	\$ (780,062)
<b>Total Assets</b>	<b>\$ 103,374,011</b>	<b>\$ 106,784,933</b>
<b>LIABILITIES &amp; MEMBERS EQUITY</b>		
Member share & savings accounts	\$ 91,896,779	\$ 95,558,198
Accounts payable & other liabilities	\$ 152,599	\$ 271,849
Accrued expenses	\$ 185,453	\$ 222,970
<b>Total Liabilities</b>	<b>\$ 92,234,832</b>	<b>\$ 96,053,017</b>
<b>MEMBERS EQUITY</b>		
Members equity, partially restricted	\$ 11,139,179	\$ 10,731,915
<b>Total Liabilities &amp; Equity</b>	<b>\$ 103,374,011</b>	<b>\$ 106,784,933</b>

Anywhere



## MESSAGE FROM THE

# Supervisory Committee

The Supervisory Committee is appointed by the Board of Directors to help guide the direction of the Credit Union by ensuring management and staff are carrying out the policies set by the Board of Directors.

Our committee consists of volunteers who report to the membership on the financial soundness and the overall integrity of their credit union. To assist in our role, the

Supervisory Committee uses the services of an Internal Auditor who works onsite at the DVA Federal Credit Union headquarters in Washington, DC testing policies and procedures to verify adherence to Board policies and federal regulations.

Each year the Supervisory Committee reviews the financial reports of the credit union and enlists the services of an independent accounting firm to review both general ledger information and member accounts for accuracy. We are pleased to report that the audit has produced satisfactory results for the 2014 fiscal year.

It is the judgment of the Supervisory Committee that your credit union continues to be financially sound, and is managed in the

best interest of its members.

I would like to take the time to make a very heartfelt thank you to Paul Chang for his support, encouragement, and his many years of service as the Supervisory Committee Chairman. It is an honor and a privilege to be appointed as the new Chair of the DVA FCU Supervisory Committee. I'm looking forward to serving as the new Supervisory Committee Chairman.

*Jennifer Lipshultz*  
Supervisory Committee Chairperson

## BOARD

# Members

**Gregory Hosmer**  
Chairman

**Donald Walsh**  
Treasurer

**Jay Barden**  
Director

**Jennifer Lipshultz**  
Supervisory Committee  
Chairperson

**Elizabeth MacLean**  
Vice Chair

**Sara Turley**  
Secretary

**Paul Chang**  
Director

# Contact

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(800.282.2557)  
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Washington, DC 20420  
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**Chinatown Office**  
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**VA NY Harbor Healthcare System**  
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Brooklyn, NY 11209  
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**Albany Stratton VA Medical Center**  
113 Holland Avenue  
Albany, NY 12208  
518.465.4211

**Philadelphia VA Regional Office**  
5000 Wissahickon Avenue  
Philadelphia, PA 19144  
215.842.2000 ext. 4478

## CONVENIENCE

We offer access to your money anytime, anywhere with DVAnywhere Mobile Banking featuring Mobile Check Deposit, DVAnytime Online Banking, 50,000 surcharge free Allpoint ATM's and over 5,000 shared branching locations.

