



2022  
ANNUAL REPORT

# MESSAGE FROM THE Chairperson

With the COVID-19 pandemic now in our rear-view mirror, the credit union is looking toward a future that is somewhat different than that to which we are accustomed. With most of our members no longer making daily visits to the office, we need to re-evaluate our branching strategy, our membership opportunities, and consider additional technologies to serve our members.

Throughout 2022, the credit union continued to struggle in its efforts to attract new members. Healthy membership growth is necessary for the long-term success of the credit union, and with fewer potential members visiting the office on a regular basis, the Board and Management have begun to consider opportunities to expand our membership reach. Since the credit union is already open to those who live, work, worship or go to school in the District of Columbia, this seems like a good place to start.

The credit union is currently in the process of evaluating the best ways to reach these potential new members while thinking about how to best serve those who have brought us to where we are today. We will be evaluating our product offerings, marketing opportunities, and the training of our staff to ensure we offer opportunities for everyone to benefit from membership in our credit union. If you have suggestions as to how we can enhance our products and services, please submit them to [tellus@advfcu.org](mailto:tellus@advfcu.org).

We are always looking to bring more people into the Advantage Financial fold, which is why we continue to explore ways to make becoming a member even easier. Our digital offerings enable you, your children, your grandchildren, aunts, uncles, cousins, friends and neighbors, to access our services from anywhere including your smartphone, your computer or a physical branch. We hope you share the benefits of credit union membership with everyone in your inner circle.

Despite our membership struggles, the credit union was able to generate a positive net income of more than \$430,000 in 2022. A decline in loan defaults coupled with improving interest rate margins and pandemic relief were the primary drivers of the financial results.

I would like to thank each of our members for your continued support. I would also like to thank our volunteers for their unwavering commitment to the success of the Credit Union and I want to thank and recognize the Credit Union staff and management for all the hard work they've done over the years.

We remain committed to providing you with unique programs and exceptional service; empowering you to reach your financial goals. We know you have options, and we sincerely thank you for choosing Advantage Financial as your trusted financial partner. We will continue to work hard to retain that trust.

**Donald Walsh**  
BOARD CHAIRPERSON

# CONTACT

## **ADVANTAGE FINANCIAL FCU**

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## **NOMA DC**

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## **VA CENTRAL OFFICE**

(Restricted Access)  
810 VERMONT AVENUE NW  
ROOM C-27  
WASHINGTON, DC 20420

## **BROOKLYN VA MEDICAL CENTER**

800 POLY PLACE  
ROOM 1-110  
BROOKLYN, NY 11209

## **ALBANY VA MEDICAL CENTER**

113 HOLLAND AVENUE  
ALBANY, NY 12208

## **PHILADELPHIA VA REGIONAL OFFICE**

(Restricted Access)  
5000 WISSAHICKON AVENUE  
PHILADELPHIA, PA 19144

# Board of Directors

**Donald Walsh,**  
*Chairperson*

**Beth MacLean,**  
*Vice Chairperson*

**Michael Greenan,**  
*Treasurer*

**Sara Turley,**  
*Secretary*

**Brian Stebner,**  
*Director*

**Jay Barden,**  
*Director*

**Gregory C. Hosmer,**  
*Director & Supervisory  
Committee Chairperson*

# MESSAGE FROM THE President & CEO

I would like to begin by thanking our members and our Board of Directors for their unwavering support. Your commitment has been instrumental in our ability to power through the challenges of the last few years.

Even with the ongoing challenges, the Staff and Management continue to focus on high-profile projects related to upgrading our digital and other electronic systems. During 2022 and early 2023 these included a new system for debit card processing, something that had not been updated in more than 20 years, and a new credit card processing system, replacing the system put into place in the early 1990s.

I will admit, the projects did not go as smoothly as previous system upgrades but once we iron out the remaining kinks, we hope you will recognize the benefits of all of the effort that went into these projects. The debit card system includes significantly more automation on the back end which gives our staff more time to assist members in other areas. It also allows you better control over your card, including expanded alerts and better fraud prevention tools. The credit card system has more advanced fraud protection tools along with enhanced functionality, primarily behind the scenes, that make it easier for our staff to address your needs. Coming soon are a new mobile app that allows you to control both your debit and credit cards from the same place along with expanded call center hours in case you encounter an issue outside of normal business hours.

Early in 2023, the failure of a couple of high-flying banks resulted in many questions related to the safety of the banking system, deposit insurance and liquidity. Please know your funds are safe and secure with Advantage Financial Federal Credit Union. Unlike the deposits at the troubled banks, our deposits are spread out amongst our more than 9,000 members and almost all

of those deposits are insured. For those with concerns their balances may exceed the NCUA insurance limit, please contact us so we can review your coverage and, if needed, show you how to structure your account(s) to increase that coverage exponentially.

In closing, I would like to say a special thank you to the teams that implemented the new debit and credit card systems. These projects required a great deal of their time and effort, all of which was in addition to their “regular jobs”. Thanks to our staff, our management team, and the Board for their continuing support, but most of all thank you to our members. You are the reason we exist.

**Don Johnson**  
PRESIDENT/CEO

## SUMMARY BALANCE SHEETS

For Years Ended December 31	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,081,065	\$ 5,635,369
Investment securities		
Available for Sale	\$ 32,278,773	\$ 42,312,451
Other	\$ 9,704,979	\$ 10,416,979
Federal Home Loan Bank stock	\$ 59,100	\$ 59,600
Loans to members, net	\$ 63,505,593	\$ 57,318,138
Accrued interest receivable	\$ 263,767	\$ 229,030
Property and equipment	\$ 142,687	\$ 176,341
National Credit Union Share Insurance Fund deposit	\$ 978,467	\$ 994,823
Right-of-use assets	\$ 1,471,928	\$ -
Other assets	\$ 744,036	\$ 1,094,296
<b>Total Assets</b>	<b>\$ 116,230,394</b>	<b>\$ 118,237,026</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities</b>		
Share and savings accounts	\$ 107,097,781	\$ 106,437,144
Lease liabilities	\$ 1,471,928	\$ -
Accrued expenses and other liabilities	\$ 609,355	\$ 462,352
<b>Total Liabilities</b>	<b>\$ 109,179,064</b>	<b>\$ 106,899,496</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>		
<b>Member's Equity</b>		
Undivided earnings	\$ 12,145,553	\$ 11,713,497
Accumulated other comprehensive income	\$ (5,094,222)	\$ (375,966)
<b>Total Members' Equity</b>	<b>\$ 7,051,331</b>	<b>\$ 11,337,531</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$ 116,230,395</b>	<b>\$ 118,237,027</b>

*These summary financial statements do not constitute a complete presentation. The complete set of audited financial statements, including the statements of comprehensive income, changes in members' equity, and cash flows, and the notes to the financial statements, are available at the Credit Union office during normal hours of operation.*

## SUMMARY STATEMENTS OF INCOME

For Years Ended December 31	2022	2021
<b>INTEREST INCOME</b>		
Interest on loans	\$ 2,711,254	\$ 2,648,787
Interest on investments	\$ 753,182	\$ 593,019
Total Interest Income	\$ 3,464,436	\$ 3,241,806
<b>INTEREST EXPENSE</b>		
Dividends on members' shares	\$ 259,196	\$ 322,958
Interest on borrowed funds	\$ 3	\$ 7
	\$ 259,199	\$ 322,965
Net interest income	\$ 3,205,237	\$ 2,918,841
<b>Provision for loan losses</b>	<b>\$ (173,118)</b>	<b>\$ (130,285)</b>
Net interest income after provision for loan losses	\$ 3,378,355	\$ 3,049,126
<b>NON-INTEREST INCOME</b>		
Service Charges	\$ 621,687	\$ 667,928
Card income	\$ 565,184	\$ 566,668
Other Non-interest income	\$ 399,799	\$ 198,963
Gains on sale of investments, net	\$ -	\$ 155,463
Loan origination income on sold loans	\$ 109,182	\$ 106,738
Insurance commission income	\$ 60,857	\$ 69,246
	\$ 1,756,709	\$ 1,765,006
	5,135,064	4,814,132
<b>NON-INTEREST EXPENSE</b>		
Compensation and benefits	\$ 1,986,641	\$ 1,959,245
Office Occupancy	\$ 338,299	\$ 346,712
Office Operations	\$ 1,423,178	\$ 1,373,182
Loan servicing	\$ 584,298	\$ 541,351
Professional and outside services	\$ 107,169	\$ 122,398
Publicity and Promotion	\$ 108,009	\$ 131,806
Loss on sale of investments, net	\$ 155,414	\$ -
	\$ 4,703,008	\$ 4,474,694
<b>NET INCOME (LOSS)</b>	<b>\$ 432,056</b>	<b>\$ 339,438</b>

## REPORT OF THE Treasurer

Despite multiple continued challenges to the banking industry and our credit union, the total net income for 2022 was \$432,056. This was a direct result of management strategies, including taking advantage of an improving interest rate environment. Management has also worked to limit reliance on more risky long-term investments in favor of less risky, favorable return, short-term investments. When management feels more comfortable that interest rates have stabilized, we will re-examine our investment strategies and look to further strengthen our investment portfolio.

Our Credit Union continues to have a strong balance sheet, with assets of just over \$116 million at the end of 2022 and a net worth ratio of 10.49%. This strong net worth position has continued to allow us to pull through tough economic times. The Board and Management will continue to take the steps necessary to improve the Credit Union's financial health and ensure the it provides our members with the services and products they have come to expect.

**Michael Greenan**  
TREASURER

## MESSAGE FROM THE Supervisory Committee

As Chair of Advantage Financial Federal Credit Union's Supervisory Committee, I am pleased to report that your Credit Union is safe, sound, and in excellent financial condition.

To ensure accuracy, we annually engage an independent certified public accounting firm to verify Member accounts and perform an opinion audit of the Credit Union's financial statements. In addition, our industry's regulator, the National Credit Union Administration, examines the operations of the credit union to ensure compliance with established laws and regulations. Furthermore, the Committee has an Internal Auditor who conducts ongoing reviews of Advantage Financial FCU management and staff's operations to determine their adherence to established policies, procedures, and regulations. Based on the results of both our external audit firm and the National Credit Union Administration's regulatory examination, and our ongoing Supervisory

Committee reviews, it is our opinion that Advantage Financial FCU remains financially strong and well managed. The Board of Directors, Management, and the entire staff are to be commended.

We understand the importance of having a safe, sound place where you can save, borrow, and conduct your financial business. The committee encourages members to contact the Advantage Financial FCU hotline to resolve any problem or issue they may have. Should the credit union staff not resolve the manner properly, concerns should be sent to our committee's email's address; [supervisory@advfcu.org](mailto:supervisory@advfcu.org). We're committed to doing all we can to meet our members' needs. It's an honor to serve you.

**Gregory C. Hosmer**  
SUPERVISORY COMMITTEE CHAIRPERSON