



 **Mid-Atlantic**
Federal Credit Union

2020

ANNUAL REPORT

Building a Future Together as Your Financial Family

Federally Insured by NCUA

CEO'S REPORT

We all want 2020 to be in the rearview mirror. Out of challenges, good things do happen. Your credit union had been investing in technological service delivery systems for years. Because of lockdowns and social distancing requirements, our remote technological service delivery systems were relied heavily upon to provide cost effective solutions to members. We have a wide variety of service options for our members, and we were able to direct members quickly to alternatives. Your credit union staff found solutions where gaps in technology existed and worked diligently to ensure continued quality service, even if the delivery channels were new to many members.

One example of this amazing effort is the credit union's response to the PPP loan program. Mid-Atlantic FCU, with little notice from the government and ever changing program rules, developed systems to provide PPP Loans to members who needed them. We were one of the few financial institutions in Montgomery County who were open to accepting applications at the start of the PPP loan process. Every member that qualified for a loan received their loan, we didn't turn any member away. Our ability successfully meet this challenge, to provide what our members needed, was very gratifying! We also created new relationships when other local financial institutions failed to rise to the occasion.

In 2020, our members required an unprecedented amount of mortgage loan refinances. Our team processed a record number of mortgages, generally in 60 days or less. Our staff helped members make sound decision concerning one of their most important financial transactions.

Your credit union is committed to providing our best levels of service to membership. We are constantly improving our systems. We encourage members to use these new financial service delivery systems. They save time and money. Our staff is more than happy to educate you on how to do financial transactions remotely. We have put your financial information at your fingertips.

The staff have been truly dedicated, and deserve praise and thanks for their actions throughout this very challenging time. We all grew, in knowledge and experience, as a result of the challenges we faced and are now positioned to better serve you in the future. Please contact us, your credit union family, when you have a financial need. We have the solutions.

Our Board and Supervisory Committee serve as volunteers. We are extremely grateful for the time and effort that they contribute to ensure the credit union's success. Their commitment during this time of complex decisions, uncertain circumstances and quickly changing dynamics, was invaluable. They were paramount in our ability to provide effective products and services in a way that protected our members in every aspect of safety and security. We are blessed to have people who freely provide their time and experience to serve their community.

We are looking forward, as your financial family, to continue to provide you with effective solutions to your financial needs.

— BILL BROOKS
CEO

CHAIRMAN'S REPORT

I am honored and humbled to be able to write my first report as the most recently installed Chair of the Mid Atlantic Federal Credit Union Board of Directors. And, I wish to begin this report by thanking John Boothe for his continuing service on the Credit Union board for over 36 years. Most of his recent years he served as Chairman and we are grateful that we continue to benefit from John's wisdom and experience as a Board Member. Thank you John.

As I write this we are moving out of the pandemic and most of the impact it has had on our lives -- personally and professionally --- in the last 18 months. We hope that the worst remains behind us and that everyone reading this report remains safe and healthy. It is worth noting and putting into perspective the challenging conditions under which the Credit Union staff had to work in the last year. As with other businesses, at many times they were working from their homes and unable to collaborate with fellow employees and members in the standard fashion that they were accustomed to. However, through all those difficult times, your Credit Union Staff has continued to serve our members in an exemplary way.

They dealt with many new things, such as the PPP loan program. Our Credit Union staff got positioned to originate and service those loans in a manner that was quicker and better than what many major banks were able to do. This helped us have another positive year for revenue. And, our Credit Union Staff -- to a person -- continues to provide excellent service to our members.

I know this to be true based on many favorable comments we have received from our members.

Since our last report we have reached many milestones of growth as well -- including surpassing the \$400 million mark in assets.

(You will find other financial details in our Treasurer's Report and the rest of this Annual Report.)

With an attitude of gratitude I wish to thank:

- **The volunteer members of our Board of Directors and the Supervisory Committee for your strategic thinking and important diligence and oversight**
- **The staff that continues to serve our wonderful numbers in a first class manner and**
- **You -- our members -- who enable us to continue to serve our community**

We remain excited and optimistic about our next 50 years and more milestones to achieve.

— RANDY SCRITCHFIELD
CHAIRMAN, BOARD OF DIRECTORS

TREASURER'S REPORT

2020 was a challenging year for the Mid-Atlantic Federal Credit Union (MAFCU), due to the COVID-19 pandemic.

Our total assets were \$380 million, and loans grew by over \$59 million in 2020. Our net income was \$1.42 million, which resulted in a return on assets of .30%. Our net income was slightly lower than in 2019, but still very good, especially considering the impact of the COVID-19 virus. We ended the year with a net worth ratio of 6.65% (down from 7.30% in 2019). We missed our goal of 7.23%, but this was due primarily to the growth in assets resulting from the COVID-19 pandemic, as member's spending declined and their deposit accounts grew from \$300M in 2019 to \$352M by the end of 2020.

We processed Payroll Protection Loans during 2020, which resulted in over \$500K in fee income and help our profit. Mortgage loan business was very good and this also helped our 2020 profit and loan growth.

Overall, 2020 was a very usual year for Mid-Atlantic Federal Credit Union, as it was for the entire world, we struggled to adapt and deal with the COVID-19 virus. MAFCU adjusted very well, thanks to the leadership of our CEO and senior management team, and to the hard work and flexibility of our staff. Many had to work from home and work long hours to meet member's needs. For their efforts we are very grateful.

Your Board of Directors and Senior Management are dedicated to ensuring that Mid-Atlantic Federal Credit Union continues to be the effective, dependable, and successful institution that you, our members, have come to expect.

2021 will also be a challenging year for the credit union, as we come out of the COVID-19 pandemic and get back to normal. So far, the credit union has been able to maintain profitability, kept our staff in place, and maintained a good level of member services.

We look forward to increasing value every day, in every way, throughout 2021 and beyond.

— ALLEN P. DELEON, CPA
TREASURER

SUPERVISORY COMMITTEE'S REPORT

The Mid-Atlantic Federal Credit Union's (MAFCU) Supervisory Committee supports its members' interests through nine essential functions: 1.) reviewing and updating practices and procedures sufficient to safeguard MAFCU members' assets; 2.) ensuring a complete and thorough audit of MAFCU's records and operations; 3.) ensuring that MAFCU's required financial records are accurately prepared and filed in a timely manner; 4.) verifying and adhering to internal controls and Board established policies and procedures; 5.) reviewing MAFCU's operations and continually monitoring its overall financial condition; 6.) reviewing the performance of MAFCU's elected officers with respect to how they execute the duties for which they are responsible; 7.) ensuring that MAFCU is in full compliance with all relevant laws and regulations; 8.) researching member complaints; and 9.) safeguarding MAFCU members' assets against the impact of error, conflict of interest, self-dealing and fraud.

The 2020 Supervisory Committee members representing you were: Tony Spearman-Leach (Chair), Jerry Zillion (Vice-Chair), Shane Rock (Secretary), Oscar Munoz, and H. Winton Watkis. They thank you for being a MAFCU member and for the opportunity to serve you.

— TONY SPEARMAN-LEACH
CHAIR, SUPERVISORY COMMITTEE

FINANCIAL REPORT

As of December 31, 2020 (unaudited)

	2020	2019
Income		
Loan Income	\$10,405,283	\$11,695,944
Investment Income	\$519,215	\$1,397,111
Other Income	\$3,834,010	\$3,697,146
Total Income	<u>\$14,758,508</u>	<u>\$16,790,201</u>
Expenses		
Dividend Expense	\$1,076,783	\$1,685,014
Compensation and Benefits	\$6,071,797	\$5,815,030
Office Occupancy & Operations	\$4,621,575	\$4,648,046
General Administrative Expense	\$1,622,038	\$1,976,660
Provision for Loan Losses	(\$142,220)	\$588,714
Federal Operating Fees	\$89,169	\$83,162
Total Expenses	<u>\$13,339,142</u>	<u>\$14,796,626</u>
Net Income	<u>\$1,419,366</u>	<u>\$1,993,575</u>
Assets		
Gross Loans	\$292,066,879	\$233,717,730
Allowance	(\$2,078,511)	(\$2,527,347)
Net Loans	\$289,988,368	\$231,190,383
Cash	\$57,065,079	\$59,098,638
Investments	\$14,958,497	\$11,667,600
Loans Held for Sale	\$0	\$413,250
Net Fixed Assets	\$6,229,871	\$6,613,005
Other Assets	\$12,016,553	\$18,303,485
Total Assets	<u>\$380,258,368</u>	<u>\$327,286,361</u>
Liabilities		
Accounts Payable	\$498,331	\$844,340
Dividends Payable	\$121,673	\$721,556
Accrued Expense	\$1,715,841	\$1,488,151
Notes Payable	\$0	\$0
Other Liabilities	\$132,069	\$219,470
Total Liabilities	<u>\$2,467,914</u>	<u>\$2,833,517</u>
Members' Shares		
Shares	\$319,031,629	\$259,831,611
IRAs	\$3,733,602	\$3,303,365
Share Certificates	\$29,329,895	\$37,376,292
Total Shares	\$352,095,126	\$300,511,268
Nonmember Deposits	\$3,114	\$3,255
Total Shares & Nonmember Deposits	<u>\$352,098,240</u>	<u>\$300,514,523</u>
Members' Equity		
Regular Reserve	\$5,018,283	\$5,018,283
Fairfax County FCU/PGCFCU Capital	\$396,573	\$62,047
Unrealized Investment Loss	\$20,277,358	\$18,857,991
Undivided Earnings	\$0	\$0
Other Comprehensive	\$0	\$0
Total Members' Equity	<u>\$25,692,214</u>	<u>\$23,938,321</u>
Total Liabilities & Members' Equity	<u>\$380,258,368</u>	<u>\$327,286,361</u>



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LENDER

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