



2019

Annual Report

Mid-Atlantic
Federal Credit Union

Your Financial Family

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by NCUA

CEO's Report

Your credit union had an outstanding year in 2019. We are very pleased with the acceptance of our service offerings by the membership. We receive repeated praise from members. Membership has expanded the use of our services. We had reasonable growth in member deposits, and our loan growth is beating our peer group.

We did a lot in 2019 to improve the financial condition of the credit union. Our capital ratio increased to a level where we are considered well-capitalized. This strength is a reason for members to rely on Mid-Atlantic Federal Credit Union for their saving needs.

Chairman's Report

At the end of the calendar year 2019, we completed our fifty-second year of service to Montgomery County residents. This is the county that Mid-Atlantic Federal Credit Union (MAFCU) has called home since 1967. This evening we are gathered together to review our performance during that fifty-second year.

We began the year with \$308.6 million of our member's hard-earned assets in our possession. We completed the year with \$327.2 million of their assets, a gain of 6.0%, which added \$2.03 million of net worth to our organization. We completed the year with a ratio of 7.30% as our net worth. It was a very good year.

We continue to provide quality financial services to meet the needs of local businesses and our members.

The vital pieces of the foundation upon which our organization was built, was done by those before us. I want to acknowledge the contribution of one of our former Board members that we recently lost. For 36 years and four months, Rennie Poffenberger helped us build the organization that we are today. We lost Rennie this past May 13. Our condolences go out to his wife, Sara, and the family.

We have a great group of volunteers who give freely of their time to assure that this credit union delivers to its members. Our staff is committed to providing the best quality of services to every member. We face many challenges going forward. The brave new world of electronic financial service delivery needs to be conquered! We also have to honor the service needs of the long-standing members who have been so loyal to us in the past.

Our goal is to bring the best of breed modern services to our members, but never forget the members who brought us to where we are today.

— BILL BROOKS, CEO

AN INTERNAL OUTLOOK

Our MAFCU staff continues to excel as we serve our community. Our goals of modest growth and profitability continue to be the beacon that guides us. As I said last year, and I repeat this year, our staff continues to stay invigorated and motivated as we reach for that goal. Our staff is encouraged to contribute to the strategic planning and operations of the credit union, as THEY are primarily responsible for our success. It is our mission to retain the collaborative spirit upon which this credit union was built. We continue to place heavy emphasis on our member-focused initiatives and goals.

As members of the community, and as members of our credit union, it places us at a great advantage in serving the community. As your friends and neighbors, we sincerely thank you for your loyalty and your business.

— JOHN G. BOOTHE, Chairman, Board of Directors

Treasurer's Report

For 2019, Mid-Atlantic Federal Credit Union had very good financial results, thanks to the leadership of our Board of Directors, CEO and Senior Management team.

Our total assets were \$327 million, and loans grew by over \$19 million in 2019. Our net income was \$1.93 million, which resulted in a return on assets of .51%. Our net income was significantly lower than in 2018, but still very good. We ended the year with a net worth ratio of 7.30% (up from 7.03% in 2018). We have come very close to our goal for the year of 7.34%.

Overall, 2019 was a year of growth for Mid-Atlantic Federal Credit Union, with a concentration on stabilizing the balance sheet, increasing our capital ratio, and improving member services. Operating expenses decreased slightly. We have maintained

excellent member service, and added some technology improvements to our branches.

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.

2020 will be a challenging year for the credit union, due to the COVID-19 pandemic. 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 2020 and beyond.

— ALLEN P. DeLEON, CPA, Treasurer

Supervisory Committee's Report

The Mid-Atlantic Federal Credit Union (MAFCU) Supervisory Committee serves our Members by closely monitoring the operations of the credit union. Our focus is ensuring that MAFCU's policies, practices, and procedures safeguard our Members' assets.

We do this by auditing the accuracy and integrity of MAFCU's financial statements. In addition, we review Member complaints to ensure they are investigated and resolved in compliance with credit union policies and applicable industry, state, and federal guidelines.

On behalf of your Supervisory Committee, it is our privilege to serve you.

— H. WINTON WATKIS, Chair, Supervisory Committee



Financial Report

As of December 31, 2019 (unaudited)

	2019	2018
Income		
Loan Income	\$11,695,944	\$11,029,803
Investment Income	\$1,397,111	\$1,049,442
Other Income	\$3,697,146	\$4,146,811
Total Income	<u>\$16,790,201</u>	<u>\$16,226,056</u>
Expenses		
Dividend Expense	\$1,685,014	\$1,155,345
Compensation and Benefits	\$5,815,030	\$5,943,455
Office Occupancy & Operations	\$4,648,046	\$4,633,645
General Administrative Expense	\$1,976,660	\$2,015,568
Provision for Loan Losses	\$588,714	\$468,511
Federal Operating Fees	\$83,162	\$83,162
Total Expenses	<u>\$14,796,626</u>	<u>\$14,299,686</u>
Net Income	<u>\$1,993,575</u>	<u>\$1,926,370</u>
Assets		
Gross Loans	\$233,766,813	\$238,287,724
Allowance	(\$2,527,347)	(\$2,693,711)
Net Loans	\$231,239,466	\$235,594,013
Cash	\$59,098,638	\$44,304,983
Investments	\$11,667,600	\$11,949,933
Loans Held for Sale	\$413,250	\$0
Net Fixed Assets	\$6,613,005	\$5,994,327
Other Assets	\$19,614,015	\$10,850,245
Total Assets	<u>\$328,645,974</u>	<u>\$308,693,501</u>
Liabilities		
Accounts Payable	\$333,198	\$345,369
Dividends Payable	\$79,646	\$75,884
Accrued Expense	\$863,032	\$1,458,826
Notes Payable	\$0	\$0
Other Liabilities	\$977,721	\$519,425
Total Liabilities	<u>\$2,253,597</u>	<u>\$2,399,504</u>
Members' Shares		
Shares	\$261,771,144	\$250,576,177
IRAs	\$3,303,365	\$3,753,436
Share Certificates	\$37,376,292	\$30,606,896
Total Shares	\$302,450,801	\$284,936,509
Nonmember Deposits	\$3,255	\$48,412
Total Shares & Nonmember Deposits	<u>\$302,454,056</u>	<u>\$284,984,921</u>
Members' Equity		
Regular Reserve	\$5,018,283	\$4,981,765
Fairfax County FCU/PGCFCU Capital		(\$80,412)
Unrealized Investment Loss	\$62,047	(\$265,601)
Undivided Earnings	\$18,857,991	\$16,673,324
Other Comprehensive	\$0	\$0
Total Members' Equity	<u>\$23,938,321</u>	<u>\$21,309,076</u>
Total Liabilities & Members' Equity	<u>\$328,645,974</u>	<u>\$308,693,501</u>



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