

# 2018 ANNUAL REPORT

**Building a  
solid future  
for our  
members**

Federally Insured by NCUA



## CEO's Report

Your credit union had an outstanding year in 2018. 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 2018 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.

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 delivering 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 best of breed modern services to our members, but never forget the member who brought us.

### **BILL BROOKS**

CEO

## Chairman's Report

At the end of calendar year 2018, we completed our fifty-first year of service to Montgomery County residents. This is the county that Mid-Atlantic Federal Credit Union (MAFCU) has called home since 1967.

We began the year with 26,993 members and \$306.7 million dollars of their hard-earned assets in our possession. We completed the year with 92 fewer members and \$308.6 million in assets, a loss of .3% in membership and a gain of .6% in assets. During that year, we added \$1.9 million dollars of net worth to our organization. We completed the year with a ratio of 7.02% as net worth. Twelve months earlier we were operating at the 6.43% net worth level. It was a very good year. We recorded a very stable year of controlled growth. We accomplished our goal, and the NCUA goal, of achieving a 7% net worth by year-end.

Today, we continue to take great pride in being a community credit union in Montgomery County. We continue to provide quality financial services to meet the needs of the local businesses and the individuals that make them work.

As a very important piece of that success, I want to acknowledge the contribution of one of our Board members who plans to leave us as she completes her current three-year term in office. We are grateful to our Vice Chairperson, Carol Rieg, for her contribution of our success. Carol joined the Board in 2008 and has served in many capacities. As I indicated, she is currently serving as the Vice Chairperson. During this period, Carol has also served on the Supervisory Committee for much of that time.

Another topic that we are proud to share is the progress that our Credit Union and the Boyds, Maryland Credit Union has made as we strive to come together as one. Just last month, the Boyds membership voted to join our organization. Earlier this year the NCUA also authorized our merging. Our new members' geographic centroid is just 2.5 miles to the west and they are very welcome to become a part of the larger community that MAFCU serves.

### **AN INTERNAL OUTLOOK**

Our MAFCU staff continues to excel as we serve our community. Our goals of modest growth and profitability remain paramount. 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, and they are primarily responsible for our success. It is our mission to retain the collaborative spirit this credit union was built upon. 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, ourselves; it places us at a great advantage in serving the community. As your friend and neighbor, we sincerely thank you for your loyalty and your business.

### **JOHN G. BOOTHE**

Chairman, Board of Directors

## **Treasurer's Report**

For 2018, 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 \$308 million and loans grew by over \$9 million in 2018. Our net income was \$1.98 million, which resulted in a return on assets of .66%. This was significantly higher than 2017. We ended the year with a net worth ratio of 7.02% (up from 6.43% in 2017). We have achieved 7.0% capital, which was our goal for the year.

Overall, 2018 was a year of growth for Mid-Atlantic Federal Credit Union, with concentration on stabilizing the balance sheet, increasing our capital ratio and improving member services, along with reducing operating expenses significantly while maintaining excellent member service. We plan some technology improvements to our branches, and these are built into the budget for 2019.

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

We look forward to increasing value every day, in every way, throughout 2019 and beyond.

**ALLEN P. DELEON, CPA**

Treasurer

## **Supervisory Committee's Report**

The Mid-Atlantic Federal Credit Union Supervisory Committee serves the Members by monitoring the operations of the credit union. Our focus is ensuring that the Credit Union's practices and procedures safeguard our Member's assets. We do this by using comprehensive internal and external audits focusing on the accuracy and integrity of MACFU's financial statements. In addition, we investigate member complaints not resolved to satisfaction by management. On behalf of your Supervisory Committee, it is an honor to serve you.

**JUAN CARDENAS**

Chair, Supervisory Committee



	<b>2018</b>	<b>2017</b>
<b>INCOME</b>		
Loan income	\$11,029,803	\$9,893,698
Investment income	\$1,049,442	\$878,281
Other income	\$4,146,811	\$4,150,935
<b>Total income</b>	<b>\$16,226,056</b>	<b>\$14,922,914</b>
<b>EXPENSES</b>		
Dividend expense	\$1,155,345	\$622,277
Compensation and benefits	\$5,943,455	\$5,796,519
Office occupancy & operations	\$4,633,645	\$4,111,299
General administrative expense	\$2,015,568	\$2,524,077
Provision for loan losses	\$468,511	\$579,221
Federal operating fees	\$81,032	\$70,796
<b>Total expenses</b>	<b>\$14,297,556</b>	<b>\$13,704,189</b>
<b>Net Income</b>	<b>\$1,928,500</b>	<b>\$1,218,725</b>
<b>ASSETS</b>		
Gross loans	\$238,287,724	\$228,398,918
Allowance	(\$2,693,711)	(\$3,085,827)
Net loans	\$235,594,013	\$225,313,091
Cash	\$44,304,983	\$47,748,887
Investments	\$11,949,933	\$14,103,190
Loans held for sale	\$0	\$1,593,497
Net fixed assets	\$5,994,327	\$6,137,911
Other assets	\$10,850,245	\$11,898,016
<b>Total assets</b>	<b>\$308,693,501</b>	<b>\$306,794,592</b>
<b>LIABILITIES</b>		
Accounts payable	\$345,369	\$1,347,802
Dividends payable	\$75,884	\$11,759
Accrued expense	\$1,458,826	\$1,178,852
Notes payable	\$0	\$0
Other liabilities	\$519,425	\$1,114,670
<b>Total liabilities</b>	<b>\$2,399,504</b>	<b>\$3,653,083</b>
<b>MEMBERS' SHARES</b>		
Shares	\$250,576,177	\$248,119,549
IRAs	\$3,753,436	\$3,873,198
Share certificates	\$30,606,896	\$31,866,710
Total shares	\$284,936,509	\$283,859,457
Nonmember deposits	\$48,412	\$48,545
<b>Total shares &amp; nonmember deposits</b>	<b>\$284,984,921</b>	<b>\$283,908,002</b>
<b>MEMBERS' EQUITY</b>		
Regular reserve	\$4,981,765	\$4,052,452
Fairfax County FCU/PGCFCU Capital	(\$80,412)	(\$80,412)
Unrealized investment loss	(\$265,601)	(\$100,881)
Undivided earnings	\$16,673,324	\$15,674,137
Other comprehensive	\$0	\$0
<b>Total members' equity</b>	<b>\$21,309,076</b>	<b>\$19,233,507</b>
<b>Total liabilities and members' equity</b>	<b>\$308,693,501</b>	<b>\$306,794,592</b>

