



2021 Annual Report

44th Annual Membership Meeting



VISION STATEMENT

Our vision is to be the institution of choice for comprehensive financial services and information in Loudoun County.

MISSION STATEMENT

Loudoun Credit Union, a member-owned institution, exists to meet the financial needs and goals of its members while maintaining long-term financial stability. Loudoun Credit Union strives to provide the highest level of member service by offering a broad range of quality financial services at fair and reasonable rates.



A MESSAGE FROM THE CEO AND BOARD CHAIR

Thank you for being a member of the Loudoun CU family! As a member, you know our products and services are always evolving to meet your personal and financial needs. The best rates and the best benefits – all for you!

It has been a tough couple of years, and we're very grateful for your continued support of your credit union family. We hope you feel the same about us. After all, we're in this together.

Some 2021 milestones we have to share:

- Transitioned to a new bill pay system - provides more robust and easy-to-use products and services
- Integrated the LCU website with a new mortgage lending partner, CUMA
- Awarded three \$3,000 grants to not-for-profit organizations in Loudoun County
- Awarded three \$1,000 scholarships to graduating Loudoun School seniors
- Created a website chat feature to answer non-sensitive member questions
- Reintroduced home equity loan program
- Enhanced skip-a-pay program so members can skip a loan payment throughout the year, not just November or December

What's coming in 2022:

- Introduction of rewards credit cards
- Implementation of a new lending platform with instant approval capacity
- Reintroduction of our home equity line of credit program
- Improved debit card features, including contactless payment, Apple Pay, Samsung Pay, Fitbit/Garmin Pay, Google Pay, and enhanced fraud protection

So go ahead and drive off in your dream car, create an outdoor entertainment space, or move into a new home. You'll find there's a lot we can accomplish together.

Contact us today for help in making your financial goals a reality. And, as always, thank you for being a part of the Loudoun CU family!

2022 STRATEGIC GOALS AND TACTICS

Net Worth Ratio: Maintain between 8.00% and 10.00% by year-end 2024

Asset Growth: Average of 3.25% annual growth 2022-2024

Loan Growth: Grow Loan Portfolio 25% annually via LCU originated loans and participation purchases

Member Growth: Grow membership by an annual average of 8%

Delinquency: Manage Delinquencies below 1.00% of Total Loans

Charge-Offs: Maintain Charges-Offs below 0.75% of Average Loans

Loan to Share Ratio: Grow ratio greater than 50% by year-end 2024

Net Income: \$85,000 in 2022, \$228,000 in 2023, \$493,000 in 2024

ROA: 0.15% in 2022, 0.38% in 2023, 0.80% in 2024

Operating Expenses: \$2.04 Million in 2022, \$2.31 Million in 2023, \$2.45 Million in 2024

Deposit Growth: \$1.54 Million in 2022, \$1.72 Million in 2023, \$1.91 Million in 2024

Loan Growth: \$4.6 Million in 2022, \$5.8 Million in 2023, \$7.23 Million in 2024

New Accounts Opened: 400 new member accounts opened in 2022, 600 in 2023, and 800 in 2024

Fee Income: Increase Fee Income annually by 15%

Interchange Income: Increase Interchange Income annually by 15%

Loan Losses: Maintain below .25%

LCU has established the following key objectives for the 3-year strategic plan based on the analysis of the credit union's strengths, vulnerabilities, fundamentals, and assumptions made concerning factors that will shape the future of the credit union.

1. LCU will seek to maintain a well-capitalized financial position through managed growth, expense control, income generation, risk management, and sophistication in operational procedures

Introduction of Rewards Credit Cards: Provide members with additional LCU credit card options by introducing an LCU rewards credit card.

Skip-a-Pay Program: In order to provide our members with the ability to skip loan payments throughout the year, LCU's holiday skip-a-pay program will be available year-round.

2022 STRATEGIC GOALS AND TACTICS CONTINUED

Implementation of New Lending and AI Underwriting Platform: To improve member application process, reduce decisioning timeframe, facilitate underwriting, and enable greater loan volumes, LCU will implement new lending platforms with instant underwriting.

Convert Online Banking and Bill Pay: As a means to improve online banking and bill pay features and functions, LCU will update, enhance, and modernize online banking and bill pay system.

Expand Home Equity Products Offered To Include Home Equity Lines of Credit: As a way of offering additional home lending options to members, LCU will reintroduce home equity lines of credit (HELOC) by the end of 1st quarter, 2023.

2. LCU will seek to increase its membership by changing its charter from SEG to community-based and expanding member eligibility to include anyone who lives, works, and worships in Loudoun County.

Push Notifications: Staff will research and implement a system for providing “push” notifications to members via electronic means.

3. LCU will seek to increase visibility within Loudoun County and become the financial provider of choice within the community.

Community Outreach Plan: LCU will create a community outreach plan (COP) to increase visibility of LCU throughout Loudoun County.

BOARD & STAFF

STAFF

CEO	Travis Allen
Director of Finance	Kathleen Broadhurst
Assistant Accounting Manager	Cayla Phipps
Financial Service Officer	Connie Stump
Financial Service Officer	Cheryl Sullivan
Financial Service Officer	Deborah Headen
Branch Manager	Caitlin Martin

MEMBER SERVICE REPRESENTATIVES

Member Service Representative	Jin Liu
Member Service Representative	Cathy Nelson
Member Service Representative	Kiora Daniels

BOARD OF DIRECTORS

Chair	Cindy Mester
Vice Chair	Eric Jewell
Secretary	Donna McMullen
Treasurer	Dr. Rodney Kander
Director	Monika Dixit
Director	Michael Lang
Director	Bo Machayo

SUPERVISORY COMMITTEE

Chair	Lisa Stillman
Member	Annie Carlson
Member	Joe DeCarlo
Member	Ollie Henson

SECURITY

Security Officer	Tim Depoy
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The credit union is a voluntary, not-for-profit cooperative association. A Board of Directors elected by the members governs the credit union. Members, regardless of their financial stake in the credit union, are eligible for one vote. It is democratically administered to encourage thrift among its members, create a source of credit at a low rate, and provide maximum service at reasonable cost.

FINANCIAL HIGHLIGHTS

DECEMBER 2020 TO DECEMBER 2021



TOTAL ASSETS GREW BY \$6,400,000 TO

\$57,633,000



TOTAL SHARE DEPOSITS GREW BY \$6,417,000 TO

\$53,178,000



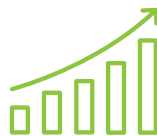
NET INCOME

\$199,700



NET WORTH RATIO

7.53%- WELL CAPITALIZED



ROA

0.37%

INCOME STATEMENT

PERIOD ENDING 12/21

ACCOUNT DESCRIPTION	M-T-D BALANCE	%	Q-T-D BALANCE	%	Y-T-D BALANCE	%
INTEREST FROM LOANS	90,332.82	59.79	276,151.22	60.15	1,168,104.33	59.22
INVESTMENT INCOME	28,754.73	19.03	84,858.04	18.48	343,933.10	17.44
FEES AND CHARGES	9,799.84	6.49	27,365.84	5.96	100,907.55	5.12
MISC OPERATING INCOME	22,207.51	14.70	70,747.31	15.41	359,449.42	18.22
TOTAL GROSS REVENUE	151,094.90	100.00	459,122.41	100.00	1,972,394.40	100.00
WAGES, SALARIES, AND BONUSES	62,736.84	41.52	153,882.13	33.52	564,107.22	28.60
EMPLOYEE BENEFITS	10,701.85	7.08	47,979.21	10.45	208,341.28	10.56
TRAVEL & CONFERENCE EXPENSE	620.00-	.41-	1,770.00	.39	4,710.68	.24
ASSOC. & PROFESS. DUES	1,606.34	1.06	4,819.02	1.05	17,552.18	.89
OFFICE OCCUPANCY EXPENSE	5,376.37	3.56	16,486.64	3.59	66,058.71	3.35
OFFICE OPERATIONS EXPENSE	28,393.80	18.79	93,538.04	20.37	371,797.96	18.85
ADVERTISE/PROMO/TRAIN EXPENSE	9,071.38	6.00	25,149.14	5.48	126,282.17	6.40
LOAN SERVICING EXPENSE	6,868.28	4.55	23,296.04	5.07	88,484.31	4.49
PROFESSIONAL/OUTSIDE SERVICES	21,947.93	14.53	68,451.05	14.91	308,357.59	15.63
PROVISION FOR LOAN LOSSES	16,605.97	10.99	26,605.97	5.79	24,084.71	1.22
MEMBERS' INSURANCE	.00	.00	.00	.00	.00	.00
STATE OPERATING FEE	.00	.00	2,000.00	.44	8,173.44	.41
CASH OVER AND SHORT	.00	.00	40.00	.01	160.01-	.01-
INTEREST ON BORROWED MONEY	.00	.00	.00	.00	.00	.00
ANNUAL MEETING EXPENSE	666.67	.44	2,000.01	.44	7,008.35	.36
MISC OPERATING EXPENSES	517.49	.34	1,543.37	.34	2,927.00	.15
TOTAL OPERATING EXPENSE	163,872.92		467,560.62		1,797,725.59	
INCOME OR LOSS FROM OPERATION	12,778.02-		8,438.21-		174,668.81	
DIVIDEND EXPENSE	4,440.86	2.94	13,462.40	2.93	55,709.81	2.82
GAIN (LOSS) ON INVESTMENTS	.00	.00	.00	.00	89,244.44-	4.52-
GAIN (LOSS) DISPOSITION ASSETS	5,745.85	3.80	5,745.85	1.25	8,527.05	.43
OTHER NONOPER INCOME (EXPENSE)	.00	.00	.00	.00	.00	.00
TOTAL DIVIDENDS & EXPENSES	174,059.63	115.20	486,768.87	106.02	1,772,718.01	89.88
NET INCOME OR LOSS	22,964.73-	15.20-	27,646.46-	6.02-	199,676.39	10.12

BALANCE SHEET

PERIOD ENDING 12/21

ACCOUNT DESCRIPTION	CURRENT BALANCE	LAST YEAR'S EOM BALANCE	THIS YEAR'S AVERAGE BALANCE
LOANS TO MEMBERS	18,506,399.96	19,840,764.94	19,273,533.70
ALLOWANCE FOR LOAN LOSSES	79,254.68-	117,976.57-	92,613.89-
RECEIVABLES	131,068.81	19,385.14	200,030.08
CASH AND CASH ITEMS	9,493,247.89	8,704,730.75	9,374,026.07
INVESTMENTS	28,504,533.83	21,824,676.32	25,405,250.86
INVESTMENT IN CLF	456,426.63	349,890.17	402,541.12
PREPAID EXPENSES	164,493.01	202,333.59	194,374.90
FIXED ASSETS	64,311.80	59,963.46	65,752.27
ACCRUED INCOME	84,837.75	102,215.97	77,174.94
OTHER ASSETS	307,064.53	238,125.83	69,182.14
TOTAL ASSETS	57,633,129.53	51,224,109.60	54,969,252.19
ACCOUNTS PAYABLE	355,321.42-	103,240.12-	270,245.62-
NOTES PAYABLE	.00	.00	2.73-
DIVIDENDS	17.22-	.00	3,678.10-
TAXES PAYABLE	4,827.47-	3,610.62-	3,582.11-
ACCRUED EXPENSES	54,551.05-	57,358.06-	53,997.00-
UNDISBURSED LOAN PROCEEDS	7,678.17-	6,878.17-	7,766.13-
UNAPPLIED D/P EXCEPTIONS	.00	.00	.00
TOTAL LIABILITIES	422,395.33-	171,086.97-	339,271.69-
SHARES	53,177,950.59-	46,760,087.52-	50,492,000.12 -
RESERVES	304,996.32-	304,996.32-	304,996.32-
UNDIVIDED EARNINGS	3,727,787.29-	3,987,938.79-	3,838,166.20-
NET INCOME	.00	148,676.38	4,281.45
UNDISTRIBUTED NET INCOME	.00	148,676.38-	900.53
TOTAL LIABILITIES & CAPITAL	57,633,129.53-	51,224,109.60-	54,969,252.35-

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee of the Loudoun Credit Union (LCU) is appointed by the Board of Directors in accordance with the Federal Credit Union Act. Bylaws require a minimum of three members and an odd number of members. Currently, the Supervisory Committee is composed of four volunteer members, Lisa Stillman, Chair, Annie Carlson, Ollie Henson, and Joe DeCarlo. The function of the Committee is basically to serve as an independent resource for reviewing a sampling of transactions and accounts of the credit union as well as to review the internal controls and perform some testing to see if those controls are functioning properly. We work very closely with LCU staff, but we are not employees of the credit union.

We continue to evolve and improve our reviews. One of the tasks that the Supervisory Committee is required to perform is hiring an accounting firm to perform a required independent review of internal controls and reporting of information. Our accounting firm, Brown, Edwards, and Co., are performing the annual review and producing the report that we will present to the Board of Directors.

We have tasks that we typically perform in accordance with a schedule that is approved by the Board of Directors in December each year. They include reviewing such things as change of address, dormant account reviews, a review of the CEO's credit card purchases, and reviewing and passing on comments from a variety of sources including mail, email, and a suggestion box. Additional tasks that we perform periodically include surprise cash counts, bank reconciliation reviews, loan reviews, CD reviews, and other tasks as deemed necessary.

We all appreciate the ongoing cooperation of staff to our questions and requests.

GRANT & SCHOLARSHIP WINNERS

\$3,000 GRANT RECIPIENTS

Awarded Not-For-Profit Organizations In Loudoun County

Ryan Bartel Foundation

Legacy Farms

Women Giving Back

\$1,000 SCHOLARSHIP WINNERS

Awarded To Graduating Loudoun County School Seniors

Brionna Loukinen

Melina Efigenio

Declynn Dibble

