Topside
Federal Credit Union



2024 Annual Report

Topside Federal Credit Union.

The view's better from here!

2024 ANNUAL REPORT

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MINUTES
2023 Annual Meeting

I. Call to Order

Chairman David Martin called the meeting to order at 6:02 p.m. on April 22, 2024, with Executive Assistant Tammy Beach taking minutes. Vice Chairman Jim Venable, Treasurer Woodfin Straughan, Secretary Lucia Perkins, Directors Martha Hutzel, Jim Fedak, Wendy Zelazny, Associate Director Monica Owens, and CEO Bruce Six, were present.

II. Invocation

The Secretary gave the invocation.

III. Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

IV. Approval of the 2022 Annual Shareholders Meeting Minutes

The Shareholders commenced the meeting with a review of the minutes from the 2022 Annual Shareholders meeting. Leslie Jordan made a motion to approve the minutes of the 2022 Annual Shareholders meeting. Steve Peppers seconded the motion. The motion was put to a vote and was unanimously carried. All attendees agreed to accept the minutes of the 2022 Annual Shareholders meeting as presented.

V. Reports

The Chairman announced to those present at the meeting that the reports from the Chairman, Treasurer, Supervisory Committee, and CEO are included in the handout of the 2023 Annual Report.

VI. Member Questions

Question 1:

How much did the Credit Union pay for Topper?

Answer:

a. The CEO acknowledged that Topper was a significant investment.
b. Purpose of Topper: It provides 24/7 support, including answering member inquiries at nontraditional hours (e.g., 3 a.m. on a Tuesday).
c. A member noted their personal preference for speaking with a live representative.
d. The CEO shared that Topper has reduced Contact Center call volume by approximately 40%. Its availability has also encouraged members to reach out later in the evening, shifting member behavior.

Question 2:

Why are the ATMs frequently out of service?

Answer:

e. The Credit Union is actively upgrading its ATM network, with the exception of the machine located in Building 1470 on base.
f. ATM maintenance is outsourced to a third-party vendor.
g. Because the ATMs are not directly connected to the Credit Union's network, the institution does not receive outage alerts—the vendor does.
h. Unfortunately, vendor response times have not met expectations. The Credit Union is working closely with the vendor to resolve ongoing hardware issues, particularly with newly installed machines.

MINUTES CONTINUED
2023 Annual Meeting

VII. Election Results

1. Woodfin Straughan (Barry Mohle's Resigned Position) – 2-year term
2. Jim Fedak – 3-year term
3. Jim Venable – 3-year term
4. Wendy Zelazny – 3-year term

VIII. Adjournment of Meeting

The Chairman of the Board initiated the closure of the 2023 Annual Shareholders meeting. Larry Hinson made a motion to conclude the 2023 Annual Shareholders meeting. David Garvin seconded the motion. The motion was put to a vote and was unanimously carried. All attendees agreed to conclude the 2023 Annual Shareholders meeting. The meeting officially ended at 6:52 p.m.



In memory of...

Monica Owens

Associate Board Member, Friend, and Guiding Light

This year, we honor and remember the life of Monica Ruth Owens, a cherished associate member of our Board of Directors, who passed away on March 26, 2025. Monica served Topside with grace, wisdom, and a steadfast dedication to our mission. Her presence was a steady source of encouragement and strength, and she brought to every board meeting the same joy, compassion, and integrity that defined every part of her life.

Monica's unwavering faith and deep sense of community were the cornerstones of her service. She led by example, always placing people first, always asking the right questions, and always believing in the power of kindness. Whether guiding strategic decisions or offering a warm word of encouragement, she made a lasting impact on all of us.

Her legacy will live on in the values she helped shape and the spirit of service she inspired in others. We are deeply grateful for her time with us and will carry her light forward in all we do.

REPORT
Supervisory Committee

The Supervisory Committee reviews audits performed by our Internal and External Auditors, and reviews Loan Exception Reports during our monthly meetings. The Committee maintains oversight responsibility for the Board of Directors and their actions. We also review Member Opinion Surveys which reflect how the Members feel about their Credit Union experience. Member survey responses by management are included in assessing the responsiveness of Topside to the membership.

During 2024, the Supervisory Committee accepted the financial audit that found that Topside is operating within all accepted accounting principles. The Committee also reviewed requests from members for reconsideration of their loan applications. Finally, the Committee dedicated considerable time and energy into the comments from members who submitted survey responses to ensure the management and staff of the Credit Union are doing everything they can to maintain member satisfaction within the approved regulatory constraints and Board approved policies.

We attribute the success and soundness of the Credit Union to the efforts and dedication of the managers, staff, and volunteers. I would like to thank the members of the Supervisory Committee: Robert Weber, Secretary, Patric Janis, Member, Harold Van Dusen Member and Assoc. Board Member, and Board of Director Representative, Martha Hutzel for their hard work and commitment in 2024.

If you would like to know more about the duties of the Supervisory Committee or have an interest in volunteering, please contact the Credit Union or visit our website for more information

Willie Shelton
Chairperson Supervisory Committee

BOARD OF DIRECTORS

David Martin, Chairperson
Jim Fedak, Vice Chairperson
Woodfin Straughan, Treasurer
Lucia Perkins, Secretary
Jim Venable, Director
Martha Hutzel, Director
Wendy Zelazny, Director
Harold Van Dusen, Associate Director
Elizabeth Unruh, Associate Director
Monica Owens, Associate Director
(Resigned 10/18/24)

EXECUTIVE TEAM

Bruce Six, Chief Executive Officer
James Bangert, Chief Financial Officer
Dora Vogel, Chief Execution Officer
Kathy McCarthy, Chief Lending Officer
Scott Varga, Chief Information Officer
Lisa Williams, Chief Marketing Officer

SUPERVISORY COMMITTEE

Willie Shelton, Chairperson
Robert Weber, Secretary
Harold Van Dusen, Member
Patrick Janis, Member
Martha Hutzel, Board Representative

REPORT
Treasurer

Topside Federal Credit Union's assets decreased in 2024 as liquidity improved and $27 million of borrowings were paid off. Shares increased from $433 million in 2023 to $446 million in 2024; a change of 2.96%. Like the overall market, loan demand was soft for most of the year. Net Loans decreased from $297 million to $278 million, a -6.48% decrease. Although most loan categories decreased in 2024, the largest decrease was in Loan Participations. These loans are paying off relatively quickly, and no new Loan Participations were purchased during the year, as the Credit Union focused on improving liquidity and paying down borrowings. Because of the increase in Shares and the decrease in Loans, the Loan to Share ratio dropped from 69.60% in 2023 to 63.17% in 2024.

The Net Worth ratio, which is a measurement of capital to assets, increased significantly from 7.30% to 8.07% at year end. The strong profitability, and controlled asset growth, are the main components of this key ratio. Your Credit Union is rated as "Well Capitalized" by the National Credit Union Administration. The goal of the Credit Union is to remain "Well Capitalized" going forward.

Net Income for the year was $2.9 million compared to $2.6 million during 2023. Even though loan and investment balances were lower than the previous year, the rise in interest rates provided for an increase to Net Interest Income of over 4%. Additionally Non-Interest Income increased by 21%. Much of this increase was due to sales of investments. Total Non-Interest Expense remained well below budget for 2024 due to management controls. Remaining profitable enables the Credit Union to continue offering attractive products and services to our members at competitive prices.

The Board of Directors and management continue to take a proactive and fiscally conservative approach to managing the financial well-being of the Credit Union, so that we can continue to offer a variety of attractive and competitive products and services to our Members.

Woodfin Straughan
Treasurer

REPORT
Bruce Six, CEO

Credit unions were established to meet the financial needs of individuals and communities that banks did not serve in the early 20th century. During that period, many individuals, particularly those in rural areas or from working-class backgrounds, had difficulty accessing credit from traditional banks. Credit unions were formed as cooperatives that pooled deposits from members and loaned those funds to other members requiring credit. The first credit union in the United States was founded in 1909. Despite the availability of numerous banks today, credit unions provide a balance of lower costs and customer service to their members.

Banking and member expectations have evolved significantly over the past decade. Topside used to offer safe deposit accounts with reasonable dividend rates and loans at attractive interest rates. Today, we provide a range of electronic services that allow members to manage their accounts at their convenience. Services include digital banking, credit and debit card control (My Cards), remote deposit via phone, 24/7 account information from an AI-powered agent (Topper), online account opening, and online loan application processes, all provided without fees or additional costs. These are just some of the services currently available.

Financially, 2024 was a successful year for achieving our goals. Earnings were robust, with returns on Topside assets equaling 0.61%, an improvement of 0.10% over last year. Our capital safety net increased by $2.9 million, and core expenses were reduced by over $277,000. Membership growth remained stable, although loan growth decreased, resulting in a loan-share ratio of 63.17%. Topside has funds available for lending, and our rates, especially on credit cards, are among the best in the country.

Future plans for Topside and our membership include offering more customization options for banking products. We will introduce new ways to open and use certificates and provide easier methods to interact with our staff from any location. Additionally, Topside is committed to developing products that help individuals who have not had access to banking accounts or have faced difficulties in managing accounts. We encourage you to recommend Topside Federal Credit Union to friends and family.

Thank you for being a member of Topside Federal Credit Union. Please feel free to reach out with any questions.

Bruce Six
CEO

FINANCIAL CONDITION

	2023	2024
ASSETS		
Cash & Equivalents	$20,607,310	$45,423,463
Securities - Available-for-Sale	$132,982,697	$117,705,478
Other Investments	$2,637,005	$2,282,822
Loans, Net	$297,220,335	$277,957,869
Accrued Interest Receivable	$2,247,730	$2,058,644
Foreclosed & Reposessed Assets	$21,094	$21,575
Premises & Equipment, Net	$7,755,395	$7,589,308
NCUSIF Deposit	$4,184,014	$4,086,212
Life Insurance Policies	$8,337,614	$8,557,378
All Other Assets	$6,969,385	$7,646,277
TOTAL ASSETS	**$482,962,579**	**$473,329,026**
LIABILITIES & EQUITY		
Members' Share & Savings Accounts	$433,185,448	$446,008,920
Borrowings	$26,865,850	---
Accrued Expenses & Other Liabilities	$4,305,392	$3,370,848
TOTAL LIABILITIES	**$464,356,690**	**$449,379,768**
Regular Reserve	$3,959,173	$3,959,173
Undivided Earnings	$31,291,682	$34,215,625
Accumulated Other Income	$(16,644,966)	$(14,225,540)
TOTAL MEMBERS' EQUITY	**$18,605,889**	**$23,949,258**
TOTAL LIABILITIES & MEMBERS' EQUITY	**$482,962,579**	**$473,329,026**



INCOME STATEMENT

	2023	2024
INCOME		
Interest on Loans	$17,466,798	$18,188,132
Securities, deposits, etc...	$3,238,518	$3,941,852
TOTAL INTEREST INCOME	**$20,705,316**	**$22,129,984**
INTEREST EXPENSE		
Member Share & Savings Accounts	$3,558,007	$4,290,980
NET INTEREST INCOME	**$17,147,309**	**$17,839,004**
PROVISION FOR LOAN LOSSES	$2,156,902	$2,590,567
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	**$14,990,407**	**$15,248,437**
NON-INTEREST INCOME		
Service Charges & Fees	$2,043,700	$2,121,903
Other Non-Interest Income	$2,788,951	$2,840,283
Net Gain on Investment Sales	$(5,619)	$881,661
TOTAL NON-INTEREST INCOME	**$4,827,032**	**$5,843,847**
NON-INTEREST EXPENSE		
Compensation & Benefits	$8,794,238	$9,423,733
Operations	$7,084,886	$7,412,848
Other Operating Expenses	$1,343,413	$1,331,761
TOTAL NON-INTEREST EXPENSE	**$17,222,537**	**$18,168,342**
NET INCOME (LOSS)	**$2,594,902**	**$2,923,943**
STATISTICAL DATA		
Number of Members	41,764	41,921
Average Shares per Member	$10,372	$10,639
Number of Loans	19,812	18,643
Avg. Loan Balance	$15,217	$15,113
Loan/Share Ratio	69.60%	63.17%
Delinquency Ratio	0.60%	0.83%
Net Worth	7.30%	8.07%

REPORT
Chairperson's

Reflecting on each year is always constructive for acknowledging the successes of the prior year, and realizing the positive impact Topside has for the membership. It's not lost on me and my fellow Board members that financial services are a necessity of daily life. We all need a safe place to store our money, and convenient ways to access that money when we need it. Most of us also need fast and convenient access to credit for life's surprise necessities (a new roof for instance) and periodic indulgences (like a much needed vacation). Topside Federal Credit Union is your credit union. You own the credit union and as such our sole purpose is to serve you and your financial needs.

As in past years, the Board of Directors and management team have worked diligently to balance the need to keep loan rates affordable while still paying competitive interest on deposits. All while maintaining our robust electronic services like our home banking app and card control program; after hours artificial intelligence assisted self-service capabilities; and online account opening and loan application systems. At the direction of the Board, Topside loan rates have consistently been some of the lowest offered in the area. In fact, even as interest rates were rising, all of the Topside VISA rates remained the same. Topside's personal loan rates also remained exceedingly competitive and tapping into the equity in your home stayed easy and affordable with our equity products. Interest rates paid on deposits were increased in 2024 to stay in line with the market, and certificate rates were kept extremely competitive with a minimum balance of just $100, so they are accessible to most members.

How members want to access their accounts is a balance that differs for each member. Some members never intend to come into a physical branch, while others will only trust the friendly and highly trained branch and contact center staff to help them with their needs. Most members use both electronic services and in-person interactions to live their financial life. Your Board is committed to maintaining as many ways to work with the credit union as possible. In fact, 2025 promises to see the introduction of even more ways to interact with Topside.

Of course, none of this makes any sense if the credit union isn't financially safe and sound. I'm happy to report that Topside added over $2.9 million dollars to capital last year and remains in the highest capital classification as defined by our regulator.

Every year brings financial opportunities and challenges, and 2025 appears to be no different. The Management at Topside are committed to maintaining a conservative and prudent approach to all aspects of Topside operations. Your Board is also committed to representing you as the member/owners of the credit union to make sure the institution delivers competitive rates and services while also providing significant peace of mind.

David Martin
Chairperson

MEASURING UP

Community impact & contribution

NEW CARS

400+

We financed over 400 car loans for our members this year.



RELIEF EFFORTS

$11,118

Our staff and members were able to raise over $11k for hurricane relief efforts.



NEW HOMES

20+

We helped put over 20 families in their dream homes.



YOUTH SAVES

250+

We opened over 250 new youth saves acconts.



5 STAR REVIEWS

1,150+

Our members gave us over 1,150 five star reviews.



PERSONAL LOANS

870+

Over 870 members chose us to finance their personal milestones.



EVENTS

50+

We attened over 50 community events over the last year.



EDUCATION

1,700+

Over 1,700 people attended one of our financial education classes/seminars.



Topside
Federal Credit Union

AUGUSTINE BRANCH

2004 Augustine Avenue,
Fredericksburg, VA 22401

Lobby:
Mon - Thurs: 9 AM - 5 PM
Fri: 9 AM - 6 PM
Sat: 9 AM - 12 PM

Drive-Thru:
Mon - Fri: 9 AM - 6 PM
Sat: 9 AM - 12 PM

PLAZA BRANCH

5472 James Madison Pkwy,
King George, VA 22485

Lobby:
Mon - Thurs: 9 AM - 5 PM
Fri: 9 AM - 6 PM
Sat: 9 AM - 12 PM

Drive-Thru:
Mon - Fri: 9 AM - 6 PM
Sat: 9 AM - 12 PM

MASSAPONAX BRANCH

9622 Patriot Hwy,
Fredericksburg, VA 22407

Lobby:
Mon - Thurs: 9 AM - 5 PM
Fri: 9 AM - 6PM
Sat: 9 AM - 12 PM

Drive-Thru:
Mon - Fri: 9 AM - 6 PM
Sat: 9 AM - 12 PM

DAHLGREN BRANCH

17442 Dahlgren Road,
Dahlgren, VA 22448

Lobby:
Mon - Fri: 8:30 AM - 3 PM

EQUAL HOUSING
LENDER

topsidefcu.org | **540.663.2181**

Federally insured by NCUA.