

# Topside

Federal Credit Union



# 2021 Annual Report



Topside Federal  
Credit Union.

The view's better  
from here!

**2021 ANNUAL REPORT**

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# MINUTES

## 2020 Annual Meeting

### I. Call to Order

Chairperson Woodfin Straughan called the meeting to order at 6:04 p.m., with Executive Assistant Tammy Ting-Beach taking minutes. Vice Chairperson Jim Venable, Treasurer David Martin, Secretary Lucia Perkins, Directors Jim Ball, Jack Bell, and Stacy Horne, CEO Bruce Six, CFO Jim Bangert, CIO Scott Varga, CXO Dora Vogel, and Director of Marketing Randa Monroe were present. The Board of Directors excused the absence of CMO Lisa Williams. Due to constantly changing COVID-19 indoor gathering restrictions (indoor gatherings were limited to fifty people at the time of the meeting), Topside Federal Credit Union decided to only have their Executives and Board of Directors attend the in-person meeting, to limit exposure and conduct the annual membership meeting virtually to all others who would like to attend safely. Seventy-six people attended the virtual meeting.

### II. Invocation

Board of Director Jack Bell gave the invocation.

### III. Pledge of Allegiance

The Chairperson led the Pledge of Allegiance.

### IV. Approval of the 2019 Annual Shareholders Meeting Minutes

The Shareholders reviewed the minutes from the 2019 Annual Shareholders Meeting. A motion was made by Kathy McCarthy and seconded by Jim Bangert to approve the 2019 annual Shareholders meeting minutes. All present were in favor. The motion was unanimously carried to accept the minutes of the 2019 annual Shareholders meeting. The minutes are in the annual report.

### V. Reports

#### Chairperson's Report

The Chairperson of the Board of Directors presented the Chairperson's report. The report can be found in the annual report.

#### Treasurer's Report

The Treasurer of the Board of Directors presented the Finance Review of 2019. The report can be found in the annual report.

#### Supervisory Committee Report

The Chairperson of the Supervisory Committee presented the Supervisory Committee's Chairperson report. The report can be found in the annual report.

#### CEO Report

The Chief Executive Officer presented the CEO report. The report can be found in the annual report.

### VI. Member Questions

1. Q: Fixing the potholes that have developed over the years on the road that fronts the Credit Union's Plaza location.
  - A: The potholes are not on Credit Union property and the Credit Union has contacted the property owner several times and requested that they fix the potholes. The property owner has not responded to the repeated requests from the Credit Union to fix the potholes. If the Credit Union were to go ahead and fix the potholes without the property owner's consent, the property owner could take legal action against the Credit Union.

# MINUTES CONTINUED

## 2020 Annual Meeting

### VII. Election Results

The Chief Executive Officer announced the winners of the nominees for the Board of Directors election:

1. Jim Ball
2. Jack Bell
3. Jim Venable

### VIII. Adjournment of Meeting

The Board Chairperson called for the adjournment of the 2020 Annual Shareholders meeting. A motion was made by Kathy McCarthy and seconded by Jim Bangert to adjourn the 2020 Annual Shareholders meeting. All present were in favor. The motion was unanimously carried to adjourn the 2020 Annual Shareholders meeting. The meeting was adjourned at 6:24 p.m.

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Chairperson Woodfin Straughan

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Secretary Lucia Perkins

# REPORT

## Supervisory Committee

The year 2021 was a challenging one for the Supervisory Committee due to the COVID-19 pandemic. Procedures for our monthly meetings and audits had to be modified to maintain safety. We reviewed the results of audits performed by internal auditors, as well as those performed by external auditors at our monthly meetings. Topside FCU adopted a member survey platform; the results of these surveys have been useful for the Supervisory Committee to understand how our membership feels about their Credit Union experience.

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: Willie Shelton, Secretary Robert Weber, Member Willie Shelton, and Board of Director Representative Stacy Horne for their hard work and commitment.

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.

*Jim Criss*

Chairperson Supervisory Committee

### SUPERVISORY COMMITTEE

**Jim Criss**, Chairperson

**Robert Weber**, Secretary

**Willie Shelton**, Chairperson

**Stacy Horne**, Board of Directors  
Representative

### 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

### BOARD OF DIRECTORS

**Woodfin Straughan**, Chairperson

**Jim Venable**, Vice Chairperson

**David Martin**, Treasurer

**Lucia Perkins**, Secretary

**Jack Bell**, Director

**Jim Ball**, Director

**Stacy Horne**, Director



**Sidney Pawsbie**

Chief Marketing Officer

## REPORT

### Treasurer

Topside Federal Credit Union's assets grew significantly during 2021, increasing from \$456 million to \$488 million; a growth rate of 6.92%. As a result of COVID-19 related Economic Impact Payments from the federal government, as well as extended state and federal unemployment benefits, Member Shares increased 8.03%, which was the primary source of asset growth. Loans also grew significantly during the year, from \$205 million at year-end 2020, to \$228 million at year-end 2021, a growth rate of 11.56%. In addition to growth in Mortgage, Personal and Member Business Loans, the Credit Union expanded its loan participation program and entered a loan purchase program. This activity helped to put all the incoming deposits to work to increase profitability and enable the Credit Union to continue offering attractive products and services to our members at competitive prices. Additionally, the Credit Union was able to increase the loan to share ratio from 48.95% to 50.61% during the year.

The Net Worth ratio, which is a measurement of capital to assets, decreased from 6.97% at year-end 2020 to 6.93% at the end of 2021. This, again, was due to the continued growth in Member Shares and consequently Total Assets. This is classified as "Adequately Capitalized" by the NCUA. Although the goal of the Credit Union is to remain "Well Capitalized", it has the ability and resources to operate temporarily at the lower level for an extended period.

Net Income for the year was \$1.9 million compared to \$255 thousand during 2020. The loan growth contributed significantly to the additional income. In addition, the Credit Union was eligible for a federal employment tax credit due to impairments to business caused by COVID-19. This totaled \$1.6 million. Non-Interest Expense was held to a modest increase, however the Provision for Loan Losses, which is an expense that recognizes future loan losses at the time the loans are made, increased \$180 thousand due to the increase in loans.

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.

*David Martin*

Treasurer



## REPORT Bruce Six, CEO

**I'm proud to report that your Credit Union is financially strong, technically advanced, and well prepared to serve our members for another 60 years.**

Topside Federal Credit Union celebrated its 60th year in 2021. Started as NWL Federal Credit Union in 1961 to serve the employees and warfighters assigned to the Navy base in Dahlgren, the Credit Union has grown and evolved to be Topside Federal Credit Union today. Since that humble beginning, your Credit Union is now one of the largest Credit Unions in Virginia. To be fair, there are many larger financial institutions in the state, but Topside is the only Credit Union established here, remaining here, and growing here for you. Now serving the Navy base in Dahlgren, the local school districts, the City of Fredericksburg and employee groups throughout the area, Topside provides a complete list of financial products and services.

The year 2021 began and ended against the backdrop of a continuation of the pandemic and an economy that exhibited an uneven restart from the difficult shocks of 2020. As we faced these challenges, the health and welfare of the employees was top of mind so they could continue providing the highest levels of member service. Member access to service, whether it be at a branch, over the phone or remotely via home/mobile banking was a top priority. Because of these efforts, the members of Topside ended 2021 with greater access to Credit Union products and services than ever before. Topside also continued to work with members and businesses that were financially challenged during the year. The success of one member, creates success for the entire membership.

I'm proud of the work our employees provided in 2021. I'm proud of the benefits Topside provided to the community throughout the year. I'm proud to report that your Credit Union is financially strong, technically advanced, and well prepared to serve our members for another 60 years.

*Bruce Six*  
CEO

## FINANCIAL CONDITION

	2020	2021
<b>ASSETS</b>		
Cash & Equivalents	\$58,216,865	\$40,989,465
Securities - Available-for-Sale	\$153,607,880	\$184,122,853
Other Investments	\$2,137,603	\$2,239,037
Loans, Net	\$204,797,139	\$228,469,309
Accrued Interest Receivable	\$1,009,857	\$1,208,293
Foreclosed & Repossessed Assets	\$22,800	\$38,075
Premises & Equipment, Net	\$8,913,308	\$8,193,154
NCUSIF Deposit	\$3,731,429	\$4,253,400
Life Insurance Policies	\$7,674,623	\$7,918,817
All Other Assets	\$15,843,991	\$10,078,213
<b>TOTAL ASSETS</b>	<b>\$455,955,495</b>	<b>\$487,510,617</b>
<b>LIABILITIES &amp; EQUITY</b>		
Members' Share & Savings Accounts	\$419,984,595	\$453,690,355
Accrued Expenses & Other Liabilities	\$2,693,822	\$2,943,570
<b>TOTAL LIABILITIES</b>	<b>\$422,678,417</b>	<b>\$456,633,925</b>
Regular Reserve	\$3,776,731	\$3,959,173
Undivided Earnings	\$28,257,366	\$29,754,140
Accumulated Other Income	\$1,242,981	\$(2,836,621)
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$33,277,078</b>	<b>\$30,876,692</b>
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>\$455,955,495</b>	<b>\$487,510,617</b>



## INCOME STATEMENT

	2020	2021
<b>INCOME</b>		
Interest on Loans	\$8,399,766	\$8,685,739
Securities, deposits, etc...	\$3,429,874	\$2,938,259
<b>TOTAL INTEREST INCOME</b>	<b>\$11,829,640</b>	<b>\$11,623,998</b>
<b>INTEREST EXPENSE</b>		
Member Share & Savings Accounts	\$1,233,827	\$573,577
<b>NET INTEREST INCOME</b>	<b>\$10,595,814</b>	<b>\$11,050,420</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>\$528,373</b>	<b>\$708,875</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$10,067,441</b>	<b>\$10,341,545</b>
<b>NON-INTEREST INCOME</b>		
Service Charges & Fees	\$1,444,371	\$1,632,751
Other Non-Interest Income	\$2,395,553	\$2,954,247
Net Gain on Investment Sales	\$944,170	\$327,077
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$4,782,094</b>	<b>\$4,914,075</b>
<b>NON-INTEREST EXPENSE</b>		
Compensation & Benefits	\$7,082,051	\$5,813,523
Operations	\$6,747,477	\$6,626,143
Other Operating Expenses	\$764,822	\$915,134
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>\$14,594,350</b>	<b>\$13,354,790</b>
<b>NET INCOME (LOSS)</b>	<b>\$255,185</b>	<b>\$1,900,831</b>
<b>STATISTICAL DATA</b>		
Number of Members	39,251	38,155
Average Shares per Member	\$10,706	\$11,891
Number of Loans	18,153	18,523
Avg. Loan Balance	\$11,332	\$12,397
Loan/Share Ratio	48.95%	50.61%
Delinquency Ratio	0.35%	0.25%
Net Worth	6.97%	6.93%

## REPORT

# Chairperson's

Service to our members and providing the best financial products to achieve their financial goals has been the aim of Topside FCU since the Credit Union was founded 60 years ago. 2021 saw a continuation of many of the challenges from 2020. The pandemic continued to significantly impact the lives of everyone worldwide. The economy, though battered by supply chain challenges and shifts to the way people work and go to school, performed pretty well. Weather and other natural disasters pulled at local, state, and national resources. Through all this uncertainty, your Credit Union met the challenge and continued to grow and succeed.

Topside now serves almost 40,000 members and has total assets just shy of half a billion dollars. Deposit growth moderated from the explosive pace of 2020 and loan growth was strong. Most importantly, your Credit Union was able to continue adding services that make using the Credit Union easier to interact with.

Topside is also a part of our community. As the only credit union based in this area, we know how hard our communities work. From Dahlgren, down the Northern Neck and west past Fredericksburg, we understand the sometimes-unique challenges being close but not too close to the nation's capital can pose. We contribute to local charities and groups to help those who are less fortunate. Topside proudly serves our warfighters and their families, our schools, and our local businesses. The Topside commitment to this area is solid.

Your Board of Directors never lose sight of the fact that Topside is your Credit Union. We volunteer so we can represent you and maintain the highest level of focus on member needs. Topside's financial safety and success, outstanding member service, and ability to provide new technologies as they become available are our top priorities.

*Woodfin Straughan*  
Chairperson

# MEASURING UP

## Community impact & contribution

### NEW CARS

**700+**

We financed over 700 car loans for our members this year.



### YOUTH SAVES

**280+**

We helped almost 300 families save with our high yield youth saves account.



### NEW HOMES

**80+**

We helped put over 80 families in their dream homes.



### YOUTH BENEFITS

**1,400+**

We awarded over 1,400 youth members for their saving & education habits.



### 5 STAR REVIEWS

**500+**

Our community gave us over 500 five star reviews.



### PERSONAL LOANS

**1000+**

Over 1,000 members chose us to finance their personal milestones.



### VIDEOS

**30+**

We produced over 30 financial & consumer education videos this year.



### EDUCATION

**450+**

Over 450 people attended one of our financial education classes/seminars.





## 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

## MASSAPONAX BRANCH

9622 Patriot Hwy,  
Fredericksburg, VA 22407

### 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

## DAHLGREN BRANCH

17442 Dahlgren Road,  
Dahlgren, VA 22448

### Lobby:

Mon - Fri: 8:30 AM - 3 PM



[topsidefcu.org](http://topsidefcu.org)

| 540.663.2181

Federally insured by NCUA.