

# Topside

Federal Credit Union



2022

# Annual Report



Topside Federal  
Credit Union

The view's better  
from here!

**2022 ANNUAL REPORT**

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# MINUTES

## 2021 Annual Meeting

### I. Call to Order

Chairman Woodfin Straughan called the meeting to order at 6:00 p.m. on April 25, 2022, with Executive Assistant Tammy Ting-Beach taking minutes. Vice Chairman Jim Venable, Treasurer David Martin, Secretary Lucia Perkins, Directors Jack Bell and Jim Fedak, Associate Director Amber Belako, CEO Bruce Six, CFO Jim Bangert, CIO Scott Varga, CXO Dora Vogel, CLO Kathy McCarthy and CMO Lisa Williams were present.

### II. Invocation

The Secretary gave the invocation.

### III. Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

### IV. Approval of the 2020 Annual Shareholders Meeting Minutes

The Shareholders reviewed the minutes from the 2020 Annual Shareholders Meeting. A motion was made by Tiffany McDowney and seconded by Melissa Roy to approve the 2020 Annual Shareholders Meeting minutes. The motion was unanimously carried to accept the minutes of the 2020 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 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: Why was the ATM at King George Food Lion taken out?

A: Credit Union: The ATM was on a contract with a third-party vendor and the Credit Union did not have the ability to service it when it went down, therefore when the ATM did go down, sometimes it would be out of service for weeks until the vendor fixed it causing an inconvenience to the membership. Since there is an ATM in the parking lot, it was decided that the Credit Union would not renew its contract with the vendor. The Credit Union has a contract with the Allpoint ATM vendor enabling its membership to use any Allpoint ATM free of any surcharge, which are widely available. You can find their locations on the Credit Union's Online Banking page or contact the Contact Center.

2. Q: Why wasn't the name change put out to the members for a vote? Reason for the name change?

A. Credit Union: If you put the name change out for a vote and the members name they submitted isn't picked, they will forever say, "Well they never picked my name". One of the reasons that the Credit Union chose to change their name is because of mistaken identity. The Credit Union was often being confused with NavyFed.

- a. Example: NavyFed's currency courier dropped off NavyFed checks to the Plaza Branch

Another reason is because people associated NSWC with the military and thought you had to be a member of the military in order to become a member of the Credit Union; However, that is not the case, a lot of our members become members through the various Community Partners the Credit Union partners with.

# MINUTES CONTINUED

## 2021 Annual Meeting

3. Q: When calling into the Contact Center you have to go through so many prompts to get someone. Can the prompts be shorter?  
A. Credit Union: The Credit Union does have control over the entire system; However, if the Credit Union makes one change to the prompt system it may seem to the membership that the entire system has changed. Therefore, the Credit Union tries to be strategic in any changes they do implement.
4. Q: Fixing the potholes that have developed over the years on the road that fronts the Credit Union's Plaza location.  
A. Credit Union: 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.

### VII. Election Results

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

1. David Martin
2. Lucia Perkins
3. James Fedak

### VIII. Adjournment of Meeting

The Board Chairperson called for the adjournment of the 2021 Annual Shareholders Meeting. A motion was made by Larry Hinson and seconded by Randa Monroe to adjourn the 2021 Annual Shareholders Meeting. The motion was unanimously carried. The meeting was adjourned at 6:32 p.m.

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Chairperson Woodfin Straughan

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Secretary Lucia Perkins

# REPORT

## Supervisory Committee

The year 2022 still had issues due to the Covid-19 pandemic and some meetings and audits had to be modified. The Supervisory Committee reviews audits performed by our Internal Auditors, as well as those performed by External Auditors during our monthly meetings. We also review a Member Opinion Survey which reflects how the Members feel about their Credit Union experience. We also review Loan Exceptions Reports prepared by Internal Auditors.

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, Willie Shelton, Member, and Board of Directors' Representative, Martha Hutzel, 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

**Amber Belako**, Board Representative

**Martha Hutzel**, Board Representative

### EXECUTIVE TEAM

**Bruce Six**, Chief Executive Officer

**James Bangert**, Chief Financial Officer

**Dora Lilly**, 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

**Amber Belako**, Director

**Jack Bell**, Director

**Jim Fedak**, Director

**Martha Hutzel**, Director

**Monica Owens**, Associate Director

**Wendy Zalazny**, Associate Director



**Sidney Pawsbie**

Chief Marketing Officer

## REPORT

### Treasurer

Topside Federal Credit Union's assets grew significantly again in 2022 as it did in 2021, increasing from \$488 million to \$521 million, a growth rate of 6.88%. Loan demand was incredibly strong during the year. Net Loans grew from \$228 million to \$292 million, a 27.8% increase. Much of the loan growth was in Loan Participations, Mortgage Loans, and Personal Loans. This strong loan growth, combined with significantly higher interest rates in the market, helped to provide strong profitability for the Credit Union. This profitability, in turn, enables 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 50.61% to 65.27% during the year. After a significant increase in Member Shares in 2021, there was a slight decrease in 2022. Member Shares went from \$454 million last year, to \$450 million in 2022, a decrease of .82%, as payments from the federal government, as well as extended state and federal unemployment benefits ended.

The Net Worth ratio, which is a measurement of capital to assets, remained unchanged during the year at 6.93%. The strong profitability, offset by the strong Asset growth, are the main components of this key ratio. 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 just shy of \$1.5 million compared to \$1.9 million during 2021. The strong loan growth contributed significantly to the Net Income, but along with loan growth comes a significant increase in the Provision for Loan Losses expense, as estimated future losses must be recognized at the time the loan is made. Other Non-Interest expenses primarily remained at or below budget.

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

**Your Credit Union closed out our 61st year financially strong and ready to continue expanding our commitment to the membership we exist to benefit.**

Thank you for choosing Topside FCU to trust your money and financial services in 2022 and beyond. Your Credit Union closed out our 61st year financially strong and ready to continue expanding our commitment to the membership we exist to benefit. You can be proud to be part of the only financial institution in the area that was founded here and remains committed to our roots with the Navy and growing service to this amazing community.

The financial results for 2022 were some of the best for Topside in almost two decades. Loan growth was extraordinary at well over 27% and the profitability of the Credit Union was just shy of \$1.5 million. This profit was added to the Credit Union's capital and contributed to enhancing the financial safety of Topside. But Topside is more than just a financial institution. As outlined in the Chairperson's Report, Topside was active across the spectrum of our neighbors, helping our youth learn about money and prepare to be fiscally successful adults and assisting the elderly in our community as they manage the impact of inflation on their retirement years. Topside recognized our educators, first responders and medical professionals, and their families that sacrifice so much to prepare and protect all of us for the future. Inside the fence line at Dahlgren, Topside remained committed to providing resources in the form of money, volunteers and donations to help our warfighters be the best they can be and know we have their backs.

Topside added or expanded several products and services for you. Your Credit Union expanded our mortgage offerings to include making loans to purchase a house anywhere in the continental United States. Members wanting to refinance an auto loan are eligible to receive up to \$250 back from the Credit Union for moving their loan to Topside. Digital banking continues to be a priority because we know that sometimes banking needs to happen at night or during weekends when the branch is closed. In fact our digital banking service is so good, I'd compare it to any other competitors. Topside Financial LLC, a wholly owned company of Topside Federal Credit Union reached more members in 2022 than ever before, providing financial and retirement planning to members. And even as interest rates on most credit cards went up in 2022, Topside held the line and kept the Visa Preferred rate at only 7.90%.

Finally, let me emphasize that I know that without you, none of this would be possible. I am always available to talk to any member about what's working and what's not at the Credit Union. On behalf of the 111 Topside FCU employees, thank you for being a member of Topside Federal Credit Union.

*Bruce Six*  
CEO

## FINANCIAL CONDITION

	2021	2022
<b>ASSETS</b>		
Cash & Equivalents	\$40,989,465	\$16,581,658
Securities - Available-for-Sale	\$184,122,853	\$173,968,045
Other Investments	\$2,239,037	\$4,498,316
Loans, Net	\$228,469,309	\$291,957,607
Accrued Interest Receivable	\$1,208,293	\$2,106,969
Foreclosed & Repossessed Assets	\$38,075	\$10,000
Premises & Equipment, Net	\$8,193,154	\$7,832,204
NCUSIF Deposit	\$4,253,400	\$4,407,203
Life Insurance Policies	\$7,918,817	\$8,074,273
All Other Assets	\$10,078,213	\$11,594,777
<b>TOTAL ASSETS</b>	<b>\$487,510,617</b>	<b>\$521,031,052</b>
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>		
Members' Share & Savings Accounts	\$453,690,355	\$449,962,954
FHLB Borrowing		\$54,000,000
Accrued Expenses & Other Liabilities	\$2,943,570	\$3,123,502
<b>TOTAL LIABILITIES</b>	<b>\$456,633,925</b>	<b>\$507,086,456</b>
Regular Reserve	\$3,959,173	\$3,959,173
Undivided Earnings	\$29,754,140	\$31,244,540
Accumulated Other Income	\$(2,836,621)	\$(21,259,117)
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$30,876,692</b>	<b>\$13,944,596</b>
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>\$487,510,617</b>	<b>\$521,031,052</b>





## INCOME STATEMENT

	2021	2022
<b>INCOME</b>		
Interest on Loans	\$8,685,739	\$12,501,684
Securities, deposits, etc...	\$2,938,259	\$2,275,541
<b>TOTAL INTEREST INCOME</b>	<b>\$11,623,998</b>	<b>\$14,777,225</b>
<b>INTEREST EXPENSE</b>		
Member Share & Savings Accounts	\$573,577	\$1,106,057
<b>NET INTEREST INCOME</b>	<b>\$11,050,420</b>	<b>\$13,671,168</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>\$708,875</b>	<b>\$1,271,218</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$10,341,545</b>	<b>\$12,399,950</b>
<b>NON-INTEREST INCOME</b>		
Service Charges & Fees	\$1,632,751	\$2,043,723
Other Non-Interest Income	\$2,954,247	\$3,109,172
Net Gain on Investment Sales	\$327,077	(\$42,063)
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$4,914,075</b>	<b>\$5,110,832</b>
<b>NON-INTEREST EXPENSE</b>		
<b>General and Administrative:</b>		
Employee Compensation & Benefits	\$5,813,523	\$8,029,363
Operations	\$6,626,143	\$6,904,056
Other Operating Expenses	\$915,134	\$1,086,963
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>\$13,354,790</b>	<b>\$16,020,382</b>
<b>NET INCOME (LOSS)</b>	<b>\$1,900,831</b>	<b>\$1,490,400</b>
<b>STATISTICAL DATA</b>		
Number of Members	38,155	41,011
Average Shares per Member	\$11,891	\$10,968
Number of Loans	18,523	20,256
Avg. Loan Balance	\$12,397	\$14,498
Loan/Share Ratio	50.61%	65.27%
Delinquency Ratio	0.25%	0.29%
Net Worth	6.93%	6.93%

# REPORT

## Chairperson's

Dear Fellow Member of Topside Federal Credit Union,

I am pleased to report that your Credit Union enjoyed a very successful 2022. Our ranks grew to over 39,000 members and Topside FCU finished the year with over \$521 million in total assets even as the Credit Union tempered growth with a commitment to safety and sound operations.

### Operating Results

The past year brought breakthrough loan growth as total loan balances increased \$64 million (27.8%) to total almost \$300 million. Capital increased almost \$1.5 million, providing a solid safety net for Credit Union operations and allowing Topside to be considered adequately capitalized by regulatory standards. Credit Union expenses remained contained even as inflation and external interest rates increased during the year. The mortgage program was expanded to provide mortgages to members anywhere in the continental United States and the rewards Visa card paid over \$38,000 back to members. The Topside Visa Preferred card continues to offer one of the lowest interest rates in the country at 7.90% and certificate rates increased significantly. Topside also remains one of the only financial institutions in the country to allow certificates to be opened for as little as \$100.

### Service Results

Topside maintained our commitment to high levels of member service through our four branches, Contact Center and digital banking. The Credit Union also started a project that will see every Credit Union ATM replaced with new equipment over the next year. The Credit Union continued to refine the member interface to the online account opening and online loan origination systems to make it even easier for members to open and/or add share accounts and certificates, and to apply for a loan on their schedule from the comfort of their home. Even as Topside strives to enhance member self-service access, enormous resources continue to be directed to member data security. Members signed up for and received over 496,981 alerts for account activity that provides timely updates on their accounts. In addition, 678 members actively monitored and controlled their Topside Visa credit and debit cards using the MyCardRules™ product.

### Community Involvement

One of the best parts about Topside FCU is our commitment to our local community. We live here too, and the Board of Directors and staff at your Credit Union enjoy giving back to the community by sponsoring and/or participating in events that make our community better. In 2022, Topside sponsored two community shred events that saw over 20,000 pounds of paper with personal information destroyed. The Topside employees donated to local food banks, adopted 54 seniors at assisted living communities and provided 10 complete Thanksgiving meals to military families in need. Youth financial literacy efforts reached 1,509 local high school students and provided 5 college scholarships at area schools. Topside hosted 30 groups at Fred Nats baseball games including Big Brothers/Big Sisters, first responders and our local teachers of the year winners. Community matters at Topside.

As we enter 2023, our members are suffering from high inflation and rising interest rates. Topside stands ready to provide the financial products and services our members need to succeed.

*Woodfin Straughan*  
Chairperson

# MEASURING UP

## Community impact & contribution

### NEW CARS

**600+**

We financed over 600 car loans for our members this year.



### FOOD DONATIONS

**1,650+**

Our staff donated over 1,650 non-perishable food items to local families.



### NEW HOMES

**65+**

We helped put over 65 families in their dream homes.



### YOUTH SAVES

**275+**

We opened over 275 new youth saves accnts.



### 5 STAR REVIEWS

**350+**

Our members gave us over 350 five star reviews.



### PERSONAL LOANS

**1,050+**

Over 1,050 members chose us to finance their personal milestones.



### VIDEOS

**35+**

We produced over 35 financial & consumer education videos this year.



### EDUCATION

**1,500+**

Over 1,500 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.