



UNITED STATES  
SENATE FEDERAL  
CREDIT UNION

20

21

ANNUAL  
REPORT

# EXECUTIVE REPORT



## 2021: A Year of Record Growth and Historic Milestones

While every year is a new opportunity to make a difference in the lives of our members, 2021 was especially successful and profitable for the United States Senate Federal Credit Union (USSFCU). Still reeling from the effects of the worst health and economic crises of our lifetime, we continued to provide you, our members, with the kinds of products and services you have come to expect from your financial institution.

As we reflect on the successes of 2021, it is also very important to take time to be thankful and grateful for the blessings in our lives. This is why we like to express just how appreciative we are for you, our incredible members. While we have been through a lot, especially in the past two years, it is always reassuring to know we are here for each other. We are also incredibly grateful for our employees who weathered the difficulties of the pandemic to show up to work and serve you, our members, with pride. We have coined a phrase at the organization—“No Members, No Credit Union.” We take pride in delivering for our members, and embrace our mission of service excellence.

New challenges surfaced in 2021. Inflation, caused primarily by strong consumer demand and several supply disruptions, reared its ugly head. To contain inflationary pressures, the Federal Reserve is predicted to act aggressively by effecting multiple short-term policy rate hikes this year. Many economists are projecting anywhere from five to seven increases, or 2.00% to 2.50% by the end of 2022. Despite a strong jobs market and other healthy economic indicators, rising prices will determine the action taken by Federal Reserve policymakers. With these concerns in mind, please know your Management team and elected volunteer Board of Directors, are prepared for a rising rate environment. Many scenarios are anticipated and built in. As we did during the pandemic, we will continue to meet the challenges and ensure we are here for you, our members.

As a not-for-profit financial cooperative, every decision we make is with our members in mind. If we have a great year, we give back to our members in the form of lower loan rates, higher deposit returns and lower fees. At the end of 2021, we were proud to give our members a special dividend of over \$1.7 million. In addition, we donated \$25,000 to the American Red Cross for Hurricane Relief, and \$30,000 to local food banks to help with food insecurity. As a member of the community, we continue to embody the credit union philosophy of “People Helping People.”

During the year, we achieved many of our goals and set historic milestones in assets, loans, shares and net income. We excelled in our member and employee experience, and completed copious projects successfully and on time—including the official opening of our state-of-the-art new headquarters, the Bertie H. Bowman Building.

## 2021 Milestones: Total Assets, Member Deposits, Loans, Net Income

Total Assets: \$1.213 billion

Member Deposits: \$1.092 billion

Loans to Members: \$815.9 million

Net Income: \$12.85 million



## 2021: Successful Launching of New Member Products & Services

In addition to our financial success, we launched the following new member-enriching products and services during the year to enhance your banking experience. We are pleased to present the scorecard on those initiatives.

Product/Service/Initiative	Description	Completion
<b>MyCardRules™</b>	An app-based service giving members the ability to manage their cards all from a smartphone.	<b>January 2021</b>
<b>Retirement Central</b>	Providing our members an easier way to plan, open and manage Individual Retirement Accounts (IRAs).	<b>February 2021</b>
<b>After Hours Call Center</b>	Launched After Hours Call Center to better serve our members during the evenings, weekends and on holidays.	<b>March 2021</b>
<b>Enhanced Smart Rewards Platform</b>	Revamped our Smart Rewards Platform to provide more products and a brand-new user experience.	<b>March 2021</b>
<b>CU Student Choice</b>	Collaborated with CU Student Choice to provide all new student lending, refinancing and education services to our members.	<b>April 2021</b>
<b>New Headquarters Named After Bertie H. Bowman</b>	Celebrated the official grand opening of the Bertie H. Bowman Headquarters Building and flagship branch in the Braddock Metro neighborhood of Alexandria, VA.	<b>September 2021</b>

## 2021: Award Winning Recognition

During the year, our recognition included three distinguished awards:

1. Credit Union Mortgage Association (CUMA) Double Titanium Award for mortgage loan production. We were number 1 out of 90 credit unions with production over \$107 million.
2. Awarded the coveted BauerFinancial 5-Star rating (the highest rating awarded) as one of the best credit unions in the nation. Bauer Financial is the nation's premier financial institution rating firm for credit unions and banks.
3. The 2021 VMware ACE Award for outstanding achievements in business through technology innovation and adaptation.

As we continue progress in 2022, we anticipate even more success as we roll out our new application portal, online banking and mobile app platforms. These much-anticipated upgrades are enhancements our members have been asking for, and we could not be happier to announce their arrival. Additionally, focus this year and beyond will be on retaining and recruiting talent. Keeping employees motivated and engaged during turbulent times in their lives has been an emphasis for us. We are very proud of our people and how they, as a group, have persevered through tough times and continue to serve our members with excellence. It starts with the leadership we assembled, and cultivating an

organizational culture permeating the entire Credit Union. Our people know we care and support them, which helps retention and fosters a healthy and thriving workforce.

As we look to the future with our collective efforts of working together, we are confident USSFCU will continue to flourish and prosper. Our Federal regulator, the National Credit Union Administration (NCUA), and external auditor, Doeren Mayhew CPAs and Advisors, agree with us. They once again recorded that we earned good reviews and ratings during our yearly examinations.

On behalf of the Board of Directors, Management and staff, we say thank you. We are very proud of our success—without you, none of what we celebrate is possible.

Respectfully,



**Timothy L. Anderson**  
President & CEO



**Jay Moore**  
Chairman of the Board

# SUPERVISORY COMMITTEE REPORT



**D**uring 2021, the United States Senate Federal Credit Union (USSFCU) Supervisory Committee consisted of five actively engaged volunteers appointed by the Board of Directors (the Board). In accordance with the Federal Credit Union Act and USSFCU By-laws, the Supervisory Committee engaged external auditors to help ensure that USSFCU's audited financial statements accurately represented its financial condition. The audit results identified that USSFCU complied with applicable laws and regulations. The Supervisory Committee's oversight and accountability work continued despite the COVID-19 pandemic.

## Financial Audit

The accounting firm Doeren Mayhew CPAs and Advisors conducted an independent audit of the USSFCU consolidated financial statements. They delivered their written report to the Supervisory Committee on April 12, 2022, and then briefed us on April 27, 2022. They reported that the USSFCU financial statements are in good condition and in accordance with all applicable accounting practices.

## Internal Audits

The Supervisory Committee engaged RSM US LLP (RSM) to conduct independent audits of USSFCU's internal processes to make sure that they comply with law, regulation, USSFCU policies and ensure that Management maintains an effective system of internal controls designed to provide reasonable assurances that assets are safeguarded against loss or unauthorized use. Despite pandemic-related hurdles, RSM was able to deliver a dozen completed audit reports to the Supervisory Committee in 2021. This would not have been possible without the efforts of the USSFCU Management and staff, and their efforts to coordinate with the auditors from RSM. Throughout 2021, RSM made various control and procedural recommendations in specific audit areas. The Supervisory Committee discussed the recommendations during quarterly meetings with RSM and Management. Management reported that it satisfactorily addressed or is working to address RSM's recommendations that the Supervisory Committee agreed were prudent or required. Further, the Supervisory Committee requested RSM review and revisit specific areas of USSFCU's operations. The Supervisory Committee continues to receive the results of these evaluations, and Management will actively implement the additional controls and procedures recommended by RSM US LLP, as the Committee considers prudent or required.

On behalf of the Supervisory Committee, I would like to thank the USSFCU staff and Board of Directors for supporting our work to ensure fiscal soundness for the benefit of our members. This Committee is proud to volunteer our time to serve you, our valued members.

Thank you,

A handwritten signature in black ink, appearing to read 'V. Kulkarni'.

**Vikram V. Kulkarni**  
Chair, Supervisory Committee

# NOMINATING COMMITTEE REPORT

**Effective May 25, 2022, four (4) seats on your United States Senate Federal Credit Union (USSFCU) Board of Directors expire.**

Pursuant to Article V of our By-laws, the Board Chair appointed a Nominating Committee consisting of Jay Moore, Milton Salvador and myself.

Five members submitted applications for nomination to the Board. The Nominating Committee reviewed the applications and selected the four incumbents below for renomination since they were all highly qualified.



Each of the candidates have met the USSFCU volunteer service requirements and were found to be a member in good standing as well as highly qualified for Board service.

Nominations for expiring seats and vacancies could also have been made through signed petitions by obtaining the signatures of one percent (1%) of the USSFCU membership (approximately 442 members in good standing). Petitions filed under this procedure had to be submitted to the Nominating Committee as of the close of business on April 11, 2022. As of that date there were no petitions submitted.

Since the number of nominees equals the number of expiring terms and vacancies to be filled, a ballot election was not necessary, and the four (4) nominees named above will be elected by acclamation.

Please join me in congratulating the four nominees as they continue to volunteer their time and talent in the service of each of you, the valued members of our United States Senate Federal Credit Union!

Sincerely,

A handwritten signature in black ink that reads "Judy Rainey".

**Judy Rainey**  
Chair, Nominating Committee

# TREASURER'S REPORT



**I am pleased to report that the financial performance of USSFCU continues to be very strong.**

**As of December 31, 2021, Total Assets were \$1.213 billion.**

Our net loan portfolio ended the year at \$815.9 million and \$350.0 million in loans were approved; this was an approved loan increase of \$72.5 million, compared to 2020. Our loan delinquency and charge-offs have remained low during this reporting period and lending continues to remain a high-level strategic goal.

Management's calculation of USSFCU's allowance for loan loss was reviewed by our internal and external audit firms, in addition to the National Credit Union Administration (NCUA). They have all indicated that our loan loss reserves continue to be conservatively stated to meet potential loan losses as of December 31, 2021.

**In 2021, Deposits ended the year at \$1.092 billion.**

Your Board has continued to measure the strength of your financial institution by means of total capital. USSFCU completed the year with a very strong capital position (and Net Worth Ratio) of 9.49% of assets or \$114.4 million; therefore, USSFCU remains well capitalized.

To maintain financial soundness, the Asset Liability Management Committee (ALCO), Management and the Board monitor financial activities on a monthly basis. ALCO uses both external and independent models to assess balance sheet risk, return and volatility over various rate cycles. USSFCU's balance sheet risk is currently considered "Low Risk," as calculated by an independent third party as well as our regulatory agency—the NCUA.

Management remains dedicated towards the accuracy and integrity of our financial statements and accompanying footnotes. Our financials are prepared in conformity with the United States' generally accepted accounting principles. USSFCU's independent auditor, Doeren Mayhew CPAs and Advisors, has completed the 2021 audit and again issued a favorable opinion. Audited 2021 financial statements are available at [ussfcu.org/financials](https://ussfcu.org/financials).

We continue to extend our thanks to you, our valued members, for placing your trust in the safety and soundness of USSFCU.

Respectfully,

**Christopher C. Dey**  
Board Treasurer

**2021 Total Assets \$1,212,599,254 (As of December 31, 2021)**

CONDENSED BALANCE SHEET (AUDITED)

● Loans & Leases to Members, Net ● Cash & Cash Equivalents ● Investments ● Other Assets ● Property & Equipment, Net ● National Credit Union Share Insurance Fund Deposit



## CONDENSED BALANCE SHEETS (AUDITED)

	As of December 31,	
	2021	2020
Assets:		
Cash and Cash Equivalents	\$ 171,635,864	\$ 208,565,483
Loans and Leases to Members, Net	815,869,919	772,449,129
Investments	160,525,867	111,521,020
Property and Equipment, Net	27,478,512	15,297,928
National Credit Union Share Insurance Fund Deposit	9,479,505	8,939,849
Other Assets	27,609,587	23,840,310
Total Assets	\$1,212,599,254	\$1,140,613,719
Liabilities and Members' Equity:		
Members' Share Accounts	\$1,092,364,665	\$1,031,152,119
Accrued Dividends and Other Liabilities	5,862,132	5,976,194
Total Liabilities	1,098,226,797	1,037,128,313
Total Members' Equity	114,372,457	103,485,406
Total Liabilities and Members' Equity	\$1,212,599,254	\$1,140,613,719

## CONDENSED INCOME STATEMENTS (AUDITED)

	As of December 31,	
	2021	2020
Interest on Loans	\$ 39,821,409	\$ 42,650,767
Interest on Investments	1,520,602	\$1,708,916
Total Interest Income	41,342,011	44,359,683
Interest Expense	(14,243,516)	(13,352,183)
Provision for Loan and Lease Losses	5,587,988	(9,269,247)
Net Interest Income after Provision Expense	32,686,483	21,738,253
Non-Interest Income	5,000,422	4,729,112
Non-Interest Expense:		
Compensation and Benefits	(12,883,934)	(12,865,966)
Office Operations	(5,352,442)	(5,426,389)
Other	(6,603,829)	(5,568,416)
Total Non-Interest Expenses	(24,840,205)	(23,860,771)
Net Income	\$ 12,846,700	\$ 2,606,594

These condensed financial statements do not constitute a complete presentation. The complete set of audited financial statements, including the statements of cash flows and changes in members' equity, and notes to financial statements, are available at the Credit Union office during normal hours of operation or through our website at [ussfcu.org/financials](https://ussfcu.org/financials).

# USSFCU'S LEADERSHIP

## BOARD OF DIRECTORS

**Jay Moore**  
Chair

**Anthony J. "Tony" Zagami**  
Vice Chair

**Christopher C. Dey**  
Secretary/Treasurer

**Joe Eckert**  
Director

**Ileana Garcia**  
Director

**Judy Rainey**  
Director

**Margaret P. "Margo" Rushing**  
Director

**Christopher D. Shunk**  
Director

**Deborah Yarborough**  
Director

## EXECUTIVE COMMITTEE

**Jay Moore**  
Chair

**Christopher C. Dey**

**Ileana Garcia**

**Anthony J. "Tony" Zagami**

## ALCO

**Christopher D. Shunk**  
Chair

**Timothy L. Anderson**

**David Cape**

**Kathy Dalfrey**

**Christopher C. Dey**

**Ileana Garcia**

**Danielle McLean**

**Laura Parker**

**Jeff Smith**

## NOMINATING COMMITTEE

**Judy Rainey**  
Chair

**Jay Moore**

**Milton Salvador**

## SUPERVISORY COMMITTEE

**Vikram V. Kulkarni**  
Chair

**Josef Martens**

**Jay McCarthy**

**Jay Moore**

**Clint Trocchio**



## EXECUTIVE MANAGEMENT

**Timothy L. Anderson**  
*President & CEO*

**Kathy Dalfrey**  
*SVP & CFO*

**Jeff Smith**  
*Chief Lending  
Officer*

**Omar Ramsay**  
*Chief Risk  
Officer*

**Mark Fournier**  
*Chief Information  
Officer*

**Heather Mansour**  
*SVP Human  
Resources & Training*

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## SENIOR MANAGEMENT

**Angela Collier**  
*VP Lending*

**Troy Ferguson**  
*VP Retail Services*

**Arthur Green**  
*VP Marketing*

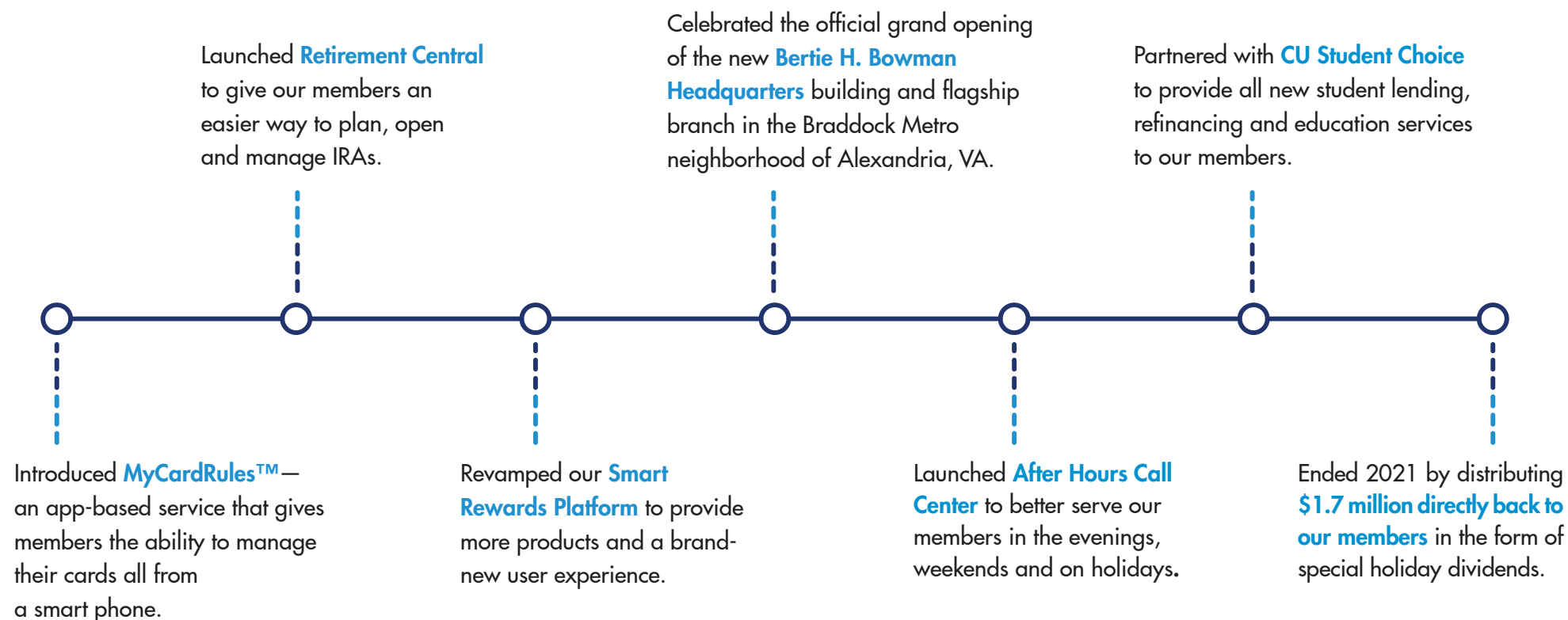
**James Ruley**  
*VP Business Services*

**Sue Ruiz**  
*VP Risk Management*

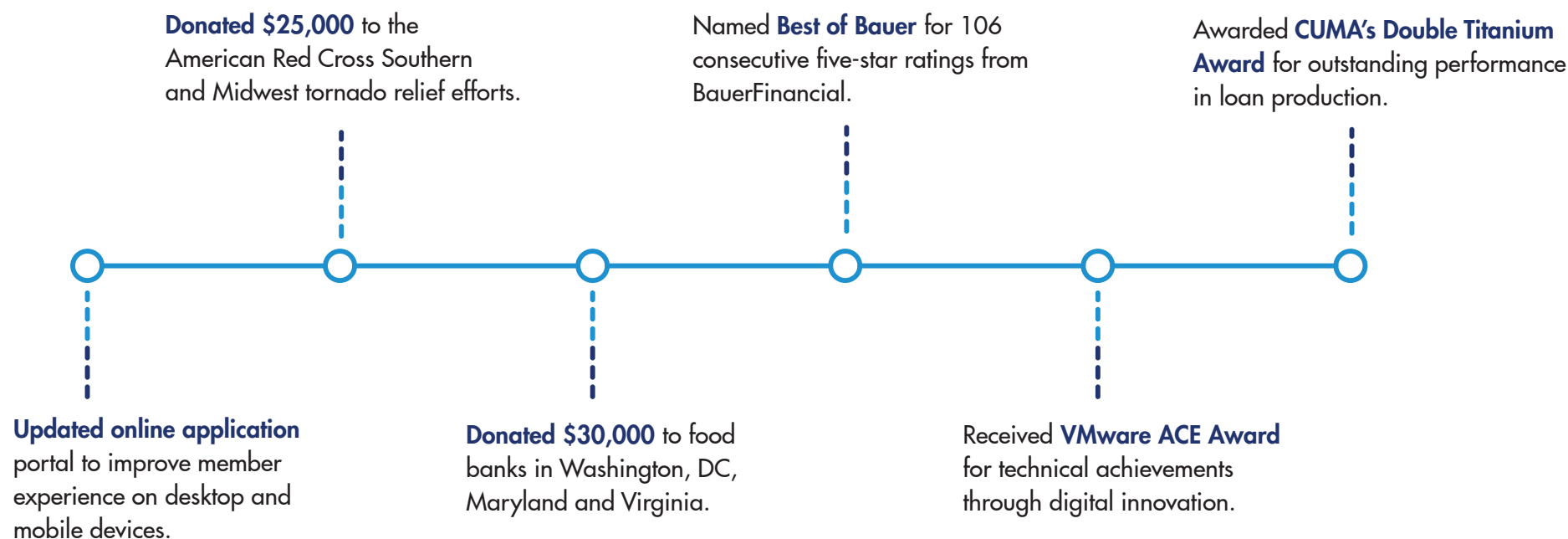
**Pete Gotthold**  
*Director, Financial Accounting*

**Stefanie Mortenson**  
*Director, Human Resources*

# 2021 ACCOMPLISHMENTS



# 2022 ACCOMPLISHMENTS





UNITED STATES  
SENATE FEDERAL  
CREDIT UNION

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