



ANNUAL REPORT **2019**



1st Advantage
Federal Credit Union

Federally Insured by NCUA



THANKS TO OUR VALUED MEMBERS

On behalf of your Board of Directors and management team, thank you for your continued membership and support of 1st Advantage Federal Credit Union. As we enter our 68th year serving the financial needs of our member-owners, we value our role of being your [trusted advisor](#) and helping you reach your financial goals.

We are pleased to report that 1st Advantage remains financially strong, having surpassed [\\$690 million](#) in total assets. Our net worth to total asset ratio at fiscal year-end increased to [11.93%](#), significantly exceeding our federal regulator's requirement to be considered well capitalized. In 2018, 1st Advantage once again earned a [Five-Star Superior rating](#) from BauerFinancial Inc., the nation's most well-known independent rating service for banks and credit unions.

1st Advantage continued to receive positive recognition in the local community. In 2018, we were selected "Best Place to Work" by Coastal Virginia Magazine. The Daily Press also named 1st Advantage "Best Financial Institution" in our local markets.

As we grow, we recognize the importance of continuing to look for ways to help make banking with 1st Advantage easier and more convenient. We are continuously upgrading our technology platforms across the board. Enhancements are being made to our mobile banking app, phone system, Online Banking, and much more. In addition, we always have your account security listed as a top priority and will continue to look for ways to improve security and educate members on current trends.

As a community-charted credit union, 1st Advantage continues to be a strong supporter of our local community. In 2018, we donated over [\\$149,000](#) to local non-profit organizations that provide incredible support to our community. For the 11th year in a row, colleagues came together to volunteer on Columbus Day, a holiday where most financial institutions are closed. Colleagues were able to provide over [11,755 meals](#) to the Foodbank of the Virginia Peninsula, build [17 Little Free Libraries](#) for local elementary schools, donate over [1,700 books](#) for the Little Free Libraries, assemble [1,032 toiletry bags](#) and donate [\\$2,879](#) to the Peninsula Rescue Mission.

In addition, our very own [1st Advantage Federal Credit Union Foundation](#) hit the ground running. In 2018, the Foundation was able to provide [450 gifts](#) for Military Children to be distributed by Operation Homefront. The Foundation also hosted a Star-Spangled Baby Shower for [50 expectant Military moms](#). We recognize the many needs in our Community and want to continue to be a good corporate steward for many years to come.

As we reflect on our shared accomplishments in 2018, we look forward to new opportunities in the future and want to say thank you for your business and choosing 1st Advantage!



Tom O. Cameron
Chairman

A handwritten signature in black ink, appearing to read "Tom O. Cameron".



Paul W. Muse
President/CEO

A handwritten signature in black ink, appearing to read "Paul W. Muse".



1ST ADVANTAGE FEDERAL CREDIT UNION FOUNDATION

At 1st Advantage Federal Credit Union our passion for serving extends beyond financial products. Our commitment and dedication to our local community dates back to the founding of the credit union in 1951. The credit union and its colleagues have a rich history of giving back to the local areas we serve through volunteering, donations and scholarships.

To honor its heritage, the 1st Advantage Federal Credit Union Foundation supports every branch of the military in the local community, guided by their motto, "Serving those who serve."

Our Military Focus:

- ▶ Children
- ▶ Veterans
- ▶ Families in need

To find out more about our foundation, visit www.1stAdvantage.org/Foundation



Accomplishments of 2018.

- ▶ Provided 450 wrapped gifts for Military Children that were distributed by Operation Homefront
- ▶ Hosted a baby shower for 50 expectant military moms





(C)

ALWAYS A GIFT
LITTLE FREE LIBRARY
NEVER FOR SALE

1st Advantage Federal CU
PO Box 2116
Newport News VA 23609

Belon

REMI
1st Advantage Federal CU

INVESTING IN OUR LOCAL COMMUNITIES

While most financial institutions are closed on the Columbus Day holiday, over 200 1st Advantage colleagues were hard at work assisting local non-profit organizations in our community.

\$149,674

Invested in the local community in 2018



1st Advantage accomplishments:

- ▶ Donated 1,190 pounds of food and \$2,938 to the Foodbank of the Virginia Peninsula, the equivalent of over 11,755 meals. Colleagues also created over 2,204 inspirational cards to be included in family meal bags.
- ▶ Made 107 tie dyed bandanas for Edmarc Hospice for Children
- ▶ Wrapped and donated 450 gifts for Military Children to be distributed by Operation Homefront on behalf of the 1st Advantage Federal Credit Union Foundation
- ▶ Created 204 hearts for Hearts of Hope that will be given to Edmarc Hospice for Children
- ▶ Assembled 130 math rings for Dare Elementary School
- ▶ Built 17 Little Free Libraries and sorted 1,771 books for local elementary schools
- ▶ Made 187 fleece wraps for New Beech Grove Homeless Ministry
- ▶ Built 3 picnic tables for Habitat for Humanity
- ▶ Donated 180 piece of professional clothing to the Peninsula Rescue Mission
- ▶ Assembled 1,032 toiletry bags and donated \$2,879 to the Peninsula Rescue Mission
- ▶ Collected 600 lbs. of pet food, 271 lbs. of newspaper and 274 additional items for the Peninsula Pet Pantry and the Peninsula SPCA

STATEMENTS OF FINANCIAL CONDITION

ASSETS

Cash and cash equivalents

Investments:

Available-for-sale

Held-to-maturity

Other

Federal Home Loan Bank (FHLB) stock

Loans held-for-sale

Loans receivable, net of allowance for loan losses

Accrued interest receivable

Premises and equipment, net

National Credit Union Share Insurance Fund Deposit

Assets Acquired in Liquidation

ACH receivables

Other assets

Total Assets

LIABILITIES AND MEMBERS' EQUITY

Liabilities

Members' share and savings accounts

Borrowed funds

Interest payable

ACH payables

Accrued expenses and other liabilities

Total liabilities

COMMITMENTS AND CONTINGENT LIABILITIES

Members' Equity

Regular reserve

Undivided earnings

Accumulated other comprehensive income (loss)

Equity acquired in merger

Total members' equity

Total Liabilities and Members' Equity

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Cash and cash equivalents | \$71,801,341 | \$12,177,045 |
| Investments: | | |
| Available-for-sale | \$12,006,455 | \$11,872,557 |
| Held-to-maturity | \$1,814,032 | |
| Other | \$2,723,897 | \$57,220,786 |
| Federal Home Loan Bank (FHLB) stock | \$604,900 | \$575,200 |
| Loans held-for-sale | \$144,574 | \$91,466 |
| Loans receivable, net of allowance for loan losses | \$562,201,059 | \$541,476,956 |
| Accrued interest receivable | \$1,628,759 | \$1,524,310 |
| Premises and equipment, net | \$16,266,320 | \$16,635,810 |
| National Credit Union Share Insurance Fund Deposit | \$5,599,653 | \$5,308,906 |
| Assets Acquired in Liquidation | \$2,905,883 | \$2,921,087 |
| ACH receivables | \$10,394,126 | \$8,509,740 |
| Other assets | \$4,076,582 | \$6,459,184 |
| Total Assets | \$692,167,581 | \$664,773,047 |
| | 2018 | 2017 |
| Members' share and savings accounts | \$600,894,000 | \$570,871,404 |
| Borrowed funds | | |
| Interest payable | \$450,206 | \$312,833 |
| ACH payables | \$1,856,076 | \$8,508,670 |
| Accrued expenses and other liabilities | \$9,776,683 | \$9,701,424 |
| Total liabilities | \$612,976,965 | \$589,394,331 |
| | | |
| Regular reserve | \$8,824,404 | \$8,824,404 |
| Undivided earnings | \$69,160,755 | \$65,300,337 |
| Accumulated other comprehensive income (loss) | (\$222,507) | (\$202,966) |
| Equity acquired in merger | \$1,427,964 | \$1,427,964 |
| Total members' equity | \$79,190,616 | \$75,349,739 |
| Total Liabilities and Members' Equity | \$692,167,581 | \$664,773,047 |

STATEMENTS OF INCOME

INTEREST INCOME

| |
|------------------------------|
| Interest on loans receivable |
| Interest on investments |
| Interest Income |

Interest Expense

| |
|--|
| Dividends on members' share and savings accounts |
| Interest on borrowed funds |

Net Interest Income

Provision for Loan Losses

Net Interest Income After Provision for Loan Losses

Non-Interest Income

| |
|--|
| Fees and service charges |
| Other non-interest income |
| Gain on sale of investments, net |
| Gain on disposition of premises and equipment, net |
| Non-interest income |

Non-interest Expense

| |
|--|
| Compensation and employee benefits |
| Other operation expense |
| Loan servicing expense |
| Occupancy expense |
| Professional and outside services |
| Education and promotion expense |
| Impairment of corporate cu membership capital |
| NCUSIF impairment and assessment |
| Loss on disposition of assets acquired in liquidation, net |
| Loss on disposition of premises and equipment, net |

Net Income

| | 2018 | 2017 |
|--|---------------------|---------------------|
| | \$29,141,242 | \$27,236,586 |
| | \$1,368,093 | \$774,132 |
| | \$30,509,335 | \$28,010,718 |
| | \$2,246,409 | \$1,740,989 |
| | \$100,464 | |
| | \$2,346,873 | \$1,740,989 |
| | \$28,162,462 | \$26,269,729 |
| | \$5,731,759 | \$5,555,518 |
| | \$22,430,703 | \$20,714,211 |
| | \$5,484,260 | \$5,553,126 |
| | \$6,112,370 | \$5,361,177 |
| | | \$33,630 |
| | \$11,596,630 | \$10,947,933 |
| | \$34,027,333 | \$31,662,144 |
| | \$14,855,883 | \$14,377,471 |
| | \$4,968,633 | \$4,856,325 |
| | \$4,308,360 | \$4,192,385 |
| | \$1,859,951 | \$1,773,364 |
| | \$2,199,695 | \$1,940,480 |
| | \$1,322,813 | \$1,459,553 |
| | \$651,580 | \$196,822 |
| | \$30,166,915 | \$28,796,400 |
| | \$3,860,418 | \$2,865,744 |

* Certain 2018 financial statement amounts have been reclassified to conform with classifications adopted in the current year. This reclassification did not have any change on net income or members' equity.

The Supervisory Committee is responsible for the annual audit of the financial statements of the Credit Union. A copy of the audited financial statements, including foot notes and supplemental schedules, as of June 30, 2018, is available upon request from: **1st Advantage Supervisory Committee**, P.O. Box 2327, Newport News, VA 23609-0327

FINANCIAL HIGHLIGHTS

Assets



Net Worth



Deposits



Loans Outstanding



VOLUNTEER BOARD OF DIRECTORS



Paul W. Muse
President/CEO



Tom O. Cameron
Chairman



Sylvester McClellan
Vice Chairman



Laurence Smail
Treasurer



Brenda B. Dawson
Secretary



Paul J. Adamo
(LTC, USA Ret)
Director



Barbara Ballard
Director



William Ramsey
Director



Larry Tonneson
Director



Andrae Via
Director

Fred E. Blough
Director Emeritus

Blair E. Smith
(LTC, USA Ret)
Director Emeritus

Betty L. Wiggins
Honorary Director
Emeritus

Supervisory
Committee

Sylvester McClellan
Chairman

Josephine Krantz
Denise Peterson

2018 AWARDS

1st Advantage was recognized as the best Financial Institution in three publications!

Best of Readers' Choice Awards, Coastal Virginia Magazine

Best Places to Work, Coastal Virginia Magazine

Best Financial Institution, Daily Press Choice Awards



Branch Locations

Gloucester

6511 G. Wash. Mem. Hwy.

Hampton

5003 W. Mercury Blvd.
2014 Coliseum Dr.

Newport News

1317 Patton Ave.
(Joint Base Langley-Eustis)
12891 Jefferson Ave.
12490 Warwick Blvd., Ste. B

Richmond

1201 Broad Rock Blvd.
(McGuire VA Med. Ctr.)

Williamsburg

224 Commons Way
4800 Courthouse St.
400 Sentara Cir., Ste. 102
(Sentara Wmbg. Med. Ctr.)

Yorktown

110 Cybernetics Way
6035 G. Wash. Mem. Hwy.
Shupper Road, Building 2006
(Naval Weapons Station)

Virginia Beach

4525 Columbus St.



Federally
Insured by
NCUA