



UNITED STATES
SENATE FEDERAL
CREDIT UNION

20

23

ANNUAL
REPORT

EXECUTIVE REPORT



2023: Another Year of Success for the Credit Union

Despite the difficulties financial institutions faced in 2023, the United States Senate Federal Credit Union (USSFCU) continued to focus on providing the kinds of financial services our members have enjoyed for almost 90 years. As we reflect on the past year, we want to extend our sincere appreciation to you for selecting USSFCU as your preferred financial institution. In this highly competitive environment, we realize you have many choices. Our commitment is to consistently do those things to earn your business every day.

A special thank you to our 150 employees for their assiduous work and dedication to delivering world-class financial solutions and services to our members. Providing excellent service is a bedrock principle here at the USSFCU. We have coined a phrase, “no members, no credit union.” Everything we do centers around what is best for our members and employees.

While each year is a new opportunity to make a difference in the lives of our members, 2023 was a year of success, notwithstanding a challenging economy and one of the most extreme interest rate environments in decades. With containing inflation being a top priority for the Federal Government, the Federal Reserve’s Federal Open Market Committee (FOMC) aggressively hiked short-term policy rates, rising 500 basis points in just over a year. This was the fastest increase in the federal funds rate since the FOMC began targeting it in 1982. Despite this shock to the economy, we continued to deliver the kinds of financial services you have come to expect from your credit union.

Throughout the year we exceeded financial targets despite the gloomy economic outlook. Member deposits and loans grew to an all-time high of \$1.33 billion and \$1.15 billion, respectively.

Total Assets, Member Deposits, Loans, Net Income

Total Assets: \$1.458 billion

Member Deposits: \$1.33 billion

Loans to Members: \$1.15 billion

Net Income: \$2.7 million

Retaining & Recruiting Talent

This year and beyond, we will continue to place additional focus on retaining and recruiting talent. Keeping employees motivated and engaged has been an emphasis for us. We are very proud of our people and the work they do seeking new and better ways to serve you. It starts with the leadership we assembled and cultivating a thriving people-centric culture that permeates the entire credit union. Our people know we care and support them, which helps retention and fosters a healthy and successful workforce.

2024 & Beyond

As we move forward and inflation subsides, the initial forecast was the Federal Reserve would lower interest rates in 2024. If this forecast holds up, it should help stabilize deposit and loan interest rates. However, the economy notwithstanding, one thing you can be assured of is your credit union will continue to thrive and prosper. We have seen many economic downturns in our 89-year history, and each time we weathered the storms and stood with our members by providing them with financial services, solutions, and security for every circumstance and situation. As we look to the future with our collective efforts of working together, we are confident our credit union will continue to flourish and prosper.

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



The Supervisory Committee, appointed by the Board of Directors, ensures the accuracy and current status of the credit union's accounts and records, and maintains robust controls to safeguard assets. The committee routinely engages with external auditors to monitor and assess internal controls, confirming that operations are both effective and efficient.

Financial Audit

The committee entrusted the independent accounting firm Doeren Mayhew to conduct the 2023 financial audit. While the final audit report was not finished as of this publication, our auditors have advised us that we can expect an unmodified audit report. This means that the financial statements of USSFCU are fairly presented, in all material respects, in accordance with applicable financial reporting frameworks.

Internal Audit

The Supervisory Committee directs the internal audit function of USSFCU. In line with best practices, we transitioned our internal audit partnership from RSM to Crowe this year. This change was not due to any dissatisfaction with the former firm but was made to refresh our perspective and ensure a rigorous audit environment by rotating auditors after several years of collaboration.

Our continued focus on auditing critical risk areas underlines the thoroughness of our internal control systems. Crowe's comprehensive evaluations maintain our compliance with established policies, adherence to accounting standards, and conformity with federal regulations.

In 2023, Crowe completed eight and RSM completed three audit reports, made possible by the cooperative efforts of USSFCU's management and staff, and their coordination with our auditors. The recommendations from these audits have been discussed in depth at regular meetings with both the auditors and our management team. Management has either satisfactorily addressed or is in the process of addressing these recommendations, which the committee has found to be prudent or necessary.

Member Ombudsman

The Supervisory Committee also serves as an ombudsman for our members. Should you require assistance that cannot be resolved through standard procedures, please do not hesitate to contact us at:

USSFCU Supervisory Committee
Attention: Supervisory Committee Chair
P.O. Box 77920, Washington, DC 20013-8920

On behalf of the Supervisory Committee, I extend our gratitude to the USSFCU staff and the Board of Directors for their continued support of our initiatives to ensure financial stability and integrity for the benefit of our members.

Thank you,

A handwritten signature in black ink that reads "Josef Martens". The signature is written in a cursive, flowing style.

Josef Martens, PhD
Chair, Supervisory Committee

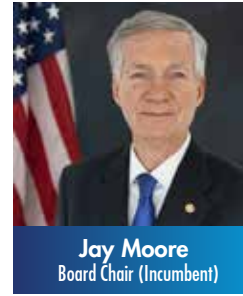
NOMINATING COMMITTEE REPORT



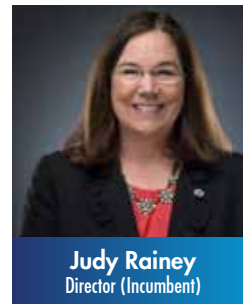
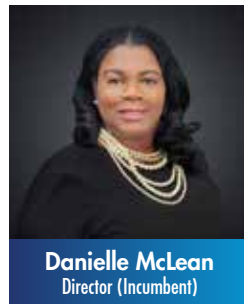
This year, three (3) seats on your United States Senate Federal Credit Union (USSFCU) Board of Directors expire. In addition, the board filled a vacancy last year by appointing a member who is standing for election to complete the two remaining years of that term.

Pursuant to Article V of our Bylaws, the Board Chair appointed a Nominating Committee consisting of Board Director Margo Rushing, volunteer Milton Salvador, and me.

Four members submitted applications for nomination to the Board. The Nominating Committee reviewed the applications. Each of the candidates has met the USSFCU volunteer service requirements and were found to be a member in good standing as well as highly qualified for Board service. The committee recommends all for election to the Board.



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 500 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 8th, 2024. 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 is not necessary, and the nominees named above will be elected by acclamation.

Please join me in congratulating the 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,

Joe Eckert
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, 2023, Total Assets were \$1.457 billion.

Our net loan portfolio ended the year at \$ 1.15 billion and \$ 366.4 million in loans were approved; this was an approved loan decrease of \$ 78.5 million, compared to 2022. The member demand for mortgage and home equity loans decreased in 2023 with the rising interest rate environment. 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 credit 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 adequately stated to meet potential loan losses as of December 31, 2023.

In 2023, deposits ended the year at \$1.33 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 8.28% of assets or \$112.1 million; therefore, USSFCU remains well capitalized.

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 2023 audit and again issued a favorable opinion. Audited 2023 financial statements are available at 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,

Ileana Garcia
Board Treasurer

2023 Total Assets \$1,457,332,659 (As of December 31, 2023)

CONDENSED BALANCE SHEET (AUDITED)

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



CONDENSED BALANCE SHEETS (AUDITED)

	As of December 31,	
	2023	2022
Assets:		
Cash and Cash Equivalents	\$ 176,836,585	\$ 59,036,601
Loans and Leases to Members, Net	1,148,961,277	1,017,382,183
Investments	76,461,746	125,162,306
Property and Equipment, Net	26,747,035	27,421,852
National Credit Union Share Insurance Fund Deposit	10,284,331	9,582,234
Other Assets	18,041,685	20,491,064
Total Assets	\$1,457,332,659	\$1,259,076,240
Liabilities and Members' Equity:		
Members' Share Accounts	\$1,334,904,860	\$1,142,122,325
Accrued Dividends and Other Liabilities	10,305,347	7,724,647
Total Liabilities	1,345,210,207	1,149,846,972
Total Members' Equity	112,122,452	109,229,268
Total Liabilities and Members' Equity	\$1,457,332,659	\$1,259,076,240

CONDENSED INCOME STATEMENTS (AUDITED)

	As of December 31,	
	2023	2022
Interest on Loans	\$ 65,832,891	\$ 47,326,439
Interest on Investments	4,523,264	2,234,777
Total Interest Income	70,356,155	49,561,216
Interest Expense	(25,585,217)	(13,708,112)
Provision for Loan and Lease Losses	12,053,677	(5,767,422)
Net Interest Income after Provision Expense	32,717,261	30,085,682
Non-Interest Income	4,998,676	5,683,107
Non-Interest Expense:		
Compensation and Benefits	(17,967,511)	(16,078,253)
Office Operations	(5,648,347)	(5,613,645)
Other	(11,379,784)	(9,365,855)
Total Non-Interest Expenses	(34,995,642)	(31,057,753)
Net Income	\$ 2,720,295	\$ 4,711,036

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.

USSFCU'S LEADERSHIP

BOARD OF DIRECTORS

Jay Moore
Chair

Anthony J. "Tony" Zagami
Vice Chair

Ileana Garcia
Secretary/Treasurer

Joe Eckert
Director

Danielle McLean
Director

Judy Rainey
Director

Margaret P. "Margo" Rushing
Director

Christopher D. Shunk
Director

Deborah Yarborough
Director

EXECUTIVE COMMITTEE

Jay Moore
Chair

Ileana Garcia
Anthony J. "Tony" Zagami

ALCO

Ileana Garcia
Chair

Timothy L. Anderson

David Cape

Kathy Dalfrey

Andrew Grimaldi

Danielle McLean

Laura Parker

Christopher D. Shunk

Jeff Smith

NOMINATING COMMITTEE

Joe Eckert
Chair

Margaret P. "Margo" Rushing
Milton Salvador

SUPERVISORY COMMITTEE

Josef Martens
Chair

Pierre Kamga
Vikram Kulkarni

Judy Rainey

Clint Trocchio

IT ADVISORY COMMITTEE

Audie Hopkins
Chair

Jack Anderson
Mark Fournier
Laura Robertson

Jay Moore

EXECUTIVE MANAGEMENT

Timothy L. Anderson
President & CEO

Kathy Dalfrey
SVP & CFO

Jeff Smith
*Chief Lending
Officer*

Sue Ruiz
*Interim Chief Risk
Officer*

Mark Fournier
*Chief Information
Officer*

Heather Mansour
*Chief Human
Resources Officer*

Bonnie Ortiz
*Chief Strategic
Management Officer*

SENIOR MANAGEMENT

Angela Collier
VP Lending

Troy Ferguson
VP Retail Services

Sylvia Galo
VP Deposit Products & Support Services

Arthur Green
VP Marketing

James Ruley
VP Business Services

Pete Gotthold
Director, Financial Accounting

Stefanie Mortenson
Director, Human Resources

Nagaraj Reddi
Director, IT

2023–2024 ACCOMPLISHMENTS

Hall of Fame Induction	Our President and CEO Timothy L. Anderson was inducted into the African American Credit Union Coalition’s Hall of Fame during America’s Credit Union’s Governmental Affairs Conference (GAC) at the National Museum of African American History and Culture in Washington, D.C., recognizing leaders for their distinguished contributions to the industry.
Innovative Banking Practices	Eliminated all overdraft and non-sufficient funds (NSF) fees as of April 17, 2023, replacing them with the Courtesy Pay Program (CPP) to help members manage their finances without punitive fees.
National Recognition	Named one of USA Today’s 2024 Top Workplaces, achieving a notable #76 ranking out of over 1,500 organizations.
Community Support	Donated \$65,000 to six high-impact charities, including the Capital Area Food Bank and American Red Cross.
Best of Bauer Recognition	Named a “Best of Bauer” Credit Union in 2023, for consistently receiving 5-star ratings from BauerFinancial, the nation’s leading financial institution rating firm.
Mortgage Excellence	Awarded the Credit Union Mortgage Association (CUMA) Titanium Award for outstanding mortgage loan production.
Community Choice	Voted Zebra Reader’s Choice for Best Credit Union in Alexandria, Virginia.
Business Recognition	Finalist for the Alexandria Chamber of Commerce Best in Business award.





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