

# 2020 ANNUAL REPORT



**Appalachian**  
Community Federal Credit Union

## LETTER FROM THE BOARD CHAIRMAN, MR. JOE BOGGS



What can I possibly say about 2020 that has not already been said? What a year. As I write this letter, it seems we have turned the corner on a global pandemic that essentially put a halt to all things we considered 'normal.' But, with every challenge comes opportunity, and I am proud of the way our entire ACFCU Team responded and adapted to the huge changes that were brought on.

In just one business day in March 2020, we were able to successfully deploy nearly two-thirds of our staff to work from home, keeping member service up and running the entire time. While we were forced to suspend in-person service at branches for a short period, we activated our drive-thrus and added to their functionality quickly. Today, we're able to do just about any kind of transaction right at the drive-thru or ATM, providing both a convenient and secure option for doing business with ACFCU.

We used 2020 as an opportunity to improve our technology and to provide additional training. We learned to embrace Zoom as a tool for continuing staff and Board meetings. But perhaps most importantly, we kept our members and employees as safe as possible, ardently following guidelines and health standards across all points of contact.

Our 2020 Annual Meeting was held virtually, and while not ideal, we have continued with the important business of serving our members and we are adapting to the many changes surrounding us. Fulfilling the completion of a new Leadership Team was also a vital accomplishment during 2020, and moving forward with one voice and one vision will suit us well into the future.

None of this is possible without support and participation from YOU, our loyal members. As a credit union, our purpose is to promote financial well-being for the members who own us. Every member is equal, and every member equally matters. On behalf of your volunteer Board of Directors, I want to thank you for calling ACFCU your financial home!

A handwritten signature in black ink that reads "Joe Boggs".

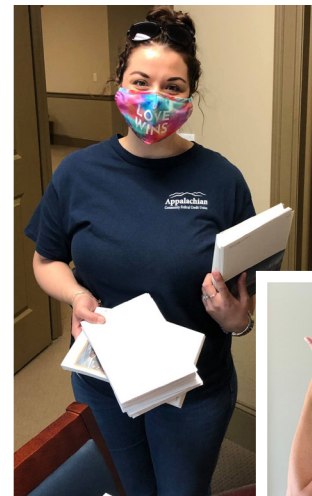
**Joe Boggs**  
*Chairman of the Board of Directors*

## #KINDNESSISCALLING

In 2020, we "masked up" and found creative ways to support our community and members with our **#KindnessIsCalling** campaign. Some activities included hosting a community blood drive, a campaign for United Way, a park clean up and reaching out to local businesses to express appreciation.



One of the top priorities for 2020 was keeping both staff and members safe. We deployed over half of our staff to work from home, and we added functionality to drive-thrus and ATMs to keep services available. We supported testing and telework for staff who became ill, and we offered flexible schedules for working parents of school-aged children.



## CONSOLIDATED STATEMENT OF FINANCIAL CONDITION AS OF 12/31/2020

ASSETS	
Cash and cash equivalents	\$24,787,367
Investments available for sale	\$4,753,587
Restricted investments	\$1,091,377
Loans receivable, net of allowance for loan losses	\$137,838,987
Accrued interest receivable	\$471,445
Property and equipment, net	\$8,798,736
Deposit in National Credit Union Share Insurance Fund	\$1,649,968
Foreclosed assets	\$237,106
Other assets	\$1,111,664
<b>TOTAL ASSETS</b>	<b>\$180,740,237</b>

LIABILITIES	
Share and deposit accounts	\$164,893,323
Accrued dividends and interest payable	\$21,135
Accounts payable and accrued liabilities	\$1,679,607
Subordinated debt	\$1,714,286
<b>TOTAL LIABILITIES</b>	<b>\$168,308,351</b>

MEMBERS' EQUITY	
Regular reserve	\$6,171,056
Undivided earnings	\$6,245,420
Accumulated other comprehensive income	\$15,410
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$12,431,886</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$180,740,237</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS OF 12/31/20

INCOME	
Net income	(\$512,495)
Unrealized gains on investment securities available for sale	\$957
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>(\$511,538)</b>

## CONSOLIDATED STATEMENT OF MEMBERS' EQUITY AS OF 12/31/20

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
<b>BALANCES, December 31, 2019</b>	\$6,171,056	\$6,757,915	\$14,453	\$12,943,424
<b>Net loss</b>	—	(\$512,495)	—	(\$512,495)
<b>Other comprehensive income</b>	—	—	\$957	\$957
<b>BALANCES, December 31, 2020</b>	\$6,171,056	\$6,245,420	\$15,410	\$12,431,886

## CONSOLIDATED STATEMENT OF OPERATIONS AS OF 12/31/2020

INTEREST INCOME	
Loans	\$8,239,510
Investment securities, net	-
Other interest-earning assets	\$207,017
<b>TOTAL INTEREST INCOME</b>	<b>\$8,446,527</b>

INTEREST EXPENSE	
Dividends and interest on share and deposit accounts	\$2,968,443
Interest on borrowed funds	\$51,512
<b>TOTAL INTEREST EXPENSE</b>	<b>\$3,019,955</b>
<b>NET INTEREST INCOME</b>	<b>\$5,426,572</b>

<b>PROVISION FOR LOAN LOSSES</b>	<b>\$955,704</b>
Net interest income after provision for loan losses	\$4,470,868

NON-INTEREST INCOME	
Fees and service charges, net	\$3,229,151
Net gain on sales, calls, and maturities on investment securities	-
Net gain on disposal of property and equipment	\$117,914
Net gain on foreclosed assets	\$17,922
Rental income	\$84,478
Grant income	\$400,000
Other income, net	\$311,402
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$4,160,867</b>

NON-INTEREST EXPENSES	
Salaries and benefits	\$3,910,763
Office operations	\$2,878,015
Office occupancy	\$1,063,230
Professional and outside services	\$371,871
Loan servicing expense	\$796,539
Educational and promotional	\$68,095
Travel and conference	\$11,981
Other expenses	\$43,736
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>\$9,144,230</b>
<b>NET INCOME</b>	<b>(\$512,495)</b>

WE CERTIFY TO THE BEST OF OUR KNOWLEDGE THIS STATEMENT IS TRUE AND PRESENTS FAIRLY THE FINANCIAL POSITION FOR THE PERIOD COVERED.



## A HIGHER CALLING: SERVING OUR MEMBERS THROUGH A PANDEMIC

Through the COVID-19 pandemic, we helped our members by offering financial counseling, waiving fees and deferring **1,170** loans payments, providing much-needed relief as some were laid off or furloughed. With the announcement of Kingsport's Domtar plant closing and retooling, we did our best to help long-time members during the transition. The entire ACFCU team worked diligently to respond to the hardships facing our members with empathy and solutions.



**1,170**  
LOANS DEFERRED IN 2020



## SUPERVISORY COMMITTEE REPORT



The Supervisory Committee serves as the volunteer oversight committee for Appalachian Community Federal Credit Union. They operate independent of the Board of Directors, and they are responsible to oversee the safety and soundness of the credit union. They accomplish this by ensuring that member account verifications are completed and internal audit functions are in place.

Each year, the Supervisory Committee retains a qualified CPA firm to conduct an annual audit of credit union financials. Our credit union audit for the year ended December 31, 2020, was performed by Brown Edwards, CPA, LLC. They have confirmed that the financial statements fairly represent the credit union's financial position, and conform with generally accepted accounting principles.

The Supervisory Committee is pleased to provide this report to our membership. If you have questions, please contact a member of your ACFCU leadership team, Board of Directors, or Supervisory Committee.

Sincerely,



**Trish Patterson**

*Chairperson, Supervisory Committee*

## QUALITY FINANCIAL CONCEPTS

For many people, investing can be confusing and intimidating. Appalachian Community Federal Credit Union has partnered with Quality Financial Concepts (QFC) to provide members with expert investment advice. With a focus on common sense investment strategies, QFC strives to give professional guidance and develop a strategy best suited for an individual's needs. Products & Services include:

- Retirement Planning
- Risk Management
- Professional Wealth Management
- Long Term Planning
- Insurance Planning
- Estate Planning Strategies
- Tax Advantages
- Portfolio Analysis & Monitoring

For more information, contact Shane Smith, CFP® at 423-378-2812 or [mssmith@qualityfinancial.com](mailto:mssmith@qualityfinancial.com).

Not NCUA Insured \* No Credit Union Guarantees \* May Lose Value.  
M. Shane Smith, CFP®, Registered Principal. Securities offered through Crown Capital Securities, L.P. Member FINRA & SIPC.  
Advisory and Tax services offered through QUALITY FINANCIAL CONCEPTS. CCS, ACFCU and QFC are not affiliated.

## Meet our Executive Leadership Team



*Left to Right: Nikki Greene, Vice President, Information Technology  
Amy-Celeste Quillen, Director of Human Resources | Andrew Mullins, Chief Lending Officer | Kelly Smith, President & CEO | Miranda Cooper, Director of Marketing  
Vicki Gobble, Chief Operations Officer/Chief Financial Officer*

## Locations

### Gray

5034 Bobby Hicks Hwy, Suite 2  
Gray, TN 37615

### Rogersville

1206 West Main Street  
Rogersville, TN 37857

### Kingsport

1500 East Stone Drive  
Kingsport, TN 37660

### Johnson City

3101 Peoples Street, Suite 100  
Johnson City, TN 37604

### Norton

1400 Park Ave NW  
Norton, VA 24273

