



# Building A Sound Future Together.

## MESSAGE FROM THE Chairman

The success of our credit union is dependent not only on our management team, and the Board of Directors, but also on our members' loyalty and continued support. I would like to thank you for your continued loyalty and membership.

Your Board of Directors is responsible for setting the strategic direction of the credit union and ensuring that the credit union is operating in a safe and sound manner. DVA FCU has weathered the economic downturn of the past five years rather well and we believe we are well positioned for growth and profitability in the coming years. We finished 2012 with a capital ratio of 10.97% and our regulator, the National Credit Union Administration, considers us to be well capitalized.

DVA FCU offers a wide variety of products and services in the hope that you will make DVA FCU your primary financial institution. We are continually looking for ways to improve our products and services so please feel free to discuss any thoughts you may have with our staff or send us a note, through our website, via fax or by mail. We are constantly looking for members to volunteer to serve on various committees as well. If you are interested please send us a message through the Contact Us page on our website or leave your information with your branch manager.

Again, thank you for being a member of DVA Federal Credit Union.

**Gregory Hosmer**  
*Chairman of the Board*

## MESSAGE FROM THE

# President & CEO

It has been a great honor to serve the membership of DVA FCU for the past six years. I am very pleased to announce that we had positive loan growth for the first time since 2009. We increased our new loans to members by 41% which is extraordinary.

The Board of Directors and Management team is thrilled to announce that we will be going through a technology update in the summer of 2014. This will allow us to increase the products and services that we offer our membership and enhance our current product line. We are always researching ways to better serve our membership and I believe that this is a huge step in the right direction for DVA FCU.

We introduced our new Visa Platinum Advantage card with great rates, lots of new rewards with no annual fee or balance transfer fees. In addition to the Visa Platinum Advantage card we also introduced our Mobile Website. With our new mobile page, you can find locations, apply for loans, view rates, contact us, and access Online Banking. You have the option to

access our full site as well. Simply access our website from a mobile device and you will be directed to the mobile version of our site.

In our continued effort to replace aging technology we replaced two ATMs at our Brooklyn and Philadelphia locations.

As you can see we are doing some great things at DVA FCU and on behalf of the management team we thank you for your continued support. We know there are many options available to our membership and we appreciate your loyalty.

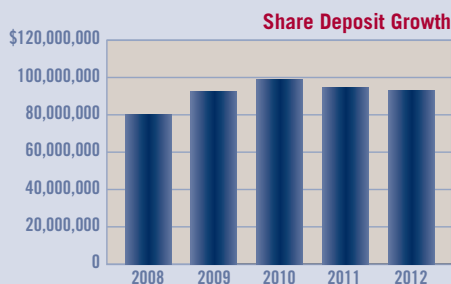
**Oma L. George**  
*President/CEO*

# MESSAGE FROM THE Treasurer

DVA Federal Credit Union experienced a decrease in assets from \$107,365,030 in 2011 to \$105,933,942 in 2012. This decrease was caused by the pay down of our loan portfolio and a slight decrease in our core deposits. This fluctuation is not significant and will likely rebound with the increase in loan demand growing slowly. We increased our loans to members this year by over 5 million dollars.

Our net income for 2012 was \$74,401 compared to \$129,667 in 2011. We are still experiencing lower net income due to the corporate stabilization expense which was \$89,329 in 2012. The good news is as the credit union industry stabilizes less liquidity will be required in the share insurance funds. It is expected that the corporate stabilization expense will decrease in 2013 as the National Credit Union Administration (NCUA) works diligently in replenishing the share insurance fund. Due to our high capital reserves we continue to maintain a financially strong credit union. Thank you for your membership.

**Donald Walsh**  
Treasurer



## STATEMENT OF INCOME

For years ended December 31, 2011 & 2012

### INTEREST INCOME

	2012	2011
Loans to members	\$ 2,628,422	\$ 2,836,976
Investment securities	\$ 780,957	\$ 898,205
<b>Total Interest Income</b>	<b>\$ 3,409,379</b>	<b>\$ 3,735,181</b>

### INTEREST EXPENSE

Member share & savings accounts	\$ 538,660	\$ 751,027
Interest on borrowed funds	\$ 0	\$ 7
<b>Total Interest Expense</b>	<b>\$ 538,660</b>	<b>\$ 751,034</b>
Net interest income, before provision	\$ 2,870,719	\$ 2,984,147
Less: Provision for loan losses	\$ -503,580	\$ -446,701
Net interest income after provision loan losses	\$ 2,367,139	\$ 2,537,446

### NON-INTEREST INCOME

Fee, charges & other operating income	\$ 2,185,368	\$ 2,243,496
Gain on sale of investments	\$ 59,738	\$ 0
<b>Total Non-interest Income</b>	<b>\$ 2,245,106</b>	<b>\$ 2,243,496</b>

### NON-INTEREST EXPENSE

Employee compensation & benefits	\$ 1,958,669	\$ 2,030,690
General & administrative expenses	\$ 2,351,673	\$ 2,150,958
Federal operating & accounting fees	\$ 113,545	\$ 359,455
Association dues	\$ 23,771	\$ 13,768
Miscellaneous expense	\$ 90,186	\$ 59,404
<b>Total Non-interest Expense</b>	<b>\$ 4,537,844</b>	<b>\$ 4,614,275</b>
Non-operating Expenses	\$ 0	\$ 37,000
<b>NET INCOME</b>	<b>\$ 74,401</b>	<b>\$ 129,667</b>

## STATEMENT OF FINANCIAL CONDITION

For years ended December 31, 2011 & 2012

### ASSETS

	2012	2011
Cash	\$ 2,247,217	\$ 2,099,175
Loans to members	\$ 43,723,224	\$ 44,383,931
Investment securities	\$ 60,087,923	\$ 60,506,584
Accrued income receivable	\$ 264,421	\$ 298,008
Fixed assets	\$ 413,826	\$ 456,561
Prepaid expenses & other assets	\$ 145,482	\$ 337,161
Allowance for loan loss	\$ (888,152)	\$ (716,390)
<b>Total Assets</b>	<b>\$ 105,993,941</b>	<b>\$ 107,365,029</b>

### LIABILITIES & MEMBERS EQUITY

Member share & savings accounts	\$ 93,221,751	\$ 94,844,771
Accounts payable & other liabilities	\$ 680,276	\$ 472,554
Accrued expenses	\$ 192,182	\$ 221,222
<b>Total Liabilities</b>	<b>\$ 94,094,209</b>	<b>\$ 95,538,547</b>

### MEMBERS EQUITY

Members equity, partially restricted	\$ 11,899,732	\$ 11,826,482
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 105,993,941</b>	<b>\$ 107,365,029</b>

## BOARD Members

**Gregory Hosmer**

Chairman

**Donald Walsh**

Treasurer

**Beth MacLean**

Vice-Chairman

**Marcelle Habibion**

Secretary

**Jay Barden**

Director

**Paul Chang**

Supervisory Committee  
Chair

### MESSAGE FROM THE

# Supervisory Committee

**T**he Supervisory Committee is appointed by the Board of Directors to help guide the direction of the Credit Union. Our committee consists of individuals who report to the membership on the financial soundness and integrity of their credit union.

To better serve our members we have an Internal Auditor who works onsite at the DVA FCU headquarters in Washington, DC. The Internal Auditor conducts testing on policies and procedures to verify that the staff is adhering to the policies set by the Board of Directors.

Each year the Supervisory Committee reviews the financial reports of the credit union and arranges for an independent accounting firm to review both general ledger information and member accounts for accuracy. We are pleased to report that the audit has produced satisfactory results for the 2012 fiscal year.

It is the judgment of the Supervisory Committee that your credit union continues to be financially sound, and is managed in the best interest of its members.

**Paul Chang**

*Supervisory Committee Chairman*

## CONTACT INFO

**DVA Federal Credit Union**

P.O. Box 50617  
Washington, DC 20091-0617  
800.822.6875  
202.737.6969 *(Please use this number  
if calling from the D.C. metropolitan area.)*

**CU Call Telephone Audio Response**

800.CU CALLS  
(800.282.2557)  
202.371.0151

**Supervisory Committee Address**

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Washington, DC 20043-4614  
supervisory@dvafcu.org

**Central Office**

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202.737.6969

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**G Street Office**

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**Brooklyn VA Medical Center Office**

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Brooklyn, NY 11209  
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**Ft. Hamilton Office**

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Fort Hamilton, NY 11252  
718.748.8010

**Albany VA Medical Center**

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Albany, NY 12208  
518.465.4211

**Philadelphia VA Regional Office**

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Philadelphia, PA 19144  
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**800-822-6875 • [www.dvafcu.org](http://www.dvafcu.org)**

