

HELPING PEOPLE PROSPER - HELPING COMMUNITIES THRIVE

2023

COMMUNITY IMPACT REPORT



Freedom First's Mission

Helping People Prosper - Helping Communities Thrive

Freedom First's Promise

Most banks evaluate their worth by how much money they *keep*.
At Freedom First, we measure our value by how much we *give back*.

The Credit Union Difference



Purpose: Credit unions have bylaws that outline three major purposes: to encourage thrift, to lend responsibly, and to make a concentrated effort to serve people of modest means. The latter of these is a true differentiator from traditional banks, which are focused on generating profit for their shareholders.



Structure: A credit union, a type of financial institution that functions similarly to a community bank, is a member-owned not-for-profit financial cooperative. Credit unions differ from banks and other financial institutions in that those who have accounts in the credit union are its members and owners, and they elect a volunteer board of directors in a one-person-one-vote system regardless of their amount invested. Unlike banks, credit union directors are all members of the community and not paid to serve.



Mission: While the mission of a traditional bank is to maximize value for shareholders who may or may not be members of the community where the institution operates, the credit union's members (customers) are the shareholders and thus the mission is to improve the financial well-being of everyone.



Regulation: Like traditional banks are with the FDIC, credit unions are federally regulated and deposits are federally insured by the U.S. Government through the National Credit Union Administration (NCUA).



The Freedom First Difference

When you bank locally with a not-for-profit Community Development Credit Union (CDCU) like Freedom First, you can rest assured that your money truly stays in and benefits the community in which you live. Our members are our shareholders, and all leadership live in these same communities. This means that any profit Freedom First makes is directly reinvested here in your backyard through benefits to our members, charitable giving, deploying capital to areas in need, and so much more.

Freedom First's Service Area

Freedom First serves an area covering 22 counties and 10 cities across Virginia. If you live, work, worship, go to school, or regularly do business in any of these localities, you can become a member of Freedom First.

- | | |
|---------------------------|-------------------------|
| Albemarle County | Franklin County |
| Alleghany County | Giles County |
| Amherst County | Highland County |
| Appomattox County | Lexington City |
| Augusta County | Lynchburg City |
| Bath County | Montgomery County |
| Bedford County | Nelson County |
| Bland County | Parts of Patrick County |
| Botetourt County | Pulaski County |
| Buckingham County | Radford City |
| Buena Vista City | Roanoke City |
| Parts of Campbell County | Roanoke County |
| Parts of Charlotte County | Rockbridge County |
| Charlottesville City | Salem City |
| Covington City | Staunton City |
| Craig County | Waynesboro City |
| Floyd County | |



At the time of publishing this report, Freedom First has 13 branches operating throughout Roanoke, the New River Valley, and Lynchburg. You can easily find your nearest branch - or one of our tens of thousands of surcharge-free ATMs - on the Freedom First website.

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SERVING THE ROANOKE VALLEY

SERVING THE NEW RIVER VALLEY

SERVING GREATER LYNCHBURG

2023 FINANCIAL STATEMENTS

Our Leadership



Paul Phillips
President & CEO



Sarah Andrews
Chief Operations Officer



Linda Johnson
Chief Financial Officer



Shon Aguero
Chief Banking Officer

2023 Board of Directors



Brent Cochran
LEAP, Grandin Co-Lab, Renewal3
Chairman of the Board



Wayne Strickland
Retired, Roanoke Valley-Alleghany
Regional Commission
Vice Chairman of the Board



Shirley Holland
Carilion Clinic
Secretary of the Board



David Lowen
Retired, Foti, Flynn, Lowen & Co.
Treasurer of the Board



Melinda Payne
Retired, City of Salem
Board Director



Ron Williams
Retired, The Roanoke Times
Board Director



Andrea Garland
City of Roanoke
Board Director



Michelle Davis
Boys and Girls Clubs of America
Board Director



Keith Perry
Carilion Clinic
Board Director

2023 Supervisory Committee



Jay Lanz
Supervisory Committee
Chairman



Mike Williams
Retired, Carilion Clinic
Supervisory Committee Secretary



Lance Sutherland
Community Housing Partners
Supervisory Committee



John Budd
Budd CPA
Supervisory Committee

2023 HIGHLIGHTS: HELPING PEOPLE

\$1 Million

in non-mortgage debt reduced for financial counseling participants

\$138 Thousand

in savings increased for financial counseling participants

\$518 Thousand

in down payment assistance secured for homebuyers

\$75.9 Million

in home loans to borrowers throughout our region

\$2.3 Million

in Flash Cash relationship-based small-dollar loans

\$17.2 Million

in deposit dividends paid to Freedom First members in 2023



2023 HIGHLIGHTS: HELPING COMMUNITIES

\$538 Thousand

in community give-back to the Roanoke, Lynchburg, and New River Valley communities

12.6%

of Freedom First's Net Income given back to our communities

\$86 Million

in Commercial Loans to local business owners

\$162 Million

of new loans granted in 2023 were deirected into CDFI Target Markets

\$12 Million

in social investor deposits from around the nation to deploy locally

3,130 Hours

volunteered for community causes by Freedom First employees

Freedom First Promotes Financial Well-Being For All

At Freedom First, we work hard to ensure that all of our members have the tools they need to feel good about their finances - and the resources to achieve and maintain good financial health! The Financial Health Network defines financial health like this: you can be considered "financially healthy" if you meet the following criteria:

SPEND	SAVE	BORROW	PLAN
Spend less than income & pay bills on time	Have sufficient liquid & long-term savings	Have manageable debt & a prime credit score	Have appropriate insurance & plan ahead financially



2023 Highlights



1,020 Sessions

of one-on-one professional financial counseling conducted through the Roanoke Financial Empowerment Center at no cost to community members.



17.8%

of Financial Empowerment Center clients improved their credit scores by 35 points or more.



505 Households

established a budget during their financial counseling sessions at the Roanoke Financial Empowerment Center.



\$42,000

in Credit Builder loans to help members establish or improve their credit.

\$14.7 Million



of the total Home Loans were to Low-to-Moderate Income borrowers, who made up 19% of the total number of borrowers in 2023.

Pictured, right: Responsible Rides® Program Coordinator Kim English



\$867,297

in Responsible Rides® affordable vehicle loans to borrowers needing affordable, reliable transportation in 2023



Freedom First Supports Local Business Owners

Sweets by Shaneice

Shaneice Jones, owner of downtown Roanoke bakery and custom cake shop Sweets by Shaneice, loves seeing the reactions on her customers' faces when they walk into her shop. "It's pink and it's fun... There's nothing really around here like it," she explains.

"I spent my last dollar getting into this building in 2019, so when Freedom First helped me get a business grant from Roanoke City, I was able to use the money to develop the inside of the shop."

The grant funds helped keep Sweets by Shaneice on track to open, even amidst the rising cost of ingredients and other unexpected expenses. "I was able to use the funds to replace appliances and get cooking equipment, too. I've worked hard on this business and I'm really proud of it!"



MH Masonry

Melvin Hinton, President & CEO of MH Masonry in Lynchburg, loves seeing things being built in his community and loves seeing his employees achieve success. "That's the most important thing for our organization," he says. "We see our employees as family and do everything in our power to make sure they're happy and secure."

Melvin enjoys working with Freedom First because of the trust built between him and his loan officer, Lynchburg Market Executive Brent Jenkins.

"If Brent says he's going to get something done, I know he will. We work hard to meet schedules and get work done for our clients, so it's great knowing that Freedom First will do the same for us."

NBS Real Estate

Cody Stuenzi manages the construction side of business for NBS Real Estate in Lynchburg, overseeing projects, administering quality control checks, and making sure deadlines are met. NBS Real Estate builds and manages affordable rental properties throughout Lynchburg, Danville, and Martinsville and is focused on positively impacting the communities they serve.

"Working with Freedom First was a natural fit because their mission perfectly aligns with ours," he says. "We're both trying to give back to and keep improving the Lynchburg community."

Cody values the flexibility and high level of service he gets with Freedom First. "It could be the weekend, it could be last minute changes to our loan - we can always rely on the Freedom First team to accommodate us."





Pictured, left: Freedom First paid off an auto loan for one Lynchburg member in celebration of opening our first branch in the community on Langhorne Road.

Community Giving

Freedom First Invests in Our Communities

Supporting Nonprofits



\$35,000

in Community Impact Grants awarded to 20 local nonprofits supporting Freedom First's areas of focus in 2023.



3,130 hours

volunteered in our communities by Freedom First employees in 2023.



\$69,050

given to local nonprofits through our Play for Purpose program in partnership with local university athletics.



\$537,658

in Community Give-Back to local nonprofits, students, and other community causes in 2023.



12.6%

of Freedom First's 2023 Net Income (profits) reinvested in community giving.



\$10,500

in Scholarships awarded to local students in 2023 who are pursuing higher education.



18,981 Ice Creams



\$24,911

given through Scoop, our free ice cream truck that we bring to community events around the region.



Freedom First's Impact as a Community Development Credit Union

Freedom First is a Community Development Credit Union (CDCU), which means that we are a credit union that maintains a Community Development Financial Institution (CDFI) designation. CDFI certification through the U.S. Treasury distinguishes Freedom First as a financial institution that focuses on deploying capital to underserved areas.

These areas are called CDFI Target Markets and are areas or populations that have been designated by the U.S. Treasury as in need of additional financial services and investment.



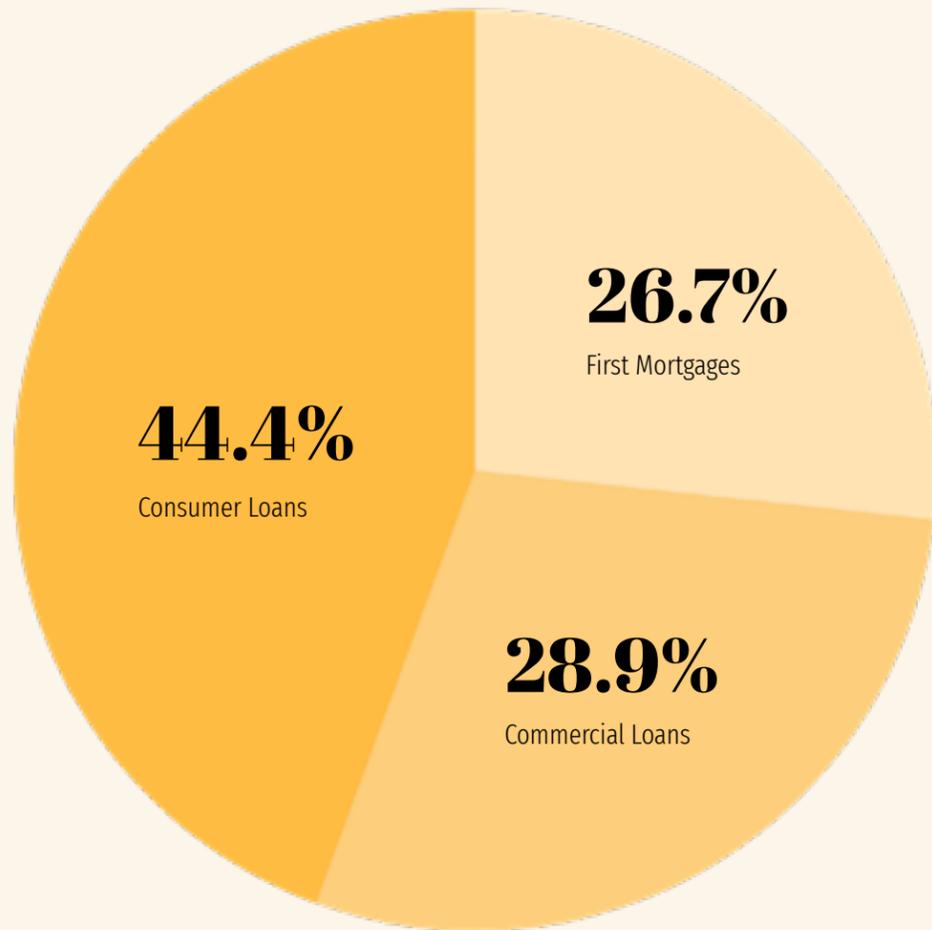
\$162 Million

of new loans granted in 2023 were directed into Community Development Financial Institution Target Markets.

61 Percent



of Freedom First's entire loan portfolio was made to Community Development Financial Institution Target Markets in 2023.



Community Development Financial Institutions Leverage **\$12 for Every \$1** in Federal Funds

-CDFI Coalition



\$86 Million

in Commercial Loans to local business owners looking to purchase property, finance construction and development, and establish new business lines in 2023.



\$891,511

in National Capital brought into our community from outside sources and deployed throughout our service area in 2023.





Serving the Roanoke Valley



\$23.4 Million

in Home Loans to Roanoke borrowers in 2023 from a wide range of loan programs, including FHA, VA, Virginia Housing, USDA, and more.



\$174,901

in Community Give-Back to local nonprofits, students, and other community causes in Roanoke in 2023.



\$1.8 Million

in Flash Cash loans for Roanoke borrowers needing access to a micro loan or cash advance that doesn't pull credit.



505 Households

participated in financial counseling sessions at the Roanoke Financial Empowerment Center.



\$19.5 Million

in Commercial Loans to local Roanoke business owners in 2023.

Serving the New River Valley



\$37.6 Million

in Home Loans to New River Valley borrowers in 2023 from a wide range of loan programs, including FHA, VA, Virginia Housing, USDA, and more.



\$308,185

in Flash Cash loans for New River Valley borrowers needing access to a micro loan or cash advance that doesn't pull credit.



\$2.8 Million

in Commercial Loans to local New River Valley business owners in 2023.

New River Valley Advisory Board

D. Michael Barber
Mayor, City of Christiansburg

Kevin Byrd
New River Valley Regional Commission

KJ Ford
K&J Properties

Dr. Angela M. Joyner
Radford University

Skip Slocum
Nest Realty

Devin Tobin
LewisGale Hospital Montgomery

Jessica Wirgau
The Community Foundation of the New River Valley



\$97,539

in Community Give-Back to local nonprofits, students, and other community causes in the New River Valley in 2023.



\$30,800

given to New River Valley charitable causes through our Play for Purpose program in partnership with local university athletics.





Serving Greater Lynchburg



\$5.6 Million

in Home Loans to Lynchburg borrowers in 2023 from a wide range of loan programs, including FHA, VA, Virginia Housing, USDA, and more.



\$99,659

in Flash Cash loans for Lynchburg borrowers needing access to a micro loan or cash advance that doesn't pull credit.



\$47.8 Million

in Commercial Loans to local Lynchburg business owners in 2023.



\$130,854

in Community Give-Back to local nonprofits, students, and other community causes in Lynchburg in 2023.



\$38,250

given to Lynchburg charitable causes through our Play for Purpose program in partnership with local university athletics.

Lynchburg Advisory Board

Will Andrews
Scott Insurance

Lauren Bell
Lauren Bell Real Estate

Thomas Bell
Thomas Builders

Dr. Dave Brat
Liberty University

Daryl Calfee
Marketing & Real Estate Development

Megan Huffman
SHARE Greater Lynchburg

Ashley Kershner
Downtown Lynchburg Association

PJ Preston
Liberty University

Sterling Wilder
Lynchburg City Council; Jubilee Center

Pat Young
Centra Health

2023 Financial Statements



	Dec 31, 2022	Dec 31, 2023
Assets	\$1,043,849,532	\$1,181,157,685
Deposits	\$871,422,777	\$996,926,930
Loans	\$907,656,984	\$961,812,541
Net Income	\$6,612,378	\$4,256,241
Members	61,819	63,576

**Serving 22 Counties and 10 Cities
Across Southwest & Central Virginia.**

Consolidated Statements of Financial Condition

ASSETS

	March 31, 2023	March 31, 2022
Cash and cash equivalents	\$ 7,968,864	9,143,534
Equity Securities	2,167,741	41,440,411
Available-for-sale debt securities	34,199,725	41,070,928
Other investments	27,306,312	21,705,057
Federal Home Loan Bank (FHLB) stock	3,426,500	2,112,300
Loans held-for-sale	2,108,075	857,900
Loans receivable, net of allowance for loan losses	924,594,845	738,398,956
Accrued interest receivable	3,192,019	1,774,550
Premises and equipment, net	38,210,672	31,895,111
National Credit Union Share Insurance Fund deposit	6,663,212	5,828,698
Assets acquired in liquidation	99,328	30,896
Right to use assets	597,961	749,655
Other assets	25,984,697	34,743,981
Total Assets	\$ 1,076,519,951	929,751,977

LIABILITIES AND MEMBERS' EQUITY

	March 31, 2023	March 31, 2022
Liabilities		
Share and savings accounts	\$ 888,220,693	794,360,574
Borrowed funds	68,340,000	44,800,000
Interest and dividends payable	384,927	192,596
Lease liabilities	602,935	751,008
Accrued expenses and other liabilities	16,533,517	14,068,833
Uninsured Secondary Capital	26,900,000	6,200,000
Total liabilities	1,000,982,072	860,373,011
Commitments and contingent liabilities		
Members' Equity		
Undivided earnings	79,367,927	71,096,611
Accumulated other comprehensive loss	(4,429,999)	(2,317,596)
Equity acquired in merger	599,951	599,951
Total members' equity	75,537,879	69,378,966
Total Liabilities and Members' Equity	\$ 1,076,519,951	929,751,977

Consolidated Statements of Income

	March 31, 2023	March 31, 2022
Interest Income		
Interest on loans receivable	\$ 37,875,709	27,026,563
Interest on investments	1,237,595	509,814
Interest income	39,113,304	27,536,377
Interest Expense		
Dividends on share and savings accounts	8,815,406	2,789,240
Interest on borrowed funds	1,592,138	1,324,110
Interest expense	9,777,544	4,113,350
Net Interest Income	29,335,760	23,423,027
Provision for Loan Losses	1,792,633	623,081
Net Interest Income After Provision for Loan Losses	27,543,127	22,799,946
Non-Interest Income		
Service charges	6,378,045	7,478,821
Card income	4,899,172	4,719,200
Grant income	2,818,790	721,406
Rental income	1,832,546	83,145
Gain on sale of VISA stock	1,722,327	-
Other non-interest income	578,584	233,406
Gains on sale of loans, net	544,413	1,684,214
Non-interest income	18,773,877	14,920,192
	\$ 46,317,004	37,720,138
Non-Interest Expense		
Compensation and employee benefits	21,535,733	18,715,583
Operations	8,174,453	7,323,091
Education and promotion	2,606,012	2,688,483
Occupancy	2,014,880	1,473,011
Legal fees	1,500,000	-
Loan servicing	1,264,413	1,337,375
Professional and outside services	845,686	713,743
Equity securities losses, net	82,855	271,981
Loss on disposition of premises and equipment, net	21,656	177
Loss on disposition of assets acquired in liquidation, net	-	6,101
Non-interest expense	38,045,688	32,529,545
Net Income	\$ 8,271,316	5,190,593

Consolidated Statements of Members' Equity & Comprehensive Income

COMPREHENSIVE INCOME

	March 31, 2023	March 31, 2022
Net Income	\$ 8,271,316	5,190,593
Other Comprehensive Income (Loss)		
Net unrealized holding (losses)/gains on securities arising during the year	(2,112,403)	(1,702,820)
Comprehensive Income	\$ 6,158,913	3,487,773

MEMBERS' EQUITY

	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Equity Acquired in Merger	Total
Balance, March 31, 2021	\$ 65,906,018	(614,776)	599,951	65,891,193
Net income	5,190,593	-	-	5,190,593
Change in unrealized gain/(loss) on securities	-	(1,702,820)	-	(1,702,820)
Balance, March 31, 2022	\$ 71,096,611	(2,317,596)	599,951	69,378,966
Net income	8,271,316	-	-	8,271,316
Change in unrealized gain/(loss) on securities	-	(2,112,403)	-	(2,112,403)
Balance, March 31, 2023	\$ 79,367,927	(4,429,999)	599,951	75,537,879

Consolidated Statements of Cash Flows

	March 31, 2023	March 31, 2022
Cash Flows from Operating Activities		
Net income	\$ 8,271,316	5,190,593
Adjustments to reconcile net income to net cash:		
Provision for loan losses	1,792,633	623,081
Depreciation and amortization of premises and equipment	1,410,939	1,090,725
Gain on sale of VISA stock	(1,722,327)	-
Loss on disposition of premises and equipment, net	21,656	177
Gain on sale of mortgage loans, net	(544,413)	(1,684,214)
Loss on disposition of assets acquired in liquidation, net	-	6,101
Amortization of investment premiums/discounts	160,579	453,998
Amortization of deferred loan origination fees/costs	1,170,011	1,288,393
Changes in operating assets and liabilities:		
Equity securities	39,272,670	(11,532,602)
Loans held-for-sale	(1,250,175)	4,329,092
Accrued interest receivable	(1,417,469)	93,567
Right-of-use assets	151,694	(749,655)
Other assets	8,759,284	(9,535,799)
Interest and dividends payable	192,331	(49,797)
Lease liabilities	(148,073)	751,008
Accrued expenses and other liabilities	2,464,684	3,658,519
Net cash used in operating activities	<u>58,585,340</u>	<u>(6,066,813)</u>
Cash Flows from Investment Activities		
Purchases of:		
Available-for-sale debt securities	-	(14,716,797)
FHLB stock	(1,314,200)	-
Premises and equipment	(7,748,156)	(15,375,645)
Proceeds from:		
Maturities, paydowns & sales of available-for-sale securities	4,598,221	16,892,983
Sale of FHLB stock	-	997,000
Sale of VISA stock	1,722,327	-
Sale of mortgage loans	40,330,171	79,282,177
Sale of assets acquired in liquidation, net	-	120,399
Net change in:		
Other investments	(5,601,255)	56,555,294
Loans receivable, net of charge-offs	(229,557,647)	(247,712,920)
Assets acquired in liquidation	(68,432)	(2,729)
NCUSIF deposit	(834,514)	(813,085)
Recoveries on loans charged off	613,356	817,290
Net cash used in investing activities	<u>(197,860,129)</u>	<u>(123,956,033)</u>

Consolidated Statements of Cash Flows

	March 31, 2023	March 31, 2022
Cash Flows from Financing Activities		
Net change in share and savings accounts	\$ 93,860,119	159,695,520
Proceeds from borrowings	27,340,000	-
Repayments of borrowings	(3,800,000)	(28,200,000)
Proceeds from uninsured secondary capital	26,000,000	-
Repayments of uninsured secondary capital	(5,300,000)	(500,000)
Net cash provided by financing activities	<u>138,100,119</u>	<u>130,995,520</u>
Net Change in Cash and Cash Equivalents	(1,174,670)	972,674
Cash and Cash Equivalents at Beginning of Year	9,143,534	8,170,860
Cash and Cash Equivalents at End of Year	<u>\$ 7,968,864</u>	<u>9,143,534</u>
Supplemental Cash Flow Disclosure		
Dividends and interest paid	\$ 9,585,213	4,163,147
Loans receivable transferred to assets acquired in liquidation	<u>\$ 99,328</u>	<u>30,896</u>

HEADQUARTERS
207 BULLITT AVE SOUTHEAST, ROANOKE, VA 24013



FREEDOMFIRST.COM
FEDERALLY INSURED BY NCUA.

