

ANNUAL IMPACT REPORT 2020-2021



Condensed Version



Thank You to our Volunteer Board of Directors



Brent Cochran

Chairman

LEAP,
Grandin Co-Lab,
Community Sourced
Capital



Wayne Strickland

Vice Chairman

Roanoke Valley-
Alleghany Regional
Commission



Melinda Payne

Secretary

City of Salem
Economic
Development



Michelle Davis

2021 Treasurer

Boys & Girls Club
of SWVA, Roanoke
City Council



Ron Williams

Retired,
The Roanoke Times



Andrea Garland

City of Roanoke



Shirley Holland

Carilion Clinic

INCOMING 2021 DIRECTORS



Keith Perry

Carilion Clinic



David Lowen

Retired,
Foti, Flynn, Lowen
& Co.



John Budd

2020 Treasurer
Budd CPA,
2021 Supervisory
Committee



Judith Harrison

Retired,
Mountain View
Neighborhood
Preservation

Consolidated Statements of Financial Condition

ASSETS

	March 31,	
	2021	2020
Cash and cash equivalents	\$ 8,170,860	\$ 6,827,065
Investments:		
Equities	29,907,809	4,479,080
Available-for-sale	45,403,932	21,788,599
Other	76,195,366	73,790,494
Federal Home Loan Bank (FHLB) stock	3,109,300	4,354,100
Loans held-for-sale	5,186,992	2,112,509
Loans receivable, net of allowance for loan losses	571,012,763	517,607,608
Accrued interest receivable	1,868,117	1,748,111
Premises and equipment, net	17,610,368	18,001,229
National Credit Union Share Insurance Fund deposit	5,015,613	4,530,519
Assets acquired in liquidation	154,667	305,992
Other assets	25,208,182	22,825,453
Total Assets	\$ 788,843,969	\$ 678,370,759

LIABILITIES AND MEMBERS' EQUITY

	March 31,	
	2021	2020
Liabilities		
Share and savings accounts	\$ 634,665,054	\$ 516,148,340
Borrowed funds	73,000,000	88,500,000
Interest and dividends payable	242,393	274,548
Accrued expenses and other liabilities	8,345,329	6,573,315
Uninsured secondary capital	6,700,000	6,900,000
Total liabilities	722,952,776	618,396,203
Commitments and contingent liabilities		
Members' Equity		
Regular reserve	5,751,716	5,751,716
Undivided earnings	60,154,302	53,372,033
Accumulated other comprehensive income (loss)	(614,776)	250,856
Equity acquired in merger	599,951	599,951
Total members' equity	65,891,193	59,974,556
Total Liabilities and Members' Equity	\$ 788,843,969	\$ 678,370,759

Consolidated Statements of Income

	March 31,	
	2021	2020
Interest Income		
Interest on loans receivable	\$ 25,366,084	\$ 25,787,160
Interest on investments	716,268	2,070,157
Interest income	26,082,352	27,857,317
Interest Expense		
Dividends on share and savings accounts	2,657,914	5,291,515
Interest on borrowed funds	2,077,818	1,779,566
Interest expense	4,735,732	7,071,081
Net Interest Income	21,346,620	20,786,236
Provision for Loan Losses	2,739,517	1,730,621
Net Interest Income After Provision for Loan Losses	18,607,103	19,055,615
Non-Interest Income		
Service charges	6,958,332	6,053,351
Card income	3,931,864	3,523,820
Gain on sale of mortgage loans, net	3,361,359	1,398,830
Grant Income	739,500	347,350
Equity securities profit, net	386,519	-
Other non-interest income	182,033	201,911
Non-interest income	15,559,607	11,525,262
	\$ 34,166,710	\$ 30,580,877

Consolidated Statements of Income (Cont.)

Consolidated Statements of Income, continued

	March 31,	
	2021	2020
Non-Interest Expense		
Compensation and employee benefits	\$ 16,265,932	\$ 14,542,262
Operations	6,339,326	5,768,327
Loan servicing	1,516,326	1,163,405
Education and promotion	1,331,171	1,803,949
Occupancy	1,159,645	1,080,528
Professional and outside services	484,203	369,575
Loss on disposition of premises and equipment, net	246,874	40,162
Loss on disposition of assets acquired in liquidation, net	40,417	1,159
Equity securities losses, net	-	164,123
Non-interest expense	27,384,441	24,933,490
Net Income	\$ 6,782,269	\$ 5,647,387

Consolidated Statements of Members' Equity & Comprehensive Income

COMPREHENSIVE INCOME

	March 31,	
	2021	2020
Net Income	\$ 6,782,269	\$ 5,647,387
Other Comprehensive Income or (Loss)		
Net unrealized holding (losses)/gains on securities arising during the year	(865,632)	323,841
Comprehensive Income	\$ 5,916,637	\$ 5,971,228

MEMBERS' EQUITY

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Equity Acquired in Merger	Total
	Balance, March 31, 2019				
Net income	\$ 5,751,716	\$ 47,724,646	\$ (72,985)	\$ 599,951	\$ 54,003,328
Change in unrealized gain/(loss) on securities	-	5,647,387	-	-	5,647,387
	-	-	323,841	-	323,841
Balance, March 31, 2020					
Net income	5,751,716	53,372,033	250,856	599,951	59,974,556
Change in unrealized gain/(loss) on securities	-	6,782,269	-	-	6,782,269
	-	-	(865,776)	-	(865,632)
Balance, March 31, 2021	\$ 5,751,716	\$ 60,154,302	\$ (614,776)	\$ 599,951	\$ 65,891,193

FREEDOM FIRST AT A GLANCE (UNAUDITED)

	November 30,	
	2021	2020
Assets	\$ 874,582,330	\$ 741,921,204
Shares	\$ 740,674,737	\$ 579,889,734
Loans	\$ 632,407,023	\$ 553,484,376
Members	59,253	57,025



Address: P.O. Box 1999, Salem, VA 24153
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Website: www.freedomfirst.com

Federally insured by NCUA.

Consolidated Statements of Cash Flow

	March 31,	
	2021	2020
Cash Flows From Operating Activities		
Net income	\$ 6,782,269	\$ 5,647,387
Adjustments to reconcile net income to net cash:		
Provision for loan losses	2,739,517	1,730,621
Depreciation and amortization of premises and equipment	975,852	1,035,598
Loss on disposition of premises and equipment, net	246,874	40,162
Gain on sale of mortgage loans, net	(3,361,359)	(1,398,830)
Loss on disposition of assets acquired in liquidation, net	40,417	1,159
Amortization of investment premiums/discounts	90,592	(47,245)
Amortization of deferred loan origination fees/costs	1,525,647	1,468,991
Changes in operating assets and liabilities:		
Equity securities	(25,428,729)	(251,142)
Loans held-for-sale	(3,074,483)	(1,218,702)
Accrued interest receivable	(120,006)	(92,526)
Other assets	(2,382,729)	(6,048,463)
Interest and dividends payable	(32,155)	108,396
Accrued expenses and other liabilities	1,772,014	(1,175,204)
Net cash used in operating activities	(20,226,279)	(199,798)
Cash Flows From Investment Activities		
Purchases of:		
Available-for-sale securities	(38,927,146)	(10,063,268)
FHLB stock	-	(1,640,300)
Premises and equipment	(1,276,990)	(5,965,700)
Proceeds from:		
Maturities, paydowns and sales of available-for-sale securities	14,355,589	15,500,000
Sale of FHLB stock	1,244,800	-
Sale of premises and equipment	445,125	19,870
Sale of mortgage loans	136,083,128	66,245,765
Sale of assets acquired in liquidation, net	92,574	81,464
Net change in:		
Other investments	(2,404,872)	(7,988,771)
Loans receivable, net of charge-offs	(191,351,579)	(92,215,132)
Assets acquired in liquidation	18,334	(10,383)
NCUSIF deposit	(485,094)	(601,035)
Recoveries on loans charged off	959,491	589,934
Net cash used in investing activities	(81,246,640)	(36,047,556)
Cash Flows From Financing Activities		
Net change in share and savings accounts	118,516,714	(5,270,406)
Proceeds from borrowings	-	45,800,000
Repayments of borrowings	(15,500,000)	(8,300,000)
Proceeds from uninsured secondary capital	-	5,000,000
Repayments of uninsured secondary capital	(200,000)	(200,000)
Net cash provided by financing activities	102,816,714	37,029,594
Net Change in Cash and Cash Equivalents	1,343,795	782,240
Cash and Cash Equivalents at Beginning of Year	6,827,065	6,044,825
Cash and Cash Equivalents at End of Year	\$ 8,170,860	\$ 6,827,065
Supplemental Cash Flow Disclosure		
Dividends and interest paid	\$ 4,767,887	\$ 6,964,814
Loans receivable transferred to assets acquired in liquidation	\$ 28,167	\$ 305,989

FREEDOM FIRST 2021 BOARD COMMITTEES

Supervisory Committee: Linda Johnson, Jay Lanz (Chairman), Mike Williams (Secretary), Gerry Barnes, John Budd
ALCO Committee: Linda Johnson, Wayne Strickland, Michelle Davis, David Lowen, Dan Merenda (non-elected volunteer)
Audit & Risk Committee: Sarah Andrews, Ron Williams, Andrea Garland, Keith Perry
Lending Committee: Gary Smith, Chase Clark, Wayne Strickland, David Lowen
Governance Committee: Jim McKell, Paul Phillips, Michelle Davis, Ron Williams, Shirley Holland
Employee Relations Committee: Jennifer Jones, Melinda Payne, Andrea Garland, Keith Perry
Corporate Social Responsibility Committee: Dave Prosser, Melinda Payne, Shirley Holland