

HELPING PEOPLE PROSPER - HELPING COMMUNITIES THRIVE

2022

# COMMUNITY IMPACT REPORT





## **Our Mission**

Helping People Prosper - Helping Communities Thrive

## **Our 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*.

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# Message From Paul Phillips

As a Community Development Credit Union, Freedom First believes in the power of community and understands the impact our actions can have on the lives of those around us. This is why we are proud to present our latest Community Impact Report. In this report, you will learn about the various initiatives and programs we have undertaken over the past year to help improve the communities we serve and create a positive impact on people's lives. Whether it's through targeted investment, economic development, financial education, community outreach, or volunteer efforts, our goal is to help make a difference in the lives of those we serve. We invite you to read on and learn more about the impact Freedom First is making in the communities we call home.

In addition to our community outreach programs, Freedom First is also committed to targeted lending that supports underserved communities. As a certified Community Development Financial Institution (CDFI), we are proud to direct our resources towards helping those who may have limited access to financial services and support. Our investments in low-income and distressed communities help to create new opportunities for economic growth and stability. By supporting local businesses, affordable housing, and other important community development initiatives, we are helping to build strong and vibrant communities for generations to come. Through our CDFI targeted lending, Freedom First is leading the way in promoting financial inclusion and creating a brighter future for everyone.

**61 Percent**

*of new loans granted in 2022 were directed into Community Development Financial Institution Target Markets.*

**\$308 Million**

*in loans originated in Community Development Financial Institution Target Markets in 2022, which are economically distressed and historically underserved areas in our region.*

Furthermore, in line with our mission of "Helping People Prosper – Helping Communities Thrive", we understand that the success of Freedom First is closely tied to the well-being of the people we serve. In 2022, we have reinvested more than 11% of our net income back into the community through various initiatives, including charitable contributions, community grants and sponsorships, scholarships, and Impact Banking programs. We also collaborate with strong nonprofit partners, such as Local Impact for Tomorrow (LIFT), a cross-industry collaboration between Freedom First, Carilion Clinic, Delta Dental of Virginia, and Roanoke City Public Schools, to provide physical, oral, and financial wellness resources to students and families. In 2022, we also deployed 61% of our loan capital into communities facing economic stress, further demonstrating our commitment to being good stewards of our members' assets and making a positive impact on the communities we serve.

We are committed to growing our positive impact even further and appreciate the continued support of our members, employees, community, and leaders. Our volunteer Board of Directors both drives this mission and ensures that we remain accountable to the people in our target market. We look forward to using our CDFI status to continue making a difference in the lives of those we serve, and thank everyone who has supported our efforts to date.



*Paul Phillips*

Paul Phillips, President/CEO

# Financial Well-Being For All

Financial well-being, as defined by the Consumer Financial Protection Bureau (CFPB), is a state of being in which an individual has control over their day-to-day finances, can cope with unexpected expenses, and can make choices that allow them to enjoy life. It is characterized by stability, security, and access to financial resources and opportunities, leading to a sense of satisfaction and peace of mind.

## PRESENT SECURITY

Control over your day-to-day, month-to-month finances

## PRESENT FREEDOM OF CHOICE

Financial freedom to make choices to enjoy life

## FUTURE SECURITY

Capacity to absorb a financial shock

## FUTURE FREEDOM OF CHOICE

On track to meet your financial goals

Freedom First's products and services directly support the Financial Well-Being of our members by helping credit-challenged people establish savings, build credit, have a second chance loan review, access affordable auto loans, fund their professional development, and so much more. Our team's expertise runs the full gamut of the financial spectrum to ensure that *everyone* - no matter where they are in life - can improve their Financial Well-Being.

## Why is it important?

- 1. Stress reduction:** Good financial health reduces stress and anxiety, allowing individuals to live a more fulfilling life.
- 2. Improved quality of life:** Financial stability enables individuals to meet their basic needs and pursue their life goals and aspirations.
- 3. Better decision making:** A strong financial standing allows for better decision-making, as individuals are better equipped to manage their finances, invest in their future, and prepare for emergencies.
- 4. Financial security:** Financial well-being provides a sense of security and reduces the risk of falling into poverty or debt.
- 5. Increased opportunities:** Good financial health provides individuals with more opportunities, including access to credit, higher education, and the ability to start a business.

Overall, financial well-being is crucial for both personal and financial success, and is an important factor in overall health and happiness.



## Scholarships

For decades, Freedom First has been investing in the young minds of our region through scholarships to local rising senior high school and college students. In 2022, we awarded \$10,500 in scholarship funds to the following students:

- Lena Chandler, Lord Botetourt High School (Charles Perkins Scholarship)
- Jennifer Arogo, Virginia Tech (Charles Perkins Scholarship)
- Cameron Marindale, Salem High School (Charles Perkins Scholarship)
- Aiden Davis Nguyen, Northside High School (Frank Turk Scholarship)
- Brooklyn Rivera, Northside High School (Fritz Kehn Scholarship)
- Zoe Prosser, Salem High School (Tim Sutphin Scholarship)
- Julianna Stephenson, Lord Botetourt High School (Torie Phillips Memorial Scholarship)



### \$2.1 Million

in Flash Cash loans for borrowers needing access to a micro loan or cash advance that doesn't pull credit - instead approval is based on your relationship with the credit union - thus helping them avoid the predatory lending trap of payday loans.



### \$10,500

in Scholarships awarded to local students in 2022 who are pursuing higher education.



# Finding Their Freedom



## Roanoke Financial Empowerment Center

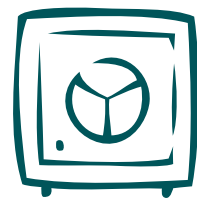
The Roanoke Financial Empowerment Center is a partnership between the City of Roanoke, Freedom First Enterprises, and the Cities for Financial Empowerment Fund dedicated to helping individuals achieve financial stability and independence. Through our personalized one-on-one counseling sessions, we offer expert guidance on a range of topics, including budgeting, saving, managing debt, and improving credit.

Our goal is to empower our clients to take control of their finances and make informed decisions that will positively impact their financial well-being. We strive to provide the tools and support needed to develop a customized plan that will help our clients reach their financial goals. Here are some of the milestones our 1,101 clients achieved in 2022.



### \$641,462

in non-mortgage debt reduced for Financial Empowerment Center participants in 2022.



### \$49,658

in savings increased for Financial Empowerment Center participants.



### 639

community members participated in financial counseling sessions through the Roanoke Financial Empowerment Center at no cost to them in 2022.



## Kathryn Matherly

Kathryn finds her freedom working as the Roanoke Financial Empowerment Center (FEC) Manager. She and her team provide resources that promote financial literacy, education and stability to anyone in the greater Roanoke area at no cost to them.

**“Being a part of someone’s journey to reach their financial goal is the best feeling in the world.”**

Kathryn says her favorite part of her job at the FEC is being able to meet people where they are in life and walk beside them every step of the way to their goal, whether that be debt reduction, homeownership, vehicle purchase, establishing or improving credit, or even just learning more about the American financial system.

“My team at Freedom First is my family,” she said. “Anytime I have even something personal going on, not necessarily work-related, they’re the first people I reach out to. They’re community. They’re part of me.”

## Janaia Bass

Janaia began at Freedom First in the branches, getting to know members and finding creative ways to help them with second-chance loan reviews and other resources. When an opportunity arose to join the Roanoke Financial Empowerment Center team, she knew it was her calling.

**“I believe that I have the coolest job in the world. I never thought I’d have a job like this. I call my team the Financial Superheroes!”**

As a professionally-trained and certified Financial Counselor, Janaia and her colleagues can be a guiding force for people from all walks of life. No goal is too small, no question too silly. Janaia and her fellow counselors provide a judgment-free environment for anyone in the community to stop by and learn more about personal finances, free of charge.



# Homeownership

Freedom First assists renters in becoming homeowners by providing access to affordable mortgage products, down payment assistance, education and counseling services, and other resources. These programs can help to reduce the financial barriers that many individuals face when trying to become homeowners, such as high down payment requirements and closing costs. Additionally, Freedom First's expert mortgage team also offer personalized support and guidance to help renters navigate the homebuying process and make informed decisions about homeownership.



**\$85.6 Million**

in Home Loans to borrowers in Southwest and Central Virginia in 2022 from a wide range of loan programs, including FHA, VA, Virginia Housing, USDA, and more.

**\$26 Million**



of the total Home Loans were to Low-to-Moderate Income borrowers, who made up 31% of the total number of borrowers in 2022.



**\$222,997**

in Down Payment Assistance was secured for Freedom First borrowers in 2022 through partner organizations such as the Federal Home Loan Bank of Atlanta.

Affordable homeownership is important because it provides individuals and families with the opportunity to build wealth, stability, and security through homeownership. Owning a home can increase financial stability and provide a sense of pride and ownership. It also offers the potential for long-term appreciation in value and can serve as a source of retirement income. Furthermore, affordable homeownership can promote stable and strong communities, by allowing individuals to build roots and invest in their neighborhoods.



## Reliable Transportation

Reliable, affordable transportation is critical for the people living in our rural communities for several reasons:

- 1. Access to employment:** In many rural areas, public transportation is limited or non-existent, making it difficult for residents to commute to work. Reliable transportation can help people find and maintain employment, leading to increased financial stability.
- 2. Improved health care access:** In rural areas, medical facilities and specialists are often located far from where people live. Reliable transportation enables residents to access the health care they need, improving their overall well-being.
- 3. Enhanced quality of life:** Reliable transportation allows residents of rural communities to participate in social, cultural, and educational activities that may not be available in their immediate area. This can improve the overall quality of life for people in these communities.

## Responsible Rides<sup>®</sup>

This program is designed for hardworking people with low- to moderate-incomes who need reliable transportation to get to and from work, doctor's appointments, grocery shopping, and everything many of us take for granted. Participants take part in financial education classes focused on both managing personal finances and car maintenance so they're equipped to not only affordably purchase a car, but keep one in great shape for years to come.



**\$859,256**

in Responsible Rides<sup>®</sup> affordable vehicle loans to borrowers needing affordable, reliable transportation in 2022



## Brady's Distillery (Tim Brady)

When Tim Brady, Head Distiller and Co-Owner of Brady's Distillery, retired from the military, he was banking with a big, national bank but didn't like how he would always have to sift through a confusing phone tree then sit in a queue all day just to have his questions answered and issues resolved. He was looking for more of a personal touch that could also free up his time to keep the momentum going to successfully open the distillery.

**"[Banking with Freedom First] has just paid dividends. Just having the ability to reach out and speak with someone local - even be able to text some of the bankers - it couldn't be any better."**

Now instead of sitting on hold all day with an out-of-state customer service representative, Tim can focus on running his business and positively impact the local economy while Freedom First's bankers handle all the hassle. If he needs capital to expand his business, he knows where he can turn. This is a perfect example of how Freedom First is poised to help our local businesses and community members.



## Farmburguesa (Kat Pascal)

Kat Pascal, co-owner of local restaurant Farmburguesa, became a Freedom First member when she realized she could have a personal relationship with her banker and not be treated like just a number. Freedom First employees often eat at Farmburguesa, creating a sense of community that Kat didn't experience with her prior banking relationships, and it made her feel like she was part of something bigger.

**"I've been with bigger banks before, and there you're kind of just a number. But what you find with Freedom First is that you have a personal relationship with your banker. There's a real sense of community."**

Community is something extremely important to everyone at Farmburguesa. It's a locally-sourced farm-to-table restaurant with Colombian roots that also gives back through FarmburGIVES, a program that donates 10% of sales to a local nonprofit each Tuesday.

A Roanoke native born to second-generation Columbian immigrants, Kat is the founder of the Latinas Network, an organization that creates a bridge between resources and the Latina community. She also was a founding board member of Nuestro Comercio Latino and served on the Blue Ridge Literacy board of directors. Currently, she also serves as Hispanic Business Advisor for the Roanoke Regional Small Business Development Center.



## K&J Properties (KJ Ford)

KJ Ford of K&J Properties in the New River Valley found his freedom banking with Freedom First because as a local business owner, he enjoys the close relationship that Freedom First has with members.

**“It’s like you’re doing business with a friend or family. There’s trust and a genuine connection.”**

He finds that it makes his life so much easier to be able to call or text his banker and get a response right away - without even leaving his project sites. That frees KJ up to manage his team and focus on renovating homes throughout Roanoke, the New River Valley, and even into North Carolina.



## Custom Structures (Scott Elliott)

Scott Elliott, owner of Custom Structures in Lynchburg, knew he wanted to bank somewhere local so he’d be seen as a person and not a number. And every time Scott contacts Freedom First, he receives a reply within 15 minutes. He knows he will always get a quick answer, and that makes him feel like a truly valued member.

**“Community is very important to me, and it is very important to my whole team. Without the community, we wouldn’t have business.”**

Scott continued, “Freedom First is known in Roanoke and the New River Valley for their community giving, so I’m glad to see them come to Lynchburg. We are very supportive of community give-back.”

## Cello Coffee House & Cafe (Joe Migdadi)

When Joe Migdadi and his family moved to Roanoke from Jordan, he seized the opportunity to open Cello Coffeehouse and Cafe in the Market Area downtown. “I love downtown Roanoke,” Joe said. “I’d like to bring the culture of the Middle East - the food and drink - and share it with the people here.”

**“Freedom First helped me upgrade my business with special funding for businesses hurt by the pandemic. The employees are very nice and helpful, and everything was so smooth and easy.”**

Supporting the banking needs of locally-owned small businesses is crucial to keep our economy growing and community vibrant. And unlike many other financial institutions, Freedom First can help make sure that federal, state, and local capital is deployed to the very businesses (like Cello) that make our region so special.





# Supporting Nonprofits

Freedom First supports the work being done by community organizations to break down barriers, enable people to fully participate as local citizens, and help families achieve economic success and a better quality of life through our Community Impact Grant program. In 2022, we awarded \$34,000 to 7 local nonprofits whose work aligns with our designated Impact Areas: community & household economy, health and human services, and arts & culture.

## Boys and Girls Clubs of Southwest Virginia

Supporting the Money Matters program, in which teens and families develop financial literacy skills that can lead them to workplace readiness, lifelong financial stability, and overall success.

## Huddle Up Moms

Supporting The Exchange, an educational series of open and honest maternal health panel discussions in the Roanoke Community in partnership with 5 Points Music Sanctuary.

## New River Valley Agency on Aging

Supporting Supplies for Seniors, an ongoing distribution project that promotes dignity, provides infection control, prevents and eliminates foodborne illness, and brings a renewed sense of connection to homebound seniors throughout the New River Valley.

## Wonder Universe

Supporting the Museums for All initiative for the New River Valley's only children's museum, allowing 700 children and adults in the community receiving SNAP/EBT and WIC benefits access to the museum for free (children) and significantly discounted (adults).

## Franklin County Public Schools Educational Foundation

Supporting the Reality Store, an authentic and interactive experience for 525 eighth graders to learn how to make appropriate, realistic financial decisions.

## Sustainable Roanoke

Supporting the purchase of a box truck or large cargo van to facilitate its services, including transporting recyclables collected at events, plastic film collected in partnership with Carilion Clinic and other businesses, refill station products and equipment, and more.

## Family Service of Roanoke Valley

Supporting critically needed mental health and wellness counseling services to residents of the Roanoke Redevelopment and Housing Authority neighborhoods.



**\$34,000**

in Community Impact Grants awarded to 7 local nonprofits supporting community and household economy, health and human services, and arts/culture in 2022.



# Community Giving



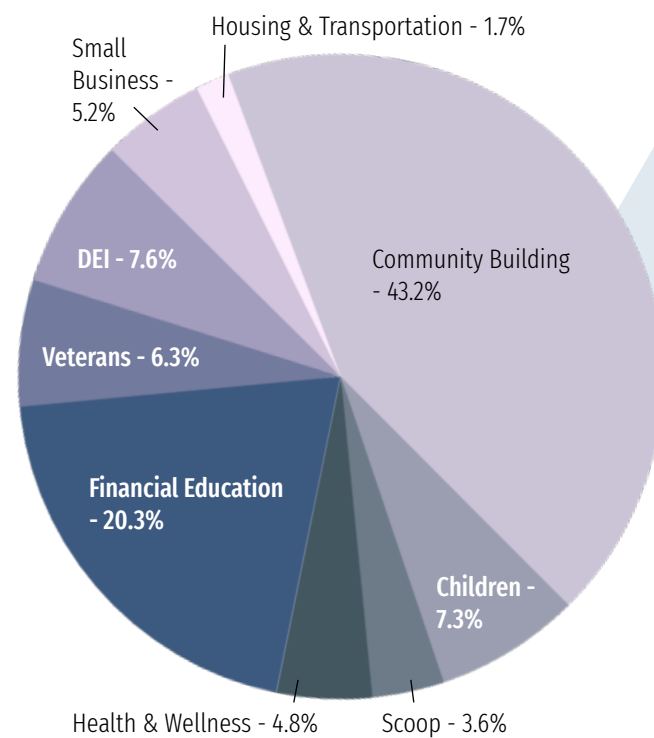
**\$745,647**

in Community Give-Back to local nonprofits, students, and other community causes in 2022.



**11.3%**

of Freedom First's 2022 Net Income (profits) reinvested in community giving.



# One Scoop at a Time

Did you know that Freedom First operates a free ice cream truck for our community? In 2022 we gave our community members 13,860 units of free ice cream for a total of \$26,957 overall contribution through Scoop and our employee volunteers!



# Commercial Lending

Freedom First has fully in-house Commercial Lending, Commercial Credit, and Business Banking teams staffed by local experts who understand the markets, people, and culture of our region. This is important because having local underwriters and bankers allows for informed decisions to be made that best meet the needs of local businesses.

With local decision-makers, small business owners have the advantage of a more comprehensive understanding of what works in their market, which can result in more favorable loan terms, accounts, and affordable rates. On the other hand, with decision-makers located in other states or countries, the whole picture may not be taken into consideration, resulting in a lower chance of obtaining the financial support that a small business needs.

## Community Revitalization

One of Freedom First's focus areas in Commercial Lending is community revitalization. That is, taking an older, often run-down property and breathing new life into it. A prime example of this type of targeted investment is the Garland Rodes Apartments in Lynchburg. The building originally housed the Virginia School of the Arts, which closed its doors in 2011.

Now, the fully renovated building serves a new purpose as much-needed apartment housing on Rivermont Avenue, right near Randolph College and Riverside Park in Lynchburg. Renovations also included turning the former gymnasium into a community space and adding tennis courts between the building and the park for residents to enjoy.

By rehabilitating an existing building instead of completely replacing it, we're able to preserve the history and character of a community while also providing value for current residents - a win-win scenario when feasible.



## Mixed-Use Development

When the developers of the 620 Project in Bedford approached Freedom First seeking financing for their ambitious undertaking, our Commercial Lending team was eager to become involved. Established in the early 20th century, this Railroad Avenue property has been a Bedford community staple for decades - as an axe handle factory, tobacco factory, and rubber factory.

Now, this historic property has been converted into a mixed use commercial and residential space with 58 apartments, an on-site gym and yoga studio, storage facilities, a locally-owned pizza restaurant, and locally-owned cafe. "We've always had a knack for historic redevelopment, and when we came across this building, we just felt like it was a great opportunity to add more value to what is already a great community here in the Town of Bedford," said Chris Vail with Sycamore Development Co. "I think it means a lot to them, and so we feel like we have a sort of duty to respect that in our redevelopment. We're reusing almost all the historic materials on site."



**\$152 Million**

in Commercial Loans to local business owners looking to purchase property, finance construction and development, and establish new business lines in 2022.

**\$1.9 Million**



in National Capital brought into our community from outside sources and deployed throughout our service area in 2022.

# Targeted Investment

Freedom First is a Community Development Financial Institution (CDFI) and a Low Income Designated Credit Union, meaning it primarily offers secure financial products and services to eligible communities in need, is responsible to these communities, and works to enhance their financial literacy. The CDFI certification distinguishes Freedom First as a financial institution that focuses its investment in underserved areas.



**\$308 Million**

of new loans granted in 2022 were directed into Community Development Financial Institution Target Markets.

**61 Percent**

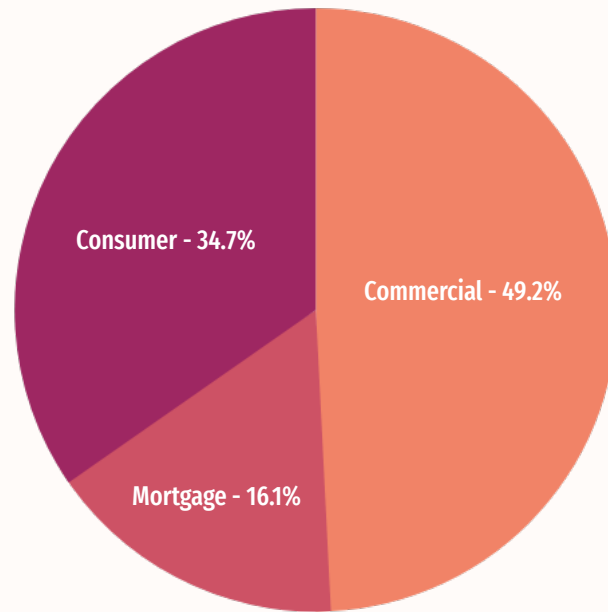


of Freedom First's entire loan portfolio was made to Community Development Financial Institution Target Markets in 2022.

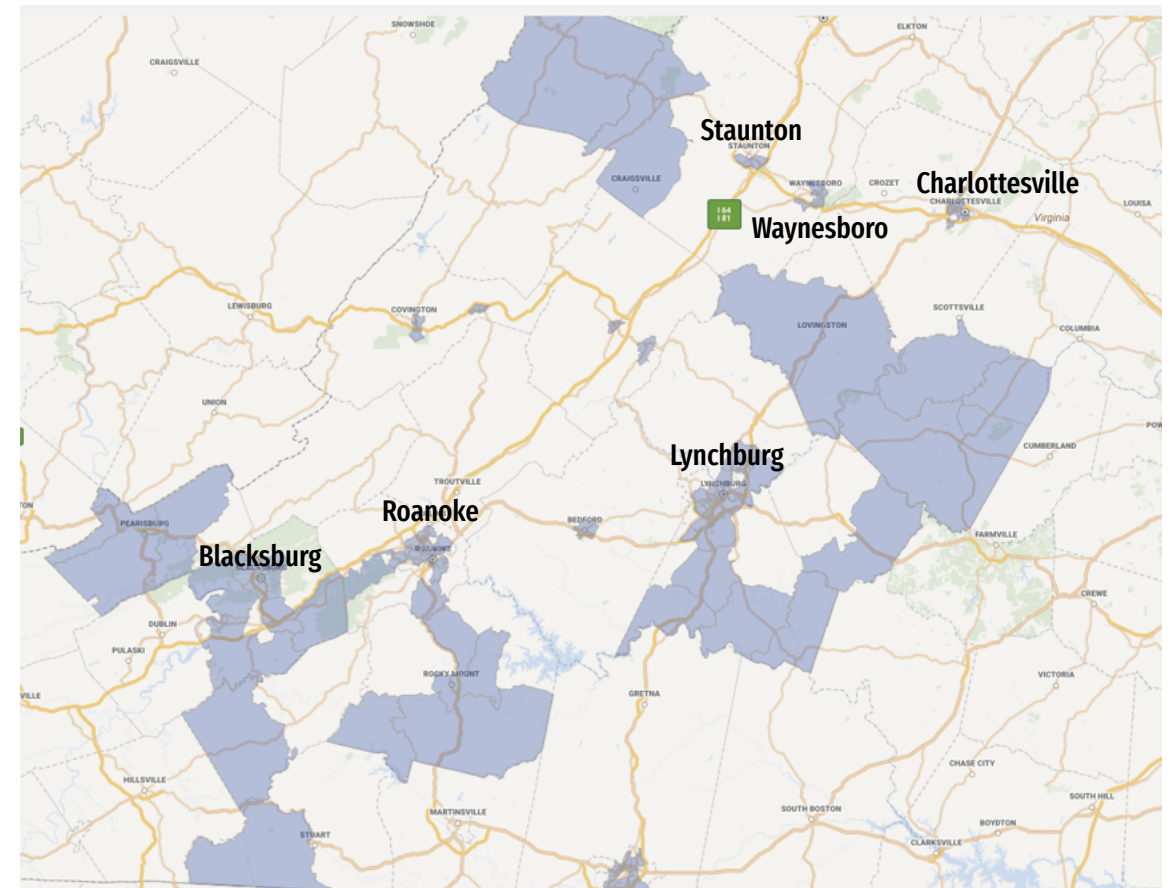
These areas are called CDFI Target Markets and are areas or populations that have been designated by the Community Development Financial Institutions Fund (CDFI Fund) as in need of financial services and investment. There are three types of CDFI Target Markets: economically distressed geographic areas (CDFI Investment Areas), Low Income Targeted Populations (individuals/families below 80% of Area Media Income), and Other Targeted Populations (historically underserved communities, largely defined by race/ethnicity).

In 2022, Freedom First invested over \$308 million in CDFI Target Markets, which accounted for 61% of its total loan dollars. This investment not only directly benefits the underserved communities but also generates a significant impact on the wider community through its ripple effect.

## 2022 Targeted Investment Breakdown



## Target Investment Area Map



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

-CDFI Coalition



# Diversity, Equity & Inclusion

Freedom First joined our peers in the Credit Union Diversity, Equity, Inclusion (CU DEI) Collective, where members signed a pledge to commit to positive change towards diversity, equity, and inclusion in 2019.

The push for more inclusive and equitable practices, policies, and products is still underway with much progress to be made, but positive change is in motion at Freedom First. As a Community Development Financial Institution dedicated to empowering those historically shut out of traditional financial systems, a renewed focus on DEI is right in step with our mission of *Helping People Prosper – Helping Communities Thrive* and Financial Well-Being for All.

## 2022 By the Numbers

|                   | Dec 31, 2021  | Dec 31, 2022    |
|-------------------|---------------|-----------------|
| <b>Assets</b>     | \$886,860,508 | \$1,043,849,532 |
| <b>Deposits</b>   | \$753,180,785 | \$871,422,777   |
| <b>Loans</b>      | \$682,702,427 | \$907,656,984   |
| <b>Net Income</b> | \$6,979,006   | \$6,612,378     |
| <b>Members</b>    | 59,592        | 61,819          |



**Serving 22 Counties and 10 Cities Across Virginia.**

In 2022, Freedom First established the Diversity, Equity & Inclusion Working Group, a volunteer committee comprised of employees from diverse backgrounds, careers, and perspectives. The purpose of this group, which meets monthly, is to support the credit union's corporate commitment to sustain a supportive, welcoming environment that is inclusive. The group accomplishes this by identifying opportunities to communicate, advocate, empower, and educate employees for the promotion of equity and inclusion.

In its first year of official operation, the group developed a set of priorities that include assessing Freedom First's current state and recommending areas of improvement, promoting inclusive practices throughout all levels and departments, setting DEI goals which can then be measured and shared with leadership and the broader community, and seeking committee members with diverse backgrounds and perspectives.



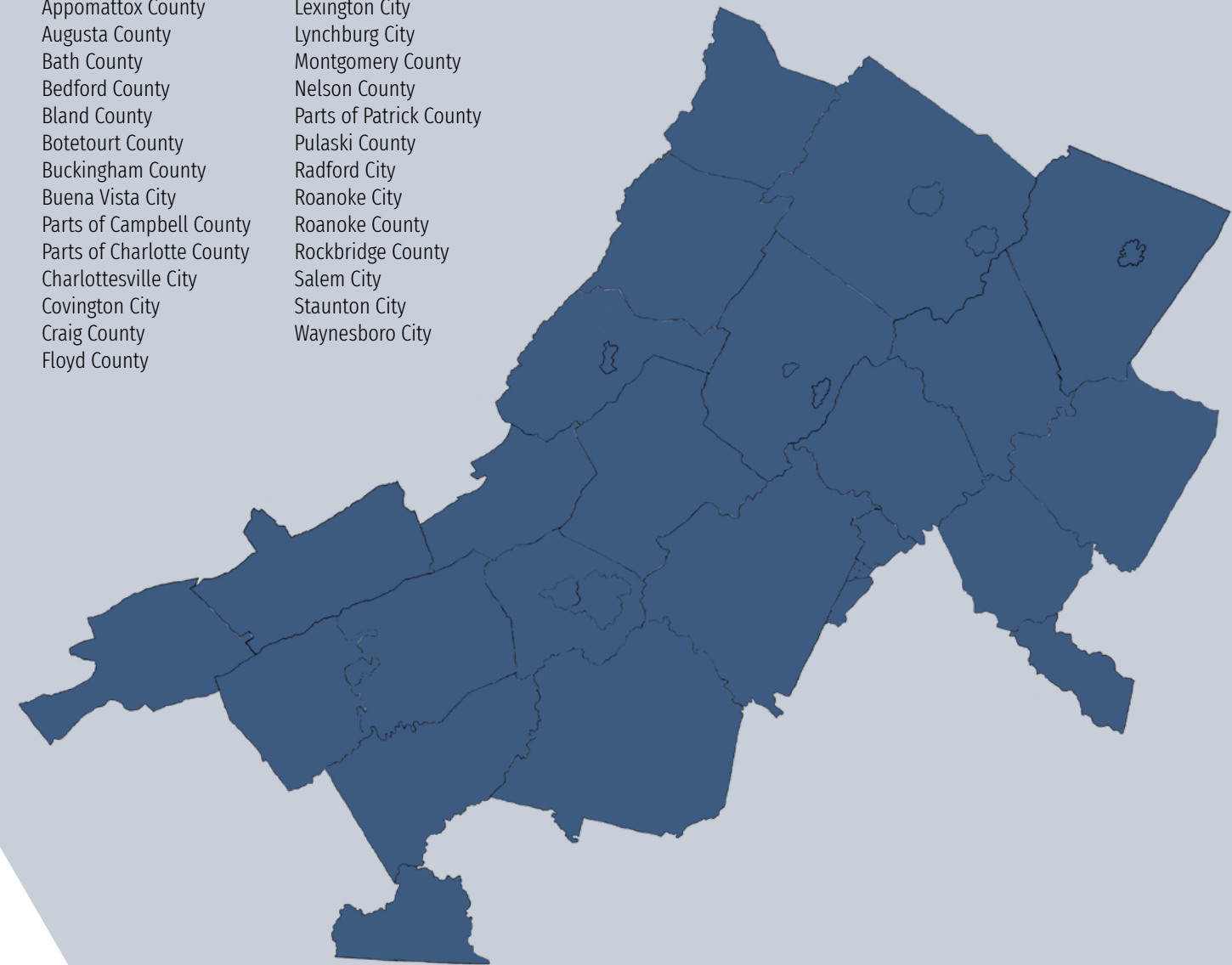
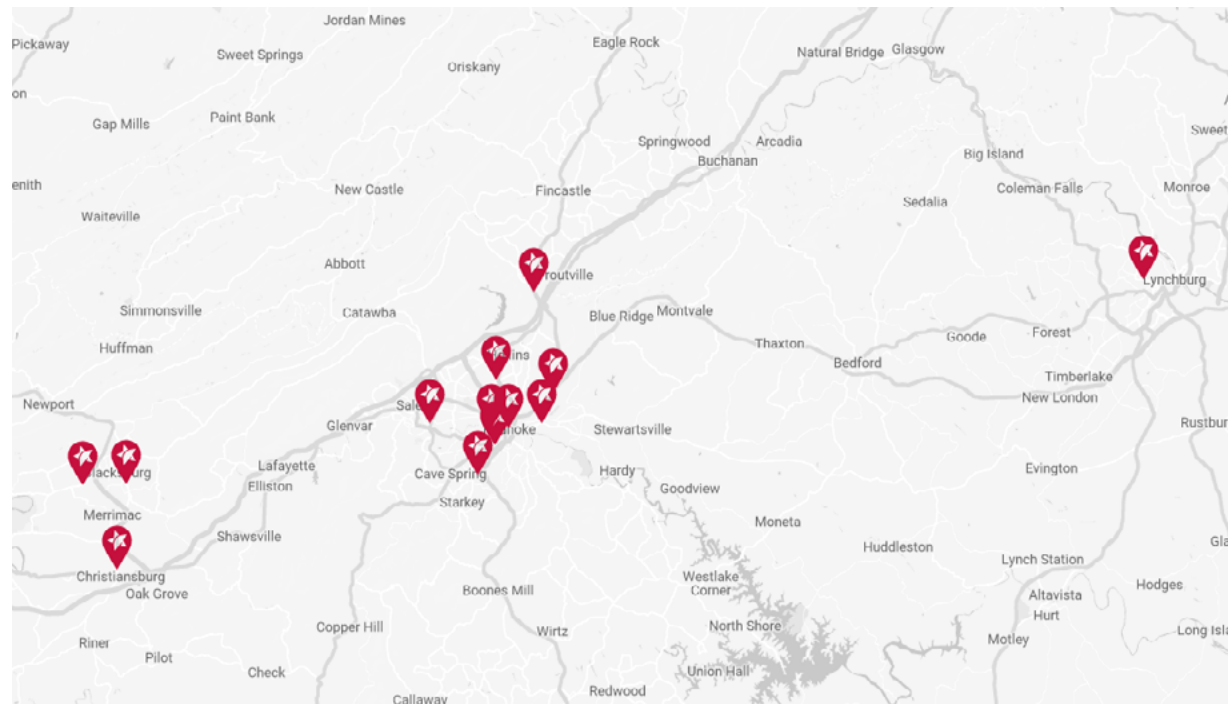
# Our Service Area

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.

## Where to Find Us

At the time of publishing this report, Freedom First has 13 branches operating throughout Roanoke, the New River Valley, and Lynchburg. With the addition of our Bonsack branch in Roanoke County, Freedom First has the most brick-and-mortar branches of any financial institution in the Roanoke area. Paired with our robust suite of digital services, Freedom First is the most convenient place to bank in Roanoke.

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



# 2022 Board of Directors

# Corporate Leadership



**Brent Cochran**  
Chairman  
LEAP, Grandin Co-Lab,  
Community Sourced Capital



**Wayne Strickland**  
Vice Chairman  
Retired, Roanoke Valley-  
Alleghany Regional  
Commission



**Michelle Davis**  
Secretary  
Boys & Girls Clubs of  
America



**David Lowen**  
Treasurer  
Retired, Foti, Flynn,  
Lowen & Co.



**Melinda Payne**  
Director  
Retired, City of Salem  
Economic Development



**Ron Williams**  
Director  
Retired, The Roanoke Times



**Andrea Garland**  
Director  
City of Roanoke



**Shirley Holland**  
Director  
Carilion Clinic



**Keith Perry**  
Director  
Carilion Clinic



**Paul Phillips**  
President & CEO



**Sarah Andrews**  
Chief Operations Officer



**Linda Johnson**  
Chief Financial Officer



**Shon Aguero**  
Chief Banking Officer

## Board Committees

### Supervisory Committee

- Jay Lanz (Chairman)
- Mike Williams (Secretary)
- Gerald Barnes
- John Budd

### ALCO (Finance) Committee

- Wayne Strickland
- Michelle Davis
- David Lowen

### Audit & Risk Committee

- Ron Williams
- Andrea Garland
- Keith Perry

### Employee Relations Committee

- Ron Williams
- Shirley Holland
- Andrea Garland

### Lending Committee

- Wayne Strickland
- David Lowen

### Corporate Social Responsibility Committee

- Melinda Payne
- Shirley Holland
- Andrea Garland

### Governance Committee

- Wayne Strickland
- Melinda Payne
- Keith Perry

# 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 Inc.



PJ Preston  
Liberty University



Sterling Wilder  
Lynchburg City Council,  
Jubilee Center



Dawn Wise  
The Education Foundation



Pat Young  
Centra Health

# NRV Advisory Board



Kevin Byrd  
New River Valley Regional  
Commission



KJ Ford  
K&J Properties



Mike Phillips  
New River Polymer



Lynn Rogers  
United Way of the New  
River Valley



Skip Slocum  
Nest Realty

## The Role of Our Regional Advisory Boards

What are the Freedom First Regional Advisory Boards, and what do they do? As you may know, Freedom First expanded our service area in 2021 to more of the New River Valley, Greater Lynchburg, the Shenandoah Valley, Greater Charlottesville, and beyond.

We want to make sure that we're well-informed about each unique region, its people, its culture, and its community needs to best serve these areas. The Regional Advisory Boards are community leaders who volunteer their time to help Freedom First's leadership make the right business decisions for each area based on their unique needs.

We will continue to expand our Regional Advisory Boards as we move into new markets, so keep an eye out for future developments!

## Consolidated Statements of Financial Condition

| ASSETS   |                       |                    |
|--|-----------------------|--------------------|
|  | March 31, 2022        | March 31, 2021     |
| Cash and cash equivalents                          | \$ 9,143,534          | 8,170,860          |
| Investments:                                       |                       |                    |
| Equity Securities                                  | 41,440,411            | 29,907,809         |
| Available-for-sale                                 | 41,070,928            | 45,403,932         |
| Other  | 21,705,057            | 78,260,351         |
| Federal Home Loan Bank (FHLB) stock                | 2,112,300             | 3,109,300          |
| Loans held-for-sale                                | 857,900               | 5,186,992          |
| Loans receivable, net of allowance for loan losses | 738,398,956           | 571,012,763        |
| Accrued interest receivable                        | 1,774,550             | 1,868,117          |
| Premises and equipment, net                        | 31,895,111            | 17,610,368         |
| National Credit Union Share Insurance Fund deposit | 5,828,698             | 5,015,613          |
| Assets acquired in liquidation                     | 30,896                | 154,667            |
| Right to use assets                                | 749,655               | -                  |
| Other assets                                       | 34,743,981            | 25,208,182         |
| <b>Total Assets</b>                                | <b>\$ 929,751,977</b> | <b>790,908,954</b> |
| LIABILITIES AND MEMBERS' EQUITY                    |                       |                    |
|  | March 31, 2022        | March 31, 2021     |
| <b>Liabilities</b>                                 |                       |                    |
| Share and savings accounts                         | \$ 794,360,574        | 634,665,054        |
| Borrowed funds                                     | 44,800,000            | 73,000,000         |
| Interest and dividends payable                     | 192,596               | 242,393            |
| Lease liabilities                                  | 751,008               | -                  |
| Accrued expenses and other liabilities             | 14,068,833            | 10,410,314         |
| Uninsured Secondary Capital                        | 6,200,000             | 6,700,000          |
| Total liabilities                                  | 860,373,011           | 725,017,761        |
| Commitments and contingent liabilities             |                       |                    |
| <b>Members' Equity</b>                             |                       |                    |
| Undivided earnings                                 | 71,096,611            | 65,906,018         |
| Accumulated other comprehensive loss               | (2,317,596)           | (614,776)          |
| Equity acquired in merger                          | 599,951               | 599,951            |
| Total members' equity                              | 69,378,966            | 65,891,193         |
| <b>Total Liabilities and Members' Equity</b>       | <b>\$ 929,751,977</b> | <b>790,908,954</b> |

## Consolidated Statements of Income

|  | March 31, 2022      | March 31, 2021   |
|--|---------------------|------------------|
| <b>Interest Income</b>                                     |                     |                  |
| Interest on loans receivable                               | \$ 27,026,563       | 25,366,084       |
| Interest on investments                                    | 509,814             | 676,948          |
| Interest income  | 27,536,377          | 26,043,032       |
| <b>Interest Expense</b>                                    |                     |                  |
| Dividends on share and savings accounts                    | 2,789,240           | 2,657,914        |
| Interest on borrowed funds                                 | 1,324,110           | 2,077,818        |
| Interest expense   | 4,113,350           | 4,735,732        |
| <b>Net Interest Income</b>                                 | 23,423,027          | 21,307,300       |
| <b>Provision for Loan Losses</b>                           | 623,081             | 2,739,517        |
| <b>Net Interest Income After Provision for Loan Losses</b> | 22,799,946          | 18,567,783       |
| <b>Non-Interest Income</b>                                 |                     |                  |
| Service charges  | 7,561,966           | 6,958,332        |
| Card income  | 4,719,200           | 3,931,864        |
| Gains on sale of loans, net                                | 1,684,214           | 3,361,359        |
| Grant income   | 721,406             | 739,500          |
| Other non-interest income                                  | 233,406             | 182,033          |
| Equity securities profit, net                              | -                   | 425,839          |
| Non-interest income  | 14,920,192          | 15,598,927       |
|  | \$ 37,720,138       | 34,166,710       |
| <b>Non-Interest Expense</b>                                |                     |                  |
| Compensation and employee benefits                         | 18,715,583          | 16,265,932       |
| Operations   | 7,325,867           | 6,339,326        |
| Education and promotion                                    | 2,685,707           | 1,331,171        |
| Occupancy  | 1,473,011           | 1,159,645        |
| Loan servicing   | 1,337,375           | 1,516,873        |
| Professional and outside services                          | 713,743             | 484,203          |
| Equity securities losses, net                              | 271,981             | -                |
| Loss on disposition of assets acquired in liquidation, net | 6,101               | 40,417           |
| Loss on disposition of premises and equipment, net         | 177                 | 246,874          |
| Non-interest expense                                       | 32,529,545          | 27,384,441       |
| <b>Net Income</b>  | <b>\$ 5,190,593</b> | <b>6,782,269</b> |



## Consolidated Statements of Members' Equity & Comprehensive Income

| COMPREHENSIVE INCOME  |                |                  |                  |
|---|----------------|------------------|------------------|
|   | March 31, 2022 |                  | March 31, 2021   |
| <b>Net Income</b>   | \$             | 5,190,593        | 6,782,269        |
| <b>Other Comprehensive Income (Loss)</b>                                    |                |                  |                  |
| Net unrealized holding (losses)/gains on securities arising during the year |                | (1,702,820)      | (865,632)        |
| <b>Comprehensive Income</b>   | \$             | <b>3,487,773</b> | <b>5,916,637</b> |

| MEMBERS' EQUITY                                |                      |   |                           |                   |
|--|----------------------|---|---------------------------|-------------------|
|  | Undivided Earnings   | Accumulated Other Comprehensive Income (Loss) | Equity Acquired in Merger | Total             |
| <b>Balance, March 31, 2020</b>                 | \$ 59,123,749        | 250,856                                       | 599,951                   | 59,974,556        |
| Net income                                     | 6,782,269            | -   | -                         | 6,782,269         |
| Change in unrealized gain/(loss) on securities | -                    | (865,632)                                     | -                         | (865,632)         |
| <b>Balance, March 31, 2021</b>                 | \$ 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)       |
| <b>Balance, March 31, 2022</b>                 | \$ <b>71,096,611</b> | <b>(2,317,596)</b>                            | <b>599,951</b>            | <b>69,378,966</b> |

## Consolidated Statements of Cash Flows

|   | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| <b>Cash Flows from Operating Activities</b>                   |                |                |
| Net income  | \$ 5,190,593   | 6,782,269      |
| Adjustments to reconcile net income to net cash:              |                |                |
| Provision for loan losses                                     | 623,081        | 2,739,517      |
| Depreciation and amortization of premises and equipment       | 1,090,725      | 975,852        |
| Loss on disposition of premises and equipment, net            | 177            | 246,874        |
| Gain on sale of mortgage loans, net                           | (1,684,214)    | (3,361,359)    |
| Loss on disposition of assets acquired in liquidation, net    | 6,101          | 40,417         |
| Amortization of investment premiums/discounts                 | 453,998        | 90,592         |
| Amortization of deferred loan origination fees/costs          | 1,288,393      | 1,525,647      |
| Changes in operating assets and liabilities:                  |                |                |
| Equity securities   | (11,532,602)   | (25,428,729)   |
| Loans held-for-sale   | 4,329,092      | (3,074,483)    |
| Accrued interest receivable                                   | 93,567         | (120,006)      |
| Right to use assets   | (749,655)      | -              |
| Other assets  | (9,535,799)    | (2,382,729)    |
| Interest and dividends payable                                | (49,797)       | (32,155)       |
| Lease liabilities   | 751,008        | -              |
| Accrued expenses and other liabilities                        | 3,658,519      | 1,772,014      |
| Net cash used in operating activities                         | (6,066,813)    | (20,226,279)   |
| <b>Cash Flows from Investment Activities</b>                  |                |                |
| Purchases of:   |                |                |
| Available-for-sale securities                                 | (14,716,797)   | (38,927,146)   |
| Premises and equipment  | (15,375,645)   | (1,276,990)    |
| Proceeds from:  |                |                |
| Maturities, paydowns & sales of available-for-sale securities | 16,892,983     | 14,355,589     |
| Sale of FHLB stock  | 997,000        | 1,244,800      |
| Sale of premises and equipment                                | -              | 445,125        |
| Sale of mortgage loans  | 79,282,177     | 136,083,128    |
| Sale of assets acquired in liquidation, net                   | 120,399        | 92,574         |
| Net change in:  |                |                |
| Other investments   | 56,555,294     | (2,404,872)    |
| Loans receivable, net of charge-offs                          | (247,712,920)  | (191,351,579)  |
| Assets acquired in liquidation                                | (2,729)        | 18,334         |
| NCUSIF deposit  | (813,085)      | (485,094)      |
| Recoveries on loans charged off                               | 817,290        | 959,491        |
| Net cash used in investing activities                         | (123,956,033)  | (81,246,640)   |

## Consolidated Statements of Cash Flows

|  | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| <b>Cash Flows from Financing Activities</b>                    |                |                |
| Net change in share and savings accounts                       | \$ 159,695,520 | 118,516,714    |
| Repayments of borrowings                                       | (28,200,000)   | (15,500,000)   |
| Repayments of uninsured secondary capital                      | (500,000)      | (200,000)      |
| Net cash provided by financing activities                      | 130,995,520    | 102,816,714    |
| Net Change in Cash and Cash Equivalents                        | 972,674        | 1,343,795      |
| Cash and Cash Equivalents at Beginning of Year                 | 8,170,860      | 6,827,065      |
| Cash and Cash Equivalents at End of Year                       | \$ 9,143,534   | 8,170,860      |
| <b>Supplemental Cash Flow Disclosure</b>                       |                |                |
| Dividends and interest paid                                    | \$ 4,163,147   | 4,767,887      |
| Loans receivable transferred to assets acquired in liquidation | \$ 30,896      | 28,167         |

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