

Building Financial Futures



Annual Report | 2023



Chairman's Report

Looking back at 2023, it was a year of challenging economic conditions for everyone. High interest rates and rising inflation placed a toll on finances nationwide. However, amidst it all, CommonWealth One remained a safe and sound financial institution positioned for long-term growth and sustainability. The credit union ended 2023 with \$590 million in assets and a net income of \$643,898, further showcasing CommonWealth One's strong financial condition.

Our dedicated team, under the leadership of our President and CEO, Frank Wasson, focused on strategic growth, enhancing technology, enriching our member-centric culture and furthering our long-standing commitment to making an impact on the lives of our members and communities – embodying our message of “For You – For Life.”

Through these improvements, one core goal was evident – prioritizing member convenience. This was achieved through a multitude of enhancements, including upgraded biometrics on our mobile app, improvements to our communication channels through the implementation of an online live chat option, as well as the selection of a vendor for our core processing system upgrade in 2025. Investing in technology to keep pace with member needs and preferences is a priority of CommonWealth One.

As a member-owned cooperative, we take great pride in our members and employees, as they are the foundation of our institution. The Board would like to take this opportunity to honor the memory of board member Archie B. Ford. He had a deep passion for the credit union industry with over 40 years of board trustee service to CommonWealth One. Archie came to us through his career in the U.S. Army Material Command and his contributions in the Army Medical Command at Walter Reed Army Medical Hospital. He was a proud graduate of North Carolina A&T State and was a strong advocate for historically black colleges and universities (HBCUs). Archie's experience, dedication and friendship will be greatly missed. We are honored to have known him and worked with him.

Looking ahead to 2024, we recognize that our accomplishments in 2023 and all the years that came before are because of you, our members. You are the reason for our existence. It is with great pride that 2024 marks 80 years of service for CommonWealth One – a milestone that is no small feat. We look forward to another great year ahead as we continue to position ourselves to partner with you and our community, building better financial futures – “For You – For Life.”

Rupert Jennings III, Board Chairman

Building Financial Futures President/CEO's Report

From our very beginning, CommonWealth One has been committed to helping our members grow financially and achieve their long-term financial goals – it's the essence of our motto “For You – For Life.” Although financial conditions were challenging, we continued to meet our members' financial needs. As a result, our total loan portfolio grew \$62.7 million, or 17.55%, in year over year results when compared to December of last year. High interest rates also fueled savings growth, particularly for high-yield share certificates, resulting in \$23.7 million in growth, or 28.49%, in year over year results when compared to December of last year.

Along with our financials, our product and service offerings also expanded. We introduced new mortgage options to assist members with closing costs. We also launched our Lock and Shop mortgage program, allowing members to lock in their rate, giving them additional time to find the home of their dreams and close on their mortgage.

At CommonWealth One, we are proud of this financial growth, but we also understand the important role financial education plays in this achievement. Financial literacy creates a firm foundation for our members to build on. In 2023, CommonWealth One prioritized financial education by hosting a Youth Summer Reading program and webinars on a variety of topics, including fraud protection, insurance, how to buy a home with no money down, using credit wisely and investment strategies. We were also proud to be recognized by the Virginia Credit Union League for 1st place in the Desjardins Youth Financial Education Award and nationally as a 2nd place Desjardins Youth Award winner in the \$250 million – \$1 billion asset category for our work partnering with local schools and organizations to provide area youth with financial education resources.

The word “commonwealth” can loosely be defined as a group of people with a common interest. With a name like CommonWealth One, community is in our blood. With over a dozen community events throughout the year, ranging from shred day events and the Credit Union Cherry Blossom Run to school supplies drives and the JMU Punt, Pass & Kick event, 2023 was a year of being out in the community, supporting our neighbors and making a difference.

Our community mindset also extends into charitable giving, like our Buy Local Spend Local program that supports Harrisonburg and Alexandria area small businesses and our scholarship program that awards over \$35,000 to students attending local schools and universities. For the first time ever, we hosted what we called “The Big Giver Contest,” partnering with members to make a tangible difference in the communities we serve. The contest had members nominate a charity or non-profit organization for the chance to receive a \$10,000 donation. Nearly 100 members nominated their favorite local organizations and over 5,000 voters helped us name Terry Fernsler as the contest winner, with the \$10,000 donation made in Terry's name going to Kesem at James Madison University.

From shining a light on worthy causes to assisting our members in achieving their goals, at CommonWealth One, we are incredibly proud of the impact we made this year, both for our members and in the community. As we embark on our 80th year of service in 2024, I remain steadfast in the belief that our continued focus on technology enhancements, coupled with our commitment to providing you with the best service, will result in a better financial future – “For You – For Life.”

Frank Wasson, President and CEO





Treasurer's Report

In 2023, CommonWealth One maintained its status as a stable and secure financial institution for our members. Our assets continued to grow, thus providing our membership with a dependable and secure financial cooperative they can rely on.

Total assets increased compared to last year, ending 2023 at \$590 million compared with \$533 million in 2022. This \$57 million increase reflects your confidence in CommonWealth One's ability to grow and remain strong during times of ongoing global and economic uncertainty.

Total member deposits increased slightly, ending the year at \$428 million in 2023 versus \$427 million in 2022, solidifying the value we offer to our members through competitive share rates and term deposit offerings.

Our net loans at 2023 year-end totaled \$418 million. Our loans grew \$63 million, or 18%, in year-over-year results compared to December of last year.

Net income for the year was \$643,899. Over the past five years, we have successfully attained a level of profitability that has kept our capital position strong. As a result, our Net Worth-to-Asset Ratio sits comfortably at 7.84%. Keeping our equity stable and strong enables us to invest in new and innovative technologies to consistently deliver exceptional value and service to our members. In 2023, we made several investments in updating our technology and enhanced the digital services we offer our members.

The Board of Directors, management and staff continue to assist members while deploying resources to strengthen our credit union. This ensures we meet both the needs of our members and the communities we serve, now and in the future. Whether through loans, deposits or financial services, CommonWealth One is "For You – For Life."

**John F. Knight, Treasurer,
Board of Directors**

Supervisory Committee's Report

The Board of Directors appoints the Supervisory Committee to safeguard the assets of CommonWealth One. To meet this objective, the Committee:

- Arranges for and oversees audits.
- Ensures that federal and state regulations, as well as credit union bylaws, are followed.
- Reviews annual internal audit reports and other documentation.
- Confirms that financial reporting obligations are met.
- Checks internal control policies and procedures.

Our internal auditor, PBMares LLP, performs internal audits to ensure operations are in accordance with policies and guidelines. In addition, the CPA firm Doeren Mayhew conducted the annual audit of our Financial Statements for the year ending December 31, 2023. Based on their examination and our review of management and the Board of Directors' actions, the Supervisory Committee has determined that CommonWealth One is financially sound and that internal controls are operating effectively. In 2023, The National Credit Union Administration (NCUA) completed an examination of the financial condition of your credit union and our compliance with applicable rules and regulations with an effective date of December 31, 2023. The Supervisory Committee thanks management, staff and our members for their assistance and cooperation throughout 2023.

**Frank Q. Tedeschi, Chairman,
Supervisory Committee**

Executive Team

Frank Wasson,
President/CEO

Rob Case,
Chief Information Officer

Larry Flory,
*Vice President, Projects
and Performance*

Isabel Gomez,
Chief Financial Officer

Jeff Klein,
Chief Lending Officer

David Lane,
*Chief Human
Resources Officer*

Chris Olinick,
Chief Experience Officer

Karyle Thornton,
Chief Marketing Officer

Board of Directors

Rupert J. Jennings III,
Chairman

Daniel R. Murray,
Vice Chairman

Archie B. Ford,
Secretary

John F. Knight,
Treasurer

Dr. William P. Jackameit

George McAndrews

Mary L. Summers

Supervisory Committee

Frank Q. Tedeschi,
Chairman

Jessie L. Horneber,
Secretary

Marvin T. Isom

Ronald F. McCray



STATEMENT OF FINANCIAL CONDITION

ASSETS	2023	2022
Loans to members (net)	\$417,862,001	\$356,867,275
Cash & cash equivalents	7,253,364	8,771,668
Investments	121,782,434	134,561,040
Accrued interest receivable	1,947,714	1,497,627
Property & equipment, net	6,034,177	5,967,755
Other assets & prepaid expenses	34,724,000	25,418,881
Total Assets	\$589,603,690	\$533,084,246

LIABILITIES, SHARE ACCOUNTS AND EQUITY

Accounts payable & accrued expenses	\$4,148,439	\$1,955,754
Dividends payable	927,027	394,863
Borrowed funds	114,500,000	62,500,000
Shares to members		
Share certificates	107,208,054	83,436,013
Share draft accounts	102,745,734	95,440,398
Other share accounts	218,351,411	248,284,275
Total Shares of Members	\$428,305,199	\$427,160,686

MEMBERS' EQUITY, PARTIALLY RESTRICTED

Regular reserves	\$6,298,552	\$6,298,552
Undivided earnings	39,899,652	40,478,323
Accumulated other comprehensive income	(4,475,179)	(5,703,932)
Total members' equity	\$41,723,025	\$41,072,943
Total Liabilities, Share Accounts & Equity	\$589,603,690	\$533,084,246

STATEMENT OF OPERATIONS

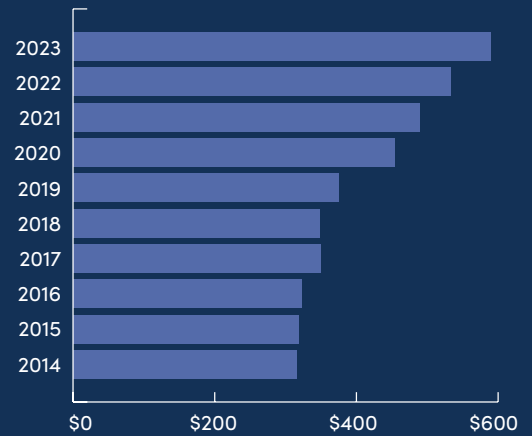
INCOME	2023	2022
Interest on loans	\$21,993,016	\$14,021,836
Interest on investments	1,784,026	1,570,893
All other income	5,177,050	5,070,818
Total Operating Income	\$28,954,092	\$20,663,546

OPERATING EXPENSE

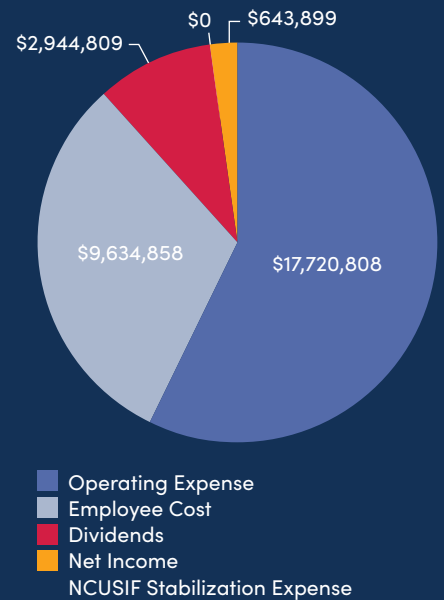
Compensation & employee benefits	\$9,634,858	\$8,317,080
Office operations	9,809,815	8,369,062
Office occupancy	929,077	905,109
Provision for loan losses	2,128,891	799,651
Interest on borrowed money	4,853,025	522,446
Total Operating Expense	\$27,355,666	\$18,913,348

Income before dividends on members' shares	\$1,598,426	\$1,750,198
Dividends on members' shares	2,944,809	1,798,372
Income after payment of dividends	\$(1,346,383)	\$(48,174)
Other non-operating income	1,990,282	163,217
Net Income before NCUSIF Stabilization	\$643,899	\$115,044
NCUSIF stabilization expense	\$-	\$-
Net Income after NCUSIF Stabilization	\$643,899	\$115,044

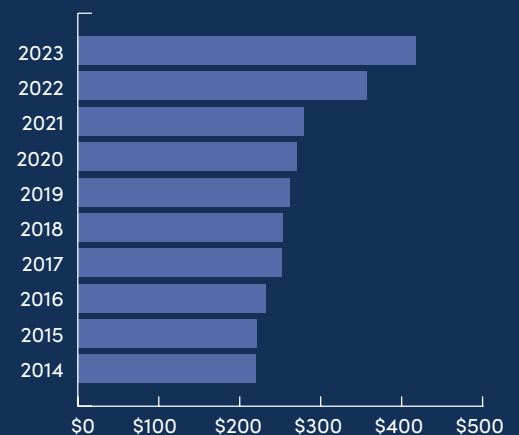
Assets in Millions



Distribution of Gross Income



Net Loans to Members in Millions



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