



Celebrating 70 Years

2014 Annual Report

The span of 70 years – from our beginning in 1944 to now – saw a small 94 member credit union evolve into a major financial service organization today as Commonwealth One Federal Credit Union.

For an achievement of that magnitude, a major 70th Anniversary celebration was in order. So, we held our \$700,000 Community Challenge, which helped community members save on loan interest. Each time a member refinanced an existing loan from another financial institution, the loan interest the member saved was tallied toward our Community Challenge goal of \$700,000. Because we ultimately surpassed our goal by saving members over \$1.1 million in loan interest, Commonwealth One donated \$7,000 each to Volunteer Alexandria and Skyline Literacy. It was a fitting tribute that benefited members and community alike and supported the credit union philosophy of "People Helping People."

New for 2014

True to our goal of adding member benefits whenever possible, Commonwealth One:

- Increased the value of auto loans by providing complimentary protection products that covered tires and wheels, repair of paintless dents, vehicle return option, and a limited powertrain warranty. Added benefits like these bolster our claim that Commonwealth One offers the best auto loan in the area.
- Introduced the Loan Loyalty Rewards program, a benefit reserved exclusively for members that reduces loan rates by up to ½% on select loans. The lower rate offers savings month after month throughout the life of the loan.
- Enhanced our Rate Match Program, which will help position Commonwealth One as members' first choice whenever they need a loan. Many competitors don't offer a rate match program, or, if they do, it's usually for auto loans only. Commonwealth One's program, however, also applies to RV, motorcycle, personal, and home equity loans.
- Introduced a new, more robust online loan application. Since nearly 50% of members now apply online, our new online application will enhance the member experience and improve convenience.
- Increased the number of scholarships awarded. In addition to two \$1,000 Kathryn R. Coleman scholarships, three \$1,000 scholarships are now awarded to high school students at T.C. Williams High School, Harrisonburg High School, and for the Academy of Finance at T.C. Williams High School.
- Made it easier to complete credit card balance transfers by adding an option to Online Branch and a 24/7 calling option.
- Added a loan comparison tool to our website allowing members to see how much they'll save when they move their current loans – credit cards, first mortgages, home equity loans, auto loans, and personal loans – to Commonwealth One.



In an effort to improve staff communication, we began holding all-staff meetings in 2014 to share the results and successes of the credit union. We also introduced a member feedback program asking for suggestions and comments from members on how we can improve the credit union. The feedback from this

tool will be used to determine how we can improve products and the service we deliver to our members.

A secured, encrypted email system was implemented, allowing members and staff to securely transmit personal financial information. In addition to peace of mind, this makes it more convenient for members to transact business with CommonWealth One.

CommonWealth One effectively managed the data breaches that occurred at prominent retailers in 2014. It's clear that data breaches will continue to be an issue as we transition more of our lives to the digital world, rest assured that protecting your information is a first-tier objective, and we will continue to aggressively monitor all options to keep your personal information safe and secure.

While 2014 was a year of challenges, facing and ultimately overcoming them is how we will continue to build a strong, healthy, member-oriented credit union. However, we need your help, too, because we understand that our success is directly related to your commitment to make CommonWealth One your first choice when you need a financial partner.

Your board of directors, management, and staff appreciate the trust you placed in us in 2014, and we will work hard to maintain that trust in 2015 and beyond.

Charlotte H. Cash • President/CEO



Marion Brunken, Executive Director, and Frank Fannon, President of Volunteer Alexandria, receive \$7,000 donation from the credit union's CEO in conjunction with our 70th Anniversary Community Challenge.



Elizabeth Girvan, Executive Director, Skyline Literacy, receives \$7,000 donation from Harrisonburg's Regional Retail Manager since we exceeded our member loan interest savings goal.

CommonWealth One celebrated its 70th anniversary in 2014, a significant milestone considering our humble beginnings in 1944, when we were first chartered as Army Air Force Annex #1 Credit Union. Since those beginnings, with only 94 members and an all-volunteer staff, we've grown into a full-service financial institution – a financial leader providing technologically-advanced products and services to a broad, diverse membership. Throughout our history, however, we have remained true to the basic credit union philosophy of “people helping people,” focused on the singular objective of providing our members with loans, savings plans, and other products and services to help you achieve your financial goals.

Last year, we strengthened our emphasis on superior member service by rewarding members who make us their first choice for financial products and services. We also enhanced our online capabilities to make your credit union experience easier and more convenient. And, to our members' great appreciation, we decreased the time it takes for you to get a loan.

I'm especially happy to report that CommonWealth One's financial performance improved in 2014, as we:

- Doubled our net income over 2013 and increased our Return on Assets (ROA) ratio (from .24% in 2013 to .50% in 2014).
- Improved growth in our Capital to Asset Ratio (ending 2014 at 9.31% vs. 8.27% in 2013).
- Continued to reduce costs, lowering operating expenses/average assets (from 3.81% in 2013 to 3.73% at year-end 2014).
- Continued to excel in providing the loans that members need, resulting in increased loan/share ratio (79.14% at year-end 2014 vs. 78.27% in 2013).

Understanding that a high financial IQ helps ensure financial success, in 2014 we continued our commitment to financial education by:

- Adding a staff position dedicated to financial education, fulfilling one of the cooperative principles of credit unions.
- Hosting a paid summer Intern from T.C. Williams High School's Academy of Finance, a successful training ground that introduces students to career opportunities in financial services.
- Once again recognized for financial education by receiving two Virginia Credit Union League awards for both our Youth and Adult educational efforts.

Your credit union also achieved significant success in improving efficiency and cost reduction in 2014 by:

- Renegotiating contracts for vendor services, saving thousands of dollars in the process, with no reduction in quality of service.
- Implementing new software solutions that improved operation processes and service efficiency.
- Adjusting staffing levels with more part-time staff, providing increased flexibility and more accurately matching human resources needs to changing credit union needs, thereby reducing employee expenses.

CommonWealth One recognizes that we must be involved in our communities if they are to prosper. In 2014, that involvement included:

- Support of Volunteer Alexandria and Skyline Literacy as part of our 70th Anniversary celebration.
- Sponsoring four Shred Day events open to the community shredding over 30,000 pounds of personal and confidential information, helping to guard against identity theft.
- Recognition by the Virginia Credit Union League for our financial counseling, receiving second place for the Dora Maxwell Social Responsibility Community Service award; and for our Shred Days receiving second place for the Louise Herring Philosophy in Action award.

Every director on the Commonwealth One board donates time to make Commonwealth One work because each believes in credit unions. The goal of the original directors in 1944 is still our goal today: focus on members, work in our communities, and help you achieve financial success.

While our financial performance in 2014 is one measure of Commonwealth One's health, another important measure is the value members place on their membership. By consistently choosing Commonwealth One as your first choice for financial products, services, and education, you help build a strong, healthy credit union. So, check with us first and let us help you!

Rupert J. Jennings, III • Chairman

CommonWealth One supported these community organizations during 2014:

Alexandria Aces Baseball: Team Sponsor	Harrisonburg 5K Race to Beat Breast Cancer	Northern Virginia Housing Expo
Alexandria Chamber of Commerce: Heels and Wheels Valor Awards Luncheon	Harrisonburg Rockingham County Chamber of Commerce High School Symposium	Northwest Credit Union Foundation
Brothers Place Women's Shelter	Harrisonburg Turks Baseball: Team Sponsor	Alexandria Police Foundation Fallen Officers Memorial
Camp Kekoa Music Festival (Alexandria's Police Youth Camp Fundraiser)	Harrisonburg Rotary Fall Fest	Providence Hospital Foundation
Children's Miracle Network	INOVA Alexandria Hospital: Emergency Management & Safety Fair	Salvation Army: Bell Ringing
City of Alexandria: Emergency Management Fair	James Madison University Scholarship Fund	Scripps Spelling Bee
City of Harrisonburg: Office on Children and Youth	JMU 1787 Orientation Book Scholarships	Shred Days for our Communities
Credit Union Ten Mile Cherry Blossom Run	March of Dimes Walk for Babies	Skyline Literacy
First Step Shelter	Massanutten Regional Libraries Summer Reading Games	T.C. Williams High School: Academy of Finance
Family and Community Engagement Centers	National America Saves Campaign	Volunteer Alexandria
		West End Business Association: Meeting Space

CommonWealth One continued its positive trend in the lending area, as net loan balances increased by \$2.2 million to \$220 million in 2014, a 1% increase over 2013. The largest increases in portfolio balances occurred in first mortgage loans, Visa® credit cards, and business loans. First mortgage loans grew by 5%, Visa credit cards grew by 6.26%, and business loans grew by 8% in 2014.

To meet your borrowing needs, CommonWealth One launched an enhanced rate matching program on consumer loans, a new Loyalty Rewards loan discount program, and the best auto loan in town through the MPower+ Lending suite of insurance products. The enhanced rate matching program allows us to match our competitors' interest rate on most consumer loan programs, and the Loyalty Rewards loan discount program provides a ½% interest rate discount on certain loan products to members that are frequent borrowers. The MPower+ program provides complimentary insurance protection on auto loans financed through CommonWealth One.

In 2014, CommonWealth One issued 3,078 consumer loans and lines of credit totaling \$49 million. The two loan types that increased the most in popularity in 2014 were new auto loans and home equity loans. We disbursed 272 new auto loans 2014 for \$8.8 million; a 16% increase over 2013. Also, 128 home equity loans were issued in 2014 for \$8.3 million, a 22% increase over 2013.

To ensure that the membership is fully aware of our excellent loan products we continued a number of loan campaigns during 2014. These loan campaigns focused on personal loans, Visa credit cards and pre-approved auto loans. We also continued to fund high quality business loans through participation loans with other credit unions. All of these efforts helped CommonWealth One increase its Loan to Share ratio to 79.14% in 2014 from 78.27% in 2013.

In summary, throughout 2014, we continued to meet your needs for loans at competitive interest rates. We will continue to work hard to earn your trust so that all members will see CommonWealth One as their first choice for loans.

James Lee • Chief Operations Officer



Employees show off items collected for our annual Warm Hearts Coat Drive which donated to three different charities in 2014.



Employees supported Children's Miracle Network with a \$5 donation in order to wear jeans to work.

In 2014, CommonWealth One has maintained its status as a stable and secure financial institution for our members. Assets remained steady, thus providing our membership with a strong financial cooperative upon which you can rely.

Members wisely sought the safety and soundness of CommonWealth One, as evidenced by the following:

- Total assets decreased slightly over last year, ending 2014 at \$316 million. This decrease of only \$529 thousand, or -0.17%, reflects your confidence in CommonWealth One's ability to remain steady in the face of ongoing economic uncertainty.
- Total member deposits decreased slightly, ending the year at \$280 million, an \$889 thousand (-0.32%) decrease from 2013. While many financial institutions struggled to maintain their customer base due to their increased fees and diminishing service, CommonWealth One continued to be utilized by you as your primary financial institution.
- Total loans at 2014 year end totaled \$220 million, a \$2.2 million, or 1%, increase from the previous year. The year end loans to share deposits ratio of 79.14% is above peers indicating that CommonWealth One is meeting the financing needs of its members.
- Net income for the year was \$1,584,496 which is significantly more than last year's net income of \$752,817. This year we did not have any NCUA stabilization costs while last year we did; our net income for 2013 without NCUA stabilization cost would have been \$974,688.
- The ending capital to asset ratio of 9.31% is an increase of 1.04% from prior year end indicating that the credit union is well-capitalized and the ending return on average assets ratio of .50% is an increase of .26% from prior year and indicating that the credit union achieved sufficient but not excessive earnings in service to our members.

Although costly, CommonWealth One continues to comply with the increasing regulatory requirements, which have a direct impact on earnings. The board of directors, management, and staff will continue to deploy resources to strengthen our credit union to ensure it meets your future needs. Whether it's loans, deposits, or financial services, CommonWealth One is always prepared to serve your needs and to fulfill our commitment to be "Your Lifetime Financial Partner."

William P. Jackameit • Treasurer



Middle school students learn budgeting skills through a job, monthly salary, and expenses during one of the credit union's Kids' Marketplace activities which are run by employees.



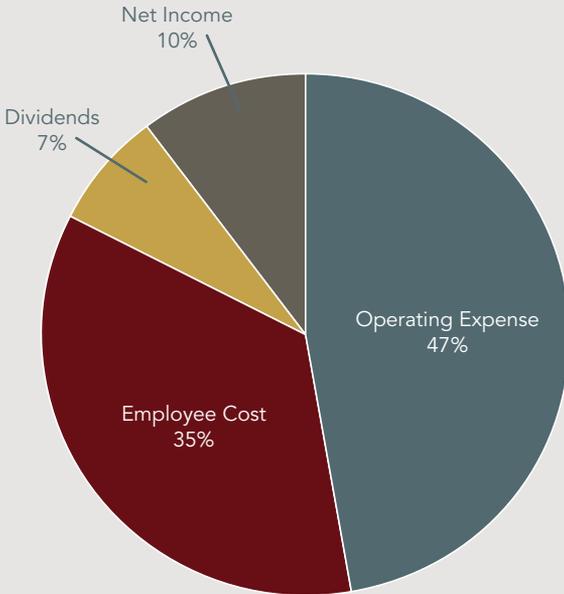
The credit union once again sponsored the Credit Union Cherry Blossom 10 Mile Run in Washington, D.C.

Statement of Operations (unaudited)

	2014	2013
Income		
Interest on Loans to Members	\$ 9,762,273	\$ 9,868,066
Interest on Investments	1,359,276	1,187,200
All Other Income	4,387,584	4,222,106
Total Operating Income	\$ 15,509,133	\$ 15,277,372
Operating Expense		
Compensation & Employee Benefits	\$ 5,501,586	\$ 5,788,144
Office Operations	5,595,542	5,170,191
Office Occupancy	711,643	712,721
Provision for Loan Losses	1,086,423	1,405,072
Interest on Borrowed Money	51,019	16,082
Total Operating Expense	\$ 12,946,213	\$ 13,092,210
Income before Dividends on Members' Shares	\$ 2,562,920	\$ 2,185,162
Dividends on Members' Shares	1,149,085	1,304,886
Income after Payment of Dividends	\$ 1,413,835	\$ 880,276
Other Non-Operating Income	170,661	94,412
Net Income before NCUSIF Stabilization	\$ 1,584,496	\$ 974,688
NCUSIF Stabilization Expense	\$ -	\$ (221,871)
Net Income after NCUSIF Stabilization	\$ 1,584,496	\$ 752,817

DISTRIBUTION OF GROSS INCOME

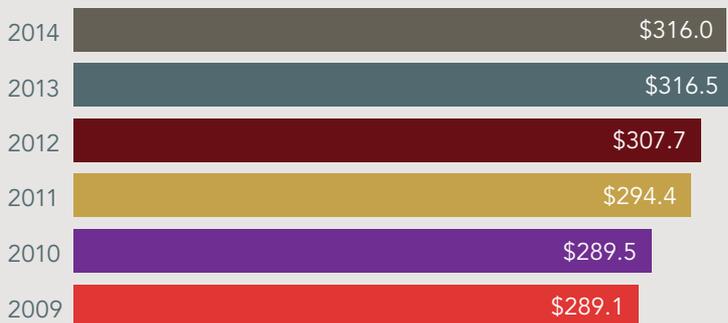
Operating Expense	\$7,444,627
Employee Cost	\$5,501,586
Dividends	\$1,149,085
NCUSIF Stabilization Expense	\$ -
Net Income	\$1,584,496
Gross Income	\$15,679,794



Statement of Financial Condition (unaudited)

	2014	2013
Assets		
Loans to Members (Net)	\$ 219,968,249	\$ 217,800,528
Cash & Cash Equivalents	15,845,290	11,147,305
Investments	70,497,621	78,733,051
Accrued Interest Receivable	699,123	709,185
Property & Equipment, Net	4,984,769	4,007,822
Other Assets & Prepaid Expenses	4,014,503	4,140,728
Total Assets	\$ 316,009,555	\$ 316,538,619
Liability, Share Accounts, & Equity		
Accounts Payable & Accrued Expenses	\$ 1,400,400	\$ 2,245,707
Dividends Payable	243,030	275,769
Borrowed Funds	5,000,000	7,000,000
Shares to Members		
Share Certificates	71,399,782	75,892,998
Share Draft Accounts	53,561,883	50,813,290
Other Share Accounts	154,988,565	154,132,655
Total Shares of Members	\$ 279,950,230	\$ 280,838,943
Members' Equity, Partially Restricted		
Regular Reserves	\$ 3,859,344	\$ 3,859,344
Undivided Earnings	25,723,499	24,139,003
Accumulated Other Comprehensive Income	(166,948)	(1,820,147)
Total Members' Equity	\$ 29,415,895	\$ 26,178,200
Total Liabilities, Share Accounts, & Equity	\$ 316,009,555	\$ 316,538,619

Assets (dollars in millions)



Net Loans to Members (dollars in millions)



The Supervisory Committee is appointed by the Board of Directors to safeguard the assets of Commonwealth One Federal Credit Union. To meet this objective, the Committee:

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

Our internal auditors, Clifton Larson Allen LLP, perform internal audits to ensure operations are in accordance with policies and guidelines. Orth, Chakler, Murnane and Company, CPAs conducted the annual audit of our Financial Statements for the year ended December 31, 2014. Based on their examination, as well as our own review of management and board of directors actions, the Supervisory Committee has determined that Commonwealth One is financially sound and internal controls are operating effectively.

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 was performed as of December 31, 2014.

The Supervisory Committee thanks management, staff, and our members for their assistance and cooperation throughout 2014.

Ben Perchik • Chairman



Business Development Officer works one of many Benefits Fairs with our sponsor companies.



Supporting JMU men's and women's athletics.



Employees present the benefits of credit union membership during JMU summer orientation.



Members and area residents line up for our much anticipated annual Shred Days in Harrisonburg.

Financial Education

CommonWealth One is invested in our communities and the financial well-being of the residents. One of the ways we demonstrate this is through our financial education efforts and free financial counseling programs. Our efforts have been recognized at the state level by the Virginia Credit Union League with the following awards:

- Honorable Mention – Desjardins Youth Financial Education
- Honorable Mention – Desjardins Adult Financial Education
- Second Place – Louise Herring Award for Philosophy in Action (Financial counseling effort)



Adult Financial Education

CommonWealth One has also taken the lead in presenting financial education and free financial counseling sessions to our communities and partner groups.

- Take Charge – Wise Use of Credit Cards
- Get Organized! What You Need to Know
- Understanding Your Credit Score
- Creditability
- Budgeting
- Identity Theft
- Retirement Planning - Never too early, Never too late

Youth Financial Education

In 2014, CommonWealth One was able to reach over 1,675 students in our local community through various financial literacy efforts. Events and activities were organized to help promote healthy saving habits at a young age and to introduce students to personal finance fundamentals. Additionally, CommonWealth One was able to partner with organizations such as:

- Family and Community Engagement Center (FACE), Alexandria
- Virginia Cooperative Extension, Arlington
- Beatley Central Library, Alexandria
- Charles Houston Recreation Center, Alexandria
- City of Alexandria Dollar Wi\$e Committee, Alexandria
- James Madison University and Off Campus Student Housing Complexes, Harrisonburg
- Broadway High School, Harrisonburg
- John Adams Elementary School, Harrisonburg

Whether running a “Reality Store,” “Kids’ Marketplace” activity, delivering presentations/seminars, participating in poverty simulation, or simply visiting a local school for Credit Union Day, CommonWealth One is active in the community, providing an assortment of financial education options for students. Some examples include:

- Northern Virginia Juvenile Detention Center School – Monthly seminars covering the difference between credit unions and banks, prioritizing and budgeting (short-term expenses v. long-term goals), saving for vacation, car shopping, and banking for safety
- T.C. Williams High School – Seminars discussing the difference between and benefits of checking and savings accounts, banking options, as well as basic money management skills, and participated in a mock interview exercise for students

Monthly Credit Union Days – CommonWealth One also continued its partnership with the city of Alexandria Public Schools by making monthly visits known as Credit Union Days. These opportunities allowed students, parents, and staff a chance to learn the importance of saving while making deposits. Participating schools:

- T.C. Williams High School, Minnie Howard Campus
- George Washington Middle School
- Francis C. Hammond Middle School
- Cora Kelly School for Math, Science and Technology
- Mount Vernon Community School
- James K. Polk Elementary School
- William Ramsay Elementary School

2014 Scholarship Winners

The following students were awarded \$1,000 scholarships to help fund their college education:

Kathryn R. Coleman Scholarship:

Morgan Pate, James Madison University
Leia Moran, The College of William and Mary



Morgan Pate



Leia Moran

Harrisonburg High School Scholarship:

Sydney Knupp, James Madison University



Sydney Knupp



Heren Mekonnen

T.C. Williams High School Scholarship:

Leia Moran, The College of William and Mary

T.C. Williams High School, Academy of Finance Scholarship:

Heren Mekonnen, University of Virginia

Welcome, New 2014 Partner Groups

These new partners now offer credit union membership as a part of their employee and member benefits package:

- Taylor Equipment Distributors, Inc. in Landover, MD
- FAMA Healthcare Services, L.L.C.
- American Art Therapy Association

Community Organizations

CommonWealth One actively participates in community organizations including:

- Alexandria Chamber of Commerce
- Alexandria City Public Schools Partner in Education
- City of Alexandria – Dollarwi\$e Committee
- Del Ray Business Association
- DC Chamber of Commerce
- Harrisonburg-Massanutten Rotary Club – Community Events committee member
- Harrisonburg-Rockingham Chamber of Commerce – Public Policy committee member
- March of Dimes – Leadership Committee
- Valley Arts Council – First Fridays
- West End Business Association



Over 30,000 pounds of personal documents were destroyed during the credit union's four Shred Days in 2014.

Board of Directors

Rupert J. Jennings, III

Chairman

John F. Knight

Vice Chairman

John D. Hulvey

Secretary

William P. Jackameit

Treasurer

Robert G. Darius

Archie B. Ford

Daniel A. Neckel

Kathleen C. Ognibene

Mary L. Summers

Lyle C. McLaren, Jr.

Director Emeritus

President/CEO

Charlotte H. Cash

Supervisory Committee

Ben Perchik

Chairman

Jesse Horneber

George McAndrews

Daniel Murray

Georgia Wright-Hewitt

Branch Locations

Main Branch

4875 Eisenhower Avenue

Alexandria, VA 22304

Humphreys Engineer

Center Branch*

7701 Telegraph Road

Alexandria, VA 22315

T.C. Williams High School Branch*

3330 King Street

Alexandria, VA 22302

Providence Hospital Branch

1150 Varnum Street

NE Washington, DC 20017

GAO Branch*

441 G Street

NW Washington, DC 20548

Harrisonburg Regional Branch

42 Terri Drive

Harrisonburg, VA 22802

James Madison University Branch

Gibbons Hall

150 Bluestone Drive

Harrisonburg, VA 22807

***Restricted Access**



Incoming first year students sport JMU backpacks courtesy of the credit union.



GAO Branch Manager supports GAO Organization Day at Ft. Belvoir with giveaways and information.



Commonwealth One
Federal Credit Union
Your Lifetime Financial Partner

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www.cofcu.org

IW (300)



Front Cover: Alexandria - George Washington Masonic National Memorial
Back Cover: Washington D.C. - Thomas Jefferson Memorial

