

ASSETS	2018	2017	DIFFERENCE
Loans to Members	\$100,421,213	\$93,351,937	\$7,069,276
Allowance for Loan Losses	\$(1,139,306)	\$(1,078,016)	\$(61,290)
Cash and Funds Due	\$3,714,995	\$4,917,318	\$(1,202,323)
Investments	\$33,144,811	\$33,268,874	\$(124,063)
Property and Equipment	\$4,614,316	\$4,701,780	\$(87,464)
Other Assets	\$1,352,687	\$3,075,431	\$(1,722,745)
<b>NCUA Share Insurance Fund</b>	<b>\$1,115,482</b>	<b>\$1,057,668</b>	<b>\$57,814</b>
<b>Total Assets</b>	<b>\$143,224,198</b>	<b>\$139,294,993</b>	<b>\$3,929,204</b>
<b>LIABILITIES</b>			
Notes Payable	\$-	\$-	\$-
Accrued Div./Interest	\$244,945	\$176,061	\$48,884
Accounts Payable	\$663,988	\$1,132,288	\$(468,300)
Other Liabilities	\$624,695	\$405,550	\$219,145
Savings to Members	\$112,897,265	\$111,409,605	\$1,487,660
Required Reserves	\$2,246,860	\$2,246,860	\$0
Undivided Earnings	\$26,566,445	\$23,924,628	\$2,641,817
<b>Total Liabilities and Equity</b>	<b>\$143,224,198</b>	<b>\$139,294,993</b>	<b>\$3,929,205</b>
<b>INCOME</b>			
Interest on Loans	\$5,867,953	\$5,433,806	\$434,147
Investment Income	\$835,859	\$683,737	\$152,122
Less Dividend/Interest Expense	\$(975,111)	\$(754,936)	\$(220,175)
Less Provision for Loan Losses	\$(636,509)	\$(559,416)	\$(77,093)
Net Interest Income	\$5,092,192	\$4,803,190	\$289,002
Other Income	\$2,533,924	\$2,257,215	\$276,709
<b>Net Operating Income</b>	<b>\$7,626,116</b>	<b>\$7,060,405</b>	<b>\$565,711</b>
<b>EXPENSES</b>			
Employee Compensation	\$1,924,583	\$1,734,806	\$189,777
Employee Benefits	\$619,349	\$592,792	\$26,557
Travel and Conference	\$42,828	\$33,031	\$9,797
Office Occupancy	\$226,725	\$224,021	\$2,704
Office Operations	\$1,303,583	\$1,204,760	\$98,823
Educational and Promotional	\$83,802	\$87,212	\$(3,410)
Loan Servicing Expense	\$363,804	\$348,118	\$15,686
Professional and Outside Services	\$311,235	\$302,001	\$9,234
Operation Fees	\$36,000	\$35,202	\$798
Other Operating Expenses	\$72,389	\$48,159	\$24,230
Interest on Borrowed Funds	\$-	\$59,559	\$(59,559)
Gain or Loss on Investments	\$-	\$-	\$-
Gain or Loss on Disposal of Assets	\$-	\$-	\$-
<b>Total Expenses</b>	<b>\$4,984,298</b>	<b>\$4,669,662</b>	<b>\$314,636</b>
<b>Gain or Loss from Operations</b>	<b>\$2,641,818</b>	<b>\$2,390,743</b>	<b>\$251,075</b>
<b>Net Income</b>	<b>\$2,641,818</b>	<b>\$2,390,743</b>	<b>\$251,075</b>

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# ANNUAL REPORT



## 2019

FEDERALLY INSURED BY NCUA

## Chairman's Report

The first credit union in the United States was chartered in 1909 and to this day, the credit union model still works. It speaks to a new generation of members with its timeless message. People helping people. The history of credit unions began as people pooled their money into a cooperative granting low interest loans and banking services to its members. While the 'how' we do business has changed (online, by phone, etc), the 'why' we do business remains the same. We are here to serve our members.

Because of you, AAC Credit Union continued to grow in 2018. You thought of us when you bought a new car. You thought of us when you needed a checking account. You thought of us when a neighbor asked, "Where's a good place to bank around here." You thought of us—and we are so grateful.

Overall, 2018 was a great year. We closed the year with 15,830 members. We saw loans grow by 7.57% and deposits by 1.34%. Our capital position grew by 10.09%. Return on asset remained strong at 1.87% and we reported a 2.82% asset increase. Throughout the year we saw a deepening of our business partner relationships. We work very hard to bring a true value to the employees of our partners and are happy to see our efforts realized. Our Health Savings Accounts also continue to grow as more and more businesses are introduced to our excellent program.

The Financial Standards Group completed the comprehensive annual audit as of June 30, 2018. The audit included examinations of the statement of financial condition, statements of income and changes in equity. The Department of Insurance and Financial Services, Credit Union Division, Lansing Michigan also conducted an examination of our records as of December 31, 2017. In addition to these examinations, Financial Standards Group performed Quarterly Supervisory audits of various credit union policies, procedure and operations. We've also conducted cash audits to make sure all cash balanced.

We continue to seek new ways to serve you. In 2018, we were pleased to bring you a 0% Down Mortgage option. We enjoy helping our members realize the goal of homeownership at an affordable cost. We also introduced a Bump CD allowing you to take advantage of great rates now, and later, with the ability to take a one-time rate increase if rates go up. Our updates also included Card Controls giving you more management tools in the event of a lost or stolen debit or credit card.

On the horizon, we are introducing a platform that will allow members to make loan payments via our website by check, debit, or credit card. This will be a welcomed convenience by many members!

For members who visit our Broadway location, you probably noticed it looks different. The branch was renovated infusing it with the AAC colors and brand. A unique piece of furniture now resides at the branch. The church pew that is in the lobby was made at American Seating circa 1950. We consider it a proud piece of our furniture makers history. In 2019, the North and South Holland branches will receive much needed renovations.

Our service to you wouldn't be possible without the dedication of our wonderful staff. As our membership grows, so does our organization. New departments, people, and technologies. We are amazed at how far we have come—together.

As always, we end one year and begin another with you in mind. Please keep us in mind! We are here to help you grow financially.

Thane Barden  
Chairman

## Credit Committee Report

AAC Credit Union approved 2,866 loans for \$42,861,973. We approved 126 mortgages for \$17,276,041. 72 of these mortgages were sold to Freddie Mac for a total of \$9,874,445.

The ratio of delinquent loans outstanding last year was 1.18% up slightly from 2017 and net charge offs was 0.57% down slightly from 0.59% in 2017.

We encourage all members to contact the credit union first when in need of financing whether for an auto, mortgage, home equity loan or any projects you have. We have many different loan products. Give us a call to discuss your lending needs.

Respectfully submitted,

Chris Cross  
Brooke Andrews  
Nancy Cook

*AAC Credit Union  
Volunteer Board of  
Directors: (left to right)  
Thane Barden, Jim  
Ondersma, Russell  
Hower, Dennis Ziom-  
kowski, Dave Kremm,  
Kenneth Howe, Gordon  
Jeltema*

