

## Financial Statement

<b>Assets</b>	<b>2011</b>	<b>2010</b>	<b>Difference</b>
Loans to Members	\$44,980,353	\$42,409,903	\$2,570,450
Allowance for Loan Losses	\$(817,576)	\$(554,736)	\$(262,840)
Cash and Funds Due	\$484,927	\$707,416	\$(222,489)
Investments	\$27,731,111	\$23,898,306	\$3,832,805
Property and Equipment	\$2,026,190	\$2,101,230	\$(75,040)
Other Assets	\$853,195	\$766,536	\$86,659
NCUA Share Insurance Fund	\$614,753	\$529,452	\$85,301
<b>Total Assets</b>	<b>\$75,872,953</b>	<b>\$69,858,107</b>	<b>\$6,439,392</b>
<b>Liabilities</b>			
Notes Payable	\$ -	\$2,327,701	\$(2,327,701)
Accrued Div./Interest	\$110,897	\$72,634	\$38,263
Accounts Payable	\$271,740	\$600,031	\$(328,291)
Other Liabilities	\$215,490	\$148,609	\$66,881
Savings to Members	\$63,908,433	\$56,852,274	\$7,056,159
Required Reserves	\$1,653,356	\$1,653,356	\$ -
Undivided Earnings	\$9,713,037	\$8,203,502	\$1,509,535
<b>Total Liabilities and Equity</b>	<b>\$75,872,953</b>	<b>\$69,858,107</b>	<b>\$6,014,846</b>
<b>Income</b>			
Interest on Loans	\$3,024,563	\$2,577,177	\$447,386
Investment Income	\$660,006	\$778,843	\$(118,837)
Less Dividend/Interest Expense	\$(641,436)	\$(757,203)	\$115,767
Less Provision for Loan Losses	\$(430,500)	\$(346,000)	\$(84,500)
Net Interest Income	\$2,612,633	\$2,252,817	\$359,816
Other Income	\$1,430,531	\$1,060,575	\$369,956
Net Operating Income	\$4,043,164	\$3,313,392	\$729,772
<b>Expenses</b>			
Employee Compensation	\$878,088	\$813,507	\$64,581
Employee Benefits	\$251,494	\$245,108	\$6,386
Travel and Conference	\$36,419	\$33,818	\$2,601
Office Occupancy	\$107,846	\$117,002	\$(9,156)
Office Operations	\$751,601	\$670,288	\$81,313
Educational and Promotional	\$54,443	\$59,324	\$(4,881)
Loan Servicing Expense	\$68,667	\$53,797	\$14,870
Professional and Outside Services	\$156,988	\$133,387	\$23,601
Operation Fees	\$19,509	\$15,120	\$4,389
Other Operating Expenses	\$54,886	\$8,308	\$46,578
Interest on Borrowed Funds	\$ -	\$13,300	\$(13,300)
Total Expenses	\$2,379,941	\$2,162,959	\$216,982
Gain or Loss from Operations	\$1,663,223	\$1,150,433	\$512,790
<i>Special Charges</i>			
NCUA Special Assessment	\$153,688	\$134,380	\$19,308
GenCorp MCSD Reduction	\$ -	\$40,720	\$(40,720)
<b>Net Income</b>	<b>\$1,509,535</b>	<b>\$975,333</b>	<b>\$534,202</b>



# Annual Report 2012

**aac**  
credit union

Celebrating  
**75** years  
1937 | 2012

Federally insured by the NCUA. Equal Housing Lender.

## Chairman's Report 2012

On behalf of the Board of Directors, the committees and staff of AAC Credit Union, I am pleased to present this report to you.

Over the past several years AAC Credit Union has continued to grow despite national and international economic trends. This growth is due in great part to our valued members who continue to choose AAC for their financial needs. There is no greater compliment than our members referring family and friends to AAC. Referrals remain our largest source of new business. Thank you.

2011 witnessed a change in public attitude toward the banking industry. Bank fees and deceptive practices caused the government, and media, to examine the industry. Because of this, there was a shift from Wall Street banking toward Main Street banking. Many consumers began researching banking alternatives and discovered that there is a true difference between a bank and a credit union. Not only in ownership, but in the attitude of stewardship toward the money that is deposited. In 2011, AAC welcomed over 1,300 new members to the credit union difference.

The financial condition of the credit union has never been stronger. Our capital position has grown to 14.98%, up from 14.30%. Our ROA has increased to 2.08%, up from 1.52% and our net charge off rate has decreased to 0.35% from 0.51%.

Although the banking landscape is changing, AAC Credit Union has not lost sight of our roots. We still believe in the principles on which we were founded, such as providing our members with a fair deal, operating the credit union in a sensible manner to provide safety and soundness for our members' investments, and seeing more than a number when we look at our members.

We believe in the credit union motto, People Helping People. In 2011, we helped:

- 98 members purchase or refinance a home
- 597 members purchase a new or used vehicle
- 511 members open a Save to Win Cd
- 130 members age 17 and under open an account to begin saving

### ***75 years and going strong***

It is with great enthusiasm that we greet the New Year. 2012 marks the 75<sup>th</sup> anniversary of AAC Credit Union. We were founded when seven employees of the American Seating company came together to form a credit union. Throughout the years, we welcomed the employees of Herman Miller, Magna Mirrors and over 20 other companies to the credit union family, growing to five branches, over 9,000 members and over 75 million in assets. We are very proud of our furniture manufacturing and West Michigan heritage.

Although some things have changed since we were founded in 1937 like online banking, computerized accounting and debit cards, our passion for helping our members has not changed.

We will continuously evaluate our products and services to ensure that we are always bringing our members the best of banking. We will remain mindful of the trust placed with us and will also continue to invest in technology to improve the way members can access their accounts and communicate with the credit union.

On behalf of the Board of Directors, Committees and staff, thank you for choosing AAC Credit Union. Your membership makes a difference.

Sincerely,

Thane Barden  
Chairman of the Board

### **Supervisory Committee Report**

The Financial Standards Group completed the comprehensive annual audit as of June 30, 2011. The audit included examinations of the statement of financial condition, statements of income and changes in equity.

The Office of Financial and Insurance Services, Credit Union Division, Lansing Michigan also conducted an examination of our records as of October 31, 2011.

In addition to these examinations, the Supervisory Committee performed individual audits of various credit union policies, procedures and operations. We've also conducted cash audits to make sure all cash balanced.

The number of members as of December 31, 2011 was 9256. It is the opinion of this committee that the published report fairly reports the financial condition of AAC Credit Union.

Respectfully submitted,

Dennis Ziolkowski  
George Sullivan

### **Credit Committee Report**

AAC Credit Union approved 1752 loans for \$21,335,664. We approved 98 mortgages for \$11,145,000. 35 of these mortgages were sold to Fannie Mae for a total of \$4,639,140.

The ratio of delinquent loans outstanding was lower than last year at 0.80% and net charge offs decreased to 0.35%.

AAC Credit Union offers many different loan products. We encourage all members to contact the credit union first when in need of financing for an automobile, mortgage, home equity loan or any projects you have. Give us a call to discuss which loan fits your needs. The loan officers can grant loans anytime during office hours.

Respectfully submitted,

Russ Hower, Chairman  
Chris Cross  
Kathleen De Void