

FINANCIAL STATEMENT

ASSETS	2013	2012	DIFFERENCE
Loans to Members	\$54,784,739	\$48,622,268	\$6,162,470
Allowance for Loan Losses	\$(1,149,555)	\$(1,050,686)	\$(98,869)
Cash and Funds Due	\$670,131	\$513,904	\$156,227
Investments	\$30,095,626	\$29,652,751	\$442,875
Property and Equipment	\$1,853,769	\$1,992,768	\$(138,999)
Other Assets	\$1,104,873	\$906,848	\$198,025
NCUA Share Insurance Fund	\$699,348	\$661,725	\$37,623
Total Assets	\$88,058,930	\$81,299,578	\$6,759,351
LIABILITIES			
Notes Payable	\$ -	\$ -	\$ -
Accrued Div./Interest	\$75,590	\$69,357	\$6,233
Accounts Payable	\$494,912	\$296,825	\$198,087
Other Liabilities	\$53,234	\$390,486	\$(337,252)
Savings to Members	\$72,519,336	\$67,569,729	\$4,949,607
Required Reserves	\$1,734,195	\$1,653,356	\$ 80,839
Undivided Earnings	\$13,181,662	\$11,319,825	\$1,861,837
Total Liabilities and Equity	\$88,058,929	\$81,299,578	\$6,759,351
INCOME			
Interest on Loans	\$3,200,037	\$3,034,475	\$165,562
Investment Income	\$484,478	\$589,074	\$(104,596)
Less Dividend/Interest Expense	\$(433,469)	\$(437,909)	\$4,440
Less Provision for Loan Losses	\$(347,220)	\$(438,000)	\$90,780
Net Interest Income	\$2,903,826	\$2,747,640	\$156,186
Other Income	\$1,467,478	\$1,443,692	\$23,786
Net Operating Income	\$4,371,304	\$4,191,332	\$179,972
EXPENSES			
Employee Compensation	\$1,001,171	\$971,647	\$29,524
Employee Benefits	\$332,137	\$264,903	\$67,234
Travel and Conference	\$38,565	\$34,558	\$4,007
Office Occupancy	\$134,331	\$114,139	\$20,192
Office Operations	\$874,430	\$717,938	\$156,492
Educational and Promotional	\$57,333	\$67,886	\$(10,553)
Loan Servicing Expense	\$136,028	\$93,554	\$42,474
Professional and Outside Services	\$182,224	\$178,040	\$4,184
Operation Fees	\$25,097	\$20,586	\$4,511
Other Operating Expenses	\$52,145	\$58,429	\$(6,284)
Interest on Borrowed Funds	\$ 4,435	\$ -	\$ 4,435
Gain or Loss on Investments	\$ -	\$ -	\$ -
Gain or Loss on Disposal of Assets	\$ 14,837	\$ -	\$ -
Total Expenses	\$2,852,732	\$2,521,680	\$331,052
Gain or Loss from Operations	\$1,518,572	\$1,669,652	\$(151,080)
<i>Special Charges</i>			
NCUA Special Assessment	\$55,930	\$62,864	\$(6,934)
CenCorp MCSD Reduction	\$ -	\$ -	\$ -
Net Income	\$1,462,641	\$1,606,788	\$(144,147)

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CHAIRMAN’S REPORT

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

There are many ways we measure our success; by the numbers, and by our impact on our members and community.

BY THE NUMBERS - We use financial ratios that determine our condition and the responsible management of owner funds. We continue to show strong growth. Our capital position has grown to 16.93%, up from 15.96%. Our ROA remains very solid at 1.73%, our net charge off rate has remained very manageable at 0.48%. We are pleased to report that our assets have increased 8.31%.

BY THE SMILES - We also measure our success in happy members. In 2013, we reached a milestone by growing to 10,000 members. We consider each referral of friends and family the highest compliment. As many credit unions struggle to reach a younger audience, we are pleased to see the average age of our members is below that of our peers, demonstrating the ‘passing down’ of the AAC tradition to children and grandchildren.

Part of our growth in 2013 included the merging of the North Kent Catholic Credit Union with AAC Credit Union. NKC has a rich history in Plainfield Township serving members of the Catholic faith and St. Jude. The partnership of our institutions brought AAC members a new service location, and a new range of banking services to NKC. We are very glad to welcome these members to the AAC family.

BY MEETING YOUR NEEDS - Meeting members’ financial needs is also part of our model of success. Member interest in non-traditional channels of banking continues to grow. This includes online, mobile and text banking. In keeping with national trends, we are seeing a swift rise in mobile use due to the popularity of smartphones and tablets. We look forward to the launch of a new website in 2014. The updated site will feature a fresh new look and improved design to fit a variety of viewing screens. Currently our website receives over 16,000 visits a month and online banking receives over 40,000 logins per month, making the virtual branch, our busiest branch.

Members continued to visit AAC for home, auto and personal lending needs. With the anticipation of slowly rising interest rates, due to the easing of the Federal rate stimulus, members took advantage of low auto and mortgage rates contributing to loan growth of 11.20%. We look forward to introducing FHA and VA mortgages in 2014.

BY SERVING OUR COMMUNITY - A credit union is a financial cooperative meaning we are completely owned and operated by you, our depositor members. We look to the Principles of Cooperatives to guide us, which includes Education and Concern for Community. In 2013, we contributed to over 20 organizations. These contributions

were in the form of dollars or time spent in financial literacy programs or volunteering at community events. One event of note was our participation in the futurePrep Connections program during which we hosted approximately 125 West Michigan high school students. Students participated in learning exercises promoting sound money management skills.

It is with great appreciation that we thank you for choosing AAC Credit Union. We know, that when it comes to banking, you have many choices. We will work each day to earn your continued trust, business and referrals.

Sincerely,

Thane Barden
Chairman of the Board

CREDIT COMMITTEE REPORT

AAC Credit Union approved 2,156 loans for \$26,825,308. We approved 122 mortgages for \$13,366,518. 53 of these mortgages were sold to Fannie Mae for a total of \$6,190,421.

The ratio of delinquent loans outstanding last year was 0.95% and net charge offs remained manageable at 0.48%.

We encourage all members to contact the credit union first when in need of financing. Autos, RVs, mortgages, home equity loans or whatever projects you have, keep us in mind. AAC offers low rates, quick response and helpful service.

Respectfully submitted,

Chris Cross
Kathy DeVoid
Brooke Andrews

SUPERVISORY COMMITTEE REPORTS

The Financial Standards Group completed the comprehensive annual audit as of June 30, 2013. 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 May 31, 2013.

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 December 31, 2013 was 10,552. It is the opinion of this committee the published report fairly reports the financial condition of AAC Credit Union.

Respectfully submitted,
Dennis Ziomkowski
George Sullivan