

FINANCIAL STATEMENT

ASSETS	2016	2015	DIFFERENCE
Loans to Members	\$84,585,042	\$69,987,293	\$14,597,749
Allowance for Loan Losses	\$(1,063,353)	\$(911,686)	\$(151,667)
Cash and Funds Due	\$885,280	\$887,024	\$(1,744)
Investments	\$41,387,018	\$40,581,008	\$806,010
Property and Equipment	\$4,753,897	\$3,504,521	\$1,249,376
Other Assets	\$2,840,404	\$1,295,910	\$1,544,494
NCUA Share Insurance Fund	\$955,739	\$887,644	\$68,095
Total Assets	\$134,344,027	\$116,231,714	\$18,112,313
LIABILITIES			
Notes Payable	\$8,000,000	\$-	\$8,000,000
Accrued Div./Interest	\$126,872	\$104,555	\$22,317
Accounts Payable	\$995,051	\$2,717,789	\$(1,722,738)
Other Liabilities	\$791,000	\$546,879	\$244,121
Savings to Members	\$100,650,359	\$91,105,686	\$9,544,673
Required Reserves	\$2,246,860	\$2,246,860	\$0
Undivided Earnings	\$21,533,885	\$19,509,945	\$2,023,940
Total Liabilities and Equity	\$134,344,027	\$116,231,714	\$18,112,313
INCOME			
Interest on Loans	\$4,574,893	\$4,123,507	\$451,386
Investment Income	\$604,734	\$674,194	\$(69,460)
Less Dividend/Interest Expense	\$(606,841)	\$(524,364)	\$(82,477)
Less Provision for Loan Losses	\$(376,500)	\$(343,100)	\$(33,400)
Net Interest Income	\$4,196,286	\$3,930,237	\$266,049
Other Income	\$2,009,315	\$1,815,107	\$194,208
Net Operating Income	\$6,205,601	\$5,745,344	\$460,257
EXPENSES			
Employee Compensation	\$1,566,666	\$1,621,314	\$(54,648)
Employee Benefits	\$477,276	\$456,132	\$21,144
Travel and Conference	\$32,833	\$39,499	\$(6,666)
Office Occupancy	\$210,134	\$162,726	\$47,408
Office Operations	\$1,121,756	\$1,028,275	\$93,481
Educational and Promotional	\$101,262	\$54,461	\$46,801
Loan Servicing Expense	\$301,708	\$293,068	\$8,640
Professional and Outside Services	\$257,408	\$382,003	\$(124,595)
Operation Fees	\$32,751	\$31,803	\$948
Other Operating Expenses	\$66,161	\$56,185	\$9,976
Interest on Borrowed Funds	\$18,813	\$4,688	\$14,125
Gain or Loss on Investments	\$-	\$-	\$-
Gain or Loss on Disposal of Assets	\$(5,105)	\$5,026	\$(10,132)
Total Expenses	\$4,181,661	\$4,135,180	\$46,480
Gain or Loss from Operations	\$2,023,940	\$1,610,164	\$413,776
Net Income	\$2,023,940	\$1,610,164	\$413,776



Annual Report 2017

Federally insured by NCUA

CHAIRMAN'S REPORT

Happy Anniversary, AAC Credit Union. In 1937, a handful of American Seating Company employees were working together bringing forth a new credit union to provide fair lending and a place for families to safely save their money. Our founders probably never dreamed that 80 years later, their seed of an idea would grow into a thriving credit union. We are the very definition of homegrown. The names of the men and women who formed our first credit union have been lost to time, but their legacy lives on in the spirit of financial cooperatives; people helping people.

Today, over 14,000 members call AAC their financial home, with collective deposits over \$100 million. Members can now call upon us for more than basic banking; home and auto loans, checking accounts, and online services. AAC Credit Union has grown into a solid community financial institution and we were proudly recognized in 2016 by being named to the Top 200 Financially Healthy Credit Unions in the Nation.

By nearly every measure, 2016 was a great year. Auto and home loans were at an all time high. Loan growth was up 20.86% and deposits grew by 10.48%. Our capital position grew 9.3%. Return on assets remained strong at 1.62% and we reported a 15.58% asset increase.

We opened our new administrative hub in Standale, Michigan in April 2016. The new branch offered an additional location for members, and it created the 'elbowroom' needed to expand our growing operation. Not only does AAC help the members within our communities, we employ 45 people who provide for their families and infuse the local economy in West Michigan.

FreePlus, a high yield checking account, was also launched giving members a higher return on their checking. This checking grows in popularity as it offers an exceptional yield and the freedom of no monthly fees. We also launched our new online bill pay platform, chipped credit and debit cards for greater security, and the convenience of automatic (ACH) payments.

On the national front, we remain watchful of federal rates. It is speculated that these will rise and we are seeing it, to some degree, now. These changes could bring about higher savings rates which would be welcomed by many. Mortgage rates have remained low; it is still a good time to make an investment in a home.

Regulatory burden and mergers top the credit union landscape news. Small to mid-sized credit unions are finding it increasingly difficult to compete in an ever-changing market. Growing regulations designed for Wall Street, make it difficult to do business on Main Street. These growing regulations affect members too; complicating loan processing and the potential loss of small dollar loans. To learn more about the regulatory impact, we encourage you to visit www.commonsenseregulations.com.

As we look toward 2017, we do so optimistically. Our history together has proven that AAC Credit Union members are among the best. Your loyalty, concern and interest in being part of a financial cooperative is what makes us strong. We are expecting growth to stay at a steady, healthy pace as we continue to serve you, our greatest asset.

We cannot speak of our success without also mentioning the outstanding people who make up the staff of AAC Credit Union. Thank you to each one for upholding the level of service our members deserve and for going the extra mile, for a smile. You are an essential part of our success.

Sincerely,

Thane Barden
Chairman of the Board

CREDIT COMMITTEE REPORT

AAC Credit Union approved 3,120 loans for \$46,905,346.47. We approved 155 mortgages for \$19,635,408.91, of these, 91 were sold to Freddie Mac for a total of \$11,548,891.

The ratio of delinquent loans outstanding last year was 0.64% down slightly from 2015 and net charge offs decreased to 0.27% from 0.35% in 2015.

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

Respectfully submitted,

Chris Cross
Nancy Koch
Brooke Andrews

SUPERVISORY REPORTS

AAC Credit Union amended the bylaws in 2016, dissolving the Supervisory Committee. We have partnered with The Financial Standards Group who completes the comprehensive annual audit and quarterly audits of various credit union policies, procedures, operations and cash audits. As of June 30, 2016, 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 September 30, 2016.

The number of members as December 31, 2016 was 14,429.