

ASSETS	2019	2018	DIFFERENCE
Loans to Members	\$96,257,235	\$100,421,213	\$(4,163,978)
Allowance for Loan Losses	\$(800,170)	\$(1,139,306)	\$339,136
Cash and Funds Due	\$7,731,475	\$3,714,995	\$4,016,480
Investments	\$38,942,281	\$33,144,811	\$5,797,470
Property and Equipment	\$4,749,899	\$4,614,316	\$135,583
Other Assets	\$2,792,432	\$1,352,687	\$1,439,746
NCUA Share Insurance Fund	\$1,164,717	\$1,115,482	\$49,235
Total Assets	\$150,837,869	\$143,224,198	\$7,613,672
LIABILITIES			
Notes Payable	\$-	\$-	\$-
Accrued Div./Interest	\$263,664	\$224,945	\$38,719
Accounts Payable	\$685,018	\$663,988	\$21,030
Other Liabilities	\$576,989	\$624,695	\$(47,706)
Savings to Members	\$117,802,522	\$112,897,265	\$4,905,257
Required Reserves	\$2,246,860	\$2,246,860	\$0
Undivided Earnings	\$29,262,815	\$26,566,445	\$2,696,370
Total Liabilities and Equity	\$150,837,869	\$143,224,198	\$7,613,672
INCOME			
Interest on Loans	\$5,973,241	\$5,867,953	\$105,288
Investment Income	\$1,062,153	\$835,859	\$226,294
Less Dividend/Interest Expense	\$(1,317,007)	\$(975,111)	\$(341,896)
Less Provision for Loan Losses	\$(612,018)	\$(636,509)	\$24,491
Net Interest Income	\$5,106,369	\$5,092,192	\$14,177
Other Income	\$2,658,979	\$2,533,924	\$125,055
Net Operating Income	\$7,765,348	\$7,626,116	\$139,232
EXPENSES			
Employee Compensation	\$2,055,279	\$1,924,583	\$130,696
Employee Benefits	\$636,483	\$619,349	\$17,134
Travel and Conference	\$38,924	\$42,828	\$(3,904)
Office Occupancy	\$238,319	\$226,725	\$11,594
Office Operations	\$1,321,096	\$1,303,583	\$17,513
Educational and Promotional	\$105,752	\$83,802	\$21,950
Loan Servicing Expense	\$163,751	\$363,804	\$(200,053)
Professional and Outside Services	\$357,584	\$311,235	\$46,349
Operation Fees	\$36,000	\$36,000	\$0
Other Operating Expenses	\$114,877	\$72,389	\$42,488
Interest on Borrowed Funds	\$-	\$-	\$-
Gain or Loss on Investments	\$-	\$-	\$-
Gain or Loss on Disposal of Assets	\$913	\$-	\$913
Total Expenses	\$5,068,979	\$4,984,298	\$84,681
Gain or Loss from Operations	\$2,696,370	\$2,641,818	\$54,552
Net Income	\$2,696,370	\$2,641,818	\$54,552

F I N A N C I A L S T A T E M E N T



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Chairman's Report

It's amazing what we can do when we work together toward a common goal. For us, that goal is helping our members grow financially. Whether it is giving members a safe place to build savings, introducing your children to credit union banking, or realizing the dream of home ownership, we are here to help.

When you grow, AAC grows. Our members helped drive our 'mission to serve' even further. In 2019, we welcomed 1,774 new members bringing our total membership to 15,909. Your kind referrals are always appreciated.

We also saw deposits grow by 4.30%. Our capital position grew by 9.30%. Return on asset remained strong at 1.83% and we reported a 5.30% asset increase. Loans fell by 3.30% partly due to a decrease in our indirect portfolio. We encourage members to ask for AAC at the dealership when purchasing a new or used auto.

The Financial Standards Group completed the comprehensive annual audit as of June 30, 2019. 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, 2019. 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.

Your convenience and need for on-the-go banking options is always top of mind. In 2019, we were pleased to introduce LoanPay Xpress, an online loan payment module. This new feature allows members to make loan payments using a check or debit/credit card from any financial institution. The website was also given a makeover in 2019. Not only was the site updated with a fresh new look, it is also designed to fit well on mobile devices.

We continued the project of updating branches in 2019. The Riley Street branch in Holland underwent an extensive remodel. We moved walls and updated every surface revealing a new space that reflects the AAC warm and welcoming brand. Showcasing Michigan-made furniture products in our spaces has become part of our signature brand; one of which we are most proud. Member responses and appreciation of the updated branches make the construction dust well worth it. The branch renovations continue in 2020 with the 25th Street branch, formerly Big Dutch Fleet.

When we speak of growing together, it wouldn't be possible without the dedicated people who make up Team AAC. Whether its the faces you see in the lobby, the voice helping you on the phone, or the teams that make up back office operations, we have an amazing group of people who come together each day to make sure everything is working for our members.

As we close 2019, we look back with gratitude and forward filled with possibility. Thank you for your continued support of AAC Credit Union. You are at the heart of what we do.

Thane Barden
Chairman

Credit Committee Report

AAC Credit Union approved 1,716 loans for \$34,654,029.41. We approved 113 mortgages for \$16,791,520. 59 of these mortgages were sold to Freddie Mac for a total of \$9,153,207.

The ratio of delinquent loans outstanding last year was 0.98% down slightly from 2018 and net charge offs was 0.69% down slightly from 0.57% in 2018.

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



Thank you to our dedicated Board of Directors: (left to right) Jim Ondersma, Dennis Ziomkowski, Russ Hower, Gord Jeltema, Dave Kremm, Thane Barden, and Ken Howe. Also to our credit committee: Nancy Cook, Chris Cross and Brooke Andrews. We appreciate all you do!