

ANNUAL REPORT



## *Dear Members*

I am pleased to present to you the 2023 AAC Credit Union Annual Report. It is both an honor and a privilege to reflect on the achievements we have reached together over the past year. Thank you for your continued membership and support. We are here because of you, and for you.

It would be difficult to review 2023 without noting the twists and turns in the economic landscape. Because of your loyalty throughout the years, and our steadfast belief in building a credit union that can weather economic downturns, AAC Credit Union continues to provide a secure place for your deposits to grow.

Overall, we had a strong year. We experienced healthy capital growth to 23.63%. Loan delinquency (0.54%) and net charge-offs (0.21%) both remained relatively unchanged. The rise in Federal fund rates impacted both the credit union and our members. Mortgage rates returned to historical averages. Deposit rates continued to increase, earning members a higher return on savings. Despite the pressure on earnings created by the fluctuating rate market, AAC ended the year with a 1.31% Return on Assets demonstrating the strength of your credit union.

In 2023 we were pleased to receive a statewide field of membership. This expands membership eligibility from five West Michigan counties, to now serving anyone who lives in Michigan. This will help AAC Credit Union expand our reach, and brand, to new areas.

Our commitment to members remained at the forefront. We helped members enjoy the Michigan summers with our Toys of Summer event. AAC granted member loans for boats, motorcycles, and recreational vehicles. We also continued our work with the innovative Bridge Loan and Savings Program. We surpassed \$1.5 Million in funding in 2023. Each year we welcome new employers bringing AAC to the workplace.

Our Credit Union continued to make a positive impact in the communities we serve. In partnership with the Michigan Credit Union League, AAC participated in #CUKind Day. The team of AAC ambassadors went into the community delivering donations and supplies to thirteen charitable organizations in one day. The giving continued during our Change for Good campaign benefiting an additional seven organizations in West Michigan. We also sponsored and attended multiple community events. We remain dedicated to giving back and fostering a brighter future for all.

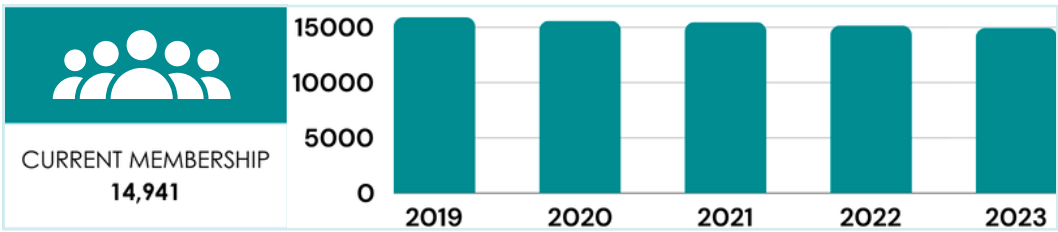
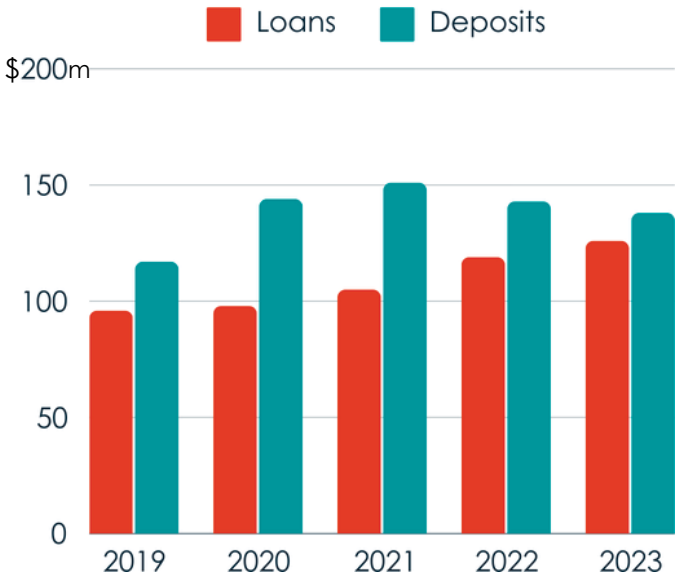
Looking ahead, we are committed to building upon the successes of the past year and continuing to deliver exceptional value and service to our members. In 2024, we are excited to launch a new campaign entitled 'U Can'. We believe in our members' ability to create a solid financial future and we are here to help you get there. We are also exploring exciting technologies to serve members in new ways.

I extend my heartfelt gratitude to our dedicated staff and board members for their hard work and commitment to excellence. We have a wonderful team of people. It is your confidence in us that drives our success and inspires us to strive for excellence every day.

As we move forward, let us remain united in our shared vision of building a stronger, more vibrant financial future for all.

*Thane Barden* Board Chairman

Key Ratios	2023	2022
Net Worth	23.41%	21.97%
Delinquent Loans	0.47%	0.56%
Net Charge-offs	0.19%	0.20%
Return on Assets	1.31%	1.58%
Asset Growth	-1.99%	-2.31%



## AAC in the community





<b>Assets</b>	<b>2023</b>	<b>2022</b>	<b>Difference</b>
Loans to Members	\$126,350,153	\$119,085,389	\$7,264,764
Allowance for Loan Losses	\$(1,057,163)	\$(657,355)	\$(399,808)
Cash and funds due	\$8,177,693	\$4,538,721	\$3,638,972
Investments	\$41,761,705	\$55,468,752	\$(13,707,047)
Property and Equipment	\$4,630,503	\$4,768,531	\$(138,028)
Other Assets	\$2,912,876	\$3,255,267	\$(342,391)
NCUA Share Insurance Fund	\$1,396,469	\$1,459,963	\$(63,494)
<b>Total Assets</b>	<b>\$184,172,237</b>	<b>\$187,919,268</b>	<b>\$(3,747,031)</b>
<b>Liabilities</b>			
Notes Payable	\$-	\$-	\$-
Accrued Div/Interest	\$381,794	\$215,446	\$166,348
Accounts Payable	\$1,023,461	\$1,598,290	\$(574,829)
Other liabilities	\$795,482	\$1,055,323	\$(259,841)
Savings to members	\$138,863,791	\$143,766,371	\$(4,902,581)
Required Reserves	\$-	\$-	\$-
Undivided Earnings	\$43,107,709	\$41,283,838	\$1,823,871
<b>Total Liabilities and Equity</b>	<b>\$184,172,237</b>	<b>\$187,919,268</b>	<b>\$(3,747,031)</b>
<b>Income</b>			
Interest on Loans	\$6,556,102	\$5,439,737	\$1,116,365
Investment Income	\$1,455,487	\$1,205,582	\$249,905
Less Dividend/Interest Expense	\$(2,025,978)	\$(658,798)	\$(1,367,180)
Less Provision for Loan Losses	\$(41,690)	\$63,000	\$(104,690)
Net Interest Income	\$5,943,920	\$6,049,521	\$(105,600)
Other Income	\$2,665,492	\$2,685,960	\$(20,469)
<b>Net Operating Income</b>	<b>\$8,609,412</b>	<b>\$8,735,481</b>	<b>\$(126,069)</b>
<b>Expenses</b>			
Employee Compensation	\$2,453,043	\$2,264,017	\$189,026
Employee Benefits	\$755,134	\$662,667	\$92,467
Travel and Conference	\$50,863	\$49,534	\$1,328
Office Occupancy	\$287,040	\$279,626	\$7,414
Office Operations	\$1,564,787	\$1,418,744	\$146,042
Educational and Promotional	\$222,282	\$170,838	\$51,444
Loan Servicing Expense	\$230,062	\$239,337	\$(9,276)
Professional & outside services	\$507,592	\$492,299	\$15,293
Operation Fees	\$31,038	\$31,703	\$(665)
Other operating expenses	\$63,573	\$115,685	\$(52,111)
Interest On Borrowed Funds	\$-	\$3,625	\$(3,625)
Gain or Loss on Investments	\$-	\$-	\$-
Gain or Loss on Disposal of Assets	\$-	\$(4,000)	\$4,000
<b>Total Expenses</b>	<b>\$6,165,414</b>	<b>\$5,724,076</b>	<b>\$441,338</b>
<b>Gain or Loss From Operations</b>	<b>\$2,443,999</b>	<b>\$3,011,405</b>	<b>\$(567,407)</b>
<b>Net Income</b>	<b>\$2,443,999</b>	<b>\$3,011,405</b>	<b>\$(567,407)</b>