

Board of Directors

Larry J. Hill

William E. Hindsley

Paul R. Obermeyer

Scott L. Singer

Dennis L. Carter

Otto L. Dunnuck

Sue A. Eckman

David C. Mays

Patrick M. Molenda

Chairman

Vice Chairman

Treasurer

Secretary



Annual Report 2017

Our mission

To effectively enhance the financial well-being of the membership in an ever changing economic environment, by providing appropriate financial services, while still maintaining the unique philosophy of being member owned.

SUPERVISORY COMMITTEE

Sue A. Eckman

Carl R. Gorbitz

Marie Lukas

Kenneth L. Nagy

Chairman

Chairman's Report

All indications for the coming year are pointing to the potential of a robust economy. Due to the dedication and commitment of the staff, management and board of directors, we were able to respond to opportunities in an economy that, for the bulk of the year, continued to be defined by slow movement.

The biggest of those opportunities resulted in the relocation of our South branch into a newly renovated and easily accessible property.

The staff and management of your AAA Federal Credit Union continue to take multi-tasking to new levels and remain singularly focused on improving the member experience.

Since we are an organization that plans, but also takes advantage of opportunities, we are well positioned to serve our membership well into the future. It continues to be both a privilege and a pleasure to serve you as chairman.

Respectfully Submitted,
Larry J. Hill
Chairman of the Board

Staff

Paul Obermeyer
Steve Searfoss

Brenda Case
Cheryl Nowicki
Bunnie Bartlett
Beverly Bucher
Cristie Carter
Lisa Chavarria
Diane Chrzan
Gale Clark
Kimberly Clark
Yolanda Dokes
Judy Doyle
Shantil Evans
Lisa Flowers
Pamela Hardman
Virginia Hatfield
Cindy Jacobs
Eileen Jurgonski
Kristin Keller
Bryanna Lockhart
Peggy Makawa
Nicholas Muller
Kathy Nitz
Kalyca Paczkowski
Cheyenne Pelis
Joanne Slomski
Sue Stone
Tenia Taylor

President & Treasurer
Manager of Member Services &
Operations
Manager of Accounting & Investments
Manager of Lending & Collections

Supervisory Committee

The Supervisory Committee acts on behalf of all members of AAA Federal Credit Union. Regular meetings were held twice per month in 2017 to review and discuss policies and procedures. During these meetings the records and financial statements of the credit union were tested. In addition, audits were performed on teller cash drawers and on the vaults at each branch.

The National Credit Union Administration (NCUA) performed an examination of AAA Federal Credit Union in accordance with standard regulatory procedures during 2017. The information that was reported, based upon the books, records and statements made to the NCUA staff by this credit union's directors, officers and employees and on information obtained from other sources are believed to be reliable and correct. However, this examination was not an audit.

An annual Supervisory Committee audit was performed by an independent credit union accounting and consulting firm for the year 2017. This audit was performed in compliance with all applicable rules and regulations governing federal credit unions.

In reviewing the NCUA federal examination and the independent audit mentioned above, the Supervisory Committee determined that no exceptions needed to be noted or recorded with any of the internal controls currently in place with respect to cash, investments, and operations.

Members of the Supervisory Committee during 2017 were Sue Eckman, Carl Gorbitz, Ken Nagy and Marie Lukas.

Respectfully,
Sue Eckman
Supervisory Committee Chairman

Treasurer's Report

As the treasurer and the president of the Credit Union I serve a dual role. As the president, I serve the organization from a multifaceted position. The focus of my role is to provide the leadership needed to keep the interest of the membership in the forefront of the decision-making process. It is my intention to make certain that the needs of the membership are being addressed and appropriate services are being offered in accordance with the desires of the membership.

As the treasurer of the Board of Directors, my duties are to help safeguard the funds of the credit union and report to the board the status of the finances of the Credit Union. This involves the planning of a budget and ongoing analysis of the balance sheet and the profit and loss statements.

During 2017, two decisions were made to bring better products and services to the credit union. This year, in an effort to make our branches more convenient, we have moved the South office to Ireland Road. Later in 2018, the new office will also provide safety deposit boxes and our new Wealth Management Service.

I assure you, as the president and treasurer of AAA Federal Credit Union, the credit union is working hard to bring you the very best of financial products. In addition, our staff is committed to the very best of service.

We wish to thank you, the members, for supporting your credit union, for it is through your support we can continue to better the financial lives of our membership.

Paul R. Obermeyer
President and Treasurer

Operating Statement

| INCOME | <u>2017</u> | <u>2016</u> |
|-----------------------------------|------------------------------|------------------------------|
| Interest on Loans | \$1,295,208.70 | \$1,262,062.94 |
| Investment Income | \$523,514.69 | \$455,713.38 |
| Other | \$867,539.96 | \$817,929.26 |
| TOTAL | <u>\$2,686,263.35</u> | <u>\$2,535,705.58</u> |
| EXPENSES | | |
| Salaries and Benefits | \$1,270,602.52 | \$1,275,819.15 |
| Dues | \$24,873.42 | \$22,954.30 |
| Data Processing | \$207,474.35 | \$201,014.88 |
| Employee Education | \$10,767.57 | \$11,449.76 |
| Occupancy Expenses | \$197,087.51 | \$229,821.02 |
| Office Operations | \$205,953.82 | \$213,092.89 |
| Member Education | \$23,902.73 | \$19,159.30 |
| Advertising | \$63,735.29 | \$47,100.07 |
| Interest | \$100.13 | \$26.17 |
| Card Support | \$198,733.12 | \$194,115.32 |
| Professional Services | \$83,230.91 | \$55,939.62 |
| Allowance for Loan Losses | \$0.00 | \$0.00 |
| NCUA Share Insurance | \$0.00 | \$0.00 |
| Other Losses | \$14,416.75 | \$15,865.95 |
| TOTAL | <u>\$2,300,878.12</u> | <u>\$2,286,358.43</u> |
| Total Gross Income | \$2,686,263.35 | \$2,535,705.58 |
| Less Expenses | \$2,300,878.12 | \$2,286,358.43 |
| Less Dividends Paid | \$126,009.85 | \$111,117.06 |
| Net Income Prior to Adj | <u>\$259,375.38</u> | <u>\$138,230.09</u> |
| Transfer to Loan Loss Acct | \$121,000.00 | \$271,000.00 |
| Transfer to Building Depreciation | 0.00 | \$395,824.03 |
| Net Income After Adj | <u>\$138,375.38</u> | <u>-\$528,593.94</u> |

Statement of Financial Condition

| ASSETS | <u>2017</u> | <u>2016</u> |
|-----------------------|-------------------------------|-------------------------------|
| Loans to Members | \$27,070,297.84 | \$22,650,321.11 |
| Cash | \$1,119,102.19 | \$1,037,997.07 |
| Investments | \$29,160,628.02 | \$32,884,592.02 |
| Land and Building | \$964,314.13 | \$400,873.85 |
| Furniture & Equipment | \$28,784.30 | \$40,296.42 |
| Other | \$2,772,883.74 | \$2,515,383.25 |
| TOTAL | <u>\$61,116,010.22</u> | <u>\$59,529,463.72</u> |
| LIABILITIES | | |
| Share Savings | \$22,768,876.05 | \$21,259,495.74 |
| Share Draft Checking | \$9,133,181.49 | \$8,567,851.87 |
| Money Market | \$10,004,871.35 | \$9,766,982.91 |
| Certificates | \$6,166,440.18 | \$6,848,324.72 |
| IRA's | \$5,760,893.61 | \$5,897,994.69 |
| Statutory Reserves | \$1,600,900.09 | \$1,600,900.09 |
| Undivided Earnings | \$5,392,778.93 | \$5,254,403.55 |
| Other Liabilities | \$288,068.52 | \$333,510.15 |
| TOTAL | <u>\$61,116,010.22</u> | <u>\$59,529,463.72</u> |