

## CREDIT COMMITTEE REPORT

At Alpena Alcona Area Credit Union (AAACU), we take great pride in serving our local communities including Alpena, Atlanta, Cheboygan, Lincoln, Oscoda, Ossineke, Posen, Rogers City and Tawas City. As we reflect on 2024, we celebrate the continued growth and success of our credit union, made possible by the trust and commitment of our members, team members, and community partners. As a member focused cooperative, our goal is to provide exceptional financial services including a financial package designed with the needs of our members in mind. AAACU has made a great impact throughout our communities and the State of Michigan with 7,710 loan requests granted in 2024, totaling \$184,863,564.25. The efforts from you and our team made 2024 a great success.

Loan balances increased by \$60,971,079.80 in 2024 which represents a 13.52% increase in our loan portfolio. In 2024, we saw impressive growth across all areas of lending – consumer loans, credit cards, mortgages and business lending. Our mortgage team processed 481 loans in 2024 for a total of \$58,241,716.50. This growth not only reflects the financial strength of AAACU but, more importantly, demonstrates how we were able to help our members achieve their financial goals. We invested \$4,165,900.71 in our local communities through our business loan relationships and paid \$317,230.00 in rewards to members who utilized our online and mobile banking platforms to apply for and close their consumer loans.

At Alpena Alcona Area Credit Union, we believe that anyone can be financially successful. As a financial cooperative, we exist to serve our members' financial well-being, offering not just products and services, but the guidance and support necessary to achieve financial goals at every stage of life. We have 59 certified financial counselors on staff ready and willing to meet all your financial needs. Our delinquency committee and team of financial counselors were able to help members meet their loan obligations and hold our loan delinquency ratio to 0.72% of our total loan balances. This achievement is all the more meaningful given the many economic challenges people faced throughout 2024.

This past year has been marked by a number of exciting developments: from expanding our services to new areas to offering financial education that empower our members to achieve their financial goals to offering new products and services. Our members' well-being is at the heart of everything we do, and we are honored to continue being a trusted partner for your financial needs for life. Together, we have made meaningful strides in enhancing financial inclusion and delivering quality financial services. As we move into 2025, we are committed to further investing in our communities, strengthening relationships, and ensuring that our members have the tools and resources they need to succeed.

Respectfully yours,

Dennis Artley, Chairperson

## Balance Sheet

December 31, 2024 and December 31, 2023

Assets	2024	2023
Loans to Members, Net of Allowance for Loan Losses	\$506,997,662	\$447,169,958
Cash	4,215,548	3,531,913
Investments	336,105,258	312,495,812
Fixed Assets, Land & Bldgs.	5,667,413	5,839,210
Furniture & Equipment, Net	979,802	827,558
Other Assets	7,426,807	5,620,293
<b>TOTAL ASSETS</b>	<b>\$861,392,450</b>	<b>\$775,484,744</b>

Liabilities & Net Worth	2024	2023
Accounts Payable	\$5,350,576	\$4,710,267
Notes Payable	0.00	0.00
Dividend / Interest Payable	2,052,858	1,711,030
Member Savings	755,542,956	681,414,322
Statutory Reserves	0.00	0.00
Undivided Earnings	98,680,180	87,944,701
Unrealized Gain/Loss on Investments	(234,120)	(295,576)

TOTAL LIABILITIES & NET WORTH	2024	2023
	<b>\$861,392,450</b>	<b>\$775,484,744</b>

## Statement of Income & Expense

December 31, 2024 and December 31, 2023

Income:	2024	2023
Interest on Loans	\$27,676,984	\$21,342,509
Investment Income	13,999,512	10,995,693
Other Income	8,201,246	6,997,719
<b>TOTAL INCOME</b>	<b>\$49,877,742</b>	<b>\$39,335,921</b>

Operating Expenses	2024	2023
Compensation & Benefits	\$11,296,553	\$9,369,066
Travel & Conference	285,751	274,619
Office Occupancy	721,495	698,893
Office Operations	1,896,613	1,713,153
Educational & Promotional	1,336,982	975,548
Loan Services	2,809,204	2,489,684
Professional Outside Svcs.	2,675,184	2,053,010
Provisions for Loan Loss	3,199,996	2,958,107
Member Insurance	0.00	0.00
Operating Fees	110,280	107,527
Other Expenses	49,593	52,876

TOTAL OPERATING EXPENSES	2024	2023
	<b>\$24,381,651</b>	<b>\$20,692,482</b>

### Other Income (Expense):

Non-Operating Income & Expense	(147,441)	(17,777)
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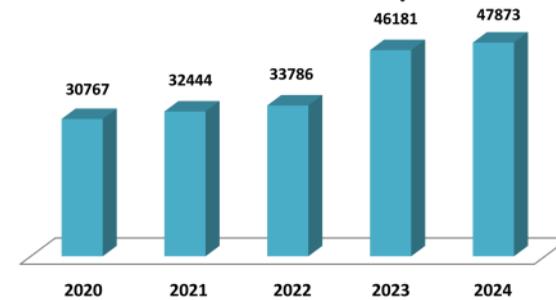
### Dividend & Interest Expense

Interest on Borrowed Money	0.00	0.00
Interest on Deposits	13,997,123	8,103,943
Dividends on Shares	616,048	658,414

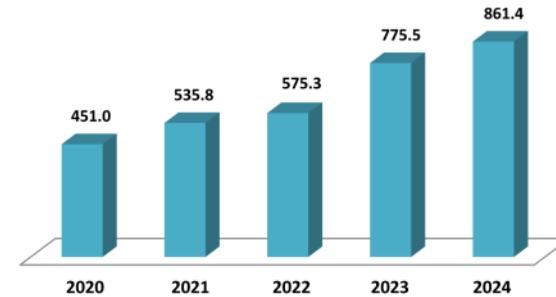
TOTAL DIV/INT EXPENSE	2024	2023
	<b>\$14,613,171</b>	<b>\$8,762,357</b>

NET INCOME	2024	2023
	<b>\$10,735,479</b>	<b>\$9,863,305</b>

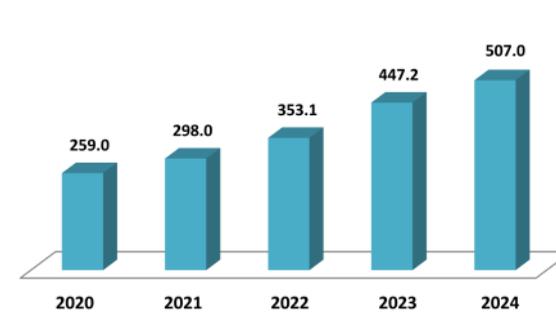
## Total Membership



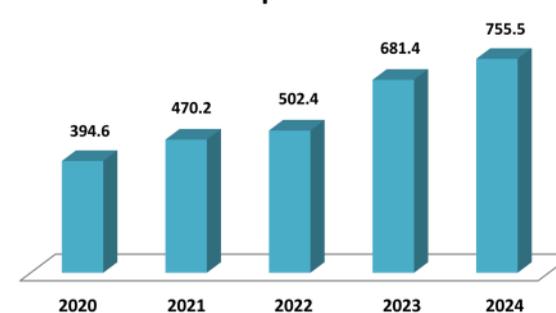
## Total Assets - In Millions



## Loans to Members - In Millions



## Shares & Deposits - In Millions



## AAACU 71st Annual Meeting

### Board of Directors

Charlie Negro, Chairperson ..... Director of  
Categorical Funding at Oscoda Area Schools  
Sheila Panknin, Vice Chairperson ..... Retired  
Ludlow Enterprises  
Brian Shumaker, Secretary ..... Utility Unit Director  
Alpena Public Schools  
Terry Nelkie, Treasurer ..... NCVW,  
Management Group LLC  
Michelle Cornish ..... Retired  
Alpena Public Schools  
Ann Martin ..... Retired  
Alpena Public Schools  
Scott McLennan ..... Mayor  
Rogers City  
James McNeil ..... Alpena County Sheriff Department  
Anne Wirgau ..... Secretary  
Presque Isle County Road Commission

### Associate Directors

Mark Devers ..... Retired,  
United States Air Force and Michigan Air National Guard  
James Gorman ..... Tawas Area Schools

### Supervisory Committee

Byron Parr, Chairperson ..... President, Michigan  
Credit Services  
Mark Devers ..... Retired,  
United States Air Force and Michigan Air National Guard  
Melissa Goodrich ..... Prosecuting Attorney  
Cheboygan County  
Sean Pear ..... Oscoda Area Schools  
Matthew Quaine ..... Retired  
Rogers City Police Chief

### Credit Committee

Dennis Artley, Chairperson ..... Retired, IRS  
Lorna Dellar, Secretary ..... AAACU Staff  
Paul Fredenburg ..... Retired, AAACU Staff  
Ashley Josey ..... AAACU Staff  
Staci LeBlanc ..... AAACU Staff  
Charlene Oliver ..... AAACU Staff  
Kelli Rondeau ..... AAACU Staff  
Beth Tessmer ..... AAACU Staff  
Jenny Zdybel ..... AAACU Staff

### Security Officers

Donald J. Mills ..... AAACU Staff  
Angie Szatkowski ..... AAACU Staff

### President & CEO

Donald J. Mills



## CHAIRPERSON'S REPORT

The Board of Directors is responsible for the general direction and control of the credit union. They may delegate operational functions to management but are ultimately responsible for maintaining the credit union's safety and soundness.

Directors are elected to represent and have a fiduciary responsibility to act in the best interest of the membership – duties that must not be taken lightly. Directors must have a general knowledge of the credit union's daily operations and exercise due diligence in performing their obligations.

Currently, the Alpena Alcona Area Credit Union (AAACU) Board of Directors has nine elected volunteer Directors and two appointed Associate Directors, who collectively have more than 180 years of experience as credit union Directors/Associate Directors.

The Board of Directors believes the quality of the credit union's leadership is probably the most important factor in its success. As a result, it is this Board's position that each director must maintain a high level of competence and understanding of all credit union policies.

The Board of Directors views its role in guiding the credit union as:

- Providing safe and sound financial stewardship.
- Providing high quality financial services at competitive prices.
- Providing members the opportunity to improve their economic and social condition.
- Complying with all applicable laws and regulations including Article VI of the Credit Union Bylaws. This is accomplished through; strategic planning, adopting appropriate policies, and oversight of credit union management
- Abiding by all applicable state and federal laws, rules and regulations, all policies and procedures set forth by the Board of Directors

As directors, we continue to work cooperatively and collaboratively to focus on the credit union's Mission: *"To be your most trusted and valued financial partner for life"*. We appreciate you, our member-owners, and your participation/support by using our CU's products and services.

Thank you for being an AAACU member!

We are honored to serve as elected officials of AAACU and will continue to do our best to ensure that *"Everything we do we do for you."*

Sincerely,

Charlie Negro, Chairperson

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee's primary role is to uphold comprehensive systems of checks and balances, ensure the accurate accumulation and retention of records, and protect members' funds. This committee consists of five volunteer credit union members, appointed annually by the Board of Directors. The Chairperson of the Supervisory Committee regularly attends the monthly Board of Directors meetings. This consistent presence allows the committee to gain a deeper understanding of the Credit Union's operations and observe firsthand the efforts of Management and the Board to provide exceptional services to our members. It also enables the committee to assess the effectiveness of policies and procedures that safeguard the Credit Union's operations.

The Supervisory Committee is supported by the Internal Auditor, who conducts various audits and tests to ensure compliance with established policies and procedures, adherence to operational and financial standards, and efficient use of resources. The results of these audits and tests are reported to the Supervisory Committee for review. Additionally, the committee oversees the integrity of the Credit Union's financial statements through external audits and verification of members' accounts.

Both the Supervisory Committee and the Internal Audit Department have found the Credit Union's overall procedures and controls to be satisfactory. Records are maintained properly, honestly, and accurately. Policies established by law and the Board of Directors are adequately followed. Members' assets are safeguarded and used according to the Credit Union's purposes. We commend the Staff and Management Team for their continued dedication and service.

As members of this committee, Mark Devers, Sean Pear, Matthew Quaine, Melissa Goodrich, and I remain committed to you, our members, and to the mission, vision, and values that form the foundation of Alpena Alcona Area Credit Union.

Respectfully submitted,

Byron Parr, Chairperson

## TREASURER'S REPORT

Welcome to the 71st Annual Meeting of your Alpena Alcona Area Credit Union. 2024 was an excellent year for your credit union with net income equal to \$10,735,479.07 which represents an 8.84% increase over 2023 when net income equaled \$9,863,305.28. Our Return on Assets (ROA) ratio ended the year strongly at 1.31%, which surpassed our strategic performance goal of achieving a return on assets ratio greater than 0.75% and outperformed our PEER group of credit unions over \$500 million in assets who averaged an ROA of 0.61%.

The entire lending team is to be congratulated for their fine work, closing 7,710 member loans with balances totaling \$184,863,564.25 throughout 2024. Loan production increased 26.34% from 2023 when 7,152 loans with balances equal to \$146,324,547.09 were processed for you, our member-owners. Total member loans closed 2024 with balances equal to \$511,818,180.83. The credit union's loan portfolio increased 13.52% in 2024; the loan growth average of our PEER group equaled 2.74%.

Our mortgage and commercial lending teams had outstanding results in 2024. Our mortgage team closed 481 loans with balances totaling \$58,241,716.50. The commercial lending team added \$4,168,162.00 to the commercial loan portfolio with 75 new commercial loans opened totaling \$8,388,452.17. Our commercial loan portfolio ended the year with 315 loans and balances equal to \$34,599,066.68.

Our Member Rewards Program continues to expand and grow year over year. In 2024, your credit union paid out 11,064 member rewards totaling \$739,725.00. In 2023, your credit union paid out a total of \$378,975.00 in rewards. The biggest of these are related to new membership accounts and consumer online loan applications and eSignature loan closings. Another "easy" reward is referring a friend or family member to join your credit union family.

As we end 2024 with 47,873 owner/members and \$861,392,450.29 in assets we look forward to 2025 with continued growth and opportunities. We thank you for your business and will continue to strive *"to be your most trusted and valued financial partner for life"*.

It has been my privilege and honor to serve as your treasurer this past year.

Respectfully,

Terry J. Nelkie, Treasurer



Alpena  
Alcona  
Area  
Credit Union

ANNUAL  
REPORT

2024

### AAACU Mission Statement

To be your most trusted and valued financial partner for life

### Our Member Promise

- To simplify your life
- Work in your best interest
- Be your advocate to help achieve your lifetime financial goals