

## CREDIT COMMITTEE REPORT

Alpena Alcona Area Credit Union takes great pride in serving our local communities of Alpena, Atlanta, Lincoln, Oscoda, Ossineke, Tawas City and new in 2023, Cheboygan, Posen, and Rogers City. We focus on building financial success for our individual member-owners and local business owners because we understand the importance of financial health and keeping your dollars local. We are invested in giving back and building financially strong communities with campaigns focused on financial wellness and a lending team focused on teaching our member-owners to borrow smart. AAACU has made a positive difference throughout our communities and the State of Michigan with 7,915 loan requests granted in 2023, totaling \$146,324,547.09. Our efforts and yours made 2023 a great success!

Loan balances increased by \$41.6 million in 2023 which represents a 10.16% increase in our loan portfolio. We saw growth in each area of lending (consumer, credit card, mortgages, and commercial lending), and the greatest part about that – we helped our members while growing our communities! Our mortgage team processed 380 mortgage loans in 2023 for a total of \$47,237,118.30. We invested \$5,612,554.25 into our local communities through our business loan relationships with hardworking small business owners and entrepreneurs. We also paid out \$273,450.00 in rewards to members who utilized our online and mobile banking platforms to apply for and close their consumer loans.

Alpena Alcona Area Credit Union believes anyone can be financially successful. As a financial cooperative, we exist to serve our members' financial well-being. We offer financial guidance, education, one-on-one coaching, and financial programs to help you wherever you are in your financial journey. We have 52 certified financial counselors on staff ready, willing, and able to meet your needs. They are here to help members who simply want to take control of their finances, and in 2023 they were able to do just that. Our delinquency committee and team of financial counselors were able to help members meet their loan obligations and hold our loan delinquency ratio to 0.74% of our total loan balances. A proud feat, given the many economic challenges people faced throughout 2023.

As we look to the future, we will continue to focus on you, our member-owners, your financial well-being and providing you with affordable, convenient, and secure access to credit. It is our responsibility to promote thrift and find loan options that work in your best interest. You are why we do what we do, and we thank you for putting your trust in Alpena Alcona Area Credit Union.

Respectfully Yours,

Dennis Artley, Chairperson

## Balance Sheet

December 31, 2023 and December 31, 2022

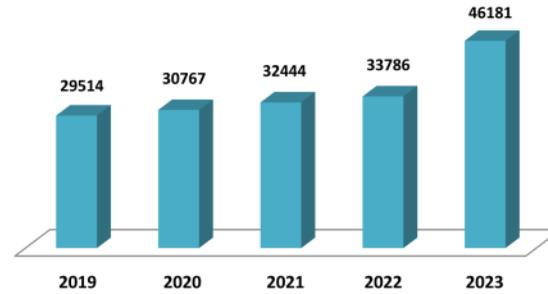
Assets	2023	2022
Loans to Members, Net of Allowance for Loan Losses	\$447,169,958	\$351,379,635
Cash	3,531,913	2,816,106
Investments	312,495,812	208,490,078
Fixed Assets, Land & Bldgs.	5,839,210	5,026,035
Furniture & Equipment, Net	827,558	759,718
Other Assets	5,620,293	6,796,136
<b>TOTAL ASSETS</b>	<b>\$775,484,744</b>	<b>\$575,267,708</b>
<b>Liabilities &amp; Net Worth</b>		
Accounts Payable	\$4,710,267	\$4,032,021
Notes Payable	0	0
Dividend / Interest Payable	1,711,030	502,567
Member Savings	681,414,322	503,379,418
Statutory Reserves	0	0
Undivided Earnings	87,944,701	67,353,702
Unrealized Gain/Loss on Investments	(295,576)	0
<b>TOTAL LIABILITIES &amp; NET WORTH</b>	<b>\$775,484,744</b>	<b>\$575,267,708</b>

## Statement of Income & Expense

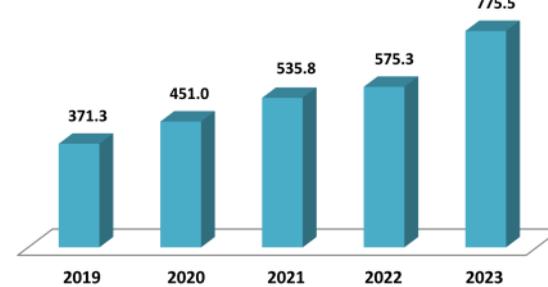
December 31, 2023 and December 31, 2022

Income:	2023	2022
Interest on Loans	\$21,342,509	\$14,598,356
Investment Income	10,995,693	3,608,275
Other Income	6,997,719	5,539,740
<b>TOTAL INCOME</b>	<b>\$39,335,921</b>	<b>\$23,746,371</b>
<b>Operating Expenses</b>		
Compensation & Benefits	\$9,369,066	\$7,206,477
Travel & Conference	274,619	193,213
Office Occupancy	698,893	588,610
Office Operations	1,713,153	1,382,351
Educational & Promotional	975,548	706,928
Loan Services	2,489,684	1,827,210
Professional Outside Svcs.	2,053,010	1,446,652
Provisions for Loan Loss	2,958,107	1,483,587
Member Insurance	0	0
Operating Fees	107,527	87,530
Other Expenses	52,876	80,160
<b>TOTAL OPERATING EXPENSES</b>	<b>\$20,692,482</b>	<b>\$15,002,718</b>
<b>Other Income (Expense):</b>		
Non-Operating Income & Expense	(11,777)	228,975
<b>Dividend &amp; Interest Expense</b>		
Interest on Borrowed Money	0	0
Interest on Deposits	8,103,943	1,615,215
Dividends on Shares	658,414	686,855
<b>TOTAL DIV/INT EXPENSE</b>	<b>\$8,762,357</b>	<b>\$2,302,070</b>
<b>NET INCOME</b>	<b>\$9,869,305</b>	<b>\$6,670,558</b>

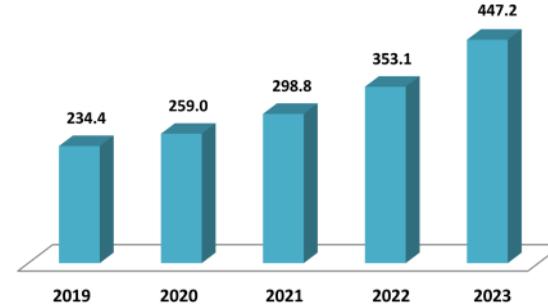
## Total Membership



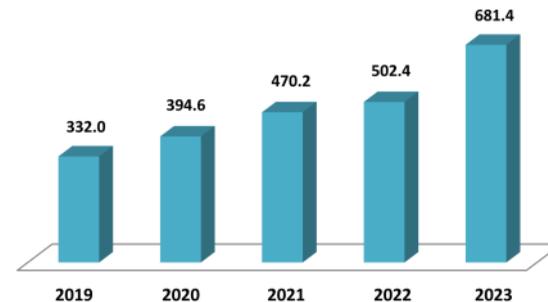
## Total Assets - In Millions



## Loans to Members - In Millions



## Shares & Deposits - In Millions



## AAACU 70th 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 ..... Habitat for Humanity  
 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  
 Ashley Josey, Secretary ..... AAACU Staff  
 Lorna Dellar ..... AAACU Staff  
 Paul Fredenburg ..... Retired, 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

After *many* months of detailed planning and preparation, the highlight of 2023 was the merger of Alpena Alcona Area Credit Union (AAACU) and Calcite Credit Union (CCU).

As documented in a letter to the Michigan Office of Credit Unions Department of Insurance and Financial Services, Alpena Alcona Area Credit Union successfully completed the merger process with Calcite Credit Union on Saturday, March 18, 2023.

This consolidation has resulted in many positive additions for our members and the organization:

- The Board of Directors expanded its number to nine members, which includes two directors from the Calcite Credit Union Board.
- The Supervisory Committee includes two committee members from the Calcite Credit Union Supervisory Committee, for a total of five members.
- A total of 10 branch offices now serve our members.
- No jobs were eliminated in the merger process. 125+ employees serve more than 46,000 members.
- A scholarship program for graduating high school seniors, originally initiated by CCU, was adopted by AAACU. Twenty two (22), \$1,000 scholarships were awarded in 2023.
- Our *Community Reinvestment Program* supported over 400 different community groups/organizations with donations totaling \$247,495.00.
- As of December 31, 2023, AAACU has total assets of more than \$775,484,744.28
- We believe that through the merger process we have been able to provide more products, more services, increase access to locations and technology.....truly making us **"Better Together."**

As directors, we are honored to serve as elected officials of Alpena Alcona Area Credit Union. We continue to work together to focus on our Mission: ***"To be your most trusted and valued financial partner for life"***

We appreciate you, your membership and active participation by using our services and products.

Thank you for being an AAACU member! ***"Everything we do we do for you."***

Sincerely,

Charlie Negro, Chairperson

## SUPERVISORY COMMITTEE REPORT

The purpose of the Supervisory Committee is to maintain quality systems of checks and balances, ensure the

accumulation and retention of accurate records and protect members' funds. The committee is comprised of a team of five volunteer Credit Union members who are appointed annually by the Board of Directors. The Supervisory Committee Chairperson maintains a regular presence at monthly meetings of our Board of Directors. Continual attendance at board meetings provides the Supervisory Committee the opportunity to better understand the operations within our Credit Union, and to see firsthand the efforts of Management and the Board of Directors to provide our members the best of services possible. It also provides the Supervisory Committee with the opportunity to evaluate the effectiveness of policies and procedures, safeguarding the operations of our Credit Union.

The Supervisory Committee is assisted in carrying out its responsibilities by the Internal Auditor. The Internal Auditor is tasked with conducting various audits and testing to ensure established policies and procedures are followed, operational and financial standards are met, and resources are used economically and efficiently. Results of completed audits and testing are then reported to the Supervisory Committee for their review. In addition, the Supervisory Committee oversees the integrity of the Credit Union's financial statements through an external audit of the financial statements and verification of members' accounts.

The Supervisory Committee as well as the Internal Audit Department has found the Credit Union's overall procedures and controls to be in satisfactory condition. Credit union records have been found to be maintained properly, honestly, and accurately. Policies established by law and by the Board of Directors are carried out adequately. Members' assets are safeguarded and used according to the purposes of the credit union. We commend the Staff and Management Team for their continued dedication and service!

As part of this committee, Mark Devers, Sean Pear, Matthew Quaine, Melissa Goodrich, and I remain committed to you, our members, and 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 70<sup>th</sup> Annual Meeting of your Alpena Alcona Area Credit Union. 2023 was another outstanding year of growth for our Credit Union—not only because of the merger with Calcite Credit Union in March, but also because of solid membership growth. Membership increased by 2,121 member/owners in 2023 and now stands at 46,181 at the end of 2023. The economy and inflation continue to be ongoing issues as the world still recovers from the pandemic. I will highlight a few key growth areas that happened in 2023 which led to our success in the year 2023.

The Lending Team is to be congratulated for closing 7,152 member loans with balances totaling \$146,324,547.09 in 2023. Total member loan balances ended the year equal to \$450,847,101.03. That equates to annual loan growth of 10.16%. Our PEER group (all other credit unions over \$500 million in assets) had loan growth of only 6.96%.

Our Mortgage Team closed a total of 380 mortgage loans in 2023 with balances totaling \$47,237,118.30. 2024 and beyond promises to be years of new mortgage opportunities with a third Mortgage Loan Originator being added to our staff to serve our northern markets realized through our partnership with Calcite Credit Union.

The Commercial Loan portfolio has grown to 264 loans with total balances equal to \$30,433,165.97 which represents growth of 8.33%. Our credit union has a tremendous growth potential in Commercial Lending following the pandemic and the addition of our new market areas we acquired with the recent merger.

The year 2023 also saw strong market share growth equal to 10.43%. Total member shares and deposits climbed \$64,355,531.95 and ended the year equal to \$681,414,321.95. Our PEER group had market share growth of 2.25% which is well below the performance of our Credit Union.

Our Credit Union generated total net income in 2023 equal to \$9,863,305.28 which represents a 47.86% increase in net income as compared to 2022 when net income totaled \$6,667,558.21. This resulted in a return on assets operating ratio equal to 1.46%. In comparison, our PEER group had a return on assets operating ratio equal to 0.70% for the year.

With these amazing operating results Alpena Alcona Area Credit Union has been able to do MANY donations in the communities we serve in Northeast Michigan. There have also been many benefits returned to membership through our Member Rewards Program. In 2023 members received \$378,975.00 in member rewards compared to \$275,395.00 in 2022. There are many ways to receive member rewards, from applying for loans online, to referring friends and family members to join our Credit Union family.

As we look forward to continued growth in 2024 and beyond, 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 yours,

Terry J. Nelkie, Treasurer



## ANNUAL REPORT

# 2023

### 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