

2022 Annual Report

acu

AMERICA'S CREDIT UNION

The times are trying for all of us lately.

I am thankful to have ACU to help me be safe as a senior citizen. I am very comforted to be able to get a person on the phone relatively fast. They always help me and I do appreciate that.

– Steve, Tacoma



MISSION

We provide customized financial solutions to our members through innovation and personal connections.

VISION

We aspire to be the economic growth engine of the South Puget Sound.

ABOUT ACU

ACU was founded in 1954 as the Fort Lewis Federal Credit Union. It was initially created to serve civilian federal employees and their families who worked at Fort Lewis (now Joint Base Lewis-McChord). Membership was later expanded to Military and eventually civilians in the region. Our original purpose, which still guides us, was to provide a valuable alternative to commercial banks by operating as a cooperative to the benefit of our members.

We are proud of our military heritage and celebrate the fact that veterans still make up a substantial amount of our membership — and we continue to operate according to core military values of dedication, service, and integrity. Today, civilians as well as active, retired, and reservist members of the armed forces across the Northwest are welcome to join ACU.

ACU is a not-for-profit credit union. Unlike traditional banks, we don't issue stock or pay dividends to outside stockholders. Instead, we are owned and operated by our members — and all profits are returned to our membership. This allows us to offer lower loan rates, higher interest returns on deposits, fewer fees, and other benefits to our members. As a financial cooperative, ACU puts your interests first. We focus on helping small businesses thrive, supporting families, and strengthening communities. That's the value of a credit union.

ACU membership is open to any individuals or businesses located in the Pacific Northwest.

Board of Directors

DEBRA HODOUS

Board Chairperson, Retired ACU CFO

WILLIAM HARVEY

Vice Chairperson, Retired US Army Family Morale & Recreation

BENJAMIN NORBE

Treasurer, Vice President, Kidder Mathews

LEON WITTNER

Secretary, Retired General Engineer, JBLM

KENNETH S. LEONARD

Chief Executive Officer, Board Member

DICKEY WILSON

Member, Retired Organizational Methods Analyst, JBLM

RYAN WALTERS

Member, Senior Vice President / General Manager, Gensco

CHUCK MCSWAIN

Associate Member, Retired Business Owner, CPA

KYLE LENTZ

Associate Member, President, Neptune Seafood Inc.
President / CEO Chelsea Farms

Executive Staff

PHIL PROTHERO

President

TROY KYLE

Executive VP, CIO

MONIQUE STEVENS

Chief Financial Officer, US Army Veteran

AMY SAKSON

Chief Administrative Officer

PATRICK HORAN

Chief Lending Officer

Supervisory Committee

HERBERT STUMPF

Chairman, Retired Veteran

RAYMOND FRY

Vice Chairman, Retired Veteran

LARINDA MORSON

Secretary, Boeing Software Engineer

NICOLE FRIEDRICK

Member, Practicing RN / Attorney

You folks were kind enough to give me an auto loan when 4-5 other financial institutions would not give it to me. I really appreciate that and I did my part and paid it in full. Thanks for taking a chance on me.

– Kevin, Portland

Depositing checks and receiving my paychecks is always quick and efficient. I get paid a day earlier than most of my coworkers that bank with other banks.

– KO., Olympia

Management Report

Today, as I reflect on the performance of America's Credit Union, I feel appreciative of the people who make this organization function and thrive.

Our membership is made up of a diverse cross-section of the northwest. While our military roots continue to provide many members to fill our ranks, we are also small businesses, blue collar, students, retired, professionals, young and old.

Our staff is equally multidimensional, consisting of dedicated professionals who spend each day doing their best for our membership and the organization. Many have a military spouse. Some are just beginning their career in financial services, while others have been here over 20 years. All are here to meet the challenges of today.

In 2022, we saw a dramatic shift in interest rates as we experienced the rapid growth of inflation and the federal government's attempts to counter its effects. This has necessitated increases in lending rates on mortgage, auto and personal loans as well as increases in savings rates. If you are someone who is saving for retirement, it is a great time to open a certificate or money market account. While mortgage rates have risen, many home-buyers are opting for variable rates and planning on refinancing when rates change.

ACU is continuing our efforts to grow services and technologies with some fantastic innovations. Security is our highest priority. We have made software upgrades that improve accessibility and backups. Access controls, secure communication networks, wireless security as well as physical security systems have all seen upgrades. Member facing services such as our mobile app saw improvements and additions such as EasyVest for basic investing. The phone system and website have

also seen upgrades to better serve the needs of our members.

On the financial side, ACU performed extremely well in an ever-changing world. As we have moved beyond the pandemic, we are continuing to drive growth and reach more members. This is evidenced by our pending growth into the Olympia/Tumwater market later this year.

ACU Business Services had another banner year serving our business members. Total business loans grew 25%, totaling \$187,473,834, which represents 34% of our total loan portfolio.

Total shares and deposits rose from \$609,463,610 to \$622,454,831, a 2% increase. Those deposits continue to provide personal, mortgage and business loans, as well as investments for ACU. Interest income increased 10% following the rise in rates.

Our Mortgage portfolio grew to \$254,467,471 in 2022, an increase of 21% over 2021. 100% of our originated loans were kept in our portfolio. We are looking forward to increasing our VA loans to add more to that number.

The indirect auto loan portfolio continued to pay off by 53% in 2022. As a result, losses tied to charged off vehicles dropped by 53.5%.

Total assets rose to \$693,830,019, a 3% increase from \$672,591,077 in 2021. Total loans performed well at \$548,226,269, a continued rise of 17.1% from last year's \$468,105,806.

2022 was an amazing year for ACU. Amongst the turmoil and pressures of runaway inflation, polar shifts in interest rates, supply chain issues and staffing pressures, we were able to have one of our best years, with net income of \$5,905,611.

As we meet the challenges of 2023, we remain committed to serving the needs of our members in a personal, caring environment dedicated to enhancing their savings and building an amazing future together.

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– Ken Leonard



KENNETH S. LEONARD
Chief Executive Officer, Board Member

Service Highlights

EasyVest

We have worked with our digital banking partner, Access Softek, to roll out EasyVest, bringing the complexity of investing to our members in a simple, credit union friendly, way. "Investing Made Easy!"

KEN Chat Bot

Although it was implemented in Q4 of 2021, vast improvements have been made to our web Chat-Bot, saving members (and our Call Center staff) over 111 hours of on-hold phone time.

Text Banking

We know that your life is busy and finding time to visit a branch or call can be a challenge. The option of communicating through text messaging is now available to ACU members.

New Instant Issuance Machines

Branches received new instant issuance machines, speeding up the process to print a new debit or credit card in branch, while also providing new enhanced security features through "the chip."

ACU Car Sale

The 7th ACU Car Sale in tandem with Titus Will Automotive was one of our best yet. Over a million dollars in loans were funded in one short weekend, giving a nice boost to our lending portfolio.

Double Your Rate Raffle

Every member who opened a certificate in December was entered into the Double Your Rate Raffle. Three winners were chosen at random to receive DOUBLE the rate of their certificate until maturity. Congratulations to our winners!

Turkey Shoot 2022

In 2022, the proceeds went to Santa's Castle, The

Spouses Club of Lewis McChord, local VFW clubs, and provided Christmas dinner, snacks, and presents for the families at Fisher House II on JBLM.

Veterans Day Pizza Giveaway

For Veterans Day, ACU Partnered with Farrelli's Pizza to offer free pizza as a small thank you to our active and retired service members. Close to 1,000 pizzas were given to service members and their families in this joint effort.

Digital Impact Award

The 2nd Annual Digital Impact Award was presented to ACU at the Access Softek Conference in Napa, CA for outstanding use of the DeepTarget platform to promote our balance transfer campaign.

Celent Digital Lending Award

ACU was recognized by Celent, a global research and advisory firm focused on technology in financial institutions, for superior lending strategy, winning the 2022 Model Bank Award for Digital Lending.



340
ACU VOLUNTEER
HOURS



\$96,000
RAISED FOR CHARITY



478
HOME LOANS



\$193,770,230
BUSINESS LOAN
BALANCES

Chairperson's Report

After more than 30 years of working for America's Credit Union, it is my honor to serve as your Chairperson. While it has been a change in perspective, my dedication to the service and value delivered to our members remains paramount in everything that we do.

The Board and myself are pleased to report that America's Credit Union is financially fit and continuing to progress. Financially, 2022 was another highly successful year with income of almost \$6 million. As the year progressed and rates started to rise, the board supported necessary moves to increase savings and lending rates.

Mortgage and business lending remained robust in 2022. Personal and vehicle loans added to income as well as serving members with their every-day checking and savings needs. For many of our retired members, rising interest rates have been a welcome sight. While lower rates had allowed many of our members to refinance their homes over the years, interest income is vital for savers and we are happy to offer some terrific values.

The security of our membership's deposits is a pillar of our responsibilities. The ACU Information Technology team is on constant vigil to protect our systems. They continually upgrade systems, test their security and educate staff on best practices and the safety measures that are in place.

In addition to security, we continue to add features and benefits to our services. We are excited to see the option of texting for members who would rather use that means of communication. By simply texting the regular ACU phone number, members can connect to

the Contact Center at 253-964-3113 or 866-968-7128.

The board was also very supportive of the promotion of Patrick Horan to the position of Chief Lending Officer. He is responsible for the growth and strong reputation of Business Services and has taken on mortgage and personal lending as well.

The Board and myself would like to recognize the passing of William Crane on June 1st, 2022. Bill Crane joined ACU in 1974 while he was on Fort Lewis. He was an active member, using many services that we had to offer. In 1994 he was elected Chairman of the Board. He served in that capacity multiple times as well as Treasurer and almost every other position over his 30 years on the board.

As the Deputy Garrison Commander of JBLM, he brought a unique perspective of how things operated on base, as well as immense prestige. His vocation as an accountant also enabled him to understand and share his knowledge of finances and how they impacted military families.

Bill Crane proudly represented the membership. He would ask if a particular decision would benefit the members, was it sound accounting, did it make sense for our long-term goals. Mr. Crane would typically end each board meeting by offering encouragement and praise. He was the kind of man that you wanted on your team, and in your community.

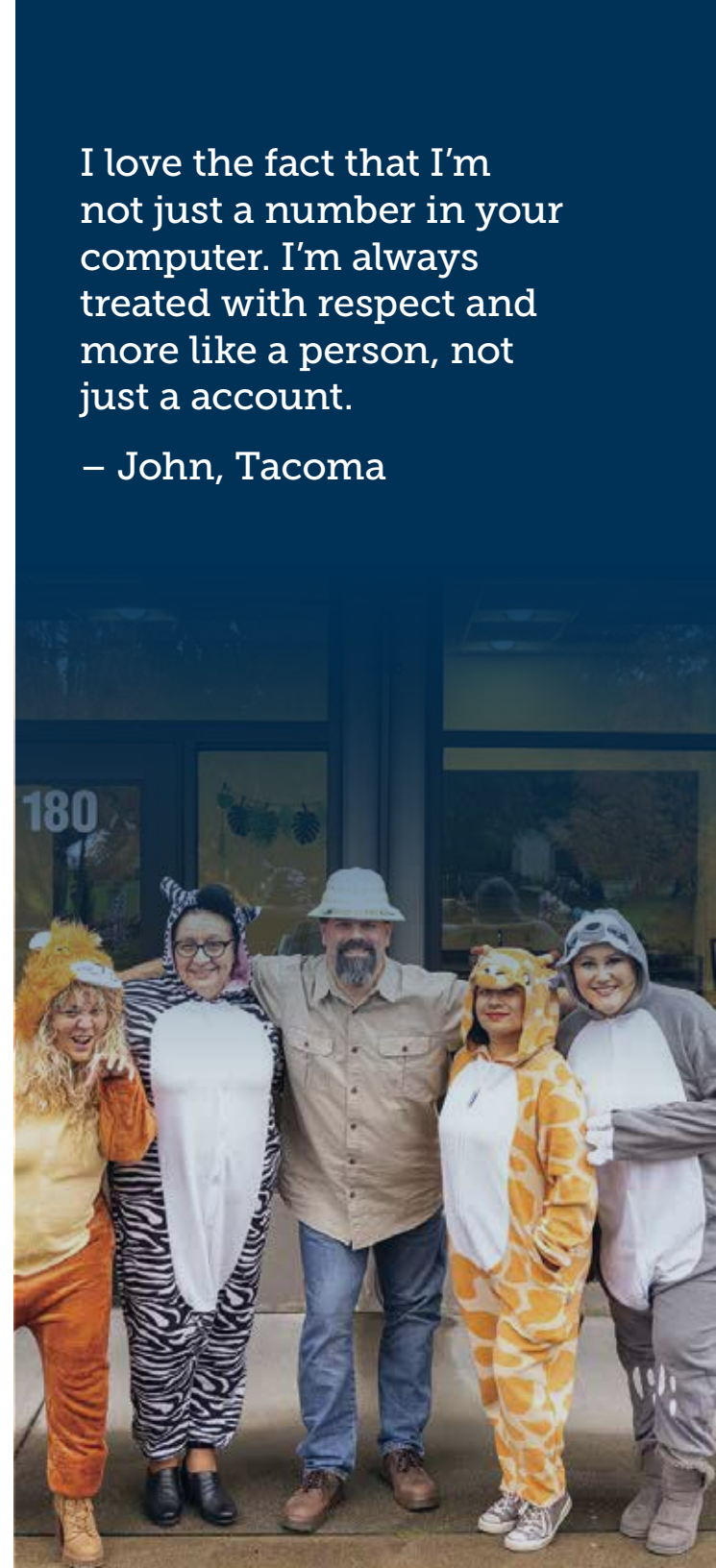
We miss him and hope to live up to his example.



DEBRA HODOUS
Board Chairperson

I love the fact that I'm not just a number in your computer. I'm always treated with respect and more like a person, not just a account.

– John, Tacoma



Supervisory Committee Report

The Supervisory Committee of ACU is responsible for independently ensuring management is operating the credit union in a safe and sound manner and effectively managing risk.

We ensure the board of directors are acting in a manner that is beneficial to the membership. We monitor compliance with all local, state, and federal laws and regulations. Working with an independent audit firm, we ensure the financial statements are reliable and accurately represent our financial condition and that management and the board of directors maintain a system of controls that safeguard member and credit union assets. An annual member verification, as required by regulation, is also conducted by the independent firm. The Committee works with various audit firms and internal resources to conduct a variety of audits across the enterprise to validate the effectiveness of the established control environment. The Committee is also responsible for follow up and monitoring of all NCUA examinations and any member complaints received.

The Supervisory Committee has confidence that ACU continues to maintain a high level of financial stability. The Committee is dedicated to protecting and safeguarding our members' interests, ensuring continued vigilant oversight of operations, helping you achieve your financial goals and providing you with exceptional member service.

The Supervisory Committee consists of four volunteer members who meet regularly and also on an as needed basis. The Committee thanks the attentive staff, experienced management team and committed Board of Directors for their contribution to the accomplishments over the past year.



HERBERT STUMPF
Supervisory Committee Chair

I love America's Credit Union. I have a very hard time getting around town and they are always there to help me at the touch of my finger on the phone. I don't have to worry about my account because they are always monitoring and checking for unusual withdrawals.

– RC, Graham



I have always been able to talk with ACU personal when a problem or question came up. They are always knowledgeable and if they do not have the answer. Take the time to research and ask others to get the answer. ACU personnel treat you as they would a family member. Welcoming at all times.

– Donna S., Rainier



**STATEMENT OF FINANCIAL CONDITION - UNAUDITED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Assets	2022	2021	Difference
Cash and cash equivalents	\$15,956,547	\$80,635,434	(\$64,678,887)
Investments	79,043,225	74,844,609	4,198,616
Loans to members	548,226,269	468,105,806	80,120,463
Allowance for loan losses	(6,123,480)	(6,085,162)	(38,318)
Premises and equipment	21,006,990	21,247,748	(240,758)
Other Assets	35,720,468	33,842,642	1,877,826
Total Assets	\$693,830,019	\$672,591,077	\$21,238,942
Liabilities & Capital			
Borrowings and other liabilities	\$17,366,434	\$6,469,878	\$10,896,556
Total shares and deposits	622,454,831	609,463,610	12,991,221
<i>Total liabilities</i>	<i>639,821,265</i>	<i>615,933,488</i>	<i>23,887,777</i>
Members' equity	54,008,754	56,657,589	(2,648,835)
Total Liabilities and Members' Equity	\$693,830,019	\$672,591,077	\$21,238,942

**STATEMENT OF INCOME - UNAUDITED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021	Difference
Interest on loans	\$21,963,866	\$19,767,456	\$2,196,410
Investment & Other Interest Income	1,918,644	864,620	1,054,024
Total interest income	23,882,510	20,632,076	3,250,434
Dividend expense	2,203,971	2,007,880	196,091
Interest on borrowings	157,162	75,136	82,026
<i>Total dividend and interest expense</i>	<i>2,361,133</i>	<i>2,083,016</i>	<i>278,117</i>
Net interest income	21,521,377	18,549,060	2,972,317
Total fee and other non-interest income	10,652,668	11,331,631	(678,963)
Compensation and employee benefits	13,899,078	12,582,734	1,316,344
Operating expenses	9,721,269	8,823,310	897,959
Office occupancy	2,090,077	1,364,799	725,278
Total operating expense	25,710,424	22,770,843	2,939,581
Provision for Loan Loss	558,010	(182,404)	740,414
Net Income/(Loss)	\$5,905,611	\$7,292,252	(\$1,386,641)

ACU Foundation Report

The ACU Foundation was started in 2018 with the purpose of advancing ACU's philanthropic mission. The Foundation's primary activities are focused on supporting our military and the communities in which they live.

The Foundation Board is comprised of ACU employees and community leaders who support our mission: Amber Young, Chair, Daniel Nicholson, President, Joshua Howen, Vice President, Karen Macomb, Treasurer and Wayne MaCarten, Phil Prothero, members at large.

2022 marked the Foundation's 5th year of serving our community. We continue to focus on our military and surrounding communities through current partnerships and by building new ones. Families are still struggling to pay their bills. Working with like-minded, local organizations allows the foundation to expand our reach, from large events to smaller situations such as our assistance to seven families in need of assistance paying their utility bills.

By partnering with the Spouses Club of Lewis McChord we are able to facilitate the dry cleaning of donated dresses that would otherwise be thrown away. These dresses are free for DOD card holders through the national program, Operation Deploy Your Dress. DOD card holders are able to go to the shop on JBLM and pick out a formal dress for anything from a High School prom to a wedding dress. They also carry shoes and accessories. Donations for this program are accepted at all ACU branches, and average twenty deployed dresses per month.

ACU has always given generously to support local needs. Through the foundation, we have the resources to increase this support. In 2022, over 260 hours were volunteered in the community by the foundation board.

To learn more about the ACU Foundation, visit youracu.org/acufoundation.



ACU Foundation - By the Numbers

\$82,850 Total Contributions to the ACU Foundation

- \$5,972 General Fund
- \$68,000 Turkey Shoot
- \$2,400 DuPont Relief Fund In partnership with the DuPont Community
- \$6,478 DuPont Feeding Families

\$37,884 Total Distributions

- \$510 Graham Fire
- \$5,000 Santa's Castle
- \$600 DuPont PARCS
- \$4,800 DuPont Feeding Families
- \$3,489 Dupont Cares Relief Donations
- \$4,534 General Foundation Donations
- \$18,651 Turkey Shoot Outgoing Donations
- Helped deliver over 1,000 Thanksgiving Meals to families in the Thurston County School District through 4 the Love Foundation
- \$300 to the Yelm Fire Relief Fundraiser

Military Families helped through the Turkey Shoot

- \$1,500 in gift cards for members of local VFW for Christmas dinner
- 30 hams and 80lbs of potatoes for VFW Christmas dinner
- \$5,000 to Santa's Castle for families on JBLM
- \$4,200 to 4 the Love Foundation
- \$3,500 to the Spouses Club of Lewis McChord
- Over 60 DuPont families take advantage of the DuPont Food Pantry
- Restock food Pantry every 3 days
- Delivered over 14 dozen cookies to different areas on JBLM
- \$1,000 to Lacey Military Affairs



youracu.org

253-964-3113

P.O. Box 5060

DuPont, WA 98327-5060

