

# Annual Report 2015

## Agenda

- Call to order 6:30 p.m.
- Welcome & Introduction of Guests
- Approval of Minutes
- Nominating Committee Report
- Chairman's Report
- Treasurer's Report
- Supervisory Committee Report
- CEO's Report
- Unfinished Business
- New Business
- Election Report
- Adjournment of Business Meeting
- Door Prize Drawings
- Closing

## Chairman's Report

I was very pleased that we got to take our family to the theatre over the holidays to enjoy "A Christmas Carol." Charles Dickens published the story entitled "A Christmas Carol" on December 19, 1843, in London, England. The story is one of a bitter old miser named Ebenezer Scrooge and his overnight transformation into a much gentler man with genuine concern for others.

Concern for the financial plight of others lies at the heart of the Credit Unions of America. In 1949, neighbors and coworkers banded together, pooled their money, and founded A+FCU in Austin, Texas. Today, we serve over 128,000 members with assets in excess of \$1.2 Billion. Our growth in 2015 was steady with increases in Net Deposits, Membership, and Loans.

An enhanced Debit Card rewards program was implemented on June 1 to give members back up to 10¢ each time they used their Debit Card. As of December 31, A+ had returned over \$878,000 to nearly 50,000 members during 2015. The Board is very proud of this accomplishment and is accepting of the impact that this Member Rewards Program has on our financial ratios.

Two new A+ branch locations will be opened in 2016. We already have several hundred members in the Harker Heights/Killeen community and think that there is a great potential for growth in that new branch. The Austin Northwest Hills branch will also be completed in late 2016. These two new additions will bring our location total to twenty-one (21).

The past year also was marked by a greater commitment from A+ to public education at both the K-12 level and the collegiate level. Our staff does a remarkable job representing you in our communities and upholding our values while serving our membership and potential members.

This new year will bring many opportunities and challenges. Working together and guided by our clear sense of service to our membership, we anticipate great results.

Respectfully,  
Joe Thedford, Ph.D.  
**Chairman of the Board of Directors**

## Growing in Size

- Assets: \$1,220,161,919 **(+\$91,316,798)**
- Deposits: \$1,099,487,757 **(+\$84,269,490)**
- Loans: \$857,474,413 **(+\$77,888,936)**
- Members: 128,130 **(+8,684)**
- Branches: 20 **(Harker Heights now open!)**
- Employees: 392 **(+45)**
- **Members received \$878,254** from Cash-Back Checking (a 144% increase from 2014)
- **Members saved \$1,392,827** through the PlusPoints loyalty program
- **Over \$520,000 donated** to help ISDs, colleges and community organizations
- **134 new Small Business Loans** totaling \$21,912,053
- **Helped 32 members buy their first home** with a First Time Homebuyer Loan

## CEO's Report

Growing just to grow provides no value to anyone. I am proud to say that growth at A+ is many faceted and with purpose. Our purpose is you, our members. We add more branches to serve the communities in our field of membership. We grow in deposits and loans as we add more members to our organization. But growth isn't measured in just numbers – more importantly it is shown in how we partner with members to get them their first home or start a business; those who opened their account at orientation at their first job and now look towards retirement; or the Green Apple account that helped pay for a college education; or how we invest to grow staff to provide for the future and legacy of A+.

Relationships are the key to this purposeful growth. We value the opportunity to serve you every day. We want and need you to think of A+FCU first for all your financial needs. As a cooperative financial institution, your participation and referrals are how we grow – in numbers, in creating financial fairy tales, and in making our community, along with A+, stronger.

Thank you,  
Kerry A.S. Parker, CPA  
**CEO**

## Treasurer's Report

As Treasurer of A+ Federal Credit Union representing your Board of Directors and staff, I am proud to report the financial results of your Credit Union this past year. You will find this information in the Annual Report. Despite challenges with the national economy in 2015, we continued to show growth in deposits of \$84.3 million bringing our total shares to \$1,099,487,757. We also had a net increase of 8,684 members growing our membership total to 128,130.

Due to the strength of our Credit Union and the hard working management team and staff, we had strong growth in total assets. We will face even more challenges in 2016 and will continue offering high quality services for our membership.

Any changes or additions to the services our Credit Union provides will, as always, consider the financial needs of our members first.

Thank you,  
Georgia L. Johnson  
**Treasurer**

## Growing in Strength

- Partnered with UFCU to donate **\$500,000 to RaiseUP Texas**, an E3 Alliance program
- Over **\$175,000 endowment to Texas State University** for scholarships
- **\$50,000 in scholarships** awarded to 25 high school and college students
- A+ Education Foundation awarded **\$72,000 in grants** to 76 educators
- **614 adults attended free financial education** events such as workshops and financial counseling
- Over **3,000 youth and young adults reached** through financial education programs, including **280 Westview Middle School 8th graders** who participated in a Mad City Money Financial Simulation

## Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors and is responsible for monitoring daily Credit Union operations. The committee works closely with the Internal Audit Department. The committee is responsible for selecting the external auditor as well as verifying member accounts. This committee's members are: Gloria Williams, Andrew McBride and David Torres. The Internal Audit Department performs audits of various operating areas within the Credit Union. This ongoing effort ensures that the Board approved policies are being adhered to, internal controls are properly functioning to protect member assets, and generating ideas to improve operating efficiency. The Internal Audit Department works hand-in-hand with the Supervisory Committee in various areas throughout the year, including the annual audit and the handling of member complaints and concerns.

Clifton Larson Allen, the external CPA firm selected by the Supervisory Committee, conducted an independent audit. The results of the audit concluded that the financial statements reported fairly the financial position of A+FCU

and the result of its operations and cash flows for the year ending June 30, 2015. This committee responds to complaints from members when he/she feels that the A+FCU management or staff have not resolved their situation. If you have a concern, please mail it to the committee at the Supervisory Committee's mailbox. The mailing address is Supervisory Committee, P. O. Box 15102, Austin, TX 78761.

The Supervisory Committee appreciates the confidence and trust you have placed in this committee, and we are confident that our efforts will continue to protect you, the member, in addition to benefiting the overall operations within A+FCU.

David Torres  
**Chairman, Supervisory Committee**

## Growing in Trust

- **81% of our members think of A+ first** for their financial needs
- Five New Employee Groups, including **Girl Scouts of Central Texas**
- Over **7,000 staff volunteer hours** to help ISDs, colleges, and 57 community organizations
- Over **200 members took part in the free Shred Day** at the Main branch
- Helped **95 Boy Scouts**, on their way to Eagle Scout, receive their Personal Management Merit Badge
- One of Austin American-Statesman's **Top Workplaces for 2015**
- **South and Main remodels** completed

The 66th Annual Membership Meeting of the A+ Federal Credit Union was held on February 11, 2015 at McCallum High School, 5600 Sunshine Drive, Austin, Texas. Board Members present were Joe Thedford, Lester Lindig, Sadie Smallwood, David Torres, Georgia Johnson, Lolly Guerra and Terry Lord. Members of Senior Management present were Kerry Parker, Dennis Loftis, Sharon Gaugler, Rob Tomasino, and Rick Holley.

**Pledge of Allegiance** Boy Scout Troop 46 Color Guard performed the presentation of colors and led the membership in the Pledge of Allegiance.

**Call to Order** Chairman Joe Thedford called the meeting to order at 6:34 p.m.

**Welcome & Introductions** Mr. Thedford thanked everyone for attending the Annual Meeting and introduced the guests at the Head Table: Dr. Lolly Guerra, Vice Chairman; Georgia Johnson, Treasurer; Terry Lord, Secretary; Sadie Smallwood, Supervisory Committee Chair; Lester Lindig, Director; David Torres, Director; Kerry Parker, CEO; and Olivia Hailson, Recording Secretary. Chairman Thedford introduced Ben Coleman A+ Financial Advisor and Mr. Coleman introduced his staff members Marlon Bedoya and Nadine Hall; also introduced Rick Holley Internal Audit and Dean Rohne from Clifton Gunderson & Larson the External Auditors.

**Approval of Minutes** Chairman Thedford requested a motion to approve the minutes from the 65th Annual Meeting. Karen Flournoy made a motion to approve the minutes and Joe D. Perez seconded the motion. The motion carried by a unanimous vote of the Membership.

**Nominating Committee Report** Joe D. Perez, Chairman of the Nominating Committee stated the Committee Members are Dr. Craig Spinn, Edward Robe, and Joe D. Perez. The Committee met in October and interviewed each candidate. It is the recommendation of the Committee to nominate the following candidates: Robert Hernandez, Terry Lord, Sadie Smallwood, and Landon Spillmann. At this time Rick Holley was introduced as the Internal Auditor and is in charge of the balloting process. Mr. Holley collects the ballots from the membership to conduct a count.

**Chairman's Report** Joe Thedford stated this is his third year as Chairman and it has been a pleasure working for this great Organization, representing the Membership, and working closely with the Management Team. The Credit Union has performed well in 2014 and Chairman Thedford is pleased with the results and confident of what is going to happen in 2015. The Credit Union's performance reflects the dedication and commitment of a talented and motivated team of 300 employees, 11 volunteers, and 18 branch locations. The membership has proven through transaction counts that A+ has many convenient and welcoming branches. Almost half of the membership goes into an A+ Branch

to conduct their banking business while the other half participates in mobile banking. One of the reasons the Credit Union has performed so well is because our top leadership team and employees are very stable and committed to the membership. This leadership team has been with A+ for many years and is solid. At this time Chairman Thedford thanked all the past Supervisory Committee Members and former Board Members for their service. The Volunteers give approximately 200 hours a year of service to the Credit Union because of their belief in the Credit Union and their belief in the Austin Community. A+ began in 1949 at Zilker Park 66 years ago. Last year the Credit Union had assets over a billion dollars. Every year in the United States there are fewer credit unions yet A+ has grown approximately 7,000 members for a total of approximately 119,000 members. A+ paid \$1,200,000 in PlusPoints and \$330,000 in debit card rewards in 2014 and will soon announce an expanded rewards program to increase these dollars for 2015. Chairman Thedford thanked the membership for their confidence in A+ during the past year and hopes that each member continues with A+ as the Credit Union enters a new year of great potential, growth and increased member satisfaction.

**Treasurer's Report** Chairman Thedford introduced Treasurer Georgia Johnson. Ms. Johnson thanked the membership for their attendance and stated the Credit Union is financially sound. The Credit Union has \$52 million in deposits in 2014 bringing the total assets to over a billion dollars with a total of 119,000 members. This is all due to the Credit Union's hard working CEO, dedicated volunteers – Supervisory Committee, Board of Directors, and all of the staff members. Together these individuals are making sure the Credit Union is successful and prosperous.

**Supervisory Committee Report** Chairman Thedford introduced Supervisory Committee Chairman Sadie Smallwood. Ms. Smallwood thanked the membership for attending the meeting and stated the Supervisory Committee meets once a month with the Internal Audit Department and monitors the Credit Union's day-to-day operations. At this time Ms. Smallwood introduced the Supervisory Committee: Andy McBride, Landon Spillmann, Dr. Gloria Williams, and Mark Goulet. This Committee works very closely with Rick Holley VP of Internal Audit and the Internal Audit Department. The Internal Audit Department is a hard working team and works cooperatively with the staff, NCUA Auditors, and the External Auditors, Clifton Larson Allen. It was reported if there were any questions Dean Rohne of Clifton Larson Allen was in attendance.

**CEO's Report** Chairman Thedford introduced CEO Kerry Parker. Ms. Parker thanked the membership for attending the meeting. It was reported the impact of A+ on the membership can be measured by the \$4.5 million paid out in dividends to the membership; the \$390 million in loans for cars, teacher classrooms or funds to start a business; the tens of thousands of dollars in teacher grants and student scholarships; and the 360 jobs provided in the Austin area. The many community efforts the Credit Union supports are listed

in the Annual Report. The past five years the Credit Union focused on a goal that measures how happy the membership is with A+. This was measured by a system called the Net Promoter Score. Five years ago the score was 60 and the goal was set for 80 for 2014. It was reported USAA has a goal and a score of 80 and is one of the highest ranked service companies in the country. In 2014 A+ reached this goal with a score of 81.9. The new goal for 2020 is to ensure that four out of five members think of A+ first for their financial needs. Over 52,000 emails were sent to the membership to see if A+ was thought of first and 5,600 members responded and 78% of the members stated A+ was thought of first. A+ is a cooperative and depends on the membership to think of A+ when buying a new car, a new home, expanding a business, and bringing new members. At this time, Ms. Parker acknowledged the Marketing Team who arranged the Annual Meeting. Special thanks were given to Yolie who created the Program and to the Senior Team for their hard work and diligence; Dennis Loftis, EVP/ CFO; Rob Tomasino, VP of Operations; Sharon Gaugler, Chief Lending Officer; and O.J. Gilder, VP of Technology and Marketing. Ms. Parker thanked the Board, the Supervisory Committee and the A+ Staff.

At this time Chairman Joe Thedford reminded the membership the Credit Union at the end of 2014 had \$779,585,477 in outstanding loans. The loan portfolio shrinks approximately \$31 million a month in loan payments, but this portfolio continues to grow each month. The Loan Department processes approximately 8,000 loan applications a month which is a tremendous amount of business.

**Unfinished Business** None

**Old Business** None

**New Business** Chairman Thedford stated the Credit Union will be rolling out a new member rewards program. A+ gave approximately \$1.4 million back to the membership and will increase that number for 2015 in one form or another.

**Election Report** Rick Holley approached with the election results: Terry Lord and Landon Spillmann. Congratulations were given to the winners.

**Adjournment of Business Meeting** Shirley Paz made a motion to adjourn the meeting and Dorothy Gold seconded the motion. The motion carried by a unanimous vote of the Membership. The meeting adjourned at 7:05 p.m.

*Terry Lord*  
Terry Lord, Secretary

*Joe Thedford*  
Joe Thedford, Chairman

## Statement of Financial Condition

	December 31, 2015	December 31, 2014
<b>Assets</b>		
Loans .....	\$ 857,474,413	\$ 779,585,477
(Allowance for Loan Losses) .....	\$ (5,223,205)	\$ (3,772,562)
Cash.....	\$ 10,017,565	\$ 10,200,740
Investments .....	\$ 265,257,629	\$ 243,839,405
Land & Building .....	\$ 50,275,668	\$ 45,587,835
Furniture & Equipment .....	\$ 4,105,738	\$ 3,521,885
Share Insurance Deposit .....	\$ 10,031,908	\$ 9,516,845
Other Assets .....	\$ 28,222,203	\$ 40,365,496
<b>Total Assets.....</b>	<b>\$ 1,220,161,919</b>	<b>\$ 1,128,845,121</b>
<b>Liabilities</b>		
Member Deposits .....	\$ 1,099,487,757	\$ 1,015,218,267
Accounts Payable .....	\$ 1,684,730	\$ 2,620,099
Other Liabilities .....	\$ 8,220,486	\$ 7,836,781
Notes Payable .....	\$	\$
<b>Total Liabilities .....</b>	<b>\$ 1,109,392,973</b>	<b>\$ 1,025,675,147</b>
<b>Equity</b>		
Reserve & Undivided Earnings.....	\$ 110,768,947	\$ 103,169,975
<b>Total Equity .....</b>	<b>\$ 110,768,947</b>	<b>\$ 103,169,975</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 1,220,161,919</b>	<b>\$ 1,128,845,121</b>

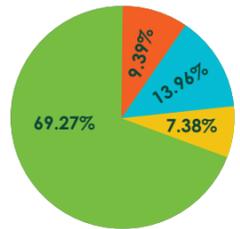
## Profit and Loss Statement

	December 31, 2015	December 31, 2014
<b>Income</b>		
Loans .....	\$ 37,836,042	\$ 35,388,880
Investments .....	\$ 2,558,404	\$ 3,248,832
Other Income .....	\$ 18,219,867	\$ 16,366,949
<b>Total Income .....</b>	<b>\$ 58,614,313</b>	<b>\$ 55,004,660</b>
<b>Expense</b>		
Dividends.....	\$ 4,365,497	\$ 4,547,922
Operations .....	\$ 45,982,483	\$ 40,525,322
<b>Total Expenses .....</b>	<b>\$ 50,347,980</b>	<b>\$ 45,073,244</b>
<b>Net Operating Income.....</b>	<b>\$ 8,266,333</b>	<b>\$ 9,931,416</b>
<b>Net Income .....</b>	<b>\$ 8,266,333</b>	<b>\$ 9,931,416</b>

\*Statement of Financial Condition and Profit and Loss Statements are unaudited

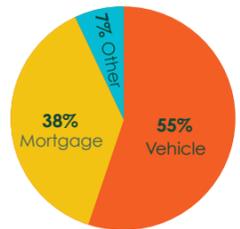


### 2015 Income Distribution



Provision Loan Loss 9.39%  
Net Income Reinvested 13.96%  
Dividends to Members 7.38%  
Investment in Operations 69.27%

### 2015 Loan Distribution



Loans Outstanding \$857,474,413  
Loans Funded 95,341

**AUSTIN - MAIN**  
6420 US Hwy 290 E

**AUSTIN - NORTH/183**  
13087 Research Blvd

**AUSTIN - SOUTH**  
1402 W Stassney Ln

**AUSTIN - SOUTHWEST**  
6114 William Cannon Dr W

**BASTROP**  
731 W Hwy 71

**BEE CAVE**  
3600 RR 620 South, Ste D

**BUDA**  
15295 IH 35, Bldg A

**CEDAR PARK**  
1604 E Whitestone Blvd

**CONNALLY HS**  
13212 North Lamar Blvd

**GEORGETOWN**  
804 South I-35

**HARKER HEIGHTS**  
400 W Central Texas Expy

**HENDRICKSON HS**  
19201 Colorado Sand Drive

**HUTTO**  
141 Ed Schmidt Blvd

**LEANDER**  
11255 Old Hwy 2243

**PFLUGERVILLE**  
15108 FM 1825

**ROUND ROCK**  
1000 South Mays St

**ROUND ROCK HS**  
201 Deep Wood Drive  
Bldg 1200

**SAN MARCOS**  
1204 Thorpe Ln

**SAN MARCOS HS**  
2601 Rattler Rd, Ste 100

**TRAILS AT 620**  
8300 North FM 620  
Bldg Q

## BOARD OF DIRECTORS

Mr. Joe Thedford, Ph.D. (Chairman)  
Ms. Adelaida "Lolly" Guerra, Ed.D. (Vice Chairman)  
Ms. Georgia L. Johnson (Treasurer)  
Ms. Terry L. Lord (Secretary)  
Mr. Lester L. Lindig  
Mr. Landon Spillmann  
Mr. David U. Torres

## OFFICERS

Ms. Kerry A.S. Parker, CPA (Chief Executive Officer)  
Mr. Dennis Loftis, CPA (Executive Vice President, Chief Financial Officer)  
Ms. Sharon Gaugler (Chief Lending Officer)  
Mr. OJ Gilder (Vice President of IT and Marketing)  
Mr. Rob Tomasino (Vice President of Operations)

## SUPERVISORY COMMITTEE

Mr. David U. Torres (Chairman)  
Ms. Gloria L. Williams, Ed.D.  
Mr. Andrew McBride