

2016 Annual Report

Let's bank on each other.



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
- Adjournment of Business Meeting
- Door Prize Drawings
- Closing

Chairman's Report

For many of us the beginning of a new year is a time for reflection on the past with anticipation of the future. As I reflected one thing that came to mind was A+FCU's message for 2017, "Let's Bank on Each Other." Personally, I could think of numerous occasions when this concept of people "banking on each other" came to my family's rescue as we paid for education, automobiles, improved homes, and even the birth of our only child. This message captures why I and many other members have embraced the basic concepts of the Credit Union movement.

Since its inception in 1949, A+FCU has grown to serve almost 133,000 members and its assets now exceed \$1.3 billion. During 2016 we continued the trend of steady growth increasing membership, net deposits, and loans.

Our member rewards programs continue to provide great benefit to our members. As of December 31, the Cash-Back Checking rewards program had returned \$1.4 million to nearly 55,000 of our members. In addition, our members benefited from over \$1.4 million in either savings on loans or increased earned interest on certificates of deposit through the PlusPoints rewards program. The Board wholeheartedly supports these programs despite the impact they have on our financial ratios.

On December 14th, we celebrated as we opened the beautiful new branch at Northwest Hills. This new addition brought our branch location totals to twenty-one (21). In just a couple of weeks close to 100 new members have become A+ members at this branch and we see the potential for continued growth at this location.

During 2017, A+ will remain focused on its strong commitment to public education as it continues several initiatives benefiting both the K-12 community and higher education. Of particular note is the Board's continued commitment to awarding scholarships, increasing the amount to be awarded in 2017 to \$90,000. Our Credit Union's commitment to our communities is also evidenced through our staff's strong participation in a number of community activities.

While 2017 will undoubtedly be filled with many challenges, it will also present us with many opportunities. Let us continue to "bank on each other" to achieve great results!

Respectfully,
Lolly Guerra, Ed.D., *Board of Directors Chair*

Banking on you.

- Assets: \$1,307,724,029 **(+\$87,562,110)**
- Deposits: \$1,174,458,455 **(+\$74,970,698)**
- Loans: \$959,463,880 **(+\$101,989,467)**
- Members: 132,970 **(+4,840)**
- Branches: 21 (Northwest Hills open in November 2016)
- Employees: 377
- **Members received \$1,403,272** from Cash-Back Checking rewards (a nearly 60% increase from 2015) with **over \$38,000** given back to our four high school branches and LTISD/Hutto ISD
- **Members saved \$1,418,981** through the PlusPoints rewards program

CEO's Report

Let's bank on each other. A+ Federal Credit Union is a financial cooperative – we are owned by you, run by volunteers voted on by you, and share our profits and benefits with you. We bank on each other...for success.

That has been the foundation for A+ since 1949. As we have leaned on each other we have grown, as have you. We have two, what we call "Big A" goals – "Think of A+ First," which is our member survey we do semiannually; and "Percent of Engaged Members," which measures the depth of the member relationship with A+. These goals tie directly to our success. Making sure you think of A+ first, and allowing us the opportunity to serve you with as many financial products to help you achieve your dreams, is our vision.

Through us working together, we all become stronger. When I say 'all,' I am very proud to say it is not just you, our members – it is also us, our community. Through this strength we are able to support education programs that make a positive impact on our community. We are able to have an exceptional staff that not only educate our members, but volunteer countless hours serving on committees and boards, attend events, or even run a race. Banking on each other isn't just what we do; it is what we are.

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 honored to report the financial results of your Credit Union this past year. You will find this information in the Annual Membership Report. Despite a challenging year in the national economy, in 2016 we continued to show growth in deposits of \$74.9 million, bringing our total shares to \$1,174,458,455. We also had a net increase in growth of 4,840 members, bringing our total membership to 132,970.

Due to the strength of our Credit Union and our hard working management team and staff, we showed growth in total assets. We will face even more challenges in 2017, but will continue to offer high quality services for you, our members. If there are any changes or additions to the services our Credit Union provides, we will, as always, consider the financial needs of our members first. It is our hope that if you are shopping for that new car, home, business loan, education loan or any other product, you will think of A+FCU first.

Thank you,
Terry L. Lord, *Treasurer*

Banking on us.

- **Over \$375,000** donated and **more than 4,100 hours** volunteered to help ISDs, colleges and community organizations
- **\$76,000 in scholarships** awarded to 38 high school and college students
- **Over 11,000 youth and young adults** reached through financial education programs such as Youth Financial Camp, classroom presentations, online financial education curriculum, and Mad City Money Financial Simulations – three of which were hosted in Pflugerville ISD in 2016, reaching over **1,100 middle school students**
- Helped **90 Boy Scouts**, on their way to Eagle Scout, receive their Personal Management Merit Badge

Supervisory Committee Report

Your Credit Union's Supervisory Committee is made up of four member volunteers appointed by the Board of Directors, and one Board member. This year's members are Curtis Davidson, Kevin M. Kline, Andrew McBride, Dr. Gloria Williams and myself. We meet monthly with the Internal Audit department to ensure the Management's financial reporting objectives have been met, and that their practices and procedures safeguard members' assets.

The committee is also responsible for verification of member accounts and conducting an annual financial audit. The accounting firm of CliftonLarsenAllen LLC performed this year's audit for the period ending June 30, 2016, and found the financial statements fairly represent the financial position of A+ Federal Credit Union and conform to generally accepted accounting principles. As part of the Committee's oversight role, it responds to member issues when the member feels they have not been resolved by the management or staff. Concerns can be mailed to our independent mailbox at: Supervisory Committee, P. O. Box 15102, Austin, TX 78761.

On behalf of the Committee, I would like to thank you for the trust and faith you have placed in us as the "oversight" branch of A+FCU's governance.

Landon K. Spillmann, *Supervisory Committee Chair*

BOARD OF DIRECTORS

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

OFFICERS

Ms. Kerry A.S. Parker, CPA (*Chief Executive Officer*)
Mr. Dennis Loftis, CPA (*Executive Vice President, Chief Financial Officer*)
Mr. John Demmler (*Chief Lending Officer*)
Mr. OJ Gilder (*Chief Information Officer*)
Mr. Rob Tomasino (*Chief Operations Officer*)

SUPERVISORY COMMITTEE

Mr. Landon K. Spillmann (*Chair*)
Mr. Andrew McBride
Ms. Gloria L. Williams, Ed.D.
Mr. Kevin M. Klein
Mr. Curtis Davidson

Better together.

- **78% of our members** think of A+ first for their financial needs
- A+ Education Foundation awarded **\$70,000 in grants** to 77 educators
- **773 adults** attended free financial education events
- Four new Employee Groups, including **Central Texas College staff & students**
- **Over 350 members** took part in two free **Shred Days** at the Main branch
- **Recognized as Business of the Year** by the Career and Technology Association of Texas
- One of Austin American-Statesman's **Top Workplaces for 2016**

The 67th Annual Membership Meeting of A+ Federal Credit Union was held on February 10, 2016, at the main office, 6420 Hwy. 290 E, Austin, Texas. Board Members present were Joe Thedford, Lester Lindig, David Torres, Georgia Johnson, Lolly Guerra, Terry Lord, and Landon Spillmann. Members of Senior Management present were Kerry Parker, Dennis Loftis, Sharon Gaugler, Rob Tomasino, OJ Gilder, and Rick Holley.

Pledge of Allegiance

Kelsey Balcaitis and a child member led the Membership in the Pledge of Allegiance

Call to Order

Chairman Joe Thedford called the meeting to order at 6:32 p.m.

Welcome & Introductions of Guests

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; Lester Lindig, Director; Landon Spillmann, Director; David Torres, Director; Kerry Parker, CEO; Olivia Hailson, Recording Secretary.

Mr. Thedford introduced other distinguished guests in the audience: Sadie Smallwood, former Board Member; Karen Flournoy, former Supervisory Committee Member; Marlon Bedoya of the A+ Financial Center; and Ben Coleman also from A+ Financial Center.

Approval of Minutes

Chairman Thedford requested a motion to approve the minutes from the 66th Annual Meeting. Sadie Smallwood made a motion to approve the minutes and Karen Flournoy seconded the motion. The motion carried by a unanimous vote of the Membership.

Nominating Committee Report

Dr. Lolly Guerra introduced Dr. Craig Spinn, Chairman of the Nominating Committee. Dr. Spinn thanked the Nominating Committee Members for their service and introduced Karen Flournoy, Committee Member and mentioned Nancy Cowley, Committee Member who could not attend the meeting. At this time Dr. Craig Spinn recommended the following candidates: Lolly Guerra, Lester Lindig, and Joe Thedford. Chairman Joe Thedford stated since the three incumbents are the only candidates running for three open positions: I declare by general consent that no election is required. The three are reinstated for another three-year term.

Chairman's Report

Joe Thedford stated 2015 was a good year. The financial times that we are living in in America are a challenge. This area, Travis County and the surrounding counties, is an exception to the rule of the true financial condition in this country. This Organization certainly reaped the benefits of the financial condition in the Austin area. The Austin area is one of the hottest areas in the country as far as financial growth. A+ was in the right place at the right time. We are grateful for that and we are grateful for your membership. A+'s membership increased by 8,000 members. A+ Federal Credit Union was able to assist members with loans in 2015 to the tune of \$77 million in net loans. This loan portfolio has \$100s of millions of dollars' worth of loans and the Membership does a good job of making their payments. This causes the loan portfolio to shrink by approximately \$31 million in a month. For the loan portfolio to grow by \$77 million, A+ had to continue to add loans each month; that is people helping people and this is A+'s motto, People Helping People.

In 2015 A+ had \$84 million growth in deposits. A+ showed growth in all these areas, that is a good year. Assets are now at \$1,200,000,000. Currently A+ has 20 branches with one more branch scheduled to open in 2016. This branch is located in Northwest Hills. We are rewarding the Membership to the tune of over a million dollars a year. The Credit Union has budgeted \$1,200,000 for Cash-Back Checking,

spending it a dime at a time. The Credit Union is also still voted the best place to work. We want to try to keep the very best employees that we can. We want to be the ones you come to when your dreams need financial backing. The greatest struggles of life fit easily within the heart. A+ are good people providing a great service, people helping people.

Treasurer's Report

Georgia Johnson stated we did not become a billion-dollar credit union without you, our loyal members, and our hard working CEO and the staff. Whatever changes we may face in 2016 we will ensure our decisions are based on what is financially best for you, our members.

Supervisory Committee Report

David Torres introduced the Supervisory Committee Members Dr. Gloria Williams and Andrew McBride. The VP of Internal Audit is Rick Holley and he and his staff have done a wonderful job with all the audits. At this time Mr. Torres introduced Dean Rohne from the accounting firm CliftonLarsonAllen who conducts the Credit Union's external audit. Mr. Rohne is available to answer any questions from the Membership. Mr. Torres stated the CEO and the A+ staff have done a wonderful job this year and have provided excellent customer service to our membership. Thank you for all your hard work.

CEO's Report

Kerry Parker reported A+ plans of branch growth, deposit growth, and loan growth. Growth is measured in many ways. A+ helps members change their financial situation. A+ continues to grow in our giveback programs through Cash-Back Checking and PlusPoints. The other thing we took a stand in this year – our growth in the community – investing in teachers through a program called Raise Up Texas. Eight middle schools have participated showing great progress and eight more schools next year. A+ has also enhanced support for educators at Texas State by developing an endowment fund for teachers continuing their education.

The long range plan is to enhance member satisfaction by asking members "do you think of A+ first?" The 2020 goal has already been achieved by having four out of five members think of us first. Relationships are the key to growth; please continue to think of us for all of your financial needs and realize what an impact you have on A+.

At this time Ms. Parker introduced the Marketing team Sandy, Twila, and Yolie, who created the annual report – thank you. The Executive Staff Dennis Loftis, EVP/CFO; Rob Tomasino, VP of Operations; Sharon Gaugler, Chief Lending Officer; and OJ Gilder, VP of IT and Marketing. None of A+'s success is possible without the Board, the Committees, and the Staff and I thank you all for your hard work. Ms. Parker stated A+ is still accepting scholarship applications through the app on the website until February 15th. After this process the \$1,000 grants from the Education Foundation application process will begin. Thank you very much and thank you for being here tonight.

Unfinished Business - None

New Business - None

Adjournment

A motion by Dr. Williams and seconded by Shirley Paz; the motion carried by a unanimous vote of the Board.



Georgia Johnson, Secretary



Lolly Guerra, Ed.D., Chair

Statement of Financial Condition

	December 31, 2016	December 31, 2015
Assets		
Loans	\$ 959,463,880	\$ 857,474,413
(Allowance for Loan Losses)	\$ (5,984,805)	\$ (5,223,205)
Cash	\$ 11,430,050	\$ 10,017,565
Investments	\$ 244,624,074	\$ 265,257,629
Land & Building	\$ 52,006,084	\$ 50,275,668
Furniture & Equipment	\$ 3,765,522	\$ 4,105,738
Share Insurance Deposit.....	\$ 10,663,997	\$ 10,031,908
Other Assets	\$ 31,755,226	\$ 28,222,203
Total Assets.....	\$ 1,307,724,029	\$ 1,220,161,919
Liabilities		
Member Deposits	\$ 1,174,458,455	\$ 1,099,487,757
Accounts Payable.....	\$ 4,386,910	\$ 1,684,730
Other Liabilities	\$ 10,371,334	\$ 8,220,486
Notes Payable.....	\$	\$
Total Liabilities.....	\$ 1,189,216,700	\$ 1,109,392,973
Equity		
Reserve & Undivided Earnings.....	\$ 118,507,329	\$ 110,768,947
Total Equity.....	\$ 118,507,329	\$ 110,768,947
Total Liabilities & Equity	\$ 1,307,724,029	\$ 1,220,161,919

Profit and Loss Statement

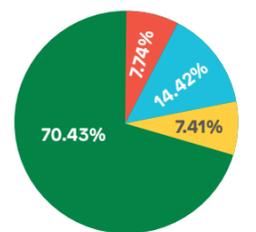
	December 31, 2016	December 31, 2015
Income		
Loans	\$ 38,808,080	\$ 37,836,042
Investments.....	\$ 3,161,470	\$ 2,558,404
Other Income.....	\$ 19,814,224	\$ 18,219,867
Total Income	\$ 61,783,775	\$ 58,614,313
Expense		
Dividends	\$ 4,578,338	\$ 4,365,497
Operations	\$ 48,295,606	\$ 45,982,483
Total Expenses.....	\$ 52,873,944	\$ 50,347,980
Net Operating Income	\$ 8,909,831	\$ 8,266,333
Net Income	\$ 8,909,831	\$ 8,266,333

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

Total Assets

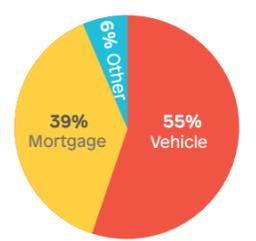
2016	\$1,307,724,029
2015	\$1,220,161,919
2014	\$1,128,845,121
2013	\$1,062,461,853
2012	\$985,691,590

2016 Income Distribution



Provision Loan Loss 7.74%
 Net Income Reinvested 14.42%
 Dividends to Members 7.41%
 Investment In Operations 70.43%

2016 Loan Distribution



Loans Outstanding \$959,463,880
 Loans Funded 103,760

Why do our members think of A+ first?

"A+ was very helpful in preparing me for buying a new car, even though I financed thru the dealership. They gave me the information needed to get a better deal. Thanks." — Kay

"We're actually finishing up switching to A+ from Wells Fargo so we can fully support a local federal credit union that also fully supports us and our financial goals. Within the first month, we've already received larger dividends than our total 5+ years with Wells Fargo! Working with A+ is a MUCH better choice for making our finances work for us in a smart way. Thank you for being wonderful!" — Veronica

"At the age of 75+ I'm not too computer savvy, but your employees are always so helpful in guiding me in the right direction. Paying my bills online has saved me time & money. I have been at times on very limited funds & thanks to A+ I have been able to secure funds thru my credit line, which has saved me time & having to ask my children for funds. The location of the bank is great 10 min. from my home. I like knowing A+ is involved with students & our area schools. After 20+ years, an A+ to everyone." — Julia

"I have always been treated with respect, and I love being able to walk into a bank and be recognized, even after 6 months. I recommend everyone I know in the Austin area to come bank here, because of how satisfied I am with service." — Emily

"I live over 100 miles from an A+. However, because of mobile banking I don't need a branch. When My 2 boys moved to Austin they also opened accounts. I have financed cars b/c of best interest rates. I use A+ b/c I'm not charged a fee each month, with 2 boys in school 10 cents or 5 cents each time they use their card makes a big difference. It also helps show them how small change can make a difference. It has been very easy to call and ask for a car loan, quick and easy." — April

"I have had 4 loans with y'all and have never stepped foot in any of your branches. If that doesn't speak for ease of doing business then I don't know what does. Couldn't be a happier customer." — Jeffrey

"Loyalty and if I'm not able to get what I need the employee talks with me about what I need to do to be able to get either a loan, credit card or just help with my account." — Edward



Northwest Hills Branch now open!

800.252.8148 • aplusfcu.org
 Federally insured by NCUA

