



Annual Report

2023



Air Academy[®]
CREDIT UNION



Chairman & President's Report

2023 marked our 68th year serving the membership of Air Academy Credit Union (AACU). Chartered on October 25, 1955, we have come a long way. Assets have grown to over \$900 million, allowing us to serve our membership of almost 49,000 members worldwide through 10 locations and our outstanding digital capabilities. Our field of membership encompasses the military, fourteen school districts, and hundreds of companies. We are proud of our accomplishments during 2023 and look forward to many more years serving you, our owners. 2023 was a solid year as shown in this annual report and reported by our Treasurer and Supervisory Committee. Our financial performance, member service, and organizational culture remained excellent despite challenges in the operating environment.

The high level of inflation not seen in the past 40 years persisted and the Federal Reserve Bank raised interest rates four times in 2023 in an effort to curb inflation. Interest rates increased from a zero-rate environment to a range of 5.0%-5.25%. The current rate environment is difficult for financial institutions, and we expect rates will be higher for longer than anticipated.

The higher cost of living has created additional challenges as members struggle to pay their bills, causing a negative impact for AACU in the form of higher delinquency and charge off ratios. Similar to many financial institutions across the United States, salary costs have also increased dramatically, and interest rates on our member deposits are much higher.

The highlight for 2023 was our merger of two credit unions into the Air Academy Credit Union family. We welcomed Harrison Federal Credit Union in Colorado Springs and Routt Federal Credit Union in Steamboat Springs, Colorado. We are excited to expand our physical footprint and look forward to serving the members of each of these credit unions. The mergers brought approximately 1,500 members and \$20 million in assets to Air Academy Credit Union and made the full suite of Air Academy Credit Union products and services available to Harrison and Routt members. During this nearly 12-month effort, our staff performed admirably and delivered a merger which benefits all of the members of AACU.

Service to our membership has been and will always be a pillar of what we do. 2023 was no exception. Our service levels remained world class as measured by Net Promoter Score. We sent approximately 45,427 feedback requests and received approximately 4,992 responses. Our scores are in the 60s to high 70s, with world class starting at a score of 50. To enhance service and engagement with you, many of our staff became Certified Financial Counselors. This credit union industry certification qualifies them to be a financial coach and improve your financial well-being. Our journey of excellence never ends as we find better ways to serve you.

For the seventh consecutive year, Air Academy Credit Union was named a Gazette Best Workplace—Large Company. We are focused on providing an outstanding culture for our employees during these challenging times. We believe service to our membership starts with service to each other and the best way to serve our members is to enhance the skill set of our staff. An outstanding culture attracts and retains the best staff, especially when the competition for talent is high. This is another journey that never ends, and we look forward to the road ahead.

Our 68-year tradition of excellence and world-class service to our members is vital to our success. We are proud to provide banking, insurance, and financial services through Air Academy Credit Union, Air Academy Insurance Services, and CUSO Financial Services, L.P.*



We will always live by our vision statement: Improve the lives of our members and communities by doing what is right, not what is easy.



From our volunteer Board of Directors and Supervisory Committee and along with our approximately 160 dedicated staff, **THANK YOU** for your confidence and trust as we accelerate our trajectory into the future. We know the environment is challenging. We know the work is difficult. We know we will stand tall in the future. We look forward to serving you, your family, and your friends. Here is to a great 2023 as we look forward to 2024!



Donald M. Bird

Dr. Donald M. Bird
Chairman

Glenn L. Strebe

Glenn L. Strebe
President/CEO

Treasurer's Report

Air Academy Credit Union ended 2023 with \$908 million in total assets.

As interest rates rose dramatically in response to economic inflation, we saw an increase in member spending. We also saw members take advantage of a special 14-month promotional rate offered on Term Share Certificates, shifting their balances into this product. Checking account balances decreased 12%, Money Fund savings balances decreased 15%, and basic share savings balances decreased 12%. As a result of the promotion, Term Share Certificate balances increased 158%. Overall, total member deposits increased 1%.

Members borrowed \$197 million in 2023 to help build their dreams. This is a 46% decrease from 2022 loan originations, as higher interest rates on both mortgage and consumer loans lowered demand. Business and Commercial lending was strong, with balances increasing 36%. Mortgage loans increased 4% overall during 2023, driven by originations and advances on Home Equity Lines of Credit (HELOC) loans. HELOCs increased 26% during the year as members chose to improve their current homes versus buying new homes. Total outstanding loan balances ended 2023 at \$714 million, a 2% increase.

Our safety and soundness remained strong. We ended the year with a regulatory net worth ratio of 8.02%; well above the 7% level our regulators, the National Credit Union Administration, consider well capitalized. Total net worth increased 7% during 2023. Delinquent loans were 0.50% of total loans and charge offs were 0.58%. Both figures are higher than in 2022 but continue to be in-line with our peer averages. Inflationary pressures on consumer prices have started impacting members' ability to meet their loan obligations.

While in 2023 we saw the number of members enrolled in online banking decrease 3% to just under 22,000, over 44% of our members enjoy the convenience of banking whenever and wherever they wish.

As we strive to grow and offer new products and services to our members, we never lose sight of our responsibility to be good stewards of our members' finances. Our operating expenses for 2023 were \$3.5 million (12%) lower than our peer group.

Thanks to the high standards of integrity and through the guidance of our Board of Directors, AACU remains a safe and sound place to invest and borrow.

Please refer to the financial statements in this report for more details.

Thank you for your membership!

Dr. Phil Prosseda
Treasurer



Supervisory Committee's Report

The Supervisory Committee provides the membership with an independent evaluation of the safety and soundness of Air Academy Credit Union's operations, processes, and activities. The committee, which is appointed by the Board of Directors, works with our auditor to ensure all aspects of the credit union are routinely monitored. The auditor conducts internal audits and reviews internal controls to ensure the assets of the credit union are protected.

Annually, the National Credit Union Administration (NCUA), our federal regulatory agency, performs a safety and soundness examination of our credit union to verify that we are complying with federal regulations. Annually, the Supervisory Committee also engages an independent public accounting firm to perform a comprehensive examination of the financial statements.

Based on the results of our internal audit procedures, the NCUA's examination report, and the independent auditor's report, it is the opinion of the Supervisory Committee that Air Academy continues to be financially sound and well managed.

The Supervisory Committee serves as your voice in credit union affairs. We invite you to share your comments, questions, or concerns with us at any time. You can send comments directly to the Supervisory Committee at:

Supervisory Committee
P.O. Box 62907
Colorado Springs, CO 80962-2907

Terry Stokka
Chairman

Statement of Financial Condition - Unaudited

As of December 31, 2023 and 2022



	2023	2022
Loans to Members	\$714,249,055	\$698,827,665
Less: Allowance for Loan Losses	(4,727,916)	(2,460,154)
Net Loans to Members	\$709,521,139	\$696,367,511
Cash & Investments	\$155,822,002	\$172,068,543
Other Assets	\$42,656,084	\$40,009,974
Total Assets	\$907,999,225	\$908,446,028

Assets (Millions)

2019	\$639 million
2020	\$740 million
2021	\$860 million
2022	\$908 million

48,789
Total Members
12/31/23

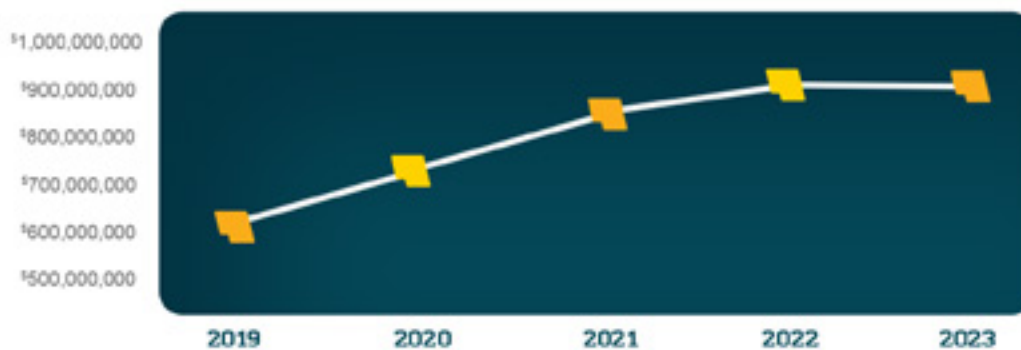
2023 \$907,999,225 Total Assets

Statement of Income – Unaudited

For the Years Ended December 31, 2023 & 2022

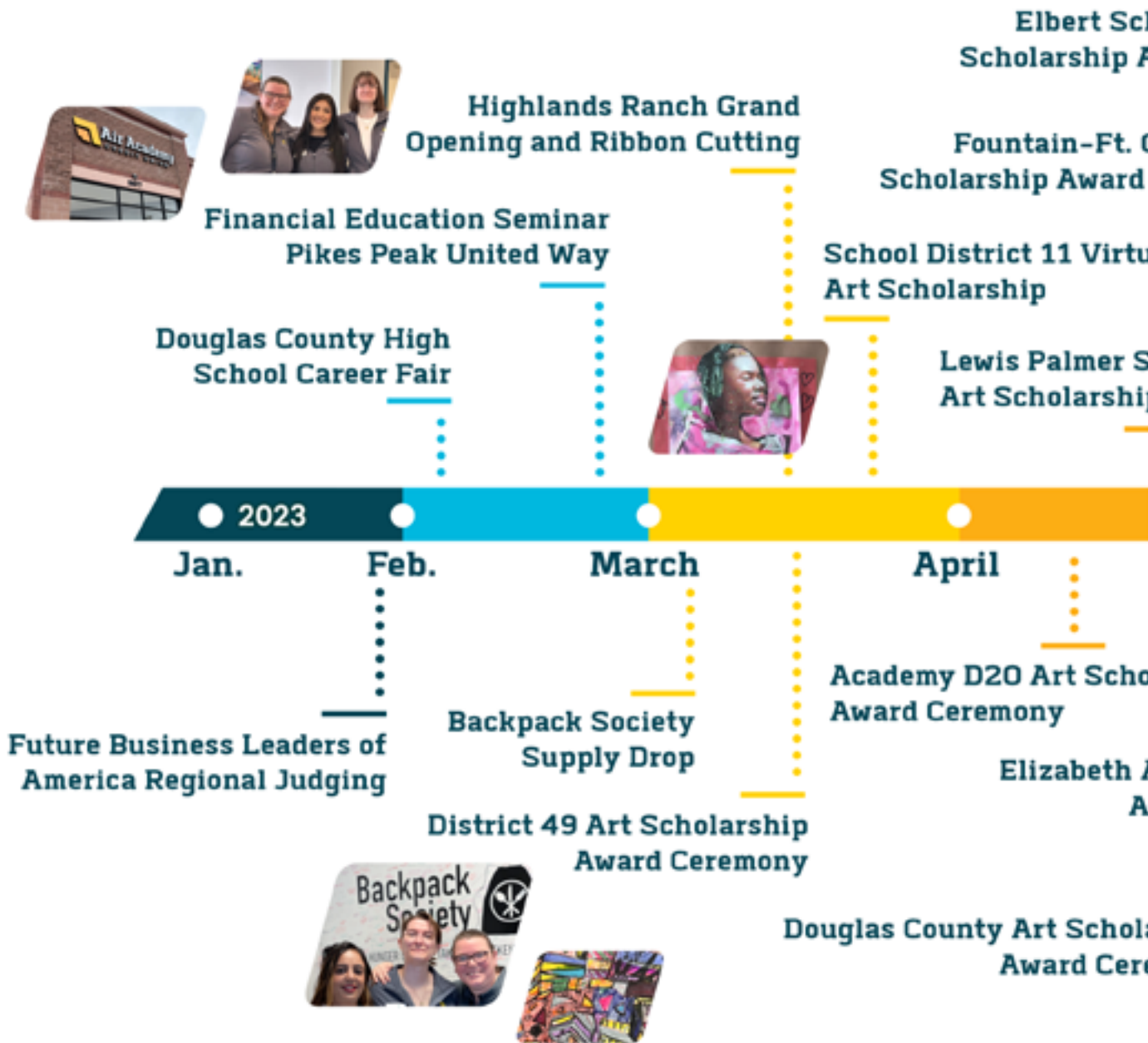


	2023	2022
Operating Income	\$43,452,068	\$34,119,331
Operating Expenses	(31,161,558)	(25,070,102)
Provision for Loan Losses	(4,200,000)	(2,630,000)
Non-Operating (Losses) Gains, Net	3,042,615	163,018
Dividends Paid to Members	(6,858,527)	(2,745,290)
Net Income	\$4,274,598	\$3,836,957



	Total Assets	Dividends Paid	Capital
2023	\$907,999,225	\$6,858,527	8.02%
2022	\$908,446,028	\$2,745,290	7.67%
2021	\$860,015,213	\$2,837,164	7.68%
2020	\$740,454,123	\$3,281,268	8.51%
2019	\$639,295,975	\$3,219,864	9.43%

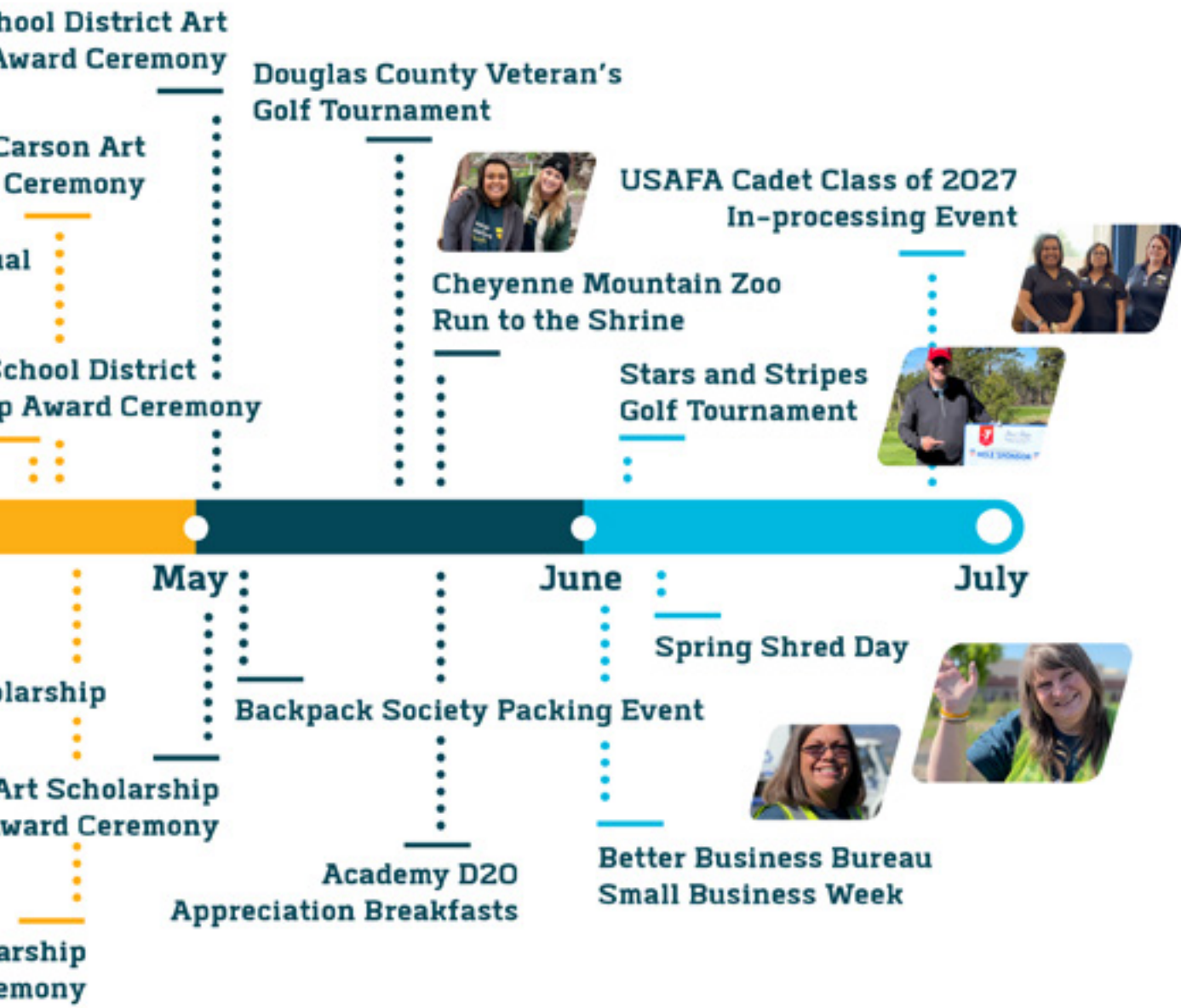
Community Support Snapshot



\$66,000 Given Back to the Community in 2023

\$32,615 in Art Scholarships Awarded

\$852,000 Art Scholarships Awarded Since 1994



Community Support Snapshot



CUNA Councils Outreach Project with Backpack Society

Highlands Ranch Metro District and Centennial Water and Sanitation District Employee Benefits Fair

Kenzi's Cause Toy Drive Be

Academy D2O Benefits Fair and All-Staff Rally



Backpack Society Supply Drop

Trail Clean-Up at Stratton Open Space/Cheyenne Canyon, Captain Jack's Trail



AF vs

2023

July

Aug.

Sept.

Oct.



Packz 4 Kidz Backpack Giveaway

Boy Scouts of America of the Pikes Peak Region Golf Tournament

BBB M

Mon

Fall Shred Day

Financial E

Harrison School District Foundation Golf Tournament



Backpack Society Packing Event

So



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Air Academy

CREDIT UNION

Everyone Deserves Personal Banking



*Non-deposit investment products and services are offered through CUSO Financial Services, LP ("CFS"), a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through CFS are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union, and may involve investment risk including possible loss of principal. Investment representatives are registered through CFS. The Credit Union has contracted with CFS to make non-deposit investment products and services available to credit union members.

**Insurance products are not insured by NCUA or any Federal Government Agency, are not a deposit, or guaranteed by the Credit Union or any Credit Union affiliate, and may lose value.

Air Academy Federal Credit Union, DBA, Air Academy Credit Union.

Insured by NCUA.