

# 2022

*ANNUAL REPORT*



**AIR ACADEMY**  
FEDERAL CREDIT UNION

Insured by NCUA.



# Chairman & President's Report

In 2022, Air Academy Federal Credit Union (AAFCU®) celebrated 67 years serving members worldwide. Although the challenges in the financial markets were many and volatility high, we had a solid year throughout the credit union as shown in this annual report and reported by our Treasurer and Supervisory Committee. We are proud of the outcomes in financial performance, member service, and organizational culture despite continued challenges in the operating environment.

While the pandemic continued, the health impacts were less severe while the economic challenges were ever-present. We continued to see supply chain issues in the automobile industry as demand continued to exceed supply. The economic headline in 2022 was the high level of inflation in most every sector of the economy. Many households were adversely impacted by higher food and energy prices. We hear from members how much groceries cost and that is supported by debit card transaction data. We know there are many challenges for our members and we stand ready to help with your financial wellbeing. As a credit union, we are not immune from these challenges.

From a credit union perspective, labor costs are a large component of our expenses. We increased staff pay due to competitive pressures to make sure we can recruit and retain talented staff to serve you. As with most companies, when labor costs increase, that drives up prices for goods and services.

To combat the highest inflation rates the United States has seen in 40 years, the Federal Reserve Bank raised rates seven times from 0.00%-0.25% at the beginning of 2022 to 4.25%-4.50% by the end of the year. The purpose of increasing interest rates is to increase the cost of credit so consumers, which make up approximately 70 percent of the economy, will slow their spending. Higher rates create a challenge for financial institutions as short-term interest rates ended the year higher than longer term interest rates—the most difficult operating environment for a financial institution.

Even with the difficult operating environment, one of the headlines for AAFCU in 2022 was our brand refresh. We worked with an industry-leading consulting firm to do a brand refresh. The brand refresh creates a new image and introduces a



trade name under which Air Academy Federal Credit Union will operate moving forward into 2023: Air Academy Credit Union. We are excited to show our new look. Our brand refresh will be a journey as we change our logo throughout the credit union and at our branches. The brand refresh changes our look but does not change who we are—a member-owned credit union dedicated to you. Over the next 24 months, you will see a number of physical and branding changes.

Our member service continued to be world class as indicated by Net Promoter Scores. We sent almost 38,000 feedback invitations and received almost 5,200 responses. We have outstanding scores in our branches, electronic delivery, contact center, and new products. Our scores are in the 70s to low 80s with world class starting at 50. During 2022, we enhanced training of our front-line staff, and most are now Certified Credit Union Financial Counselors (CCUFC). This credit union industry certification qualifies them to be a financial coach to our members and improve our members' financial wellness. We credit our member service results to staff training and engagement and their desire to serve you, our owners.

We are also proud to report AAFCU was named a Gazette Best Workplace-Large Company for the sixth consecutive year. This reflects our family-friendly organizational culture focused on growing and developing employees.

“ We believe the best way to serve our members is to enhance the knowledge, skills, and abilities of our staff. ”



The culture helps attract and retain the best staff during these competitive times, so they remain loyal and dedicated as we continue on this relentless pursuit to serve you.

We are proud of our 67-year tradition of excellence and world-class service to our member owners world-wide. We provide banking, insurance, and investments through Air Academy Federal Credit Union, Air Academy Insurance Services™, and CUSO Financial Services, L.P.\* as we follow 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, Supervisory Committee, and 150+ employees, thank you for your confidence and trust as we all navigate these challenging times. We look forward to serving you, your family, and your friends. Here is to a great 2022 and looking forward to 2023 and beyond.

**Dr. Donald M. Bird**  
Chairman

**Glenn L. Strebe**  
President/CEO



# Treasurer's Report

Air Academy Federal Credit Union ended 2022 with \$908 million in total assets. This represented growth of \$48 million, a 6% increase.

As interest rates rose in response to economic inflation, we saw an increase in member spending. Checking account balances decreased 1%, Money Fund savings balances decreased 10%, basic share savings balances increased slightly, and Term Share Certificate balances decreased 20%. Overall, total member deposits decreased 5%.

Members borrowed \$366 million in 2022 to help build their dreams. This is a 31% increase from 2021 loan originations, as automobile supply-chain shortages eased. Total outstanding loan balances ended 2022 at \$699 million, a 30% increase.

Our safety and soundness remained strong. We ended the year with a regulatory net worth ratio of 7.67%; above the 7% level our regulators, the National Credit Union Administration, consider well capitalized. Total net worth increased 6% during 2022. Delinquent loans were 0.36% of total loans and charge offs were only 0.30%. Both figures continue to be in-line with our peer averages.

During 2022 we saw the number of members enrolled in online banking increase 6% to over 22,000. Over 46% 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 2022 were \$3.9 million (14%) lower than our peer group.

Thanks to the high standards of integrity and through the guidance of our Board of Directors, AAFCU 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 Federal 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, 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 belief of the Supervisory Committee that Air Academy Federal Credit Union continues to be financially sound and well managed.

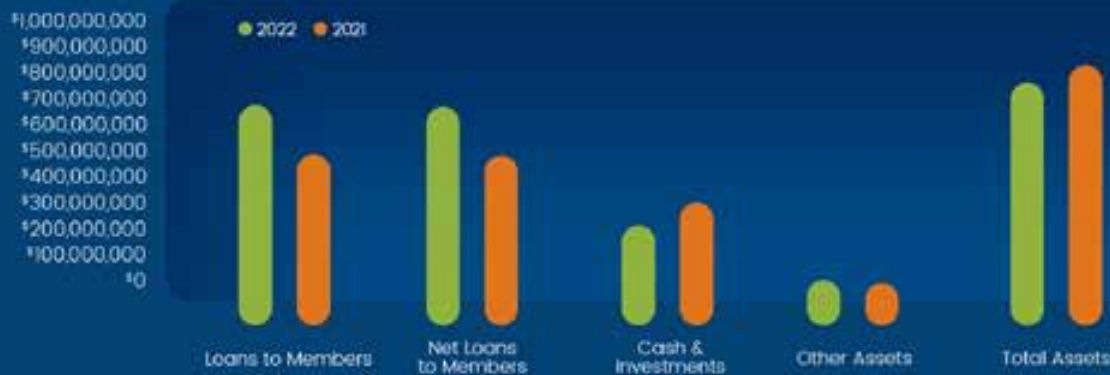
The Supervisory Committee serves as your voice in credit union affairs. We invite you to share your comments, questions, or concerns with us at any time. You can send comments directly to the Supervisory Committee at:

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

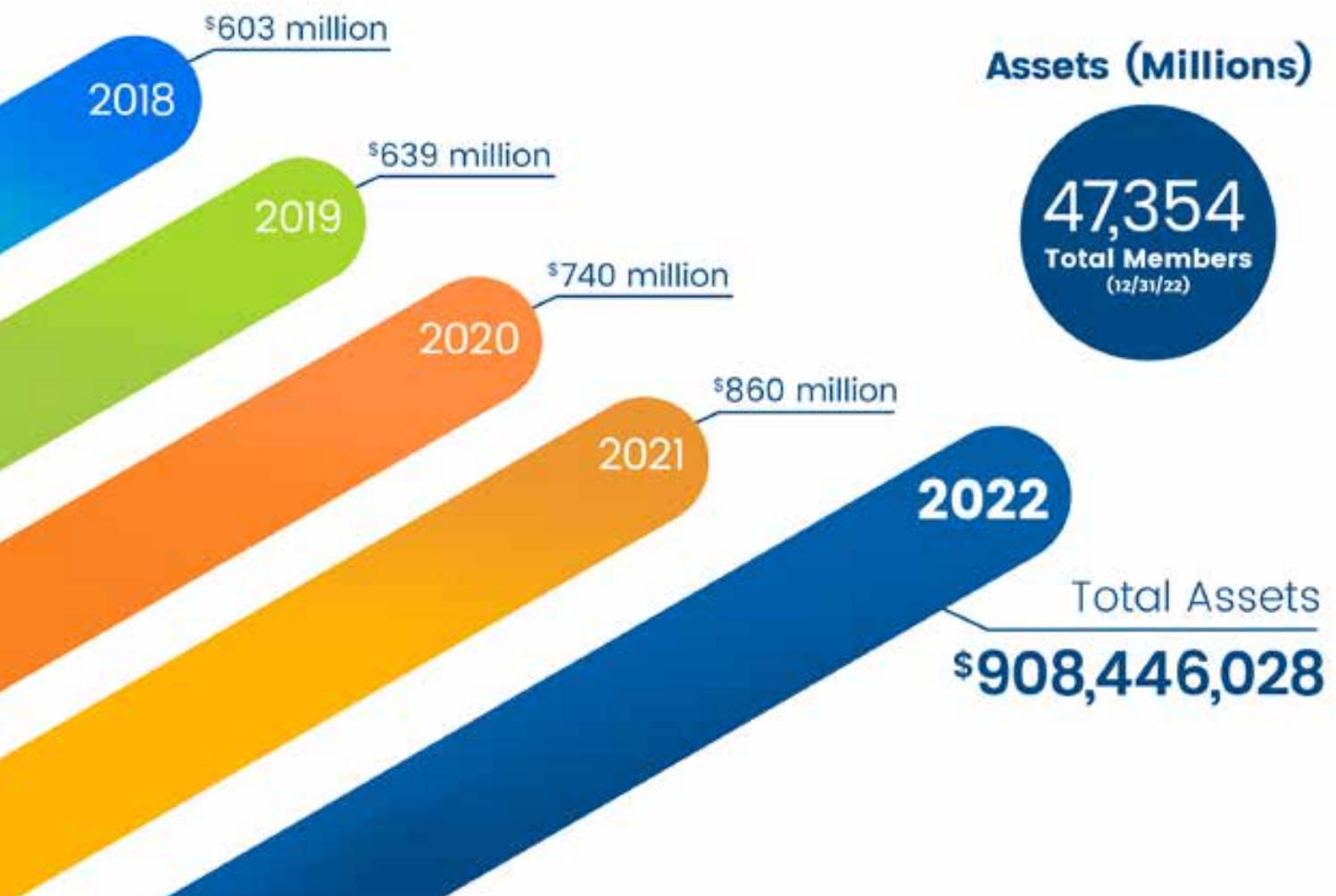
**Terry Stokka**  
*Chairman*

## Statement of Financial Condition - Unaudited

As of December 31, 2022 & 2021

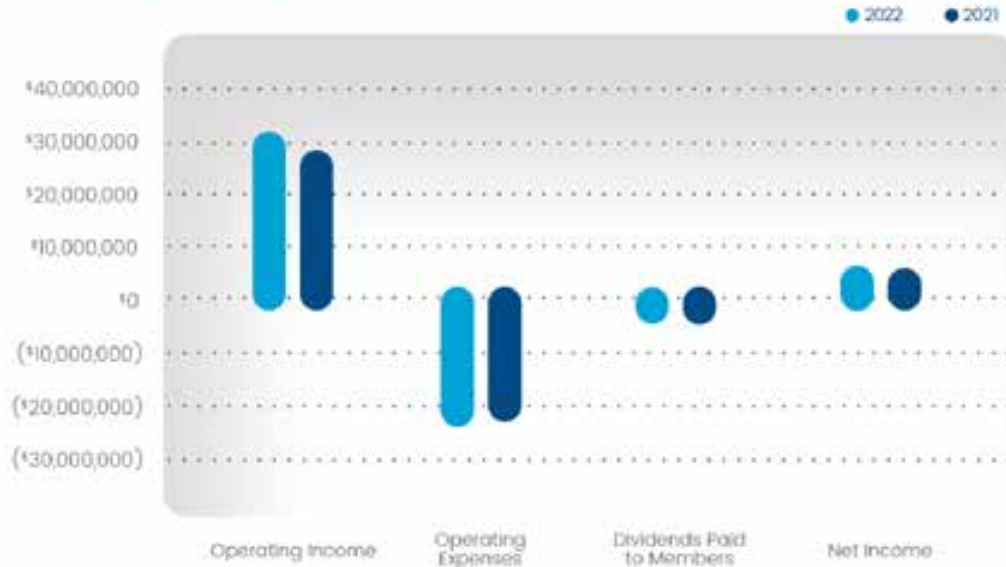


	2022	2021
Loans to Members	\$ 698,827,665	\$ 536,590,235
Less: Allowance for Loan Losses	(2,460,154)	(1,509,226)
Net Loans to Members	\$ 696,367,511	\$ 535,081,009
Cash & Investments	\$ 172,068,543	\$ 291,219,973
Other Assets	\$ 40,009,974	\$ 33,714,231
<b>Total Assets</b>	<b>\$ 908,446,028</b>	<b>\$ 860,015,213</b>

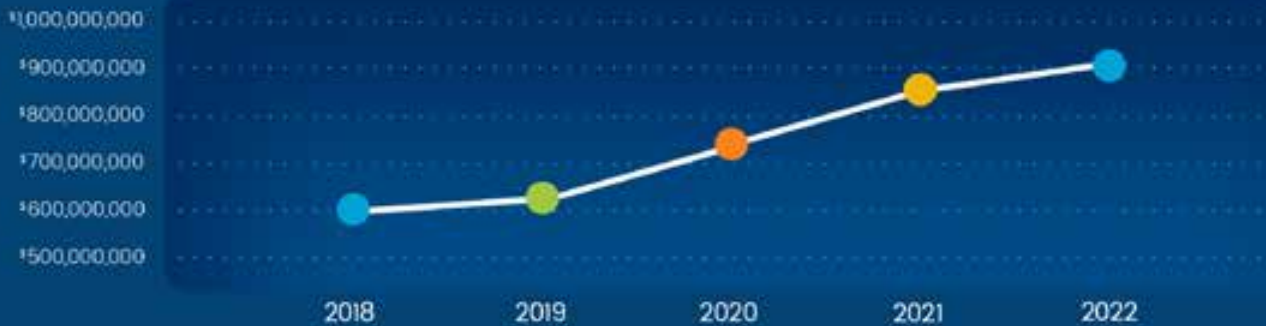


## Statement of Income - Unaudited

For the Years Ended December 31, 2022 & 2021



	2022	2021
Operating Income	\$34,119,331	\$29,238,339
Operating Expenses	(25,070,102)	(22,475,845)
Provision for Loan Losses	(2,630,000)	(671,000)
Non-Operating (Losses) Gains, Net	163,018	(4,842)
Dividends Paid to Members	(2,745,290)	(2,837,164)
<b>Net Income</b>	<b>\$3,836,957</b>	<b>\$3,249,488</b>



	Total Assets	Dividends Paid	Capital
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%
2018	\$603,260,196	\$2,068,157	8.85%



# Community Sup

Feb.

Castle View High School Career Fair

CFS 401(k) Rollover & IRA Consolidation Webinars

March

Ponderosa High School Career Fair

Art Scholarship

Colorado Springs D11

Academy D20

Lewis-Palmer D38

School District 49

Fountain-Fort Carson D8

Kiowa School District

Elbert School

Elizabeth School District

Douglas County RE-1

**\$34,345 Total Scholarships Awarded**

April

Estate Planning Seminar

Denim and Diamonds Gala  
Benefiting the Falcon Education Foundation

**\$1,500 Sponsored**





# Report Snapshot

May

Payback Piggy

\$7,500 Given Back to Community

Backpack Society Corporate Sponsorship

\$10,000 Sponsored

Run to the Shrine

Benefiting the Cheyenne Mountain Zoo

\$675 Sponsored

Academy D20 Employee Appreciation Breakfasts

\$5,735 Sponsored



June

Backpack Society Food Donation

170 lbs of Food Donated

Western Street Breakfast

Benefiting Pikes Peak Riders & Local Military Families

\$1,000 Sponsored

Packz 4 Kidz Fundraiser

Kenzī's Causes

Courage Classic Virtual Tour

Benefiting the Children's Hospital Colorado

\$4,086 Raised

USAFA Cadet Class of 2026 In-Processing Event



# Community Sup

July

Packz 4 Kidz Backpack Giveaway  
Kenzi's Causes

300 Backpacks Distributed

Community Shred Day

\$1,079 Raised & 468 Cars Served

Aug.

Fantastic 49 Program  
Benefiting School District 49

\$625 Sponsored

Back to School Benefit Fair  
Benefiting Academy District 20

\$3,300 Sponsored

New Teacher Orientation  
Lewis-Palmer School District 38

Reece's Roundup 17th Annual Trail Run  
Benefiting Run to Change Lives

\$500 Sponsored

Cash for Classrooms Golf Tournament  
Benefiting Academy School District 20 Education Foundation

\$1,000 Sponsored

Sept.

Parent's Weekend Meet & Greet  
United States Air Force Academy

200 Backpacks Distributed





# Report Snapshot

Sept.

Community Shred Day

\$680 Raised & 411 Cars Served

2022 Race Against Suicide

Benefiting the Pikes Peak Prefention Partnership

\$3,500 Sponsored

Mountain Vista High School Career Fair

Oct.

Toy Drive

Kenzi's Causes

Boo at the Zoo

Benefiting the Cheyenne Mountain Zoo

\$990 Sponsored

Chaparral High School Career Fair

Nov.

Legacy High School Career Fair

Castle Rock Starlighting

\$3,000 Sponsored

Dec.

Kenzi's Causes Toy Shop

Kenzi's Causes

517 Toys Collected & 489 Kids Served



# AIR ACADEMY FEDERAL CREDIT UNION

[aafcu.com](http://aafcu.com)

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\*\*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.

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