



2016
ANNUAL REPORT

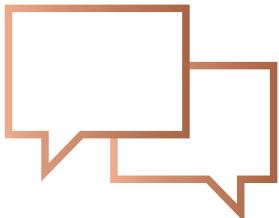


ADVENTURE
CREDIT UNION



CONTENTS

CEO's Report	1
Becoming Adventure	3
Chairman's Report.....	5
Treasurer's Report.....	8
Financials	9
Community Outreach	12



THE CEO'S REPORT

In 2016, we celebrated our 80th anniversary of operation as a credit union and with it – we introduced a new name and brand. We wanted our new brand to epitomize the boldness of the organization, and how we carefully craft solutions to fit our members' unique needs and adventures. Our goal isn't to be the biggest financial institution, but rather to thrive on being smaller so we can be agile, and change with the times to create higher quality products and services. We accomplished many of our strategic goals this past year, including increasing assets and increasing membership. With our new indirect

auto lending program, we originated over \$50 million in loans in our first full year. This new way of providing financing for our members at the auto dealership has been extremely well-received and is a great convenience when car and truck shopping.

Our mortgage program increased originations from 2015 by over 70% and changes in processing make all new mortgages serviced by Adventure. These two lines of business are the main drivers for us increasing loans by over 40% and increasing our membership by over 11%.



STEVE BUSH

"With local products, local decision-making and local servicing, we are uniquely Michigan. From our markets to the way we serve our members. This is our home. This is who we are."

In July, we opened our newest branch located in downtown Grand Rapids at Arena Place. In May of 2017, we will open a new standalone, full service branch in Kentwood which will replace our current retail location in the same area of the city.

For the second year in a row, Adventure Credit Union was selected as one of the "101 Best Companies to Work for in West Michigan". In addition, we received a national award selected by the Credit Union Journal as one of the "Best Credit Unions to Work For". We are proud of these awards and appreciate the recognition from these entities.

Management and staff of Adventure Credit Union work every day to improve the financial lives of our members. Whether it is a low rate on a loan or earning 4% on our Edge Checking account, the goal is to provide the best value for our membership. On behalf of the entire team, thank you for being a member of Adventure Credit Union!

[This Way Forward >>](#)



ADVENTURE

CREDIT UNION



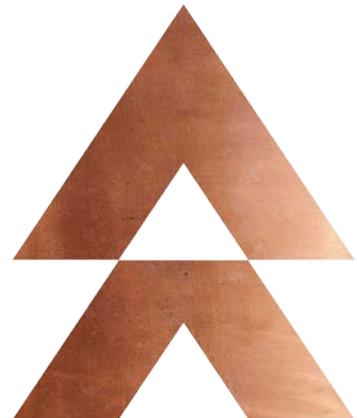
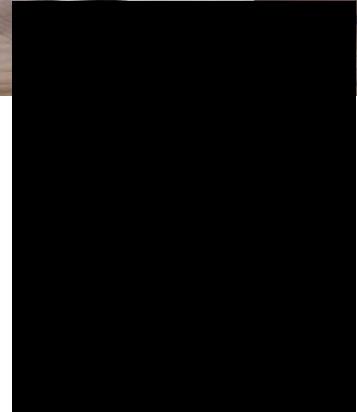
Over the course of a number of months, Senior Management and the Board of

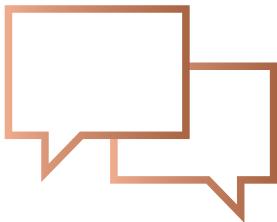
Directors worked on ways to better define the credit union. We noted our organization was at a crossroads with an incredible opportunity to build on the successes of the past 80 years and create a new organization built for growth based on a 21st century culture.

At Adventure, our goal is to solve our members' financial problems rather than just selling them a product off a shelf. It is looking at the way we do business from the member's point of

view, embracing new delivery channels to enhance the member experience and providing employees the tools to make decisions more quickly. We call this unique way of doing business 'Michigan Craft Banking'.

An organization's brand isn't something you necessarily see or touch - but is definitely recognizable. A good brand helps to tell the story of a company without words - but rather through its way of being. It is embedded both internally and externally so both employees and customers fully understand 'Who We Are' through every interaction.





THE CHAIRMAN'S REPORT

As Chairman of the Adventure Credit Union Board of Directors, I have the privilege of working with a group of volunteer Board members and Senior Management team who bring decades of experience with the common goal of making Adventure a world class financial institution. This means crafting new products and services at competitive pricing – delivered with service our members have grown to expect from us.

Collectively, the Board's role is to oversee the business practices of the credit union and ensure decisions are made with the best long-term interests of the organization in mind. My fellow Board members and I are elected from the membership, so we have a vested interest in the continued success of Adventure.

I am happy to report Adventure Credit Union performed its mission well

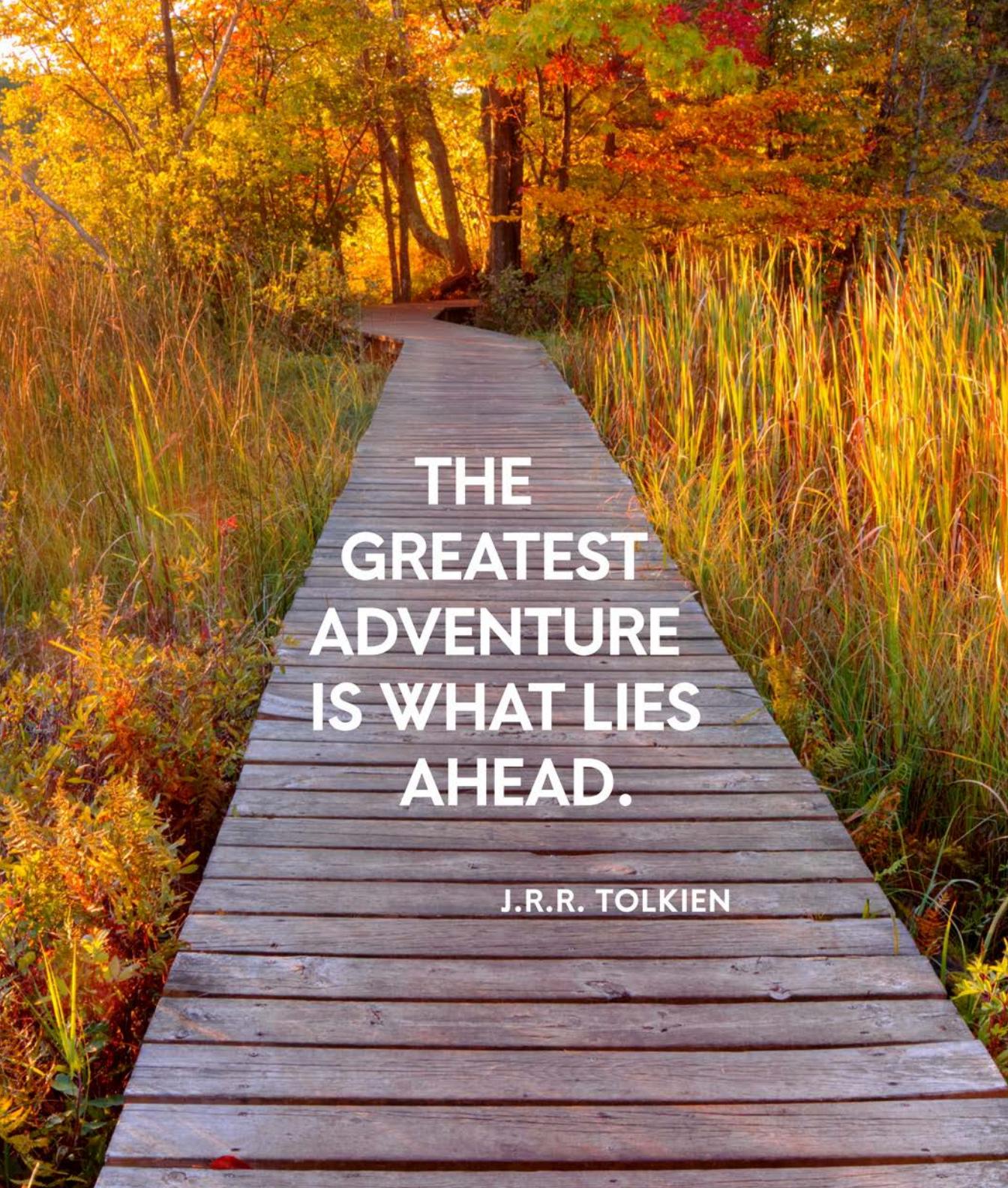
in 2016, is well capitalized and is financially sound.

I would like to take this opportunity to thank our loyal membership which grew by over 11% this past year. The financial services industry is crowded with numerous options and the Board understands the credit union needs to be competitive to attract and retain your business. In addition, I would like to thank the Board of Directors for their work this past year and their dedication to Adventure Credit Union. Finally, we sincerely appreciate the Management and Staff of Adventure who provided excellent service to our members throughout all of the changes this past year.

As we close out 2016, we look forward to the continued growth and success of our institution. Thank you for your membership with Adventure Credit Union!

-David Ferguson



A photograph of a wooden boardwalk leading through a forest. The boardwalk is made of weathered wooden planks and leads into a dense forest of trees with autumn-colored leaves. The surrounding area is filled with tall grasses and other vegetation, all bathed in the warm, golden light of either sunrise or sunset. The overall atmosphere is one of a peaceful, natural setting.

THE
GREATEST
ADVENTURE
IS WHAT LIES
AHEAD.

J.R.R. TOLKIEN



THE TREASURER'S REPORT

2016 was a year of transformation and record growth for Adventure Credit Union. Total assets ended the year at \$346,278,126 an increase of over 19% from year-end 2015. Adventure's growth was fueled by strong auto loan and mortgage loan demand. We continued to practice our conservative underwriting standards to appropriately manage the asset quality of the credit union.

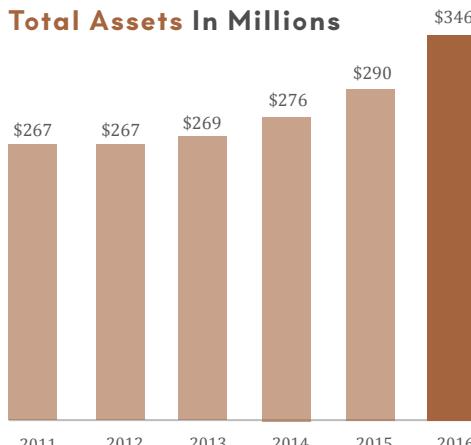
Adventure Credit Union continues to be a strong and healthy financial institution. We are pleased to report the business affairs of your credit union comply with Federal regulations and the financial statements were audited by our external accounting firm which found them to be accurate and free of any misrepresentation.

As of December 31, 2016, Adventure Credit Union was categorized as well capitalized. We are proud to report

at year-end 2016, Adventure's capital ratio was 13.10%, well above the federal requirement.

We look forward to continued growth in 2017 and the expansion of our products and services to our membership. As Treasurer, I am confident Adventure will continue to be a strong financial institution, and the management of the credit union will strive to provide healthy returns to our members.

-Dave Kidd



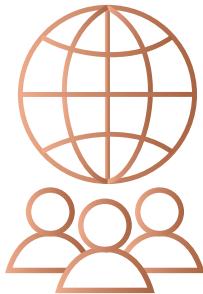
STATEMENT OF FINANCIAL CONDITION

ASSETS	2016	2015
Cash & Cash Equivalents	\$16,041,101	\$15,611,575
INVESTMENT SECURITIES		
Available for sale	\$11,112,428	\$29,315,216
Held to maturity	\$6,978,895	\$11,548,609
Time deposits with other financial institutions	\$4,726,985	\$8,211,673
Loans to Members (Net)	\$279,160,834	\$198,780,150
Accrued Interest Receivable	\$755,196	\$647,065
Premises & Equipment (Net)	\$9,108,230	\$7,748,381
NCUSIF Deposit	\$2,431,917	\$2,264,181
FHLB Stock	\$1,135,000	\$827,400
Cencorp Perpetual Contributed Capital	\$600,000	\$600,000
Credit Union Owned Life Insurance	\$6,852,082	\$6,683,761
Other Assets	\$7,375,461	\$7,807,938
Total Assets	\$346,278,129	\$290,045,949
LIABILITIES & MEMBER EQUITY		
Members' shares and savings accounts	\$255,907,000	\$240,062,392
Non-member certificates of deposit	\$14,935,000	\$0
Borrowed Funds	\$26,000,000	\$3,000,000
Accrued interest payable	\$62,698	\$53,521
Accrued and other liabilities	\$3,959,390	\$2,064,109
Total liabilities	\$300,864,088	\$245,180,022
MEMBER EQUITY	\$45,414,041	\$44,865,927
TOTAL LIABILITIES & RESERVES	\$346,278,129	\$290,045,949

STATEMENT OF INCOME

	2016	2015
INTEREST INCOME		
Loans	\$11,063,402	\$9,102,444
Investment securities	\$497,606	\$928,172
Other	\$163,485	\$174,121
Total interest income	\$11,724,493	\$10,204,737
INTEREST EXPENSES		
Members' shares and savings account	\$1,040,149	\$732,516
Borrowed funds	\$157,496	\$32,448
Non-member certificates of deposit	\$91,418	\$0
Total interest expense	\$1,289,063	\$764,964
Net Interest Income	\$10,435,430	\$9,439,773
Provision for Loan Losses	\$217,296	\$250,000
Net Interest Income / After provision for loan losses	\$10,218,134	\$9,189,773
NONINTEREST INCOME		
Fees and charges	\$5,448,887	\$5,002,705
Gain on sale of other real estate owned	\$30,523	\$112,834
Other	\$414,436	\$337,407
Total noninterest income	\$6,168,187	\$5,452,946
NONINTEREST EXPENSES		
Compensation and benefits	\$8,230,812	\$6,573,366
Operating expenses	\$6,109,687	\$4,770,682
Occupancy	\$1,644,247	\$1,460,738
Total noninterest expenses	\$15,984,746	\$12,804,786
NET INCOME	\$401,575	\$1,837,933





COMMUNITY OUTREACH

Adventure Credit Union is an active partner in the community and continues to build positive relationships by upholding the industry's philosophy of "people helping people."

We work in the communities we serve, through direct financial support, volunteering, sponsorships and participating in multiple community events. We recognize that practicing good corporate citizenship supports the social and economic wellbeing of others and helps strengthen the ties of those within the community.

At Adventure, we not only meet our member's financial needs, but

our employees also volunteer their personal time to support community outreach programs. We do this by sponsoring and participating in a variety of community and volunteer events.

These include, Art Prize, D.A. Blodgett, St. Johns Annual Backpack Drive, Access of West Michigan Food Bank, Metro Health Farmer's Market, Greater Lansing Food Bank, Arts In Motion, Grand Rapids Public Museum, Family Festival of Faith, Kid's Food Basket and Ele's Place, to name a few. The staff also participates in several local Chamber/Association/Foundation events in Grand Rapids and Lansing.

