



ADVENTURE

CREDIT UNION

2019 Annual Report

THE CEO'S REPORT

Let's begin by acknowledging that 2019 was a year of transition for Adventure Credit Union as we experienced a change in the executive management team. Although change can be difficult at times, for this team it allow us to collaborate together, across departments, and redefine Adventure CU's mission, vision, and core purpose. A special "thank you" to the staff as they supported the change in leadership, answered our many questions during the initial "learning curve" and have now fully embraced our journey as Trusted Financial Guides.

A solid year financially, the credit union's capital remained strong at 13.81%, significantly above the peer group average of 11.49%. As an organization we strive to be responsive to our member's needs while remaining financially sound. After careful consideration, we were able to keep our Alpine branch open and reinstated our participation with the shared branching network. Thank you to those employees and members who spoke up, your input continues to make a difference.

As 2019 drew to a close, we again as a team, identified our organizational strategic goals for 2020. Our priorities centered on the need to invest in the infrastructure of the credit union. We made a commitment to building a strong base for future years by focusing our time, energy and financial resources on the "Three D's": Development of Staff, Data Driven Decisions and Digital Delivery Channels. Although COVID-19 has adjusted the timeline of our 2020 corporate initiatives, it has also created some opportunities to assist members in ways we would have not though possible. Every day I'm impressed by this team as they step up to the challenges and live out our mission statement, Discovering Solutions and Achieving Success Together.

I am proud of what this team has accomplished in the past year and as we navigate this unprecedented time in history. On behalf of all employees, I would like to thank the Board of Directors for their continued support and guidance. And again, thank you Adventure Credit Union members, for continuing to let us be your Trusted Financial Guide as we strive in partnership each day to ENRICH your Financial Futures.

-Ann Marie Nelson
President/CEO

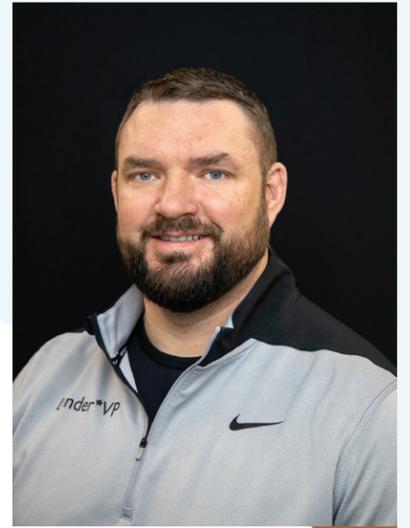
WELCOME TO THE BOARD OF DIRECTORS!



Ryan Sheffer

Joined Board: 3/2/2020
City of residence: Ada

Ryan Sheffer: "I am honored to serve my fellow members on the board of directors. The responsibility that comes along with this role is something I do not take lightly. My commitment to the credit union is unwavering and I look forward to many years of prosperity together."



Pete Winninger: "I have spent 15+ years of my career in the credit union industry and lived in both the Grand Rapids and Lansing communities. I am very excited to participate in the credit union movement in a new way by volunteering at Adventure Credit Union. I look forward to a front row seat to watch the many success stories."

Wherever life's journey takes you, the Trusted Financial Guides at Adventure Credit Union are here for you. We are committed to embracing change, finding solutions and enriching the financial futures of our members and community. At Adventure, we continuously strive to provide opportunities to support our member's growth and development. So enjoy the journey. No matter where the road may lead, we are here to help. TOGETHER WE CAN ACHIEVE SUCCESS!

Core Purpose: Your TRUSTED FINANCIAL GUIDE

Mission Statement: Discovering Solutions and Achieving Success Together

Vision Statement: As the Trusted Financial Guide, we partner with our Members, Employees and Community to ENRICH their Financial Futures.

Core Values:

We value collaboration: By being resourceful empowered guides, we embrace change and find solutions

We value integrity: By following our moral compass, we enrich relationships built on accountability and transparency

We value respectfulness: By exhibiting a positive attitude, we create an open environment built on trust and the contribution of others

We value innovation: By embracing partnerships, we cultivate an environment that encourages continuous improvement

We value learning: By providing opportunities and sharing our knowledge, we support growth and development





Adventure team photo, Decemeber 2019

THE TREASURER'S REPORT

Adventure Credit Union continues to be a strong and healthy financial institution. We are pleased to report that the business affairs of your credit union comply with all state and federal regulations and that the credit union's financial statements were audited by an independent public accounting firm and determined to be accurate and free from any material misrepresentation.

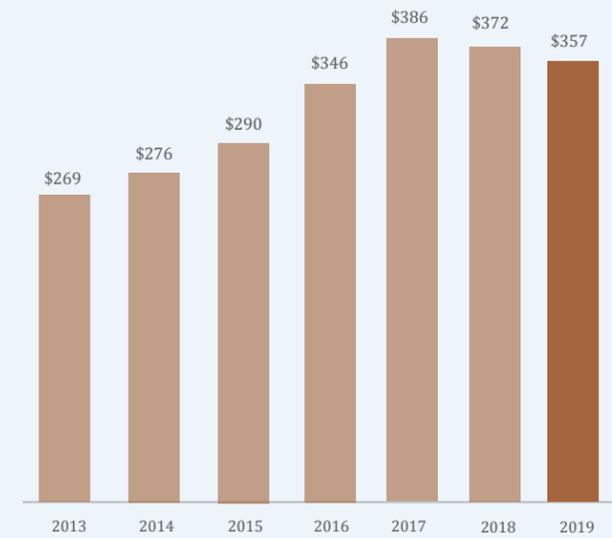
We ended 2019 with total assets of \$356,709,660, down 4.9% from the \$372,703,446 reported at year end 2018. Credit Union membership declined from 30,891 to 30,261. The decline in membership is a result of scaling back the volume of Indirect Auto Lending beginning in late 2018 and throughout 2019. Indirect Auto Lending has been the primary driver of loan, asset, and membership growth in recent years.

The credit union remains well capitalized and had significant earnings improvement in 2019. The Net Worth to Assets Ratio rose to 13.81% at December 31st 2019, up from 12.71% at the end of 2018. Under capital guidelines established by the NCUA, Adventure Credit Union is rated as a Well Capitalized financial institution. Net Income increased by \$1.8 million dollars in 2019 to \$2.8 million dollars for the full year. The credit union's Return on Assets increased from 0.27% in 2018 to 0.77% in 2019.

2020 is a year unlike any other and while it is presenting some unique challenges it is also presenting an abundance of opportunities to help our members, and our teammates, and our communities. As your Treasurer I am confident Adventure will rise to the challenges ahead and continue to be a strong, vibrant, adaptive financial institution that's committed to "partnering with our members, employees, and community to enrich their financial futures".

-David Ferguson

Total Assets In Millions



THE CHAIRMAN'S REPORT

The Adventure Credit Union Board of Directors is comprised of volunteers from a wide variety of backgrounds and work experience. As Chairman, it is my pleasure to work with the Board and Senior Management in our collective goal of providing excellent products and services to you, our members.

The Board's role is to serve and promote the best interests of the credit union and its membership. We oversee the business practices of the credit union and collectively set strategic planning goals with Senior Management. Since we are elected from the membership, my fellow Board members and I have a vested interest in the success of Adventure Credit Union.

I am happy to report Adventure Credit Union is well capitalized and financially sound. The Board understands as consumers, you have a wide selection of financial services options and we would like to take this opportunity to thank you for your loyal membership. In addition, I would like to thank the Board of Directors, Management and Staff for their work this past year and their dedication to Adventure Credit Union.

-Charles Breneman

STATEMENT OF FINANCIAL CONDITION

ASSETS	2019	2018
Cash & Cash Equivalents	\$35,338,721	\$24,149,099
INVESTMENT SECURITIES		
Available for Sale	\$4,468,749	\$11,397,343
Held to Maturity	\$3,184,853	\$4,115,576
Time Deposits with Other Financial Institutions	0	\$746,000
Loans to Members (Net)	\$288,478,072	\$302,679,515
Accrued Interest Receivable	\$794,843	\$807,756
Premises & Equipment (Net)	\$8,767,580	\$9,258,187
NCUSIF Deposit	\$2,871,630	\$2,954,711
FHLB Stock	\$1,575,000	\$1,575,000
Cencorp Perpetual Contributed Capital	\$600,000	\$600,000
Credit Union Owned Life Insurance	\$7,331,071	\$7,185,526
Other Assets	\$3,299,141	\$7,234,001
Total Assets	\$356,709,660	\$372,702,714
LIABILITIES & MEMBER EQUITY		
Members' Shares and Savings Accounts	\$283,064,070	\$287,773,254
Non-Member Certificates of Deposit	\$6,052,000	\$9,772,000
Borrowed Funds	\$16,000,000	\$25,000,000
Accrued Interest Payable	\$111,137	\$129,979
Accrued and Other Liabilities	\$2,226,472	\$3,659,733
Total Liabilities	\$307,453,679	\$326,334,966
TOTAL LIABILITIES & RESERVES	\$356,709,660	\$372,702,714

STATEMENT OF INCOME

	2019	2018
INTEREST INCOME		
Loans	\$13,212,815	\$13,178,473
Investment Securities	\$968,862	\$308,471
Other	0	\$335,795
Total Interest Income	\$14,181,677	\$13,822,739
INTEREST EXPENSES		
Members' Shares and Savings Account	\$2,001,832	\$1,801,999
Borrowed Funds	\$292,968	\$442,748
Non-Member Certificates of Deposit	\$151,069	\$212,745
Total Interest Expense	\$2,445,869	\$2,457,492
Net Interest Income	\$11,735,808	\$11,365,247
Provision for Loan Losses	\$1,409,157	\$2,220,344
Net Interest Income / After provision for loan	\$10,326,651	\$9,144,903
NON-INTEREST INCOME		
Net Gain on Sale of Loans Held for Sale	\$2,400,713	\$265,139
Fees and Charges	\$3,627,508	\$5,631,919
Gain on Sale of Other Real Estate Owned	\$73,877	-
Other	\$352,073	\$458,591
Total Non-Interest Income	\$6,454,171	\$6,355,649
COMPENSATION AND BENEFITS	\$6,907,999	\$7,170,933
Operating Expenses	\$3,031,742	\$3,195,634
Occupancy Expenses	\$1,183,803	\$1,147,689
Loan Servicing Expense	\$1,039,120	\$1,351,753
Professional and Outside Services	\$1,794,935	\$1,604,555
Total Non-Interest Expenses	\$13,957,599	\$14,470,564
Total Non-Interest Expenses	\$13,957,599	\$14,470,562
NET INCOME	\$2,823,223	\$1,029,990