



**ADVENTURE**
CREDIT UNION

2020 Annual Report



CEO's Report

Ann Marie Nelson

I would like to begin by thanking the ACU staff, our members, and our Board of Directors for all the time and effort spent this past year navigating the unprecedented events of 2020. I'm very proud of our employees for truly embracing our mission statement, "Discovering Solutions and Achieving Success Together," and overcoming the obstacles and challenges created by the pandemic. We kept both our staff and members safe by transitioning nearly 85% of our employees to offsite work locations. We also acknowledge and appreciated our members' patience and their flexibility in using remote banking channels to stay connected when our lobbies were closed for extended periods of time.

Despite the distractions of the pandemic, we successfully created a three year strategic plan placing priorities on 1) increasing member engagement through utilization of touch points, 2) focusing on the financial wellness of our members, employees and the community and 3) balancing growth with managed risk to achieve our targeted financial performance. Examples of ways we executed our plan included text messaging capabilities, online appointments scheduling, financial counselor certification, and the commitment to our community through our Adventure Gives program.

I am proud of what this team has accomplished in the past year and looking forward to all that we will do together as we continue to Focus Forward. And finally, on behalf of the staff and membership I would again like to thank the Board of Directors for their support, guidance and volunteer service over this past year.



Chairman's Report

David Ferguson

After all of the turmoil caused by COVID-19 during 2020, I am pleased to report that Adventure Credit Union is still well capitalized and financially sound. The Board's role is to serve and promote the best interests of the credit union and its membership. Included in this report is a short summary of how the credit union responded to the pandemic and helped relieve financial strain for our members.

Despite many challenges from the pandemic, the credit union's senior management was able to stay on track with the organization's strategic direction. Adventure saw an increase in net income, and experienced record growth in member deposits during the year. The credit union ended 2020 with more than 30,600 members, \$415M in assets, and a net worth ratio of 12.86%. The NCUA's threshold for being "well capitalized" is set at 7.00%. Finally, we also received positive reports from our regulators and independent examiners.

In closing, I want to extend my gratitude to the Adventure Credit Union staff for their hard work throughout 2020. I would also like to thank you, our members, for the loyalty, patience, and understanding you have showed us over the past year. The pandemic pushed both our members and staff to bank and work in new ways. Thank you for allowing us to be Your Trusted Financial Guide.



2020

HIGHLIGHTS

The pandemic put a financial strain on many of our members in 2020. To help our members through this difficult time, the credit union responded by offering forbearance on mortgages and hardship extensions on loans. We also helped our business members by participating in the SBA's Paycheck Protection Program.



Edge Checking
Interest Paid:
(from reduced parameter changes)
\$33,581



Overdraft Transfer
Fees Waived:
\$13,985



Foreign ATM
Fees Waived:
\$4,083



97 PPP loans



907 COVID hardship
extensions



61 mortgage
forbearances

Congratulations!

to our new Certified
Credit Union Financial
Counselors!

- | | |
|-----------------|---------------------|
| Allison Harper | Lisa Herson |
| Amanda Gonzales | Mallory Szymczak |
| Amy Clark | Michelle De Vries |
| Ashley Themm | Nick Herson |
| Basil Ghannam | Olivia De Angelis |
| Betsy Ferwerda | Priciliana Gonzalez |
| Bob Ballard | Samantha Collins |
| Danielle Powers | Sarah Pratt |
| Joey Giarmo | Shanna Schneider |
| Kelsey Hemes | Teresa Shore |
| Kristina Moore | Zoe McConnohie |

RATE
REWARDS



ADVENTURE
NEXT



AWARDS & PROJECTS FROM 2020

WEST
MICHIGAN'S
BEST AND
BRIGHTEST
COMPANIES
TO WORK FOR
WINNER 2020

READY
TO DRIVE



meridianlink®

Online
Application
updates



ADVENTURE *gives*

2020 Highlights:

52 employee participants

214 volunteer hours

\$9,200+ CU donations

\$3,800+ staff contributions

Volunteer Events with:

Humane Society of
West Michigan

Kids Food Basket

Greater Lansing Food Bank

Friends of Grand Rapids Parks

Habitat for Humanity



February 2020 Financial REALITY Fair

brought to you by
America's Credit Unions

Simulates One Month of Independent Adult Living

- 2 day event at Godwin Heights
- 26 employees volunteered each day
- 200+ 9th graders

Each student got to learn about real life expenses and how to create a budget, with the help from our Financial Guides'



Treasurer's Report

Ryan Sheffer

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 2020 with Total Assets of \$415,888,601, an increase of 16.6% from the \$356,709,660 reported at year end 2019. Credit Union membership rose from 30,160 members at the end of 2019 to 30,626 members on December 31st 2020. The growth in membership is primarily a result of the expanding volume of Indirect Auto Lending beginning in May of 2020 and continuing through the remainder of 2020. 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 strong earnings in both 2020 and 2019. Member Deposits and Total Assets rose significantly in 2020 fueled by Covid-19 related economic stimulus payments from the federal government. The Net Worth to Assets Ratio fell to 12.50% on December 31st 2020, down from 13.81% at the end of 2019. Under capital guidelines established by the NCUA, Adventure Credit Union is classified as a Well Capitalized financial institution. Net Income was \$3,391,911 in 2020 and \$2,823,223 in 2019. The credit union's Return on Average Assets in 2020 and 2019 was 0.88% and 0.77% respectively.

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

2020 FINANCIALS

STATEMENT OF FINANCIAL CONDITION

ASSETS	2020	2019
Cash & Cash Equivalents	\$64,896,682	\$35,338,721
INVESTMENT SECURITIES		
Available for Sale	\$22,541,280	\$4,468,749
Held to Maturity	\$12,844,703	\$3,184,853
Time Deposits with Other Financial Institutions	0	0
Loans to Members (Net)	\$289,327,333	\$288,478,072
Accrued Interest Receivable	\$879,628	\$794,843
Premises & Equipment (Net)	\$8,417,755	\$8,767,580
NCUSIF Deposit	\$3,212,187	\$2,871,630
FHLB Stock	\$1,575,000	\$1,575,000
Cencorp Perpetual Contributed Capital	\$600,000	\$600,000
Credit Union Owned Life Insurance	\$6,879,506	\$7,331,071
Other Assets	\$4,714,527	\$3,299,141
Total Assets	\$415,888,601	\$356,709,660
LIABILITIES & MEMBER EQUITY		
Members' Shares and Savings Accounts	\$343,476,415	\$283,064,070
Non-Member Certificates of Deposit	\$3,720,000	\$6,052,000
Borrowed Funds	\$12,000,000	\$16,000,000
Accrued Interest Payable	\$96,258	\$111,137
Accrued and Other Liabilities	\$4,594,589	\$2,226,472
Total Liabilities	\$363,887,262	\$307,453,679
MEMBER EQUITY		
Undivided Earnings, Reserves, and Other	\$52,001,339	\$49,255,981
TOTAL LIABILITIES & RESERVES	\$415,888,601	\$356,709,660

STATEMENT OF INCOME

INTEREST INCOME	2020	2019
Loans	\$13,517,558	\$13,212,815
Investment Securities	\$355,720	\$968,862
Other	0	0
Total Interest Income	\$13,873,278	\$14,181,677
INTEREST EXPENSES		
Members' Shares and Savings Account	\$1,782,167	\$2,001,832
Borrowed Funds	\$206,587	\$292,968
Non-Member Certificates of Deposit	\$97,963	\$151,069
Total Interest Expense	\$2,086,717	\$2,445,869
Net Interest Income	\$11,786,561	\$11,735,808
Provision for Loan Losses	\$799,713	\$1,409,157
Net Interest Income / After provision for loan	\$10,986,848	\$10,326,651
NON-INTEREST INCOME		
Net Gain on Sale of Loans Held for Sale	\$2,263,691	\$2,400,713
Fees and Charges	\$3,884,732	\$3,627,508
Gain on Sale of Other Real Estate Owned	\$6,914	\$73,877
Other	\$811,894	\$352,073
Total Non-Interest Income	\$6,967,231	\$6,454,171
COMPENSATION AND BENEFITS		
Operating Expenses	\$2,950,636	\$3,031,742
Occupancy Expenses	\$1,100,566	\$1,183,803
Loan Servicing Expense	\$1,410,141	\$1,039,120
Professional and Outside Services	\$1,746,052	\$1,794,935
Total Non-Interest Expenses	\$14,562,168	\$13,957,599
Total Non-Interest Expenses	\$14,562,168	\$13,957,599
NET INCOME	\$3,391,911	\$2,823,223



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

Strategic Direction:

With a focus on the evolution of touch points, and portfolio diversification, Adventure Credit Union will achieve a purpose driven impact on our members, employees and the community while maintaining sustainable financial performance.