



2021

Annual
Report

AIR ACADEMY
FEDERAL CREDIT UNION

Insured by NCUA.



Chairman & President's Report

In 2021, Air Academy Federal Credit Union (AAFCU®) celebrated 66 years serving members worldwide. We had a solid year although there were challenges and volatility for financial services. We grew from \$740 million in 2020 to \$860 million in assets at the end of 2021, we managed the ups and downs of the pandemic, and we served our membership with commitment and dedication from our staff.

The headline for AAFCU was after a few years of intense effort, we converted our financial platform on March 22, 2021. For many members, this was a transparent conversion and to this day, we still have members that did not know of the transition. The new system is state of the art and will allow AAFCU to provide top-notch products and services, create efficiencies, and improve operations for years to come. For example, in our Information Technology department, we have automated 10 times the processes we had with our previous system.

The economic environment in 2021 saw interest rates continue to be near historic lows due to the pandemic and concern for the troubled economy. Loan rates stayed low creating a great opportunity for borrowers but at the

expense of depositors. We saw an unexpected transition in 2021 compared to 2020 when the US went from the highest unemployment rates in recent history to having a shortage of workers in many sectors of the economy and geographic regions. Currently, there are 11 million jobs available and six million job seekers. This was one of the factors that caused supply chain issues and we started to see prices increase in our day-to-day necessities. Interest rates in 2021 were volatile and generally increasing with the hope of slowing the economy going forward. The stock markets generally performed well but struggled as Delta variant became the primary virus and the end of the year saw Omicron take over. The housing market continued to be strong in most parts of the United States which strengthened many personal balance sheets but is reaching a point where affordability is problematic. We saw the start of significant inflation as these factors intersected in 2021.

We had another great year in our mortgage department as we produced \$163 million in loans, and our business lending group was very successful. Automobile inventories were limited,

driving prices up on new and used cars. We did not produce as many auto loans as we expected. The financial strength for many of our members resulted in low loan delinquencies and charge offs.

Another point of pride is our member service as measured by Net Promoter Score. We received outstanding feedback as members responded almost 4,500 times to our surveys so we could hear the voice of the member. Your feedback helped us maintain our world-class service levels and we are especially proud of this accomplishment considering the effort expended as we converted our financial platform.



“ Strong overall results happen because we have an excellent culture. Air Academy Federal Credit Union was recognized in 2021 for being a Gazette Best Workplace –Large Company for the fifth consecutive year. ”

We are fortunate to have a dedicated and loyal staff. In the marketplace, many companies are struggling to attract and retain great people that want to serve. While we aren't immune from these challenges, we are fortunate to recruit the right people to serve you and maintain our family culture. In 2020, we transitioned to the ability for staff to work remotely and anticipated it would be temporary. The ability to work remotely or have a hybrid environment became permanent in 2021 as we recognized the benefits for staff and the credit union. We believe the pandemic has forever changed the way we work, and companies must remain flexible to meet the needs of today's workers.

We are proud of our 66-year legacy 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. and we want to be your Trusted Financial Partner. 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 are prepared to help you and will always be guided by doing the right thing. We look forward to serving you, your family, and your friends. Here is to a great 2021 and looking forward to 2022 and beyond.



Dr. Donald M. Bird
Chairman

Glenn L. Strebe
President/CEO

Treasurer's Report

Air Academy Federal Credit Union (AAFCU) ended 2021 with \$860 million in total assets. This represented growth of \$120 million, a 16% increase.

Even as the COVID-19 pandemic slowed, and overall economic activity began a return towards normal, total deposits continued to grow. Checking account balances increased 11%, Money Fund account balances increased 39%, Savings account balances increased 21% and Term Share Certificate balances decreased 3%. Overall, total member deposits increased 18%.

Members borrowed \$280 million in 2021 to help build their dreams. This is a 15% decrease from 2020 loan originations, as automobile supply-chain and home-inventory shortages stifled member demand. Total outstanding loan balances ended 2021 at \$536 million, a 1% decline.

Our members and the economy continued facing headwinds due to the pandemic, yet our safety and soundness remained strong. We ended the year with a regulatory net worth ratio of 7.68%; above the 7% level our regulators, the National Credit Union Administration, consider well capitalized. Total net worth again increased 5% during 2021. Delinquent loans were only 0.19% of total loans and charge offs were only 0.29%. Both figures continue to be in-line with our peer averages.

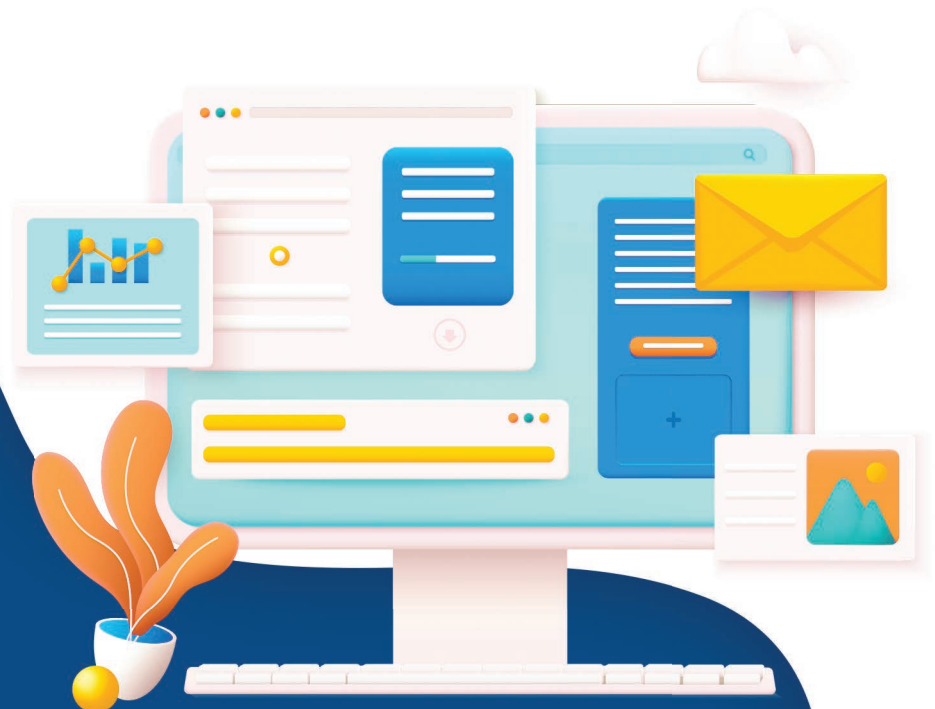
During 2021 we saw the number of members enrolled in online banking increase 2% to over 20,000. Over 46% of our members enjoy the convenience of banking whenever and wherever they wish.

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 2021 were \$3.9 million (15%) 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. For 2021, the firm of CliftonLarsonAllen issued Air Academy an unmodified opinion; the highest level of assurance issued by a CPA firm.

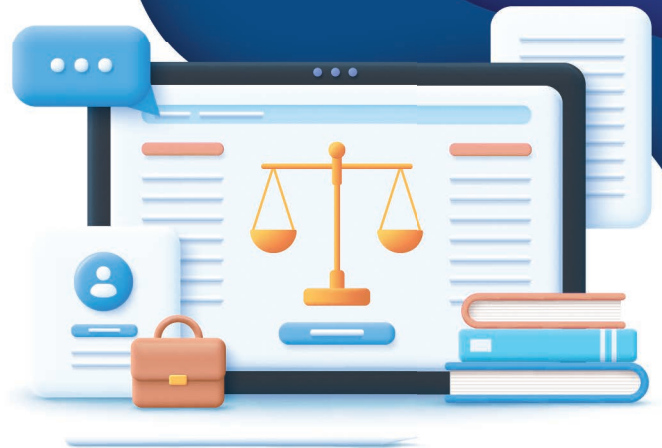
Based on the results of our internal audit procedures, the NCUA's examination report, and the independent auditor's report, it is the opinion of the Supervisory Committee that Air Academy continues to be financially sound and well managed.

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

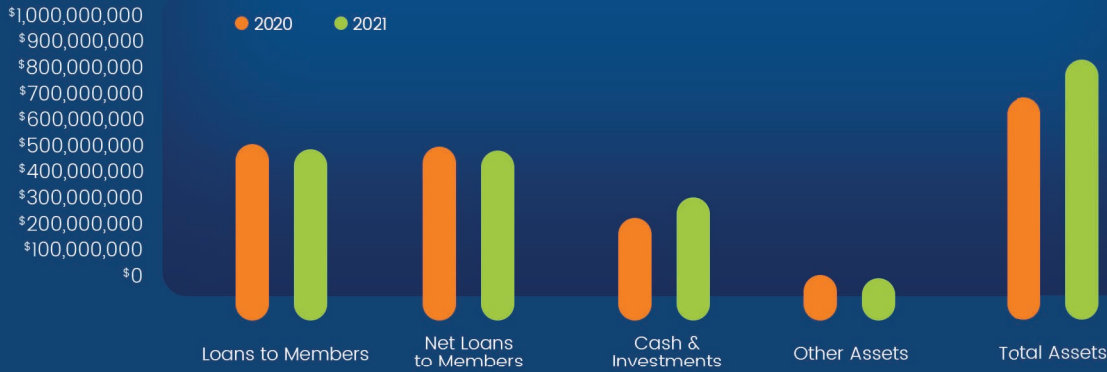
C/O Air Academy Federal Credit Union
P.O. Box 62907
Colorado Springs, CO 80962-2907

Terry Stokka
Chairman



Statement of Financial Condition – Unaudited

As of December 31, 2021 & 2020



	2021	2020
Loans to Members	\$536,590,235	\$541,708,574
Less: Allowance for Loan Losses	(1,509,226)	(2,310,011)
Net Loans to Members	\$535,081,009	\$539,398,563
Cash & Investments	\$291,219,973	\$166,852,107
Other Assets	\$33,714,231	\$34,203,453
Total Assets	\$860,015,213	\$740,454,123

Assets (Millions)

2017

\$580 million

2018

\$603 million

2019

\$639 million

2020

\$740 million

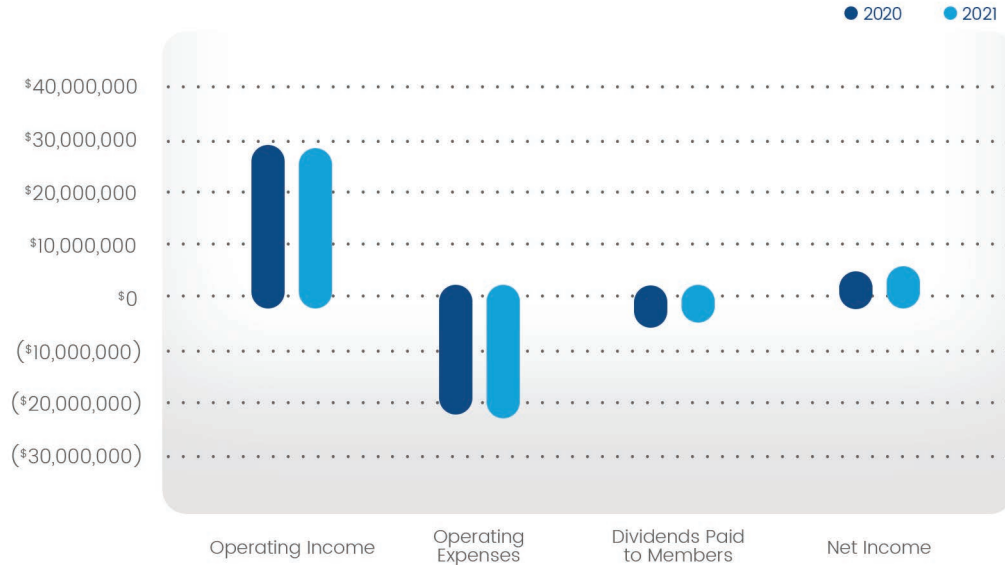
2021

Total Assets
\$860,015,213

45,221
Total Members
(12/31/21)

Statement of Income - Unaudited

For the Years Ended December 31, 2021 & 2020



	2021	2020
Operating Income	\$29,238,339	\$29,663,896
Operating Expenses	(22,475,845)	(22,173,366)
Provision for Loan Losses	(671,000)	(1,712,000)
Non-Operating (Losses) Gains, Net	(4,842)	105,222
Dividends Paid to Members	(2,837,164)	(3,281,268)
Net Income	\$3,249,488	\$2,602,484



	Total Assets	Dividends Paid	Capital
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%
2017	\$580,112,182	\$1,708,960	8.38%

Community Support Snapshot



April

ABE Luncheon
Benefiting Arts Business Education Consortium

\$1,500 Sponsored ● ● ● ●

Art Scholarship Virtual Program

Academy D20
Colorado Springs D11
Elbert School
Elizabeth School District
Fountain-Fort Carson D8
Lewis-Palmer D38

May

District 49
Douglas County RE-1

\$30,775 Total Scholarships Awarded ● ● ● ●

Investment in Character Breakfast
Benefiting Boy Scouts of America Pikes Peak Council

KOAA News Channel 5 Congrats to Grads! Sponsor

\$4,800 Sponsored ● ● ● ●

Payback Piggy

\$7,500 Given Back to Members ● ● ● ●

June

Colorado Springs Western Street Breakfast

\$1,000 Sponsored ● ● ● ●

Community Shred Day

\$460 Raised & 370 Cars Served ● ● ● ●

Courage Classic Virtual Tour
Benefiting the Children's Hospital Colorado

Packz 4 Kidz Fundraiser
Kenzi's Causes

Payback Piggy

\$6,000 Given Back to Members ● ● ● ●

Stars & Stripes Golf Tournament
YMCA of the Pikes Peak Region

\$750 Sponsored ● ● ● ●

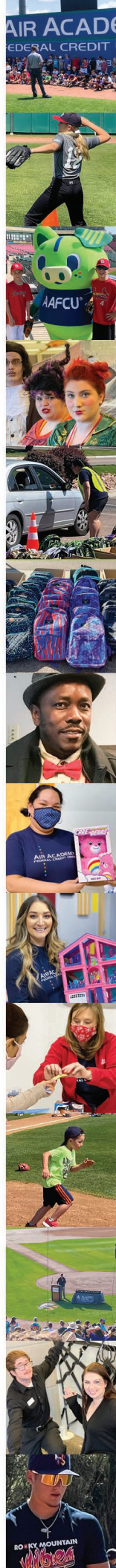
July

Courage Classic Virtual Tour
Benefiting the Children's Hospital Colorado

\$3,000 Donated ● ● ● ●



July	Packz 4 Kidz Fundraiser Kenzi's Causes	\$1,600 Raised ● ● ● ●
	Rocky Mountain Vibes Baseball Presenting Sponsorship	
	Rocky Mountain Vibes Baseball Youth Baseball Clinic	140 Local Kids Attended ● ● ● ●
August	Academy School District 20 Foundation Golf Tournament	
	Back to School Teacher Appreciation Benefiting Academy School District 20	
	Fantastic 49 Recognition Program School District 49	\$2,500 Sponsored ● ● ● ●
	New Teacher Orientation Lewis-Palmer District 38	
	Packz 4 Kidz Backpack Giveaway Kenzi's Causes	200 Backpacks Distributed ● ● ● ●
	Sporting Clays Classic Benefiting Boy Scouts of America Pikes Peak Council	
September	Community Shred Day	\$510 Raised & 325 Cars Served ● ● ● ●
	Eagles for Eagles Golf Tournament Benefiting Boy Scouts of America Pikes Peak Council	
	Member Appreciation Day at Rocky Mountain Vibes Baseball	1,000 Tickets Distributed to Membership ● ● ● ●
	Pikes Peak Prevention Race Against Suicide	\$3,500 Sponsored ● ● ● ●
	Kenzi's Causes Toy Drive & Fundraiser	\$2,039 Raised ● ● ● ●
October	Payback Piggy	\$7,500 Given Back to Members ● ● ● ●
	Highlands Ranch Metro District & Centennial Water & Sanitation Employee Benefits Day	
	Retirement Income Planning Webinar	
November	Kenzi's Causes Toy Drive	
December	Kenzi's Causes Toy Shop	580 Toys Collected & 290 Kids Served ● ● ● ●
	Wreaths Across America	\$1,000 Donated ● ● ● ●







Thank you
to our members for making
• • • • 2021 a great year! • • • •

AIR ACADEMY FEDERAL CREDIT UNION

aafcu.com

*Non-deposit investment products and services are offered through CUSO Financial Services, L.P. ("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.

AAFCU is a registered trademark of Air Academy Federal Credit Union.