

# 2018 ANNUAL REPORT



## LETTER FROM THE BOARD CHAIRMAN, MR. ROYDEN RUSSELL

Last year was another successful one in the history of Appalachian Community Federal Credit Union, and I am happy to report that we welcomed almost 2,000 new members to our credit union family. We assisted many people in the Appalachian region by helping them realize the joys of owning a home, financing a vehicle, or paying off debt by working with a financial coach and placing their trust in their credit union.

At year end 2018, the assets of ACFCU grew over \$20 million to an all-time high of \$234,415,056 – underscoring the faith our members have in their credit union. We also increased the number of member loans by 10.65%.

One highlight of 2018 was the opening of a new branch in Jonesborough, TN. We hope this new location on Highway 11E serves as a convenient stop for many commuters from this area, and we stand ready to serve you there.

As a designated Community Development Financial Institution (CDFI), Appalachian Community Federal Credit Union is committed to providing the products, services and financial advice to assist members in building wealth for the long term. I believe it is our responsibility to give our members access to the appropriate credit and savings solutions to help you and your family thrive, and I take that responsibility seriously.

In closing, I would like to take this opportunity to thank you for your membership with ACFCU, and for trusting your ACFCU team to guide you on a path to financial success. We can't do what we do without YOU!

Respectfully submitted,



**Royden Russell**  
*Chairman of the Board of Directors*

## SUPERVISORY COMMITTEE REPORT

The Board of Directors appoints the Supervisory Committee, which serves voluntarily and acts independently of the Board. Their responsibility is to ensure that member account verifications and internal audit functions are followed, and that an annual audit of Credit Union financials is conducted by a qualified CPA firm.

In 2018, ACFCU changed our fiscal year end from December to June. Therefore, at the time of publication of this Annual Report, and for this fiscal year alone, we do not yet have a certified audit report.

**Proud to serve members within various  
counties of these fine states.**



*Kentucky*



*Tennessee*



*Virginia*

## STATEMENT OF FINANCIAL CONDITION: ASSETS AS OF 12/31/18

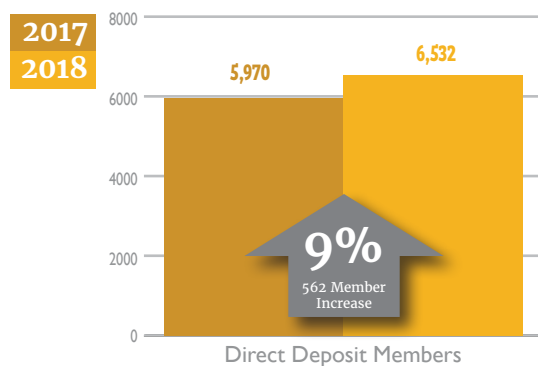
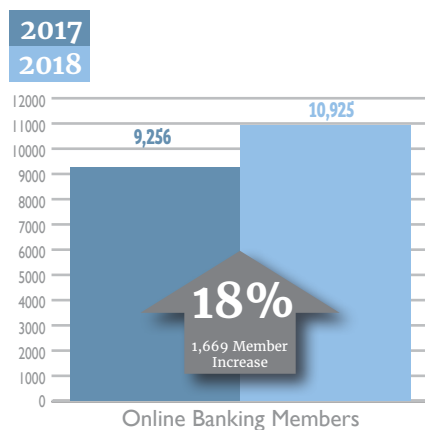
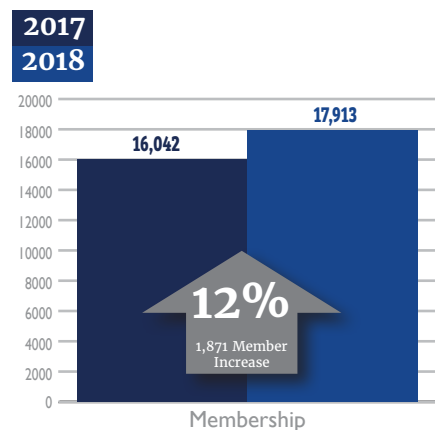
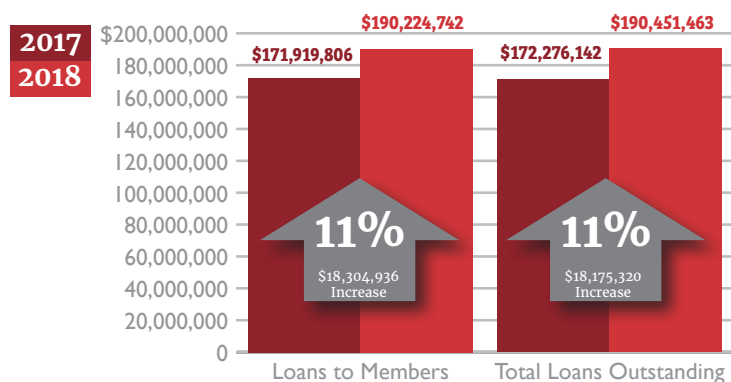
LOANS AND CASH	
Loans to Members	\$190,224,742.14
COLL in Process	\$226,720.48
Total Loans Outstanding	\$190,451,462.62
All Loan Loss-KY	(\$154,064.65)
All Loan Loss	(\$2,285,292.17)
Net Loans Outstanding	\$188,012,105.80
Change Fund	\$1,280,478.69
INVESTMENTS	
Federal Reserve	\$7,000,000.00
CLF	\$497,415.25
Federal Home Loan Bank	\$453,739.90
VCCU/Corp One/KY Corp	\$2,948,834.39
Jumbo CDs <1 Year	\$0.00
Other Investments	\$18,257,742.72
NCUSIF Share Insurance	\$1,709,801.92
Net Investments	\$30,867,534.18
Prepaid and DEF	\$621,563.28
Building and Land	\$7,630,654.84
Computer Equipment, Furniture and Fixtures	\$1,254,364.04
ACC Loan Interest	\$792,400.27
ACC Investment Only	\$139,573.71
Goodwill-KY	1,098,869.00
Other Assets	\$2,717,512.48
<b>Total Assets</b>	<b>\$234,415,056.29</b>
Number of Members	17,913
Potential Members	260,000

## STATEMENT OF FINANCIAL CONDITION: LIABILITIES & EQUITY OF 12/31/18

LIABILITIES	
Notes Payable	\$0.00
Accounts Payable	166,754.38
Taxes Payable	\$2,578.31
Other Liabilities	1,742,730.02
Accrued Liabilities	\$108,032.99
Dividends Payable	\$49,400.73
<b>Total Liabilities</b>	<b>\$2,069,496.43</b>
EQUITY	
Shares	\$32,726,453.24
Club Accounts/Escrows	\$559,590.10
Share Drafts	\$19,079,893.08
Money Market	\$15,135,599.08
IRA Shares	\$1,406,642.85
Certificates	\$128,987,014.15
IRA Certificates	\$13,911,001.40
<b>Total Shares</b>	<b>\$211,806,193.90</b>
Regular Reserve	\$6,171,056.46
Secondary Capital	\$1,714,286.00
Grant Reserve	\$2,100,000.00
Undivided Earnings	\$11,757,898.31
NET Income/(loss)	(\$1,203,874.81)
<b>Total Equity</b>	<b>\$20,539,365.90</b>
<b>Total Liability and Equity</b>	<b>\$234,415,056.29</b>
<b>Net Capital</b>	<b>9.23%</b>

WE CERTIFY TO THE BEST OF OUR KNOWLEDGE THIS STATEMENT IS TRUE AND PRESENTS FAIRLY THE FINANCIAL POSITION FOR THE PERIOD COVERED.

## 2017- 2018 OVERALL CREDIT UNION GROWTH



All percentages are rounded to the nearest number

## SERVICE ORGANIZATIONS

**Appalachian Community Insurance Agency** offers cost-effective solutions to cover family and business protection needs.

- Personal Coverage
- Homeowner
- Watercraft
- Flood
- Bonds (Notary, Performance & Bid, etc.)
- Recreational Vehicles
- Identity Theft
- Wedding Insurance
- Life Insurance
- Automobile (SR-22/FR-44)
- Motorcycle
- Earthquake
- Sinkhole
- Commercial Property
- Automobile
- General Liability
- Workers Compensation
- Errors & Omissions
- Garage Liability

**Appalachian Community Title Agency** provides an essential service to families pursuing the American dream of homeownership by protecting a significant investment in their futures. Title insurance protects a policy holder against challenges to rightful ownership of real property that can arise from circumstances of past ownerships.

### Quality Financial Concepts

For many people, investing can be confusing and intimidating. Appalachian Community Federal Credit Union has partnered with Quality Financial Concepts (QFC) to provide members with expert investment advice. With a focus on common sense investment strategies, QFC strives to give professional guidance and develop a strategy best suited for an individual's needs. Products & Services include:

- Retirement Planning
- Risk Management
- Professional Wealth Management
- Long Term Planning
- Insurance Planning
- Estate Planning Strategies
- Tax Advantages
- Portfolio Analysis & Monitoring

Not NCUA Insured \*No Credit Union Guarantees\* May Lose Value.  
 M. Shane Smith, CFP, Registered Principal. Securities offered through Crown Capital Securities. L.P.  
 Member FINRA & SIPC. Advisory and Tax services offered through Quality Financial Concepts.  
 CCS, ACFCU AND QFC are not affiliated.



## WE MAKE IT HAPPEN

The year of 2018 saw the successful conclusion of ACFCU's "Project Reinvest" down payment assistance program. During the year, **107 individuals** and families were aided in purchasing homes by a **\$10,500**, zero interest loan from ACFCU. The loans were made possible through a **\$2.4 million** grant that funded **200** such loans, all for buyers who earned at or below the area median income. For example, the **89 families** who purchased homes through the program between January and June had an average income of **\$26,985**, and their homes had an average purchase price of **\$103,000**. Thus, the Down Payment Loan (DPL), which is only repayable if a homeowner sells or refinances, represented an average of more than **10 percent** of purchase cost.

ACFCU had completed 93 loans in 2017 and entered 2019 as a successful grantee – so much so that Project Reinvest's funder approved an amendment providing an additional 30 down payment loans. The Credit Union plans to use those during the first half of 2019. That will allow ACFCU to help more people like Carla Strickland, a dental hygienist who bought her first house in April 2018. Carla is happy to be raising her daughter, 6-year-old Caira, in the Erwin, Tenn. home that she says wouldn't have been possible for her to purchase without Project Reinvest. "I feel like this assistance really allowed me to make the numbers work," Carla said. Those numbers working mean the world to Carla, who grew up mostly in rented housing and wanted something different not just for herself, but for Caira.

***"I feel like this assistance really allowed me to make the numbers work."***



*Carla and Caira Strickland of Erwin, TN. Carla bought her first home in 2018 with help from the DPL.*

## Volunteer Income Tax Assistance Program Update

- Last year, **736** tax returns were prepared for VITA clients.
- Of those, **565** taxpayers received refunds.
- The total refund amount was **\$973,653**.
- The average refund for those who received one was **\$1,723**.
- Conservatively, we saved the **736** taxpayers at least **\$150,000** in preparer fees.



**Visit one of our branches in the following cities:**

## **Tennessee**

Gray  
Kingsport  
Rogersville  
Johnson City  
Jonesborough

## **Kentucky**

Booneville  
McKee  
Berea

## **Virginia**

Norton

