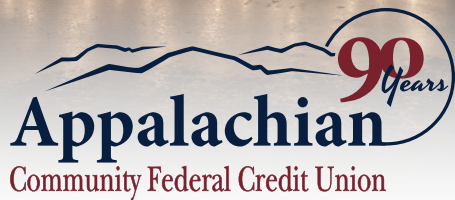


# ANNUAL REPORT 2022



# ACFCU90



# Letter from the Board Chairman, MR. JOE BOGGS



In 2022, Appalachian Community Federal Credit Union kicked off 90 years of serving our members and our community. We started the year by showcasing stories of our members. From first savings and checking accounts to first cars and homes, we celebrated alongside our loyal members who saw dreams realized with the help of our team members.

On August 10, ACFCU officially broke ground on our new administrative offices at 201 East New Street in Kingsport. The event was held with the support of Your Kingsport Chamber of Commerce and was well attended by ACFCU staff and community members. Originally formed by the employees of Mead Paper Mill (Domtar), ACFCU is excited to return to the downtown Kingsport community.

The New Street location will also feature a walk-in full-service branch to serve our downtown members and businesses, and we hope to celebrate with a ribbon cutting in early summer 2023.

We will continue operating the full-service drive-thru in Gray and the full-service branches in Johnson City, Kingsport (Stone Drive location), Rogersville, Tenn., and Norton, Va.



## Kingsport Groundbreaking



We concluded our 90<sup>th</sup> anniversary festivities with a community-wide celebration at the Kingsport Farmer's Market on November 10 with free carousel rides, a food truck rally, and live music from the ETSU Bluegrass Band.

## 90<sup>th</sup> Anniversary Celebration



## Member Stories

While 2022 was a time to honor and reflect on how far our credit union has come over the past 90 years, we cannot ignore the troubles still looming for our nation. Our country is still dealing both financially and physically with the impacts brought on by the COVID pandemic. From March 2022 to December 2022, the Federal Reserve raised interest rates 425 basis points slowing loan demand, but positively affecting certificate rates.

According to the Credit Union Trends Report and Economic Report, a monthly “pulse check” on the state of the credit union marketplace, the rising interest rates continue to negatively impact the very interest rate sensitive housing market. Household debt grew faster than disposable income in 2022 as well. As a whole, credit union loan balances rose 19.4% in 2022. The supply and demand for new vehicles continued to be an issue as well. Higher inventories will slow down the growth rate of new vehicle transaction prices in 2023.

While 2023 will continue to be a challenging time for consumers nationwide, we want our members to know the credit union system is well-capitalized and on solid footing. In fact, the Tennessee Credit Union League is celebrating the 100<sup>th</sup> anniversary of Tennessee credit unions this year. That’s 100 years of people helping people, and ACFCU has proudly been around for almost 91 of those.

As NCUA Chairman Todd M. Harper stated recently, no one has ever lost a single penny of insured share deposits within the credit union system. We are all committed to the protection of credit union members and the safety and soundness of the credit union system overall.

On behalf of our volunteer Board of Directors, Supervisory Committee and the entire Appy Team, I want you to know how focused we are on helping you face today’s unique financial challenges. You are the reason we are still here after 90 years. Thank you for your membership and loyalty to ACFCU. We promise to always go the extra mile to find ways to help you save money, save time, and make money as well as offer you convenience and peace of mind.

**It’s the Appy Way!**



**Joe Boggs**

*Chairman of the Board of Directors*



**Member Stories ...**

*“Because of everything you did for me and my family, we are now in the home we always wanted.”*

**- Brittany R.**

**Appalachian** 90 years  
Community Federal Credit Union



**Member Stories ...**

*“Once I turned 16, I opened up a checking account. I am still a member today!”*

**- Brooke W.**

**Appalachian** 90 years  
Community Federal Credit Union

## CONSOLIDATED STATEMENT OF FINANCIAL CONDITION AS OF 12/31/2022

ASSETS	
Cash and cash equivalents	\$11,532,595
Investments available for sale	\$4,285,423
Restricted investments	\$1,163,243
Loans receivable, net of allowance for loan losses	\$144,405,437
Accrued interest receivable	\$498,555
Property and equipment, net	\$4,352,114
Deposit in National Credit Union Share Insurance Fund	\$1,445,955
Foreclosed assets	\$16,365
Other assets	\$2,222,267
<b>TOTAL ASSETS</b>	<b>\$169,921,954</b>

LIABILITIES	
Share and deposit accounts	\$151,590,707
Accrued dividends and interest payable	\$7,467
Accounts payable and accrued liabilities	\$1,192,078
Subordinated debt	\$1,714,286
<b>TOTAL LIABILITIES</b>	<b>\$154,504,538</b>

MEMBERS' EQUITY	
Regular reserve	\$6,171,056
Undivided earnings	\$9,454,636
Accumulated other comprehensive income	(\$208,276)
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$15,417,416</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$169,921,954</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS OF 12/31/22

INCOME	
Net income	\$1,072,806
Unrealized gains (loss) on investment securities available for sale	(\$183,854)
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>\$888,952</b>

## CONSOLIDATED STATEMENT OF MEMBERS' EQUITY AS OF 12/31/22

	Regular Reserve	Undivided Earnings	AOCI (Loss)	Total
BALANCES, Dec. 31, 2021	\$6,171,056	\$8,381,830	(\$24,422)	\$14,528,464
Net income	—	\$1,072,806	—	\$1,072,806
Other comprehensive loss	—	—	(\$183,854)	(\$183,854)
BALANCES, Dec. 31, 2022	\$6,171,056	\$9,454,636	(\$208,276)	\$15,417,416

## CONSOLIDATED STATEMENT OF OPERATIONS AS OF 12/31/2022

INTEREST INCOME	
Loans	\$7,226,354
Investment securities, net	-
Other interest-earning assets	\$262,967
<b>TOTAL INTEREST INCOME</b>	<b>\$7,489,321</b>

INTEREST EXPENSE	
Dividends and interest on share and deposit accounts	\$2,051,766
Interest on borrowed funds	\$51,509
<b>TOTAL INTEREST EXPENSE</b>	<b>\$2,103,275</b>
<b>NET INTEREST INCOME</b>	<b>\$5,386,046</b>

PROVISION FOR LOAN LOSSES	
Net interest income after provision for loan losses	\$5,386,046

NON-INTEREST INCOME	
Fees and service charges, net	\$3,009,220
Net gain on sales, calls, and maturities on investment securities	-
Net gain on disposal of property and equipment	\$17,377
Net gain on foreclosed assets	(\$10,781)
Rental income	\$8,600
Grant income	\$650,000
ERTC	-
Other income, net	\$212,022
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$3,886,438</b>

NON-INTEREST EXPENSES	
Salaries and benefits	\$3,812,844
Office operations	\$2,290,496
Office occupancy	\$1,006,302
Professional and outside services	\$258,603
Loan servicing expense	\$710,322
Educational and promotional	\$56,232
Travel and conference	\$29,885
Other expenses	\$34,994
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>\$8,199,678</b>
<b>NET INCOME</b>	<b>\$1,072,806</b>

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

# QUALITY FINANCIAL CONCEPTS

For many people, investing can be confusing and intimidating. That's why Appalachian Community Federal Credit Union partners with Quality Financial Concepts (QFC) to provide members with expert investment advice from CERTIFIED FINANCIAL PLANNER™ professional Shane Smith.

Smith recently earned the coveted Chartered Financial Analyst® designation. In order to qualify to become a CFA® charterholder, candidates must have obtained a bachelor's degree, pass all three levels of the curriculum and accumulate at least 4,000 hours of qualified work experience. It is one of the highest distinctions in the investment management profession.



With a focus on common sense investment strategies, Smith strives to give professional guidance and develop a strategy best suited to the individual needs of ACFCU members.

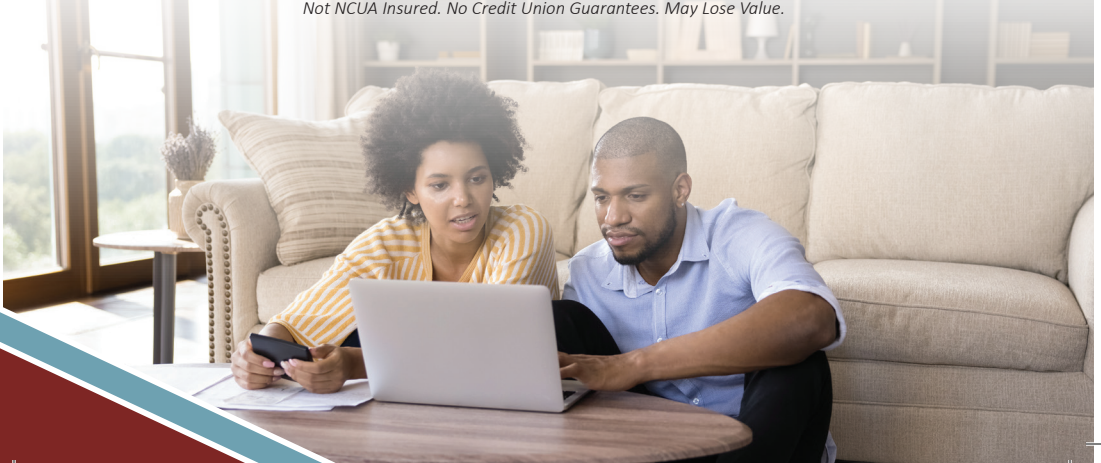


QFC solutions include:

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

**For more information or to schedule an appointment, contact Smith at 423-416-5200 or [mssmith@qualityfinancial.com](mailto:mssmith@qualityfinancial.com).**

*M. Shane Smith, CFP®, Branch Office of and Securities offered through Crown Capital Securities, L.P. Member FINRA & SIPC. Advisory services offered through QFC Advisory LLC. Tax services and insurance offered through QFC Services LLC. QFC Advisory LLC and QFC Services LLC are wholly owned by Quality Financial Concepts LLC (collectively, QFC). CCS and QFC are not affiliated. Not NCUA Insured. No Credit Union Guarantees. May Lose Value.*



# Supervisory Committee Report, MR. BUDDY JOHNSTON

The Supervisory Committee serves as the volunteer oversight committee for Appalachian Community Federal Credit Union. We represent the best interests of you, our members, by reviewing credit union management practices and communicating regularly with ACFCU's internal compliance department on day-to-day operations. Operating independently of your ACFCU Board of Directors, we are responsible for overseeing the safety and soundness of the credit union as well as confirming the validity of internal controls.



It is the responsibility of the Supervisory Committee to retain a qualified CPA firm to conduct a comprehensive annual audit of credit union financials as required by our federal regulator, the National Credit Union Association (NCUA). Our credit union audit for the year ended December 31, 2022, was performed by Brown Edwards, CPA, LLC, Roanoke, Va. They have confirmed the financial statements fairly represent the credit union's financial position, and conform with generally accepted accounting principles.

As chair of the Supervisory Committee, I am pleased to report that ACFCU is safe, sound and prepared to continue serving our members at the highest level. If you have questions, please feel free to contact me or another member of the Supervisory Committee. It is our pleasure to serve you. We appreciate your membership and loyalty to ACFCU!

A handwritten signature in black ink that reads "Buddy Johnston".

**Buddy Johnston**

*Chairperson, Supervisory Committee*



# Meet Our Executive Leadership Team



Left to Right:

- Brack Lindamood**, *Director of Information Technology*  
**Vicki Gobble**, *Chief Operations Officer/Chief Financial Officer*  
**Andrew Mullins**, *President & CEO*  
**Miranda Cooper**, *Vice President of Member Experience*  
**Rhonda Hazlewood**, *Director of Human Resources*

## LOCATIONS

### Gray

5034 Bobby Hicks Hwy, Suite 2  
Gray, TN 37615

### Johnson City

3101 Peoples Street, Suite 100  
Johnson City, TN 37604

### Kingsport

1500 East Stone Drive  
Kingsport, TN 37660

### Norton

1400 Park Ave NW  
Norton, VA 24273

### Rogersville

1206 West Main Street  
Rogersville, TN 37857

### Coming Soon!

201 East New Street  
Kingsport, TN 37660

## FIND US

[www.myACFCU.org](http://www.myACFCU.org)

 [facebook.com/myACFCU](https://facebook.com/myACFCU)

 [instagram.com/myACFCU](https://instagram.com/myACFCU)

 [twitter.com/myACFCU](https://twitter.com/myACFCU)

