

A person is running in a desert landscape at sunset. The sun is low on the horizon, creating a warm, golden glow. The person is in the foreground, running towards the right. The background shows rolling hills and a clear sky with some light clouds. The year '2024' is overlaid in large, white, sans-serif font across the middle of the image.

2024

Annual Report



Air Academy
CREDIT UNION



Chairman & President's Report

In 2024, we celebrated our 69th year serving the membership of Air Academy Credit Union. Since our humble beginnings on October 25, 1955, our assets have grown to over \$800 million. We serve over 44,000 members worldwide through nine locations and outstanding digital capabilities. We serve the military, 14 school districts, and hundreds of companies. We accomplished a lot in 2024. Member service remained world class, organizational culture remained excellent in a difficult operating environment, and we improved our product line with the introduction of our own credit card, increased electronic capabilities with our new Visa debit card, introduced a program to make credit more available, and enhanced our mortgage products. We remained focused on automating processes and increasing the use of artificial intelligence (AI) to improve operational efficiency.

The US economy had a positive 2024 with a strong stock market, low unemployment, the Federal Reserve Bank lowering rates by 1.0%, high business investment, and robust consumer spending. However, consumers continued to see high prices at grocery stores, high rents and housing costs, their dollar not buying as much, and the US personal savings rate dropped to 3.8%. Geopolitical tensions created uncertainty around the globe. Many members were adversely impacted by the economic conditions, and we experienced a record number of consumer loan defaults. On a positive note, our mortgage and business loan portfolios remained strong with almost no reportable delinquencies.

Air Academy Credit Union was not immune to the economic challenges members experienced in 2024. Many members were unable to make payments on their automobile and personal loans. As a result, we set aside much more than budgeted for loan losses. The set aside caused us to lose money in 2024, similar to a number of credit unions around the United States.

Even with the loss, we remain a safe, sound, and well-capitalized credit union according to standards set by our regulators. Rest assured, we are working diligently to remedy the situation and expect better results going forward.

Service to our membership remains a top priority even in these difficult times. Service is a pillar and fundamental to the credit union industry philosophy of People Helping People.

2024 was no exception. As measured by Net Promoter Score our service levels remained world class. We sent 47,856 email invitations to members in 2024 to solicit feedback. We received 4,622 returned surveys, approximately a 10% return rate. With an email open rate of 69%, we are confident our feedback is representative of the voice of the member. Our Net Promoter Scores, many in the 70s, are rivaled by few companies. We will never stop our pursuit of excellence serving you, our member.

For the eighth consecutive year, Air Academy Credit Union was named a Gazette Best Workplace—Large Company. We are mindful of cultural excellence and strive to treat every employee with respect and dignity. Service to our membership starts with service to each other and we are always on the path to improve each of our staff members and increase their capabilities to serve you. Our promise is we will always focus on helping our staff serve you better.

Our 69-year tradition of excellence and world-class service to our members is vital to our success. We are proud to provide banking, insurance, and financial services through Air Academy Credit Union, Air Academy Insurance Services, the Air Academy Federal Credit Union Foundation, and CUSO Financial Services, L.P. We will always live by our vision statement:



Improve the lives of our members and communities by doing what is right, not what is easy.



From our volunteer Board of Directors and Supervisory Committee along with our approximately 150 dedicated staff, THANK YOU for your confidence and trust as we accelerate into the future. We know the environment is challenging. We know the work is difficult. We know we will stand tall in the future. We look forward to serving you, your family, and your friends. We look forward to 2025!



Dr. Donald M. Bird
Chairman

Glenn L. Strebe
President/CEO

Treasurer's Report

Air Academy Credit Union (AACU) ended 2024 with \$818 million in total assets, a decrease of \$90 million from 2023, as we repaid outstanding borrowings.

As interest rates remained high in response to economic inflation, members shifted their deposits from share accounts to term share accounts. Share account balances decreased by \$18 million, while term share certificate balances increased by \$22 million. Money fund savings balances remained unchanged and share draft checking accounts decreased by \$2 million. Overall, total member deposits increased by \$1.7 million.

Members borrowed \$134 million in 2024 to help build their dreams, a 32% decrease from 2023 loan originations, as higher interest rates on both mortgage and consumer loans continued to lower demand. Business and commercial lending remained strong, with balances increasing by 21%. Mortgage loans increased by 4% overall during 2024, driven by originations and advances on Home Equity Lines of Credit (HELOC) loans. HELOCs increased by 28% during the year as members continue to improve their current homes instead of buying new ones. Total outstanding loan balances ended 2024 at \$660 million, an 8% decrease.

While loan delinquencies and charge-offs increased due to inflation and economic pressures, our safety and soundness remained strong. We ended the year with a regulatory net worth ratio of 8.41%, well above the 7% level our regulators, the National Credit Union Administration, consider well-capitalized. Our net worth ratio increased 5% from 2023. Delinquent loans were 0.54% of total loans, and charge-offs were 1.06%. Both figures are higher than in 2023 but continue to be in line with peer averages. Borrowers nationwide continue to struggle with higher interest rates and inflated market prices.

In 2024, the number of members enrolled in online banking decreased by 698 to 20,805, but 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 2024 were in line with our peer group at 3.43% of assets.

Thanks to the high standards of integrity and the guidance of our Board of Directors, AACU 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 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 (NCUA), 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.

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
P.O. Box 62907
Colorado Springs, CO 80962-2907

Terry Stokka
Chairman

Assets (Millions)

2020 \$740 million
 2021 \$860 million
 2022 \$908 million
 2023 \$908 million

44,449
 Total Members
 12/31/24

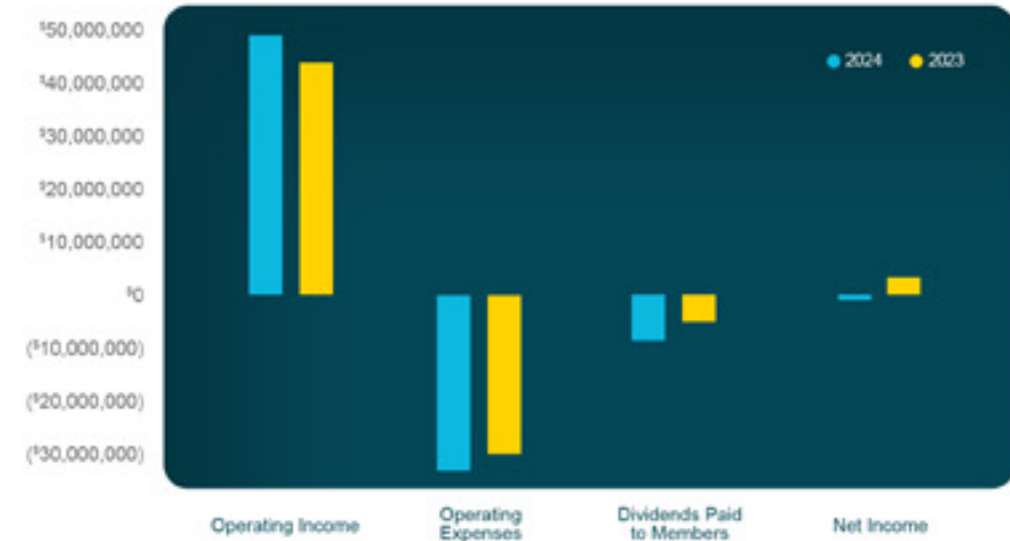
2024 \$818,172,586 Total Assets

Statement of Financial Condition - Unaudited As of December 31, 2024 and 2023

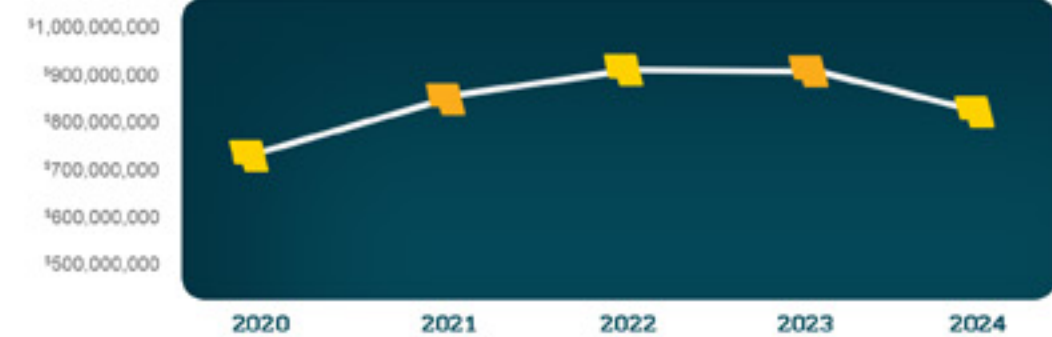


	2024	2023
Loans to Members	\$660,551,525	\$714,249,055
Less: Allowance for Loan Losses	(7,899,622)	(4,727,916)
Net Loans to Members	\$652,651,903	\$709,521,139
Cash & Investments	\$119,756,118	\$155,822,002
Other Assets	\$45,764,565	\$42,656,084
Total Assets	\$818,172,586	\$907,999,225

Statement of Income - Unaudited For the Years Ended December 31, 2024 & 2023



	2024	2023
Operating Income	\$47,367,108	\$43,452,068
Operating Expenses	(33,492,499)	(31,161,558)
Provision for Loan Losses	(6,568,000)	(4,200,000)
Non-Operating (Losses) Gains, Net	(148,196)	3,042,615
Dividends Paid to Members	(9,071,534)	(6,858,527)
Net Income	\$(1,913,121)	\$4,274,598



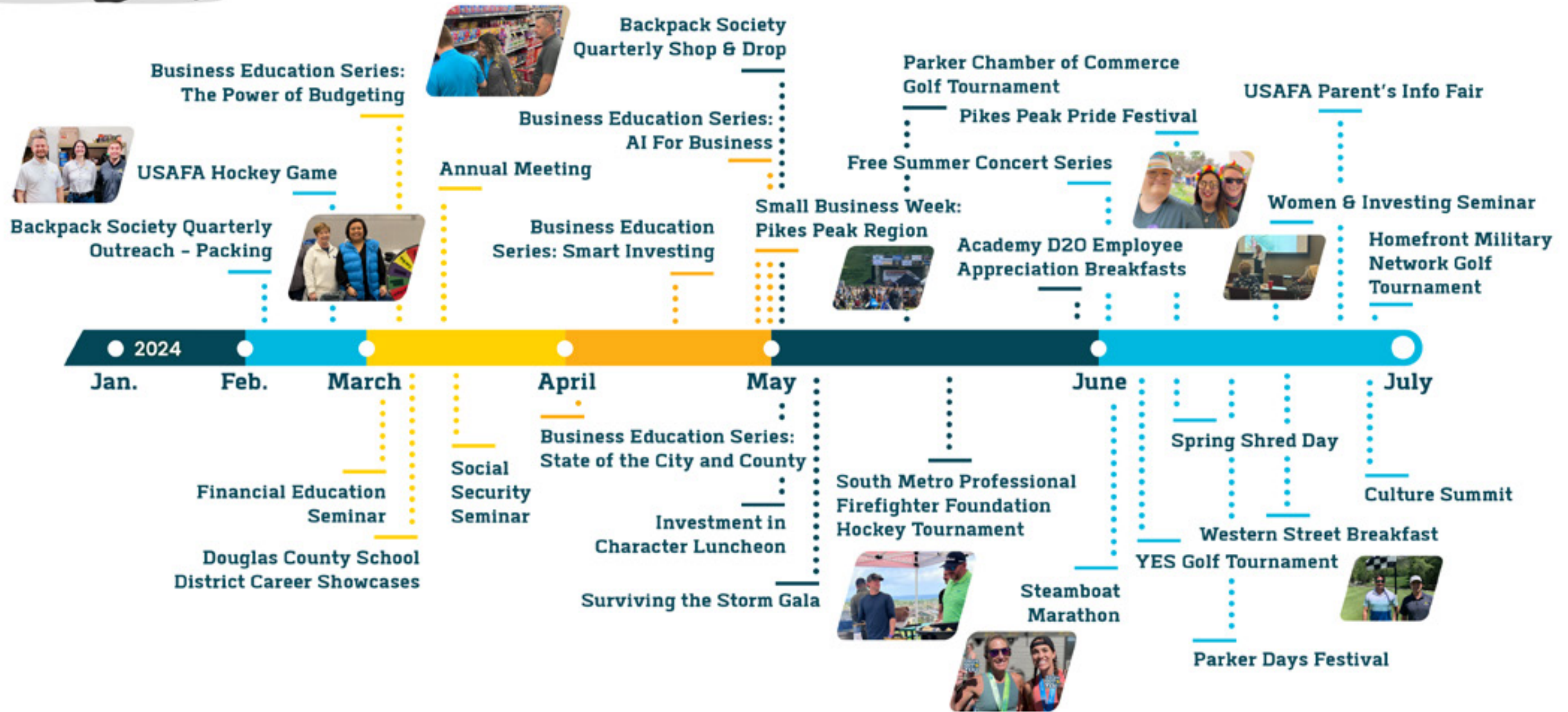
	Total Assets	Dividends Paid	Capital
2024	\$818,172,586	\$9,071,534	8.41%
2023	\$907,999,225	\$6,858,527	8.02%
2022	\$908,446,028	\$2,745,290	7.67%
2021	\$860,015,213	\$2,837,164	7.68%
2020	\$740,454,123	\$3,281,268	8.51%



Community Support Snapshot

\$112,000 Given Back to the Community in 2024

\$18,500 Awarded to Local Art Students
\$870,000 Awarded Since 1994

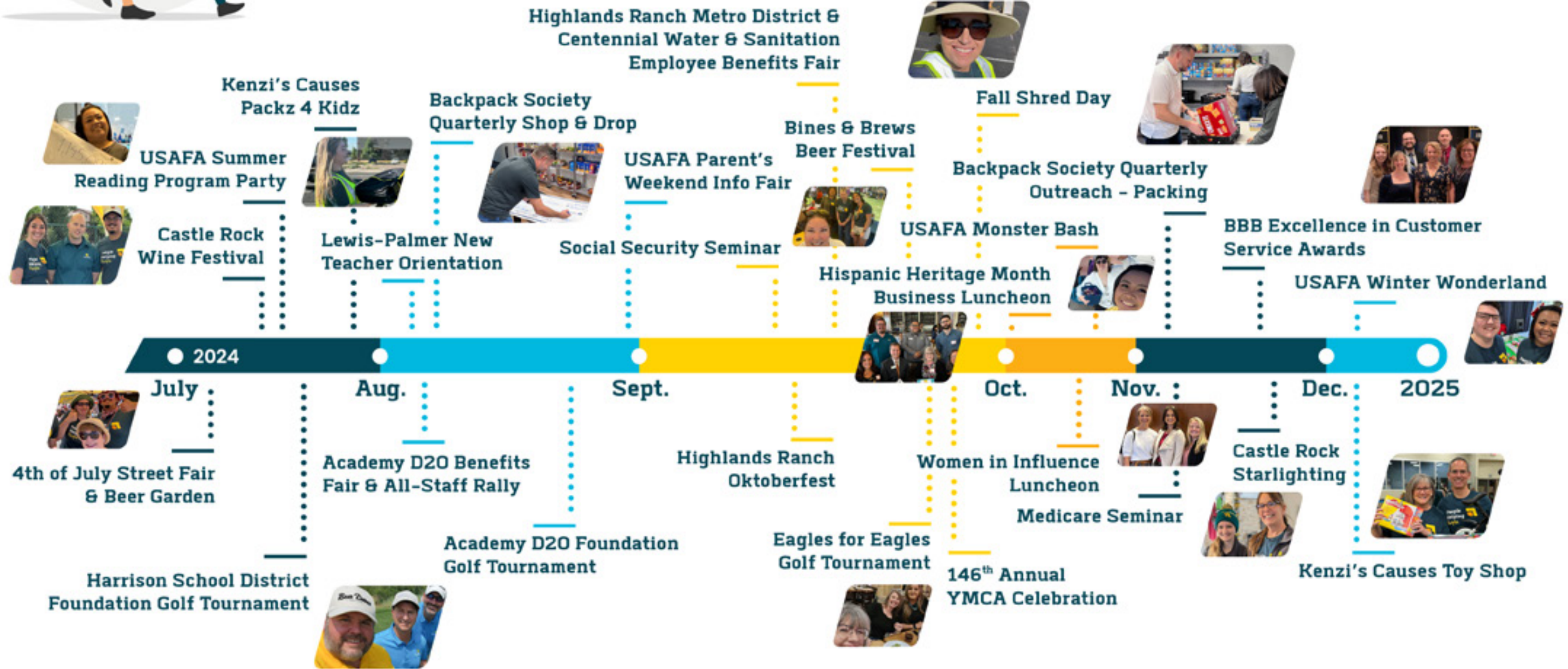




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Air Academy

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Everyone Deserves Personal Banking

*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.

Air Academy Federal Credit Union, DBA, Air Academy Credit Union.

Insured by NCUA.