



*Annual Report*  
2019

# From Our President



As I reflect over the last twelve months, I am excited about where ACU stands today. ACU had outstanding growth in loans of 10.9% and deposits of 7.8%. Our assets have now surpassed \$279 million which is up 8.4% from the end of 2018. In 2019, ACU continued to reach goals and set new records while maintaining strong financials and remaining a well-capitalized financial institution. We continue to be well-positioned to meet the challenges that future economic conditions might bring.

I am proud of our successes in 2019, but only because the numbers we reach represent each member that our diligent staff have been able to help. I am thankful for the employees and volunteers who work continuously on your behalf to bring you valuable products and services. With their hard work, we were named as a Top 200 Credit Union in the Nation along with an A+ Health & Stability Rating for the second year in a row. I am also grateful for you, our member – that you are trusting Ashland Credit Union as your financial partner.



While it is great to look back at the success from last year, I am looking forward with anticipation to the plans we have for 2020. With exponential growth comes new opportunities and ACU consistently delivers in a big way. However, we do not rest on our past successes; we are creating a future in which our members confidently look to us to maximize their financial well-being.

## Mission Statement

Building lifelong financial relationships in order to maximize the financial well-being of our members, one member at a time.

## Vision Statement

Be the financial institution of choice by our members and potential members.

# Growth

Like many credit unions, Ashland Credit Union started as a small organization serving only select employer groups (SEGs). Originally known as Ashland Oil Employees Credit Union, ACU's roots began by serving the employees of Ashland Oil and Refining.

As Ashland Oil evolved into Ashland Inc., the Credit Union grew as well, offering membership to companies such as Marathon, Valvoline and SuperAmerica. After years of continual growth and changes in the membership base, the Credit Union was renamed Ashland Credit Union.

While ACU continues to cultivate its relationship with the employees and families of its employer groups, it has spent the last decade expanding its reach and branching out (literally!) to include additional employers and local communities.

## Eligibility

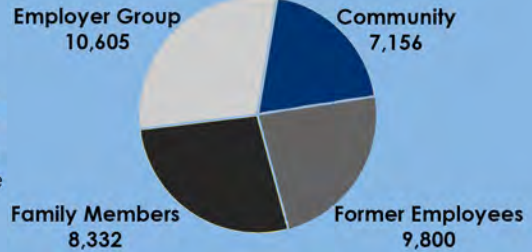
Membership is extended to individuals who live, work, worship, or attend school in the following communities:

- FIVCO Area Development District** (Kentucky counties of Boyd, Carter, Elliott, Greenup, and Lawrence)
- Bluegrass Area Development District** (Kentucky counties of Anderson, Bourbon, Boyle, Clark, Estill, Fayette, Franklin, Garrard, Harrison, Jessamine, Lincoln, Madison, Mercer, Nicholas, Powell, Scott, and Woodford)
- Minnesota** (Minnesota counties of Washington, Dakota, Ramsey, or Hennepin)

Membership is extended to current and former full-time, part-time, and volunteer employees of our sponsor companies and their family members. Contract employees currently working at a sponsor company facility are also eligible. Family membership is also extended to immediate family of current members as well as any person who resides in the same household as an eligible individual.. This includes spouses, parents, grandparents, children, grandchildren, siblings, aunts & uncles, nieces & nephews, stepbrothers & stepsisters, and in-laws..

## Membership By The Numbers

# 35,893 Total



In addition to the above, other employer group relationships include, but are not limited to the following organizations:

- Blackhawk Mining
- City of Cottage Grove
- Big Sandy Superstores
- SuperMom's Bakery
- Bowie Resources LLC
- Tri-State Industrial Supply



# 2019 Financial Summary

## Balance Sheet\* (\$,000)

As of December 31, Unaudited

<b>Assets</b>	<b>2018</b>	<b>2019</b>
Loans to Members (net)	\$194,849	\$216,282
Investments	50,297	49,144
Cash	930	1,389
Fixed Assets (net)	1,997	2,218
Other Assets	4,146	4,426
<b>Total Assets</b>	<b>\$252,219</b>	<b>\$273,459</b>
<b>Liabilities and Equity</b>		
Regular Shares	\$35,279	\$32,091
Share Certificates	74,870	86,219
Money Market Accounts	78,760	81,490
IRAs	10,010	14,131
Checking	14,279	15,968
Other Shares	6,533	6,922
Other Liabilities	2,137	2,794
Members' Equity	30,351	33,844
<b>Total Liabilities and Equity</b>	<b>\$252,219</b>	<b>\$273,459</b>

## Statement of Income\* (\$,000)

Year Ending December 31, Unaudited

	<b>2018</b>	<b>2019</b>
Loan Income	\$8,945	\$11,208
Investment Income	1,082	1,136
Insurance and Other Income	2,263	2,397
<b>Total Income</b>	<b>\$12,290</b>	<b>\$14,741</b>
Operating Expenses	7,228	8,151
Income Before Dividends	5,062	6,590
Share Dividends	459	693
Money Market Dividends	732	887
Share Certificate Dividends	1,032	1,924
<b>Total Dividend Expense</b>	<b>\$2,223</b>	<b>\$3,504</b>
<b>Net Income (Loss)</b>	<b>\$2,839</b>	<b>\$3,086</b>

# 2019 Financial Summary

## Miscellaneous Statistical Information

Year Ending December 31

	2018	2019
Ratio of Loans to Shares	89.2%	91.8%
Liquidity Ratio	6.9%	9.9%
Net Capital Ratio	12.2%	12.4%
Year-End Net Loan Yield	4.9%	5.4%
Loans Written	5,879	6,082
Number of Members	34,195	35,874
Members with Loans	6,494	7,035

## Loan Balances\* (\$,000)

As of December 31, Unaudited

	2018	2019
Used Vehicles	\$48,942	\$54,159
Home Equity	38,961	38,896
New Vehicles	44,064	50,557
First Mortgages	40,304	49,527
Credit Cards	7,065	6,854
Unsecured	6,305	7,263
Motorcycles	3,526	4,323
Boats	3,267	3,199
Share and Certificate Secured	987	1,171
Other Secured	980	885
Commercial	995	571
Allowance for Loan Loss	(1,087)	(1,123)
<b>Total Loan Balances</b>	<b>\$194,849</b>	<b>\$216,282</b>

\*2019 figures are unaudited. An annual audit of Ashland Credit Union financials is carried out by Crowe Horwath LLC. Copies of the annual audit can be made available to members upon request following its completion.



The economy is in its 11th year of expansion, the longest in U.S. history. Nationally, the Federal Reserve has been trying to forestall an economic downturn by cutting interest rates three times in the latter part of 2019. An expanding economy and continued pent up loan demand translated to a 25.3% increase (\$2.3 million) in loan income. In order to fund the 11.0% increase (\$21.5 million) in loan balances, higher yielding share certificate deposits increased by 18.3% (\$15.4 million) resulting in a 57.7% increase (\$1.3 million) in share dividend expense. As a result, net income increased modestly to \$3.1 million (or 8.7%) as operating expenses increased \$927 thousand (or 12.9%). Because income growth exceeded asset growth, the year-end capital ratio grew by 18bp to 12.4% which is well above the NCUA's 7% benchmark for a well-capitalized financial institution.

Having an impact on students and spreading financial literacy to our community members is our priority.

# Education

Schools earned almost \$9,000 through their individual Affinity Card programs in 2019. These funds go toward helping schools provide excellent opportunities for their students. In addition to these funds, ACU gave ten students \$1,000 scholarships in 2019 to recognize outstanding overall achievement among high school seniors pursuing higher education after graduation. Emphasis is placed on academics, extracurricular activities and community service hours.

## Current Partnering Affinity Card Schools:

- Ashland Independent Schools
- Boyd County Schools
- East Ridge High Schools
- Fairview Independent Schools
- Holy Family Schools
- Park High School
- Raceland Worthington Independent Schools
- Rose Hill Christian School

## Making Financial Dreams a Reality

Beginning in October, ACU took a huge leap into our local school systems by bringing "Mad City," an exercise in critical thinking and financial literacy to their school. In Mad City, high school students were given a profile sheet describing who they are in their new "reality." It gave an occupation, a salary, a spouse, a child, and also told them what

debt they owe. They had to visit ten tables during the event to plan for their meals, daycare, auto and home expenses, and so on. Each student had to budget and plan based on what their profile said. They had to write checks, keep a register, and face consequences when their accounts were overdrawn.

ACU visited six schools, had dozens of staff and community volunteers, and spoke with over 670 students in the Fall. This new education project was designed to make an impact in how our local students view their financial future. It reinforced that even small decisions can effect the overall budget no matter how high your income. Overwhelmingly, the feedback from participants, school administrators, and volunteers was positive.

Financial literacy is important to ACU because the overall financial well-being of our community is a priority. Helping young people understand the basic principles of money management at an early age is not only a good idea, it is a responsibility.



# Community

2019 was another banner year for community engagement and involvement at ACU. ACU helped lead Ashland Build-A-Bed, a project organized by the Ashland Chapter of the KY Credit Union League. Over 100 beds were built for local children. For 2020, the program was awarded a grant of \$25,000 from the State Farm Neighborhood Assist Program to help with their efforts!

Whether we are building beds, raising awareness for a cause, or supporting one of our own, ACU believes in being involved and making a difference where we can.

ACU employees are encouraged to volunteer with charities and community organizations and are allowed excused time off each month during the work week to do so.



## Staff - 61!

In 2019, staff positions grew from 55 to just over 60! This is a testament to the staff that works diligently day in and day out to give our members the great service they have come to expect. Our membership is growing by leaps and bounds and it is due, in part, to the dedicated people they come in contact with every day. From the call center to the loan officers, and everyone from Ashland to Cottage Grove, ACU employees care about our members and their financial well-being. This next year will show more of the effects of our exponential growth. One thing remains the same - our staff are second to none!



The backbone of Ashland Credit Union is its volunteers. The credit union is led by a volunteer Board of Directors, which directs the CU's operations and maintains responsibility for the general direction and control of the organization. The volunteer Supervisory Committee safeguards member assets by ensuring adequate policies and procedures, organizes the CU's annual audit, and reviews and investigates escalated member complaints.

### Board of Directors

Werner, Marita - Chairperson  
Curry, Michael - Vice Chairperson  
Spence, Matthew - Treasurer  
Walters, RobRoy - Secretary  
Dearing, Tom  
Frisby, Robert  
Garlinger, Michael  
Hsu, Joseph  
Noel, Leslie  
Ray, Andrew  
Schifsky, Michael

### Supervisory Committee

Crutcher, Wilma - Chairperson  
Caudill, Marjorie Ann  
Cross, Janet  
Dietrich, Mary  
Gerrald, Rachel  
Mottett, Christopher  
Pousette, Gustav  
Thompson, Danielle  
Thompson, Leeronna  
Williams, Lesley  
Wohlberg, Emily

## Ashland Branch

Lucas, Larry - President  
Rothenstine, Traci - Administration Sr. VP  
Strader, Jason - Operations VP  
Ulincy, Jon - IT/Marketing VP  
Blevins, Jan - Member Services Mgr.  
Wellman, Khrista - Collections Mgr.  
Short, Gretchen - Accounting Mgr.  
Stewart, Donna - Call Center Mgr.  
Wyatt, Josh - Operations Mgr.  
Adams, Lisa  
Bisesi, Mindy  
Brown, Ginger  
Brown, Jackie  
Burriss, India  
Bush, Summer  
Butcher, Heather  
Cochran, Kelsey

Cox, Simeon  
Evans, April  
Fitch, April  
Gambill, Mary  
Garvin, Ernie Sue  
Gillum, Hannah  
Hannah, John  
Hatten, Bettie  
Hensley, Elizabeth  
Holland, Megan  
Johnson, Amy  
Kiser, Linda  
Lange, Tracy  
Lewis, Brandi  
Lynch, Desiree  
Mabry, Emily

Manning, Joy  
Mantle, Kevann  
McClanahan, Janelle  
McKenzie, Christy  
McKenzie, Eden  
Meade, Alex  
Muncy, Tabitha  
Nichols, Angie  
Niece, LeAnn  
Osborne, Robert  
Salyers, Marla  
Smith, Rita  
Stanley, Candace  
Stewart, Kaitlyn  
Tackett, David  
Tackett, Laura

## Cottage Grove Branch

Brooke, Alisha  
Gaytan, Jared  
Kellogg, Robin  
Mergens, Diane  
Quast, John

## Dublin Branch

Cornett, Martha  
Hawkins, April

## Lexington Branch

Hayes, Robin  
Leblanc, Tracy  
Tillman, Brittany