



2023 ANNUAL REPORT



MINUTES OF THE 70TH ANNUAL MEMBERSHIP MEETING

Welcome and Call to Order: The 70th Annual Membership Meeting of Air Force Federal Credit Union was held at the AFFCU Corporate Headquarters located at 1560 Cable Ranch Rd., Suite 200, San Antonio, Texas, 78245 on March 27, 2023. The 2022 Annual Report was posted on the Credit Union's website at www.goaffcu.com. At 4:00 p.m. Mr. Sam V. Farace, Jr., Chairman of the Board, called the meeting to order, and welcomed the members in attendance.

Determination of Quorum: Mrs. Joan B. Lopez certified that a quorum was present.

Pledge of Allegiance: Mr. Farace invited everyone to rise and join him in the recitation of the Pledge of Allegiance.

Introduction of the Board: Mr. Farace referred members to the Annual Report for the names of the Board Members. Those in attendance were Mr. Brian K. Rawls, (Vice Chairman), Mrs. Joan B. Lopez (Secretary), Mr. Melvin J. Moczygemba (Treasurer), Mr. Michael M. Buecher, Mr. James E. Goodgion III, Ms. Georgia Snodgrass, Mr. John A. Szulta III and Mr. Thomas L. Scott. Those serving on the Supervisory Committee in 2022 were Mr. Michael Buecher (Chairman), Mr. Michael A. Pollog, Mr. Joseph M. Gonzales, Mr. Alejandro E. Valadez and Mrs. Price O. Long.

The Management team members in attendance were Mr. Ryan Ross, President/CEO, Mr. Greg Barnes, EVP/COO, Mr. Ric Ledezma, VP/CFO, Mrs. Stephanie Norwood, VP/Business Operations, Mrs. Jeanette Riedel, VP/CTO, Ms. Jessica Martinez, VP/Human Resources, Yvonne De La Rosa-Flores, AVP Compliance & Risk Management, and Eric Sanchez, AVP Sales & Service Performance.

Moment of Silence: A special moment of silence was observed for members who had passed away in 2022, and for the brave men and women who served in our military and made the ultimate sacrifice while defending this country that we may be free Americans.

Minutes of the 69th Annual Meeting: On a motion made and seconded from the floor, the minutes of the 69th Annual Membership Meeting held March 28, 2022, were approved.

Annual Meeting Video Presentation: Mr. Farace introduced a video produced by the Marketing team that illustrated the status of the Credit Union, reflected some of the Credit Union's accomplishments and provided a glimpse into exciting things to come in 2023.

Reports: Chairman Farace referenced the Chairman's Report, President's Report, and various Committee Reports contained in the 2022 Annual Report and called for any questions. There were none.

President's Report: Mr. Ross reported in 2022 AFFCU's asset size continued to climb, as we recruited new team members, launched a digital banking platform and celebrated 70 years as a Credit Union dedicated to our members and community. We continue to work on enhancing personalization, improve processes and provide members with proactive financial products and services. Mr. Ross expressed his gratitude to his staff for working tirelessly to create a better member experience through their respective roles.

He closed by thanking the members for their support and membership and letting them know we appreciate them choosing to do business with us.

2022 MINUTES (CONTINUED)

Youth Committee Scholarship Report: Ms. Georgia Snodgrass presented the Youth Committee Report and announced the 2023 AFFCU Scholarship recipients. There were a total of five scholarships awarded, each in the amount of \$5,000 to be used at the college or university of the recipient's choice. Christian Franco received the AFFCU Founders' Scholarship; Mikaela Garza received the MSgt Warren D. Vail Memorial Scholarship; Luis Rodriguez received the George H. Einfeldt Memorial Scholarship; Virginia Bustos received the CMSgt James Kemple Memorial Scholarship; and Rhys Morrow received the CMSgt Ronald R. Applegate Memorial Scholarship.

Unfinished Business: Chairman Farace called for any Unfinished Business. There was none.

New Business: Chairman Farace called for any New Business. There was none.

Nominating Committee Report: Mr. Goodgion, Nominating Committee Chair, delivered the Nominating Committee Report. The Board had three 3-year term vacancies for 2023. It was the duty of the Nominating Committee to nominate at least one member for each position, with the election to be held at the Annual Meeting. The Nominating Committee received submissions from three individuals indicating their desire to serve on the Board. The Nominating Committee found the candidates, Mr. Sam Farace, Mr. Michael Buecher, and Mr. John A. Szulta III qualified and agreeable to having their names placed in nomination.

There were no nominations by petition. According to Article V of the Bylaws, when only one member was nominated for each position to be filled, the election would not

be conducted by ballot and there would be no nominations from the floor. Therefore, the following nominees were declared elected by general consent for three-year terms; Mr. Sam Farace, Mr. Michael Buecher and Mr. John A. Szulta III.

Adjournment: Chairman Farace adjourned the meeting at 4:18 p.m.

MESSAGE FROM THE CHAIRMAN

Col Sam V. Farace Jr., USAF (Ret), NCVE



I am pleased to present my report on behalf of AFFCU's Board of Directors, sharing with you the status of our financials for 2023 along with some key initiatives accomplished or in progress by our outstanding Leadership team. First, let me state your Credit Union continues to remain fiscally sound. This year, like years past, has been one of growth, transformation, and improvements. There have been many and varied achievements in 2023 which demonstrates the excellent skillsets and devotion by our employees.

All great organizations have supporting pillars that are critical to their success. Those pillars are our members, our employees, and the systems that deliver the services our members' demand. 2023 was a great year for all lines of business. Our membership took advantage of our Share Certificate specials, knowing not only they were receiving one of the highest dividend rates available, but also demonstrating their trust in us as their primary financial institution where their money is safe and secure. Each year, one of your Board of Director's goals is to control growth. In 2023, we again seized opportunities and grew throughout the year in products and services.

Your Credit Union enjoyed these results this past year:

- Net revenue of \$2.4 million.
- Total assets of \$663 million.
- Total membership of over 54,000.
- Loans originated by the members were over \$566 million, indicating your confidence in

AFFCU as a primary source for your lending needs.

- Deposit growth was more than \$578 million, demonstrating the security your Credit Union offers in times of uncertainty.

The financial gains earned in 2023 not only allow the Credit Union to invest in process improvements but also allow us to reinvest in the communities we serve through improved products, services, and charitable contributions.

Our "Jean Day" Fund, an employee-supported program that turns casual attire days at the office into funds for local nonprofits, supported four charities with direct financial donations: Alamo Breast Cancer Foundation, San Antonio Food Bank, Ronald McDonald House Charities San Antonio, and ChildSafe, Inc.

AFFCU employees put in over 550 volunteer hours at key philanthropic and charitable organizations across our service areas.

We were able to grant \$25,000 in college scholarships to five high school students who have demonstrated leadership, service to the community, and exceptional academic performance.

Your Credit Union's responsibility is not only to protect the money you entrust to us but to the communities that we serve. We will continue to be strong supporters of those and

CHAIRMAN MESSAGE (CONTINUED)

other organizations that are helping make our communities and country better. We live up to the motto of “People Helping People” every day.

Since we first began in 1952 as Lackland Air Force Base Federal Credit Union, AFFCU has proudly served the Air Force, Lackland Air Force Base, and the greater San Antonio area. Through the years, we have been a strong Credit Union committed to empowering our members’ lives with great care and guidance to enhance their financial well-being. We have also grown and expanded our reach beyond the Air Force, to welcome and serve even more people in our communities. This growth has prompted an important milestone in our Credit Union’s history.

AFFCU is excited to adopt a new name and brand on April 2nd, 2024, officially becoming “Soarion Credit Union”. The new name better reflects our culture, values, and commitment to serving you, while being more welcoming to all the people we serve. The name honors our proud history of serving the Air Force as well as our continued focus on maintaining those roots. This name change will last us for generations as we continue to grow, help more people, and impact communities around us.

As a team, we are working toward improving the AFFCU banking experience through upgrades to our technology, locations, processes, and services. We contracted a deal to relocate our corporate headquarters closer to downtown San Antonio. An existing five-story Class A office building, owned by McCombs Enterprises, will become the Credit Union’s new corporate headquarters in early 2025. AFFCU will occupy the entire 46,623 square foot building and open a new flagship Financial Center on the ground floor. Built in 1983, all five floors of the now named Trinity Plaza 1 (to be renamed Soarion Plaza) will be completely renovated.

The results achieved in 2023 were not by chance, but by the design of our talented employees and an extremely dedicated Board of Directors, all focused on taking care of our membership. My commitment to you is that we will continue to serve you to the best of our abilities. Every day we strive to be better as an organization that thrives on continually empowering our members to gain financial success.

In conclusion, I would like to personally thank you, our members, for choosing to bank with AFFCU. Our team works hard each day to earn the trust you place in our financial institution and to best serve you. Our future is bright with your membership.

Sincerely,



Col Sam V. Farace, Jr. USAF (Ret) NCVE
Chairman, AFFCU

MESSAGE FROM THE PRESIDENT

Ryan Ross



2023 was another successful year of growth and transformation for AFFCU. Our financial position strengthened, we innovated our products and services, and our membership grew as a result of our competitive offerings. We should be proud of this year's accomplishments, and excited for changes to come.

In 2023, AFFCU was awarded Credit Union of the Year by the Defense Credit Union Council (DCUC); and our Board Chair, Colonel Sam V. Farace Jr., USAF (Ret), was inducted into the DCUC Hall of Honor. We are humbled by this national recognition and know that it reflects a strong company culture and work ethic.

We expanded on the success of last year's Shred Day to once again offer safe and secure disposal of personal documents to the wider community. The turnout at our Braun Pointe Financial Center was overwhelming. We look forward to continuing this service for years to come.

We offered financial education through apps, web platforms, and social media.

We were able to offer our members competitive financial products with market-leading rates. We also made our products easier than ever to manage through our Digital Banking platform and Mobile App.

We expanded on our latest tradition, the annual All Employee Meeting, to recognize employee excellence and share news about upcoming initiatives.

Our staff gathered for an End-of-Year Holiday event to foster community and culture and

celebrate the success of the previous year.

Looking forward to 2024, we announced a new, state-of-the-art facility to serve as our Corporate Headquarters. AFFCU will be moving to Trinity 1 Plaza at 750 East Mulberry in early 2025. Hosting a flagship Financial Center, our new Corporate Headquarters will place us near the heart of San Antonio and in the center of community and commerce.

Our Board of Directors approved a name change that will better reflect our trajectory while honoring our heritage. We are excited to unveil this new brand look and feel to a wider community on April 2, 2024.

I am honored to lead this Credit Union. The combined effort of our volunteer Board of Directors and our employees, as well as the support of our membership, allows us to soar ever higher.

Sincerely,

A handwritten signature in black ink that reads "Ryan Ross". The signature is fluid and cursive.

Ryan Ross
President/CEO

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee, which is appointed by the Board of Directors of AFFCU, is responsible for ensuring that the Credit Union's financial records are in order and that internal controls are in place to protect the assets of the Credit Union for its members.

To meet these goals, the Supervisory Committee is responsible for determining whether your Credit Union managers have:

1. Established and maintained effective internal controls to achieve the Credit Union's financial reporting objectives.
2. Promptly prepared accounting records and financial reports to accurately reflect operations and results.
3. That the relevant plans, policies and control procedures established by the Board of Directors are properly administered.
4. That policies and control procedures that safeguard against error, carelessness, conflict of interest, self-dealing and fraud are established.

Section 115 of the Federal Credit Union Act states that the Supervisory Committee is responsible for the Credit Union's audit and that the results are reported to the Board of Directors and the membership. To assist in carrying out these responsibilities in 2023 the committee engaged the firm of Doeren Mayhew CPAs to perform an independent audit and to provide an opinion on the financial condition of your Credit Union for the period ending 9/30/2023 (although this date does not coincide with year-end it is the date that our financial audit is historically done). The goals of this audit are to determine the reliability and integrity of the financial and operating information and to determine

compliance with generally accepted accounting principles (GAAP). The annual audit program included AFFCU Financial Statements, Member Verification, and AFFCU Retirement Plan and Trust.

In addition to the annual audit, Doeren Mayhew CPAs also audited several other areas of the Credit Union's operations including Consumer Lending, Deposit Operations, Employee and Official Accounts and Loans, and File Maintenance.

AFFCU's internal auditor performs monthly inspection of internal controls, cash, member loans, and other assets of your Credit Union.

CastleGarde was engaged to perform an Information Systems risk assessment, multi-factor authentication assessment, and a website compliance review. The Supervisory Committee followed and offered guidance to our internal auditor during the year. It approved the annual internal audit plan, worked with the Compliance Officer to ensure compliance training programs were administered to staff and met with Credit Union management to discuss detailed operations information.

The committee is pleased to report your Credit Union continues a tradition of excellent financial management and compliance. The committee will continue to monitor the Credit Union's controls as it faces the challenges and opportunities in the upcoming year.

Respectfully Submitted,



Michael M. Buecher
Supervisory Committee Chair

NOMINATING COMMITTEE REPORT

AFFCU will have three 3-year term vacancies on the Board of Directors in 2024. It is the duty of the Nominating Committee to nominate at least one member for each of these positions, with the election to be held at the Credit Union's annual meeting on March 25, 2024. The Nominating Committee received submissions from three individuals indicating their desire to serve on the Board. The Nominating Committee found the candidates qualified and agreeable to having their

names placed in the nomination. The nominees for the Air Force Federal Credit Union Board of Directors are Melvin J. Moczygemba, Brian K. Rawls and Thomas L. Scott.

Respectfully Submitted,



James E. Goodgion III
Nominating Committee Chair

2024 SCHOLARSHIP WINNERS

Marcus Sandoval

AFFCU Founders' Scholarship
\$5,000

Carson Krampe

MSgt Warren D. Vail, Sr., USAF (Ret) Scholarship
\$5,000

Ryan Sarmiento

SMSgt George H. Einfeldt, USAF (Ret) Scholarship
\$5,000

Scarlet Graf

CMSgt James C. Kemple, USAF (Ret) Scholarship
\$5,000

Sophia Pokorney

CMSgt Ronald "Ron" Applegate, USAF (Ret) Scholarship
\$5,000

STATEMENT OF **FINANCIAL CONDITION**

ASSETS	2023	2022
Cash & Cash Equivalents	\$27,760,252	\$30,872,357
Investments	35,934,498	34,294,204
Federal Home Loan Bank Stock	2,411,100	2,286,000
Loans Held for Sale	0	0
Loans to Members (Net of Allowance)	560,863,474	535,390,547
Accrued Interest Receivable	1,793,908	1,480,815
Accounts Receivable	397,193	498,465
Fixed Assets	4,146,080	4,063,088
NCUSIF Deposit	5,151,734	4,838,417
Other Assets	25,058,972	22,320,291
TOTAL ASSETS	\$663,517,209	\$636,044,184

LIABILITIES		
Shares and Savings Accounts	\$578,349,628	\$531,432,902
Dividends Payable	0	0
Borrowed Funds	30,000,000	50,000,000
Accrued Expenses and Other Liabilities	8,523,136	9,317,646
TOTAL LIABILITIES	\$616,872,763	\$590,750,548

EQUITY		
Regular Reserves	\$5,654,729	\$5,654,729
Undivided Earnings	43,823,224	45,504,564
Accumulated Other Comprehensive Income (Loss)	-3,483,143	-6,515,293
Equity Acquired From Merger	649,635	649,635
TOTAL MEMBERS' EQUITY	\$46,644,446	\$45,293,636

TOTAL LIABILITIES AND MEMBERS' EQUITY	\$663,517,209	\$636,044,184
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STATEMENT OF **INCOME**

INTEREST INCOME	2023	2022
Loans to Members	\$26,461,746	\$20,742,798
Investments	2,619,125	1,903,163
TOTAL INTEREST INCOME	\$29,080,871	\$22,645,961

DIVIDEND AND INTEREST EXPENSE		
Shares and Savings Accounts	7,597,159	2,414,042
Other Interest	0	0
Borrowed Funds	2,281,798	468,651
Total Interest Expense	9,878,957	2,882,692
Net Interest Income	\$19,201,914	\$19,763,268
Provision For Loan Losses	2,919,769	2,025,210
NET INTEREST INCOME AFTER PROVISION	\$16,282,145	\$17,738,058

NON-INTEREST INCOME		
Fee Income	6,732,236	6,076,719
Other Operating Income	1,120,035	1,520,373
Gain (Loss) on Investments	0	0
Gain (Loss) on Disposition of Assets	583,465	-36
Other Non-Operating Income	0	0
TOTAL NON-INTEREST INCOME	\$8,435,735	\$7,597,056

NON-INTEREST EXPENSE		
Salaries and Benefits	10,661,851	9,574,729
Office Occupancy	2,335,168	2,315,493
Office Operations	2,621,449	2,702,289
Other Expense	6,743,427	5,060,452
TOTAL NON-INTEREST EXPENSE	\$22,361,895	\$19,652,963

NET INCOME	\$2,355,986	\$5,682,152
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BOARD OF DIRECTORS



Chairman
Col Sam V. Farace Jr.
USAF (Ret), NCVE



Vice Chairman
James E. Goodgion, III
NCVE



Treasurer
Melvin J. Moczygamba
CPA, NCVE



Secretary
Joan B. Lopez
NCVE



Director
TSgt Michael M. Buecher
USAF (Ret), CCD, NCVE



Director
CMSgt Brian K. Rawls
USAF (Ret), NCVE



Director
CPT Thomas L. Scott
USA (Ret), NCVE



Director
Georgia S. Snodgrass
NCVE



Director
Lt Col John A. Szulta III
USAF (Ret)



AFFCU SENIOR
MANAGEMENT TEAM

Ryan Ross

President / Chief Executive Officer

Greg Barnes

Executive Vice President / Chief Operating Officer

David Lancaster

Senior Vice President / Chief Lending Officer

Ricardo (Ric) Ledezma

Senior Vice President / Chief Financial Officer

Jeanette Riedel

Vice President / Chief Technology Officer

Gabrielle Winchester

Vice President, Marketing

Stephanie Norwood

Vice President, Business Operations

Jessica Martinez

Vice President, Human Resources

Eric Sanchez

Vice President, Sales & Service



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