



CREATING NEW
Connections



2014
ANNUAL REPORT

BOARD OF DIRECTORS

John Tochko, Chair

Rosalyn Furukawa, Vice Chair

Robert Miller, Treasurer

Charlene Husted, Recording Secretary

Philip Albert, Director

Sarah Cooke, Director

Laura Davis, Director

Peter Newman, Director

Brian O'Connor, Director



Robert Miller
Treasurer

DIRECTOR EMERITUS

Jim Knowles

SUPERVISORY COMMITTEE

Karen Brown, Chair

Brian O'Connor

Rachel Rakes



Karen Brown
Chair

ASSOCIATE VOLUNTEERS

Don Henderson

Tim McIntyre



A MESSAGE FROM OUR PRESIDENT & CHAIRMAN

APL Federal Credit Union reached a milestone in 2014, as we celebrated the Credit Union's 60th Anniversary. In the six decades since its founding on April 29, 1954, APL FCU's mission has remained unwavering: to continually serve the best interests of members while ensuring the safety and stability of member assets.

APL FCU's senior management and board of directors are pleased to report another successful year for the Credit Union, as we added several new services while maintaining a strong capital position. Best of all, we achieved these results without relying upon member fee income, as the Credit Union continues to offer the lowest fee structure of any full-service financial institution in the area.

For the year, APL FCU earned \$1.9 million in net income. This is a slight increase over 2013's total of \$1.7 million, and the fourth straight year the Credit Union earned at least \$1.5 million. These earnings allow us to plan for new services and upgrades.

For the second straight year, APL FCU's total loans to members grew by more than \$10 million, as we surpassed \$175 million in outstanding loans for the first time ever. Our lending rates remained at the lowest level in the Credit Union's history, helping to deliver strong auto and home equity loan results. We assisted members by generating over 900 auto loans totaling \$20.5 million – more than a 20% increase in both the number of loans and the total dollar volume over 2013's results – while increasing our outstanding home equity balances by almost \$5 million.

From a member service perspective, we continued our focus on enhancing the Credit Union's "virtual branch" by introducing Mobile Deposit in April. This service allows members to deposit paper checks electronically through our mobile banking app. In less than a year, more than 2,000 members have signed up for Mobile

Deposit, while almost 15% of the Credit Union's total paper check volume is now deposited electronically.

We also launched a completely redesigned website in June, featuring responsive design. With this capability, the site recognizes the type of device you are using and configures the layout to best fit your device's screen. This allows members using a tablet or smart phone to have the same functionality that is available when viewing aplfcu.org from a home computer or laptop.

In addition to these virtual branch enhancements, we streamlined our auto loan procedures in 2014. We eliminated any model year restrictions, allowing a member to take advantage of the value of buying an older model vehicle at a great loan rate. We also introduced Auto Drafts, which are blank checks good for any amount up to the member's pre-approved loan limit. Once a member negotiates the best price for the vehicle, they simply fill out the Auto Draft for the purchase price at the dealership to complete the purchase.

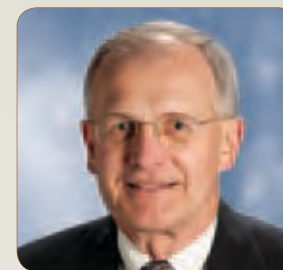
To further improve our member experience, we added Instant Issue capability to our Visa® card program. Instead of waiting a week or two for a card to arrive by mail, members opening up a new debit or credit card account can receive their card at the time of account opening. Members with a lost, stolen or damaged card can stop by any APL FCU branch to receive a replacement card right on the spot.

As we embark on the Credit Union's seventh decade, we will remain steadfast in our efforts to provide unsurpassed value to members in the form of great rates, low fees, and an ever-increasing array of products and services. On behalf of the Credit Union's entire staff and board of directors, we sincerely thank you for choosing APL Federal Credit Union. As always, we remain, **"At Your Service, In Your Community."**



A handwritten signature in black ink that reads "Jim Deegan".

Jim Deegan
President/CEO



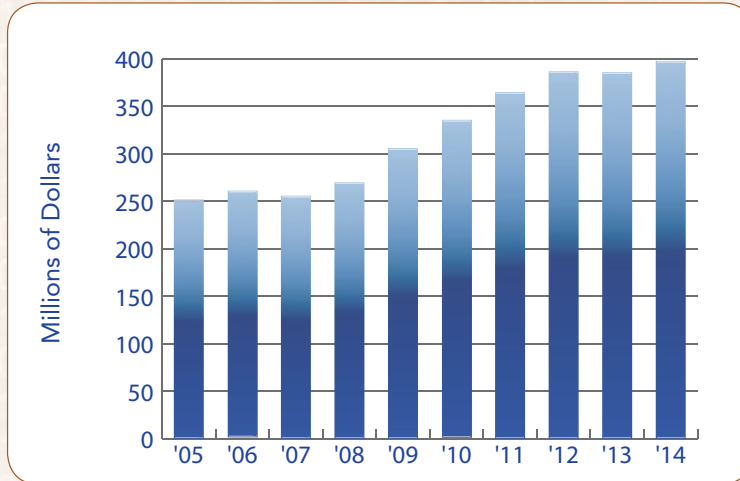
A handwritten signature in black ink that reads "John Tochko".

John Tochko
Chair

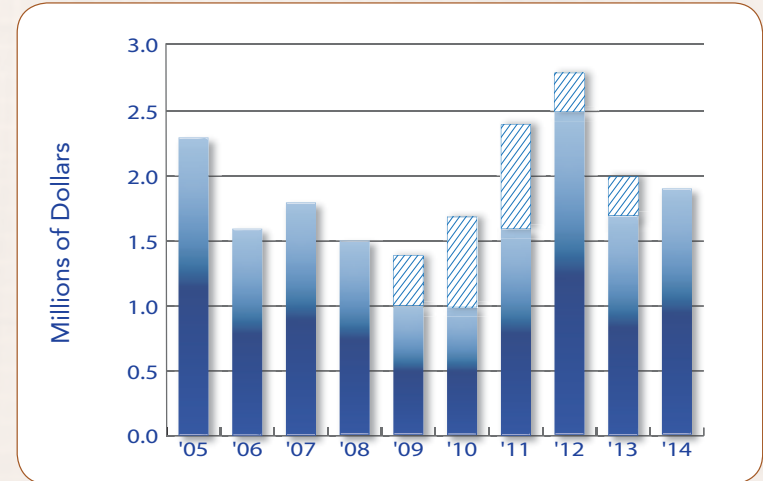
10-YEAR ANNUAL REPORT DATA

2005

ASSETS

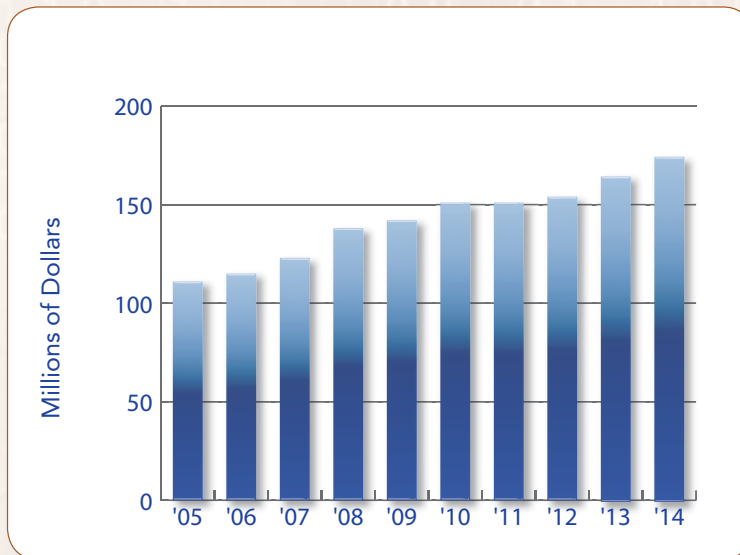


NET INCOME

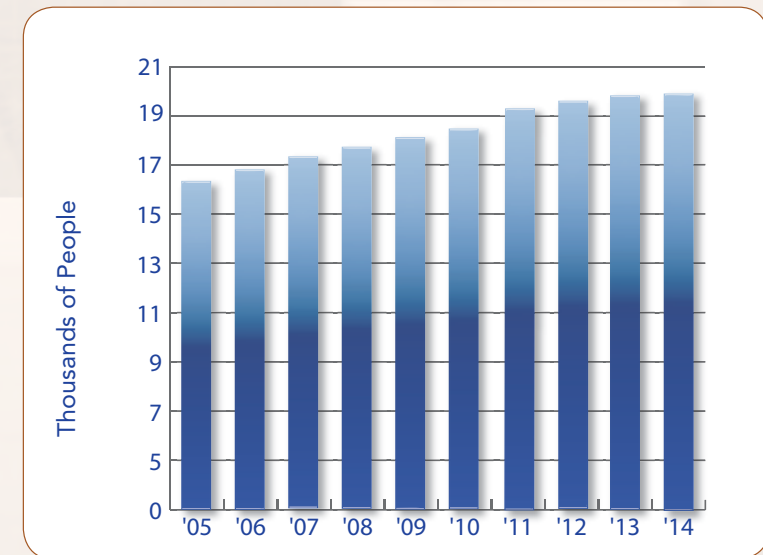


*2009 thru 2013 income shown before and after NCUA Stabilization Expense

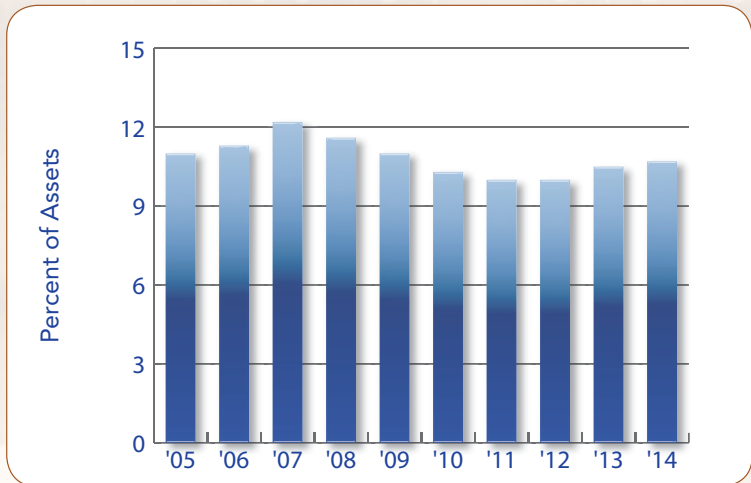
TOTAL LOANS



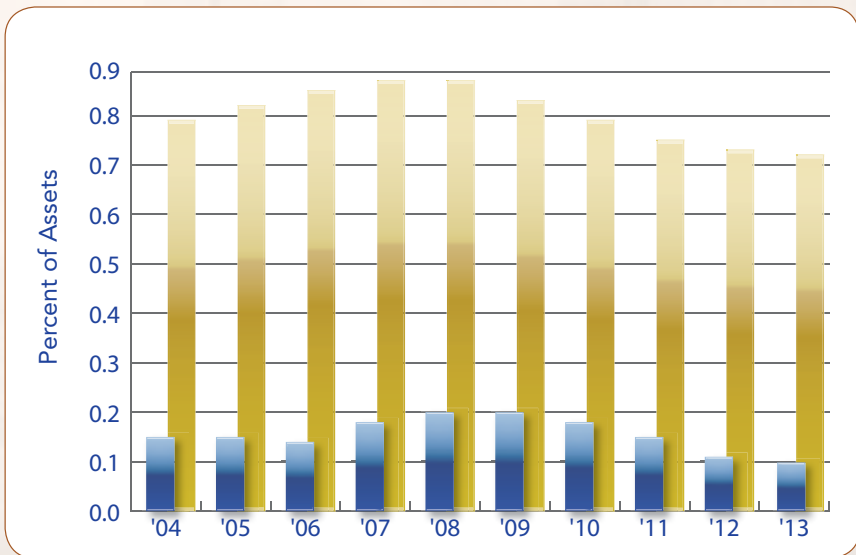
NUMBER OF MEMBERS



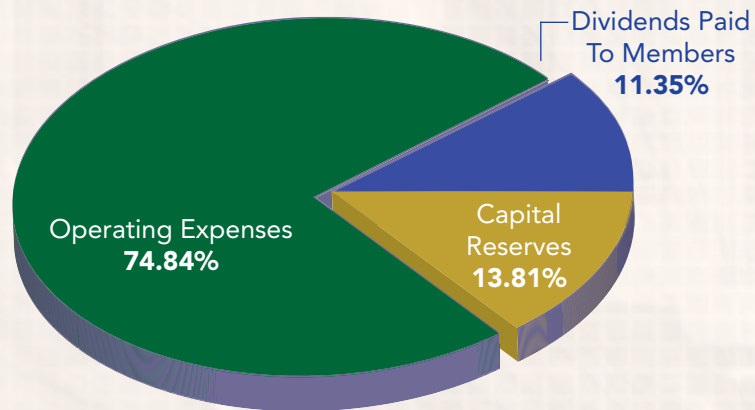
NET WORTH



MEMBER FEE INCOME TO AVERAGE ASSETS



DISTRIBUTION OF INCOME



- APL Federal Credit Union
- National Credit Union Average

STATEMENTS OF FINANCIAL CONDITION

ASSETS	<u>2014</u>	<u>2013</u>
Loans		
Loans to Members - Less Allowance for Loan Losses, and Net Deferred Loan Income	\$ 174,693,135	\$ 164,242,379
Loan Notes Receivable	0	110,882
Loans Net:	\$ 174,693,135	\$ 164,353,261
Other Assets		
Accounts Receivable	\$ 5,242	\$ 82,473
Cash	1,876,925	1,555,478
Investments	204,807,814	203,955,154
Accrued Income Receivable	631,830	655,739
Prepaid Expenses	241,271	247,028
Buildings & Land	9,588,783	9,783,163
Furniture & Equipment	762,563	825,985
NCUSIF Deposit	3,322,724	3,331,943
Other Assets	1,722,897	1,652,815
Total Assets:	\$ 397,653,184	\$ 386,443,039
LIABILITIES & EQUITY		
Liabilities		
Accounts Payable	\$ 530,334	\$ 495,749
Accrued Expenses	2,820,536	2,673,848
Other Liabilities	2,965,153	932,491
Total Liabilities:	\$ 6,316,023	\$ 4,102,088
Equity		
Savings	137,265,066	126,482,282
Checking	53,085,155	46,732,917
Preferred Money Market	68,935,023	70,439,584
IRA Money Market	5,431,079	5,904,214
IRA Certificates	18,454,003	20,904,006
Certificates of Deposit	69,074,053	73,730,746
Total Shares:	\$ 352,244,379	\$ 344,193,749
Reserves		
Regular Reserve	\$ 2,614,802	\$ 2,614,802
Undivided Earnings	37,874,403	36,186,928
Net Allowance to Adjust Investments to Fair Value	2,329,697	841,759
Other Comprehensive Income	(5,635,740)	(3,183,762)
Net Income (Loss)	1,909,620	1,687,475
Total Equity:	\$ 391,337,161	\$ 382,340,951
Total Liabilities & Equity:	\$ 397,653,184	\$ 386,443,039



STATEMENTS OF INCOME

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	<u>2014</u>	<u>2013</u>
Operating Income		
Interest on Loans	\$ 1,556,848	\$ 1,537,570
Interest on Real Estate Loans	4,641,924	4,675,087
Net:	\$ 6,198,772	\$ 6,212,657
Income from Investments	2,823,679	3,338,784
Fees & Charges	434,285	382,930
Other Operating Income	1,521,577	1,559,031
Total Operating Income:	\$ 10,978,313	\$ 11,493,402
Operating Expenses		
Compensation	\$ 3,817,594	\$ 3,704,240
Employee/Retiree Benefits	1,770,895	1,892,334
Education & Conference Expenses	56,146	61,466
Association Dues	17,371	19,802
Office Occupancy Expenses	391,078	395,848
Office Operations Expenses	1,094,050	1,044,562
Education & Promotional Expenses	180,541	165,625
Loan Servicing Expenses	328,608	202,795
Professional & Outside Services	428,449	388,887
Regulatory Fees	71,299	87,521
Annual Report & Meeting Expenses	400	4,800
Miscellaneous Operating Expenses	9,760	11,970
Share Draft Processing Expenses	50,142	45,447
Total Operating Expenses:	\$ 8,216,333	\$ 8,025,297
Provision for Loan Losses	(180,450)	(3,000)
Interest on Borrowed Money	0	0
Non-Operating Gains (Losses)		
Gain (Loss) on Investments	290,504	(38,326)
Gain (Loss) on Disposition of Assets	0	25,000
Other Non-Operating Income (Expenses)	(5,157)	(4)
Total Non-Operating Gains (Losses):	\$ 285,347	\$ (13,330)
Income (Loss) Before Dividends	\$ 3,155,777	\$ 3,457,774
Dividends	\$ (1,246,157)	\$ (1,503,744)
Net Income (Loss) Before NCUSIF Stabilization Expense:	\$ 1,909,620	\$ 1,954,030
NCUA Insurance Premium	0	0
NCUA Stabilization Expense	0	266,555
Net Income (Loss):	\$ 1,909,620	\$ 1,687,475



OUR MISSION

APL Federal Credit Union is dedicated to providing its members quality financial services with a competitive edge, while ensuring the safety and stability of financial assets.

APLFCU.ORG