

*Piedmont Advantage Credit Union*

# 2015 ANNUAL REPORT



*Providing caring solutions  
for our members*

## Piedmont Advantage Credit Union experienced another successful year of growth and stability in 2015

Growth areas included our financials along with new programs and services for our members. We continued to offer stability through our 'members come first' approach to doing business. Members trusted Piedmont Advantage Credit Union with their hard-earned deposits and continued to depend on the credit union for auto loans, mortgages, credit cards, home equity and personal loans to help make their dreams come true.

During 2015, loans grew by over \$12 million and deposits grew by close to \$10 million. Over 4,200 people made the decision to join the Piedmont Advantage Credit Union family and enjoy the benefits of membership.

Banks continue to overlook the needs of small businesses and focus their attention on 'big business'. Gaining access to credit for entrepreneurs and small businesses is the gateway to community and economic growth. To fill that need and further diversify our robust loan portfolio, we began the process to enable Piedmont Advantage Credit Union to offer business loans to our members and potential members. Conducting market research and identifying target industries were included in our work. This exciting new program will debut in 2016.

Keeping the needs of our members at the core of all that we do, your credit union began the work necessary to expand our Member Financial Wellness Program to add new solutions targeted to members when they need them most. This brings a holistic approach to financial life stage needs with a complete line of brokerage and insurance services, student loans and trusts. We performed the necessary due diligence and developed and approved the policies to position this program for success in 2016 and beyond.

Our relationships with our employer groups are an important part of your credit union's heritage and of our future. In order to enhance existing relationships and grow new business through expanded community partnerships, we structured a plan to create a business development team that will include a representative in each of our markets.

Our mission to provide financial education for our members and for the communities that our members call home, continued with home buying seminars at Advantage Way and the production of the Piedmont Advantage Home Buyer's Guide. This guide is available in both print and digital versions. It is a

step-by-step guide for navigating the home buying process for both first-time and more experienced home buyers. With auto prices rising each year, vehicle loans are now regularly financed for 72 months. Purchasing a vehicle is more of a major purchase than ever before and can be extremely stressful. Believing that education is power, we created an auto buying seminar to provide valuable information on what today's car purchase entails. This kind of education, along with our Advantage Auto App, creates an experience that our members can proactively manage to find the best solution for their needs. Sharing our new member space at the Advantage Way Branch with members, realtors, homebuilders, young professional groups, and other community partners provides the opportunity to grow stronger relationships.

Members will always come first at Piedmont Advantage Credit Union. It's how we think, what we do, and how we live. We are different from other financial institutions, and it is our core value that guides us as we help our members build financial wellness.

Thank you to our staff and Board of Directors for their hard work to ensure that members always come first. The continued growth of Piedmont Advantage Credit Union is due to our member-owners who each and every day trust us with their finances. It is our privilege to serve you. Thank you for choosing to be a member of Piedmont Advantage Credit Union.

### Key Accolades for Piedmont Advantage

- During 2015, the *Business of North Carolina* magazine named Piedmont Advantage Credit Union the fastest growing credit union in North Carolina, ranked us 9th in fastest growing assets of all financial institutions, and placed us in the Top 40 in the *Financial 100* of North Carolina's largest banks and credit unions for the 2014 financial year.
- Your credit union won a *Diamond Award*, the highest national honor from the Credit Union Executives Society, for our Member Experience Advisor Model.
- Our CEO, *Judy R. Tharp*, was appointed to the *Community Depository Institutions Advisory Council* at the Federal Reserve Bank of Richmond, representing regional credit unions.

### Social responsibility continues to grow at Piedmont Advantage Credit Union with concern for our larger community

Your credit union, partnering with our vendors, contributed over \$50,000 to worthy causes and events that strengthened our communities in 2015. Our staff and members alone raised an additional \$10,000 through bake sales, hot dog sales, vendor days and so much more for Victory Junction Reach, a camp for children with chronic medical conditions or serious illnesses that provides life-changing camp experiences that are fun and empowering.

**\$10k** Raised for  
Victory Junction

and more than  
**\$50k** in  
other causes

# Statement of Financial Condition

For the year ended December 31, 2015

## Assets

2015

Cash and Cash Equivalents	30,458,969
Investments:	
Available for sale	15,275,956
Held to maturity	400,000
Other	2,295,941
Federal Home Loan Bank (FHLB) stock	827,100
Loans held-for-sale	886,800
Loans receivable, net of allowance for loan losses	238,076,288
Accrued interest receivable	758,167
Premises and equipment, net	13,409,666
National Credit Union Share Insurance Fund deposit	2,547,529
Assets acquired in liquidation	1,560,174
Goodwill	673,384
Other Assets	5,532,469
<b>Total Assets</b>	<b>\$312,702,443</b>

## Statements Of Income

For The Year Ended December 31, 2015

### Interest Income

Interest on loans receivable	\$11,271,533
Interest on investments	364,595
<b>Interest income</b>	<b>11,636,128</b>

### Interest Expense

Dividend on members' share and savings accounts	698,768
Interest on Borrowed Funds	165,037
<b>Interest Expense</b>	<b>863,805</b>

**Net Interest Income** **10,772,323**

**Provision for Loan Losses** **2,463,507**

**Net Interest Income After Provision for Loan Losses** **\$8,308,816**

## Liabilities and Members' Equity

### Liabilities

Members' share and savings accounts	\$266,323,044
Borrowed funds	12,355,000
Accrued expenses & other liabilities	1,830,323
<b>Total Liabilities</b>	<b>\$280,508,367</b>

### Members' Equity

Regular reserve	5,561,337
Undivided earnings	26,378,755
Accumulated other comprehensive loss	(145,045)
Equity acquired in merger	399,029
<b>Total Members' Equity</b>	<b>\$32,194,076</b>

**Total Liabilities and Members' Equity** **\$312,702,443**

### Non-interest Income

Fees and service charges	4,351,679
Other non-interest income	2,453,345
Gain on sale of investments, net	113,044
Gain on disposition of premises and equipment, net	42,838
<b>Non-interest income</b>	<b>6,960,906</b>
	<b>\$15,269,722</b>

### Non-interest Expense

Compensation and employee benefits	5,327,468
Operations	3,540,819
Professional and outside services	2,118,755
Loan servicing	1,480,210
Occupancy	968,635
Education and promotion	330,916
Loss on disposition of assets acquired in liquidation, net	178,095
Goodwill amortization	82,453
<b>Non-interest expense</b>	<b>14,027,351</b>

**Net Income** **\$1,242,371**



**3.77%**  
Deposit Growth

**6.50%**  
Loan Growth

**3.80%**  
Asset Growth

# Supervisory Committee's Report

The Piedmont Advantage Credit Union's Board of Directors, as required by the bylaws, appoints a Supervisory Committee each year. This committee represents the membership by reviewing the credit union's records and activities to promote safety and soundness, and is responsible for the completion of the annual audit of the credit union's financial statements.

The committee hired Nearman, Maynard, Vallez, CPAs, to perform the annual audit and to review our conformity with generally accepted accounting principles. The audit was for financials for the year ended December 31, 2015.

The auditor's report offered the opinion that the credit union's financial statements present fairly, in all material respects, the financial position of the credit union as of December 31, 2015, and that the credit union operates in accordance with generally accepted accounting principles.

In addition to their audit of the credit union's financial statements, Nearman, Maynard,

Vallez, CPAs also performed the annual verification of members' accounts and an analysis of the credit union's policies and procedures. During the year, the Credit Union Division of the North Carolina Department of Commerce, jointly with the National Credit Union Administration (NCUA), examined the credit union to ensure our compliance with all applicable laws, rules and regulations established for credit unions in our state.

Finally, the committee engaged the audit services of the Carolinas Credit Union League (CCUL) to conduct a series of audits of the credit union's internal controls policies and procedures, and a branch audit. Nearman performed a 401k audit. First Carolina Corporate Credit Union performed an ACH Audit, and CSI performed an IT Security and Risk Audit.

Respectfully Submitted,  
Rob McKenzie, Chairman  
David Lance  
Tom Mekis

## Board of Directors

**Jim Taylor**  
Chairman

**George Price**  
Vice Chairman

**Tom Mekis**  
Secretary

**John Reece**  
Treasurer

**Howard Henry**  
Director

**Ramon Hoots**  
Director

**Gene Sharp**  
Director

**Justine Lerch**  
Director

**Steve Gilliland**  
Director

**Darren Cranfill**  
Associate Director

**Mark Saunders**  
Associate Director

## Supervisory Committee

**Rob McKenzie**  
Supervisory Committee,  
Chairman

**David Lance**  
Supervisory Committee

**Tom Mekis**  
Supervisory Committee



Members Come First  
800-433-PACU (7228)  
[www.pacu.com](http://www.pacu.com)



This credit union is federally insured by the National Credit Union Administration and is an Equal Housing Lender.



**2015**  
By the  
Numbers

  
**44,455**  
Member/Owners

  
Assets:  
**\$312,702,443**

  
Deposits:  
**\$266,323,044**

  
Loans:  
**\$238,076,288**