

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Supervisory Committee of
Impact Credit Union

Report on the Financial Statements

We have audited the accompanying financial statements of Impact Credit Union, which comprise the statement of financial condition as of December 31, 2017, and the related statements of earnings, comprehensive income, members' equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

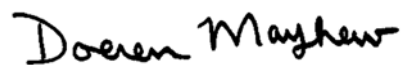
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Impact Credit Union as of December 31, 2017, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Impact Credit Union as of December 31, 2016 were audited by other auditors whose report dated February 6, 2017, expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Doeren Mayhew". The signature is written in a cursive, flowing style.

Troy, Michigan
March 30, 2018

**IMPACT CREDIT UNION
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2017 AND DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents (Note 5)	\$7,408,855	\$13,185,443
Investment Securities		
Securities Held-to-Maturity (Note 2)	7,392,000	4,316,000
Other Investments (Note 3)	3,146,542	5,611,563
Loans Receivable, Net of Allowance for Loan Losses (Note 4)	102,009,494	93,627,149
Accrued Interest Receivable	251,117	226,727
Property and Equipment (Note 6)	5,457,595	5,387,939
Net Pension Asset	1,116,958	1,100,510
Credit Union Owned Life Insurance	2,977,046	2,889,420
NCUSIF Deposit	1,183,919	1,173,035
Other Real Estate Owned	0	123,620
Other Assets	1,654,040	1,330,285
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TOTAL ASSETS	132,597,566	128,971,691
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LIABILITIES AND EQUITY		
Members' Shares (Note 7)	118,985,448	116,228,658
Accrued Interest Payable	16,713	15,031
Accounts Payable and Other Liabilities	888,278	718,794
Commitments and Contingent Liabilities (Note 10)		
Regular Reserve	2,915,598	2,915,598
Undivided Earnings	10,695,856	10,037,510
Accumulated Other Comprehensive Income	(904,327)	(943,900)
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$132,597,566	\$128,971,691
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**IMPACT CREDIT UNION
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
INTEREST INCOME		
Loans Receivable	\$4,684,914	\$4,336,587
Investment Securities	219,956	177,769
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TOTAL INTEREST INCOME	4,904,870	4,514,356
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INTEREST EXPENSE		
Members' Shares	220,572	233,848
Borrowed Funds	35	0
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TOTAL INTEREST EXPENSE	220,607	233,848
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NET INTEREST INCOME	4,684,263	4,280,508
Provision for Loan Losses (Note 4)	316,167	535,074
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Net Interest Income After Provision for Loan Losses	4,368,096	3,745,434
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NON-INTEREST INCOME		
Gain (Loss) on Other Real Estate Owned	(42,853)	2,611
Fees and Charges	1,146,772	1,146,249
Other	1,170,574	1,099,933
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TOTAL NON-INTEREST INCOME	2,274,493	2,248,793
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NON-INTEREST EXPENSE		
Compensation and Benefits	3,006,316	2,655,929
Occupancy	350,699	312,621
Operations	979,483	963,070
Loan Servicing	514,069	485,999
Professional Services	801,710	780,589
Other	331,966	290,097
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TOTAL NON-INTEREST EXPENSE	5,984,243	5,488,305
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NET INCOME	\$658,346	\$505,922
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS