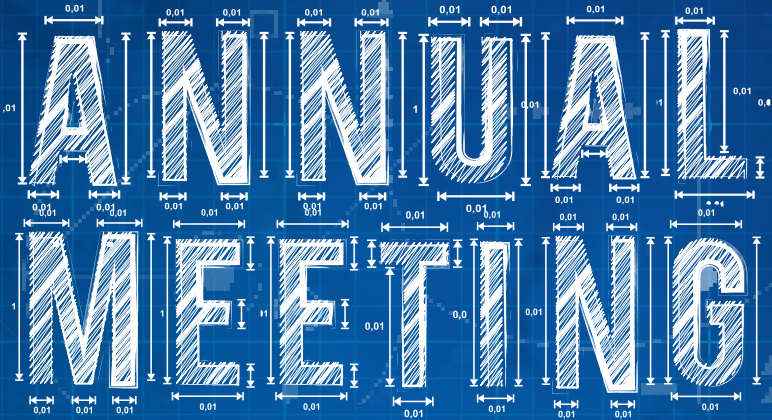




**AZURA**<sup>®</sup>  
credit union



**[AzuraCU.com/AnnualMeeting](https://AzuraCU.com/AnnualMeeting)**

**Virtual Annual Meeting**

**September 22, 2020**

**6 P.M.**

**2019 Reports | Elections | Prizes**

**Federally Insured By NCUA**

# Agenda

- ▶ **Call To Order**
- ▶ **Introductions**
- ▶ **Annual Reports**
  - ▶ **2019 Meeting Minutes**
  - ▶ **2019 Financial Statements**
  - ▶ **Supervisory Committee Report**
  - ▶ **Board of Directors' Report**
  - ▶ **Nominating Committee Report**
    - ▶ **Ballot**
    - ▶ **Voting Instructions**
- ▶ **Adjournment**



# 2019 Annual Meeting Minutes

The 4<sup>th</sup> Annual Meeting of the Azura Credit Union was held in the Maner Conference Center of the Kansas Expocentre on Tuesday, April 23, 2019. The meeting was called to order at 7:03 pm by Chairman Jim Frownfelter, and the Pledge of Allegiance was recited. There were 387 confirmed individuals in attendance.

Joe Zima was appointed as parliamentarian, and Greg Winkler as recording secretary.

The Board of Directors and Supervisory Committee were introduced.

The minutes of the 2018 Annual Meeting and the 2018 audited financial statements were approved as printed in the Annual Report.

Summary reports to the membership were provided by Supervisory Committee Chair Koty Mize and Board of Directors Chair Jim Frownfelter. These reports were approved as presented.

Nominating Committee Chair Marcia Dechand presented three candidates for election to the Board of Directors: Shirley Martin, Bryan Vargas, and John Blocher. A motion to elect the slate of candidates by acclamation was made and seconded. The motion carried.

Jim Frownfelter and Bobb Collie recognized retiring volunteer official Don Frick.

All credit union staff in attendance were then recognized by President/CEO Greg Winkler. Employee anniversary awards were also presented.

The meeting was adjourned at 7:30 pm.

# 2019 Financial Statements

## STATEMENTS OF FINANCIAL CONDITION, AUDITED

Years Ended December 31

2019

2018

### Assets

Cash and cash equivalents	\$ 36,320,289	\$ 12,717,357
Investment securities	93,969,511	88,385,531
Credit union owned life insurance	10,207,076	10,098,470
Loans to members	371,721,240	355,481,243
Allowance for loan losses	(2,378,532)	(2,974,800)
Accrued interest receivable	1,230,041	1,123,595
Land, buildings and equipment	9,517,623	10,035,099
NCUA insurance	4,335,227	4,171,475
Goodwill & core deposit intangible	1,148,192	1,613,845
Other assets	1,106,113	1,169,443
Total Assets	<u>\$ 527,176,780</u>	<u>\$ 481,821,259</u>

### Liabilities and Members' Equity

#### Liabilities

Regular shares	\$ 137,492,453	\$ 126,956,552
Draft shares	98,108,985	96,365,930
Money market shares	83,912,750	91,062,774
IRA shares and certificates	35,559,624	33,415,734
Certificates	107,243,775	64,254,155
Outstanding credit union drafts	1,592,219	1,966,971
Borrowed Funds	-	10,000,000
Accrued interest payable	148,629	63,364
Accrued expenses and other liabilities	3,890,165	3,148,898
Total Liabilities	<u>\$ 467,948,600</u>	<u>\$ 427,234,379</u>

#### Members' Equity

Regular reserve	\$ 1,519,340	\$ 1,519,340
Equity acquired in merger	32,451,997	31,968,993
Undivided earnings	24,845,821	21,170,212
Other comprehensive income	411,022	(71,664)
Total Members' Equity	<u>\$ 59,228,180</u>	<u>\$ 54,586,880</u>
Total Liabilities and Members' Equity	<u>\$ 527,176,780</u>	<u>\$ 481,821,259</u>

## STATEMENTS OF COMPREHENSIVE INCOME, AUDITED

Years Ended December 31

	2019	2018
<b>Interest income</b>		
Interest on loans	\$ 17,793,070	\$ 15,413,352
Interest on investments	2,674,807	2,466,641
Total Interest Income	<u>\$ 20,467,877</u>	<u>\$ 17,879,993</u>
<b>Interest expense</b>		
Interest on deposits	\$ 3,930,410	\$ 2,457,785
Interest on borrowed money	161,162	91,170
Total Interest Expense	<u>\$ 4,091,572</u>	<u>\$ 2,548,955</u>
Net interest income	\$ 16,376,305	\$ 15,331,038
Provision for loan losses	1,983,081	2,268,251
Net interest income after provision	<u>\$ 14,393,224</u>	<u>\$ 13,062,787</u>
<b>Non-interest income</b>		
Other income	\$ 4,728,038	\$ 4,446,889
Fee income	3,380,718	3,323,315
Operating gains	93,740	219,804
Total non-interest income	<u>\$ 8,202,496</u>	<u>\$ 7,990,009</u>
<b>Non-interest expense</b>		
Payroll and benefits	\$ 9,897,904	\$ 9,161,735
Office operations	3,616,305	3,357,097
Loan servicing	1,617,104	938,203
Office occupancy	1,126,061	1,125,933
Professional and outside services	987,820	1,053,730
Merger and intangible assets amortization	481,554	631,956
Marketing and business development	887,034	678,466
Travel and conference	197,027	175,075
Regulatory supervision and examination	86,320	87,998
Association dues	64,592	64,509
Other expenses	56,791	51,849
Total non-interest expenses	<u>\$ 19,018,512</u>	<u>\$ 17,326,550</u>
Net income from operations	\$ 3,577,208	\$ 3,726,246
<b>Non-operating income</b>	98,401	105,629
<b>Net Income</b>	<u>\$ 3,675,609</u>	<u>\$ 3,831,875</u>
Unrealized holding gains (losses) during the year	482,686	(234,109)
<b>Comprehensive Income</b>	<u><u>\$ 4,158,295</u></u>	<u><u>\$ 3,597,766</u></u>

# Supervisory Committee Report

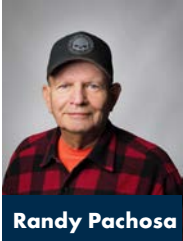
Azura's Supervisory Committee consists of four Azura members who volunteer their time to serve the membership. In fulfilling statutory duties and obligations to safeguard member assets, the Supervisory Committee's primary responsibilities include overseeing the completion of the independent external financial audits of the financial statements and records, as well as the verification of member accounts. The committee also reviews the control structures of the credit union, monitors closed accounts, directs the internal audit function and attends monthly Board of Directors' meetings.

To accomplish our responsibilities, we rely on the expert services of the independent audit firm, J. Tenbrink & Associates. Tenbrink & Associates conducted an independent audit of Azura's financial statements and completed a verification of member accounts. In addition, the National Credit Union Administration in conjunction with the Kansas Department of Credit Unions completed Azura Credit Union's regulatory examination earlier this year. The audits raised no material issues and contained no significant findings of concern. It is therefore our opinion that Azura Credit Union continues to perform well and operates in a safe and sound manner.

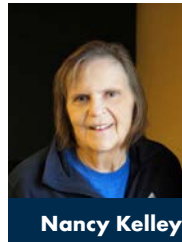
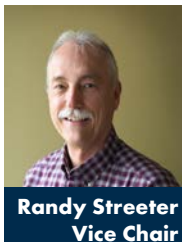
As the Chairman of the Supervisory Committee, I speak on behalf of all committee members when I say it has been a pleasure to serve you. The committee will continue to work diligently in 2020 to ensure that Azura remains a safe and sound institution, ready to meet your financial needs.

Tina Freese  
Chair

# Board of Directors



# Supervisory Committee



# Board of Directors' Report

## The “Old Normal”

As we now publish Azura Credit Union’s 2019 Annual Report past the halfway point of the year 2020, everyone is well aware of the now often-used term, the “new normal”. While that moniker has no doubt been around for years and years, there has never been a more appropriate era for using it as right here and now in current times. But if you would allow us to turn back the clock a bit to report on last year we will then catch back up and discuss the current environment as well.

Current events make 2019 seem like it was long ago in our rearview mirror. But less than one full year ago, Team Azura was going about our normal day-to-day business of serving members’ financial needs to the best of our abilities. Important items of note include the following:

- Deposits, loans, total assets, and members all grew well for the credit union last year.



- Net income was strong and our capital position remained rock solid at year-end.
- Azura began serving employees of the Procter & Gamble company in Kansas City and nationwide as the result of a merger with Kansas City P&G Employees Credit Union.



- An overhaul of our digital and online presence was completed during the third quarter, including the successful rollout of our entirely new website, online banking, mobile banking and bill payment platforms.



All-in-all, Azura closed the books on a very successful year of growth, financial strength, and enhanced service to member-owners in 2019 and your Board of Directors and Management entered 2020 poised to execute another year that we expected to be much the same.

But as everyone is well aware by now, the current year is not playing out to be anything at all like the last one. While a number of unique and challenging events have occurred already this year, nothing comes even close to the ongoing and future impact and ramifications to be felt as a result of the coronavirus pandemic currently gripping our nation and the entire world.

As a result, Azura volunteer officials, management, and staff have spent the past six months developing, implementing, and revising again operating procedures for how we continue to serve you to the best of our ability during this period of uncertainty. While the current environment and our response to it are changing almost daily, we remain committed to serving our member-owners in the best and yet safest manner possible.

In the meantime, as we endeavor to navigate this “new normal” referenced in the opening paragraph of this report, we hope that you will share your comments and concerns with us at any time that you have them. As a member-owned financial cooperative Azura exists solely to serve you and if we are not meeting your needs, we need to hear your ideas about how we might better be able to do so. Thank you for your membership at Azura Credit Union and for your commitment to cooperative, member-owned financial services.

# Nominating Committee Report

Brad Deiter, Bobb Collie and Jim Frownfelter served as the Nominating Committee for elections to be held at the 2020 Annual Meeting of Azura Credit Union.

The committee posted a notice and call for all parties interested in potentially serving a volunteer official position for the credit union. This notice was included in the first quarter membership newsletter and also on Azura's website. Applicants were asked to contact the Nominating Committee and a pool of potential candidates was developed.

The committee is charged by the Azura Governance Policy "to put forth a nominee slate comprised of the best possible candidates" to serve as volunteer officials for the credit union. After completion of the interview and selection process, the Nominating Committee submits the following names to be included on the ballot for election to the three open positions on the Azura Credit Union Board of Directors:

Rob Balsters\*

Terry Conus

Marcia Dechand\*

Randy Pachosa\*

Virgil Weigel

Respectfully submitted,

Brad Deiter  
Chair

\* Denotes incumbent

# Ballot



**Rob Balsters\***



**Terry Conus**



**Marcia Dechand\***



**Randy Pachosa\***



**Virgil Weigel**

\* Denotes incumbent

## Voting Instructions

After the candidate videos are presented during the Annual Meeting, a special secure webpage will launch. This will be shared during the meeting and when you leave the meeting you should be automatically directed to the ballot page. In addition, an easily accessible button will be available at [AzuraCU.com/AnnualMeeting](https://AzuraCU.com/AnnualMeeting) for ballot access. The ballot webpage will validate your membership and allow you to cast your vote for three of the candidates. If your inputted data is not automatically verified through the questions, a provisional ballot will appear on the screen that will be processed manually to verify your vote.



## *Our* **MISSION**

Azura is enhancing lives by delivering innovative financial service, education and value through personal and community engagement.

## *Our* **VISION**

Azura will define financial service.  
Azura will create loyal enthusiasts.  
Azura will improve more lives.

*Thank you for attending!*

