



AZURA®

credit union

ANNUAL REPORT

AzuraCU.com/AnnualMeeting

Virtual Annual Meeting

April 20, 2021 | 6 P.M.

2020 Reports | Election | Prizes



2020 ANNUAL MEETING MINUTES

The 5th Annual Meeting of the Azura Credit Union was held in a virtual environment on Tuesday, September 22, 2020. The meeting was called to order at 6:01 pm by Chairman Jim Frownfelter. There were 110 confirmed individuals in attendance.

The Board of Directors and Supervisory Committee were introduced.

The minutes of the 2019 Annual Meeting and the 2019 audited financial statements were approved as presented in the Annual Report.

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

Nominating Committee Chair Brad Deiter presented five candidates for election to three positions up for election on the Board of Directors: Rob Balsters, Terry Conus, Marcia Dechand, Randy Pachosa, and Virgil Weigel. Each candidate appeared in a short video highlighting their desire to serve on the Board of Directors. Attendees were then given instructions to submit their ballots electronically for up to 30 minutes, with final results to be announced the following day.

The meeting was adjourned at 6:22 pm.



AGENDA

- **Call To Order**
 - **Introductions**
 - **Annual Reports**
 - 2020 Meeting Minutes
 - 2020 Financial Statements
 - Supervisory Committee Report
 - Board of Directors Report
 - Nominating Committee Report
 - Election
 - **Recognition**
 - Volunteer Retirements
 - **Adjournment**
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2020 FINANCIAL STATEMENTS

Audited Financial Statements

Statements of Financial Condition

At December 31	2020	2019
Assets		
Cash and cash equivalents	\$76,350,544	\$36,320,289
Investment securities	108,604,323	93,969,511
Credit union owned life insurance	10,332,060	10,207,076
Loans to members	424,202,004	371,721,240
Allowance for loan losses	(3,376,951)	(2,378,532)
Accrued interest receivable	1,172,854	1,230,041
Land, buildings and equipment	9,872,889	9,517,623
NCUA insurance	5,227,117	4,335,227
Goodwill & core deposit intangible	848,841	1,148,192
Other assets	860,700	1,106,113
Total Assets	\$634,094,380	\$527,176,780
Liabilities and Members' Equity		
Liabilities		
Regular shares	\$180,926,606	\$137,492,453
Draft shares	131,539,238	98,108,985
Money market shares	96,561,834	83,912,750
IRA shares and certificates	38,500,090	35,559,624
Certificates	115,864,441	107,243,775
Outstanding credit union drafts	1,538,397	1,592,219
Borrowed Funds	-	-
Accrued interest payable	147,774	148,629
Accrued expenses and other liabilities	5,385,537	3,890,165
Total Liabilities	\$570,463,917	\$467,948,600
Members' Equity		
Regular reserve	\$1,519,340	\$1,519,340
Equity acquired in merger	32,451,997	32,451,997
Undivided earnings	28,593,211	24,845,821
Other comprehensive income	1,065,915	411,022
Total Members' Equity	\$63,630,463	\$59,228,180
Total Liabilities and Members' Equity	\$634,094,380	\$527,176,780

Statements of Comprehensive Income

At December 31	2020	2019
Interest income		
Interest on loans	\$18,884,243	\$17,793,070
Interest on investments	1,553,468	2,674,807
Total Interest Income	\$20,437,711	\$20,467,877
Interest expense		
Interest on deposits	\$4,435,381	\$3,930,410
Interest on borrowed money	18	161,162
Total Interest Expense	\$4,435,400	\$4,091,572
Net interest income	\$16,002,311	\$16,376,305
Provision for loan losses	1,990,332	1,983,081
Net interest income after provision	\$14,011,979	\$14,393,224
Non-interest income		
Other income	\$5,568,144	\$4,728,038
Fee income	2,806,639	3,380,718
Operating gains	250,002	93,740
Total non-interest income	\$8,624,785	\$8,202,496
Non-interest expense		
Payroll and benefits	\$9,855,256	\$9,897,904
Office operations	3,675,987	3,616,305
Loan servicing	1,016,888	1,617,104
Office occupancy	1,134,132	1,126,061
Professional and outside services	1,887,276	987,820
Merger and intangible assets amortization	299,351	481,554
Marketing and business development	672,395	887,034
Travel and conference	204,264	197,027
Regulatory supervision and examination	105,482	86,320
Association dues	65,406	64,592
Other expenses	58,406	56,791
Total non-interest expenses	\$18,974,842	\$19,018,512
Net income from operations	\$3,661,922	\$3,577,208
Non-operating income	85,468	98,401
Net Income	\$3,747,390	\$3,675,609
Unrealized holding gains (losses) during the year	654,893	482,686
Comprehensive Income	\$4,402,283	\$4,158,295

SUPERVISORY COMMITTEE REPORT

Azura's Supervisory Committee consists of five Azura members, appointed by the Board of Directors, 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 audits of the financial statements and records, as well as the verification of member accounts. The committee also reviews internal 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. The National Credit Union Administration, in conjunction with the Kansas Department of Credit Unions, performed a regulatory examination in 2020. It is 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 2021 to ensure that Azura remains a safe and sound institution, ready to meet your financial needs.

Tina Freese
Chair

BOARD OF DIRECTORS



Jim Frownfelter
Chair



Bobb Collie
Vice Chair



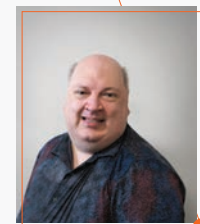
Marcia Dechand
Secretary



Shirley Martin
Treasurer



Rob Balsters



John Blocher



Brad Deiter

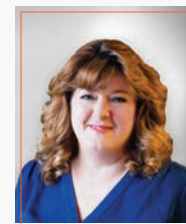


Randy Pachosa



Bryan Vargas

SUPERVISORY COMMITTEE



Tina Freese
Chair



Randy Streeter
Vice Chair



John Blocher



Nancy Kelley



Virgil Weigel

BOARD OF DIRECTORS' REPORT

Late last year, The Washington Post asked readers to describe the year of 2020 in one word or phrase. As you can imagine, the typical answers included

2020

*SURREAL CHAOTIC LOST
RELENTLESS EXHAUSTING
NIGHTMARE HEARTBREAKING*

And who could really argue with any of those responses? But the question also drew other replies that might not have been anticipated, like "perseverance" and "transformative". (Note, *The Post* selected one creatively descriptive submission by a 9-year-old as their top choice and you can find it and the entire article on their website at [WashingtonPost.com](https://www.washingtonpost.com).)

**"NO WINTER
LASTS
FOREVER;**

It is doubtful that anyone would refute how challenging the past year was. From the worldwide COVID-19 pandemic, to nationwide civic unrest over police violence and racial injustice, to an extremely polarized and politicized presidential election, it seems our country faced challenges at every turn. Yet there were also bright spots amid all this disruption. The stock market rallied by year-end to finish at record highs and vaccines were developed and rolled out more quickly than most experts predicted. Meanwhile, families connected more closely with one another over puzzles, board games, outdoor activities, video calls, and even the return of drive-in movies.

Here at Azura, we experienced similar ups and downs as referenced above. While COVID-19 stay-at-home orders and safety protocols disrupted our branches and in-person service for months, our remote service options like online and mobile banking, mobile deposit, and video banking were used by a record number of members during the year. We prepared for economic impacts by reducing expenses and increasing our loan loss reserves, only to see record levels of both deposit and loan growth. Our membership numbers grew once again last year, and net income even exceeded our budget in 2020! We also believe our multitude of efforts on behalf of members and our employees led to our selection as Best Credit Union and Best Employer for the third year in a row in the Topeka Capital-Journal Best of Topeka contest.



**NO SPRING
SKIPS ITS
TURN."** - Hal Borland

In closing, all of us here at Azura sincerely thank you for your loyalty and support as we all persevered through a transformative year. As we begin our measured exit from the pandemic, we again want to share our appreciation for your patience and understanding as Azura shifted, adapted, and pivoted our operations throughout 2020. And as always, you are encouraged at any time to let us know how we might be able to serve you better, pandemic or not!

*HOPEFUL RENEWAL
TRANSFORMATIVE
PERSEVERANCE
HOPE OPTIMISTIC*

2021

ELECTION

NOMINATING COMMITTEE

John Blocher, Shirley Martin, and Bryan Vargas served as the Nominating Committee for elections to be held at the 2021 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:

Brad Deiter*

Tina Freese

Jim Frownfelter*

Respectfully submitted,

John Blocher

Chair

** Denotes incumbent*



Brad Deiter*



Tina Freese



Jim Frownfelter*

** Denotes incumbent*

RECOGNITION

Volunteer Retirements





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!

