



VIRTUAL ANNUAL MEETING

AzuraCU.com/AnnualMeeting

April 19, 2022 | 6 P.M.

2021 Reports | Election | Prizes

AGENDA

- **Call To Order**

- **Introductions**

- Board of Directors
- Supervisory Committee

- **Annual Reports**

- 2021 Meeting Minutes
- 2021 Financial Statements
- Supervisory Committee Report
- Board of Directors' Report
- Nominating Committee Report

- **Recognition**

- Volunteer Official Retirements

- **Adjournment**



2021 ANNUAL MEETING MINUTES

The 6th Annual Meeting of the Azura Credit Union was held in a virtual environment on Tuesday, April 20, 2021. The meeting was called to order at 6:01 pm by Chairman Jim Frownfelter. There were 105 confirmed individuals in attendance.

The Board of Directors and Supervisory Committee members were introduced.

The minutes of the 2020 Annual Meeting and the 2020 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 John Blocher presented three candidates for election to three positions up for election on the Board of Directors: Brad Deiter, Tina Freese, and Jim Frownfelter. Each candidate appeared in a short video highlighting their desire to serve Azura Credit Union on the Board of Directors. It was moved and seconded to elect the slate of candidates by acclamation; the motion carried.

Outgoing volunteer officials Bobb Collie (Board of Directors) and Nancy Kelley (Supervisory Committee) were recognized for their decades of respective service to the credit union.

The meeting was adjourned at 6:26 pm.

2021 FINANCIAL STATEMENTS

Audited Financial Statements

Statement of Financial Condition

	At December 31	2021	2020
Assets			
Cash and cash equivalents		\$54,760,599	\$76,350,544
Investment securities		141,177,819	108,604,323
Credit union owned life insurance		10,411,070	10,332,060
Loans to members		458,751,889	424,202,004
Allowance for loan losses		(2,530,457)	(3,376,951)
Accrued interest receivable		1,319,143	1,172,854
Land, buildings and equipment		11,189,153	9,872,889
NCUA insurance		5,962,747	5,227,117
Goodwill & core deposit intangible		691,539	848,841
Other assets		969,840	860,700
Total Assets		<u>\$682,703,343</u>	<u>\$634,094,380</u>
Liabilities and Members' Equity			
Liabilities			
Regular shares		\$211,021,700	\$180,926,606
Draft shares		144,283,625	131,539,238
Money market shares		112,369,723	96,561,834
IRA shares and certificates		37,355,538	38,500,090
Certificates		98,666,874	115,864,441
Outstanding credit union drafts		1,985,525	1,538,397
Borrowed Funds		-	-
Accrued interest payable		90,738	147,774
Accrued expenses and other liabilities		3,923,096	5,385,537
Total Liabilities		<u>\$609,696,820</u>	<u>\$570,463,917</u>
Members' Equity			
Regular reserve		\$1,519,340	\$1,519,340
Equity acquired in merger		32,451,997	32,451,997
Undivided earnings		38,289,429	28,593,211
Other comprehensive income		745,758	1,065,915
Total Members' Equity		<u>\$73,006,524</u>	<u>\$63,630,463</u>
Total Liabilities and Members' Equity		<u>\$682,703,343</u>	<u>\$634,094,380</u>

Statement of Comprehensive Income

At December 31	2021	2020
Interest income		
Interest on loans	\$20,323,181	\$18,884,243
Interest on investments	1,185,703	1,553,468
Total Interest Income	\$21,508,884	\$20,437,711
Interest expense		
Interest on deposits	\$3,798,505	\$4,435,381
Interest on borrowed money	5	18
Total Interest Expense	\$3,798,510	\$4,435,400
Net interest income	\$17,710,373	\$16,002,311
Provision for loan losses	219,636	1,990,332
Net interest income after provision	\$17,490,737	\$14,011,979
Non-interest income		
Other income	\$6,322,499	\$5,568,144
Fee income	3,560,687	2,806,639
Operating gains	253,912	250,002
Total non-interest income	\$10,137,097	\$8,624,785
Non-interest expense		
Payroll and benefits	\$10,328,971	\$9,855,256
Office operations	3,843,497	3,675,987
Loan servicing	1,323,591	1,016,888
Office occupancy	1,122,750	1,134,132
Professional and outside services	2,125,059	1,887,276
Merger and intangible assets amortization	157,301	299,351
Marketing and business development	921,005	672,395
Travel and conference	180,529	204,264
Regulatory supervision and examination	111,285	105,482
Association dues	66,176	65,406
Other expenses	63,478	58,406
Total non-interest expenses	\$20,243,641	\$18,974,842
Net income from operations	\$7,384,194	\$3,661,922
Non-operating income	2,312,024	85,468
Net Income	\$9,696,218	\$3,747,390
Unrealized holding gains (losses) during the year	(320,157)	654,893
Comprehensive Income	\$9,376,061	\$4,402,283

SUPERVISORY COMMITTEE REPORT

Azura's Supervisory Committee currently consists of seven 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. 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 2022 to ensure that Azura remains a safe and sound institution, ready to meet your financial needs.

Tina Freese
Chair

BOARD OF DIRECTORS



Brad Deiter
Chair



Jim Frownfelter
Vice Chair



Marcia Dechand
Secretary



Shirley Martin
Treasurer



Rob Balsters



John Blocher



Tina Freese



Randy Pachosa



Bryan Vargas

SUPERVISORY COMMITTEE



Tina Freese
Chair



Kevin Tucker
Vice Chair



Joselito "Ping" Enriquez



John Moore



Kristin Scott



Randy Streeer



Maggie Sullivan

BOARD OF DIRECTORS' REPORT

"Things could always be better, but things could always be worse."

- Actress Marla Gibbs

Approximately one year ago, our closing words at our annual membership meeting included some much-desired optimism regarding the state of the world under COVID-19:

"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."

As the writing of those words, it seemed we were working our way through the significant impacts of the pandemic and beginning to come out the other side. Unfortunately, that optimism didn't last long as two or three more coronavirus variants surfaced and the world was once again faced with significant adjustments in nearly all facets of our lives to try and maintain the safety and health of our population. The above quote is a great one to summarize the past year (or two, really) so we will take this opportunity to expand on that a bit.

Azura Credit Union faced a number of pandemic-related obstacles during 2021, including restricted member access to branches once again, reduced loan volume due to the shortage in new and used vehicle supply, affected staffing levels due to the "Great Resignation", and a host of other related items. While our team worked hard to address these obstacles when and where we could, we know that our member-owners were impacted at times and as a member-owned financial cooperative we sincerely regret that.



Conversely, ***the credit union experienced arguably its strongest year financially.*** Azura grew in membership, loans, deposits, and total assets. We also experienced a record net income year – surpassing not only our budget for the year in normal operating categories but also making substantial gains in non-operating income performance.

In light of the inaccuracy of our words last year, it would seem unwise of us to try to predict the future again this year. But if we might look ahead just a bit, your credit union is committing time, effort, and resources to the following initiatives in 2022 and beyond:

- Goals for substantial loan portfolio growth
- Plans to enter 2-3 new northeast Kansas markets with branches
- Enhanced use of technology to improve the experience for members
- Increased diversity, equity, and inclusion focus

Once again, on behalf of all volunteer officials and staff of Azura Credit Union, we share our appreciation for your patience and understanding as we worked our way through the past two years. And as always, you are encouraged at any time to let us know how we might be able to serve you better.

Brad Deiter
Chair



NOMINATING COMMITTEE

Marcia Dechand, Robert Balsters, and Randy Pachosa served as the Nominating Committee for elections to be held at the 2022 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 by either telephone or email, 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 for election to the three open positions on the Azura Credit Union Board of Directors:

- Stephen McIntosh
- Shirley Martin*
- Bryan Vargas*

Marcia Dechand
Chair

* Denotes incumbent

ELECTION



**Stephen
McIntosh**



**Shirley
Martin ***



**Bryan
Vargas ***

** Denotes incumbent*

RECOGNITION

Volunteer Official Retirements

- John Blocher
- Randy Streeter



ABOVE AND **BEYOND** BANKING

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!



Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency