

# Annual Meeting

## **VIRTUAL**

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Tuesday, April 16, 2024  
6:00 p.m.  
2023 Reports and Election



## Promise

### ABOVE AND **BEYOND** BANKING

Our slogan captures the spirit of who we strive to be as a credit union and as a service provider. It is the headline for our brand, our efforts and our products. We're making a powerful statement to our members and to our community to expect MORE.

## Mission

Enhancing lives by delivering innovative financial service, education and value through personal and community engagement.

## Vision

Define financial service.  
Create loyal enthusiasts.  
Improve more lives.

## Values

Integrity  
Passion  
Commitment  
Innovation  
Accountability  
Knowledge

## AGENDA

Call To Order

Introductions

- Board of Directors
- Supervisory Committee

Annual Reports

- 2023 Meeting Minutes
- 2023 Financial Statements
- Supervisory Committee Report
- Board of Directors' Report
- Nominating Committee Report (with Candidates)
- Elections
- Recognition of Outgoing Volunteer Officials

Adjournment



## BOARD OF DIRECTORS



**BRAD DEITER**  
Chair



**JIM FROWNFELTER**  
Vice Chair



**MARCIA DECHAND**  
Secretary



**SHIRLEY MARTIN**  
Treasurer



**ROB BALSTERS**



**TINA FREESE**



**STEPHEN MCINTOSH**



**RANDY PACHOSA**



**BRYAN VARGAS**

## SUPERVISORY COMMITTEE



**KEVIN TUCKER**  
Chair



**KRISTIN SCOTT**  
Vice Chair



**BRAD DIETZ**



**JOSELITO "PING"  
ENRIQUEZ**



**JASON "JAKE"  
FISHER**



**MAGGIE SULLIVAN**

People  
helping  
people.

- the credit union philosophy

# 2023 ANNUAL MEETING MINUTES

The 8th Annual Meeting of the Azura Credit Union was held in a virtual environment on Tuesday, April 18, 2023. Chairman Brad Deiter called the meeting to order at 6:00 p.m. There were 92 confirmed individuals in attendance.

The Board of Directors and Supervisory Committee members were introduced.

On a motion made by Bryan Vargas and seconded by Marcia Dechand, the minutes of the 2022 Annual Meeting and the 2022 Financial Statement and Treasurer Report were approved as presented in the Annual Report.

Summary reports to the membership were provided by Supervisory committee Chair Kevin Tucker and Board of Directors Chair Brad Deiter. On a motion by Robert Balsters and seconded by Randy Pachosa, both were approved as presented.

Brad Deiter presented the Nominating Committee Report. On a motion made by Jim Frownfelter and seconded by Bryan Vargas, the committee report was approved.

Brad Deiter presented the five candidates for election to three positions up for election on the Board of Directors: Robert Balsters, Marcia Dechand, Randy Pachosa, Shelby Ross, Charles Smrah. Each candidate presented a pre-recorded biographical background to the membership for consideration.

After inviting the membership to cast their votes for election, the meeting was adjourned at 6:24 p.m.

**Not for profit.  
Not for charity.  
But for service.**

– the credit union motto

Story Time with The Storybook Forest is one of the many events we have hosted at our outdoor venue in Olathe.



# 2023 FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

## Statements of Financial Condition

At December 31	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 62,440,131	\$ 29,000,070
Investment securities	114,649,678	122,671,663
Credit union owned life insurance	12,464,300	12,268,598
Loans to members	570,646,353	554,626,055
Allowance for loan losses	(7,973,364)	(3,116,642)
Accrued interest receivable	2,391,498	1,892,347
Land, buildings and equipment	20,639,756	14,555,253
NCUA insurance	6,203,635	6,118,134
Goodwill & core deposit intangible	411,583	551,561
Other assets	2,467,461	1,785,475
Total Assets	<u>\$ 784,341,031</u>	<u>\$ 740,352,514</u>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Regular shares	\$ 186,407,435	\$ 216,062,566
Draft shares	138,553,223	148,334,124
Money market shares	92,027,969	111,319,344
IRA shares and certificates	37,039,277	37,230,466
Certificates	202,955,573	115,985,300
Outstanding credit union drafts	1,506,306	2,291,322
Borrowed Funds	38,098,924	24,629,083
Accrued interest payable	507,080	187,971
Accrued expenses and other liabilities	7,253,523	5,829,419
Total Liabilities	<u>\$ 704,349,310</u>	<u>\$ 661,869,595</u>
<b>Members' Equity</b>		
Regular reserve	\$ 1,519,340	\$ 1,519,340
Equity acquired in merger	32,451,997	32,451,997
Undivided earnings	47,156,705	46,219,435
Other comprehensive income	(1,136,321)	(1,707,853)
Total Members' Equity	<u>\$ 79,991,721</u>	<u>\$ 78,482,919</u>
Total Liabilities and Members' Equity	<u>\$ 784,341,031</u>	<u>\$ 740,352,514</u>

# 2023 FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

## Statements of Comprehensive Income

Years ended December 31	2023	2022
<b>Interest income</b>		
Interest on loans	\$ 34,160,435	\$ 24,667,107
Interest on investments	4,039,257	2,246,765
Total Interest Income	\$ 38,199,692	\$ 26,913,872
<b>Interest expense</b>		
Interest on deposits	\$ 8,461,376	\$ 4,019,121
Interest on borrowed money	1,715,471	335,283
Total Interest Expense	\$ 10,176,847	\$ 4,354,404
Net interest income	\$ 28,022,845	\$ 22,559,468
Provision for loan losses	6,143,358	2,237,672
Net interest income after provision	\$ 21,879,487	\$ 20,321,796
<b>Non-interest income</b>		
Other income	\$ 6,609,823	\$ 6,830,976
Fee income	5,030,831	4,572,319
Operating gains	(138,067)	(130,022)
Total non-interest income	\$ 11,502,587	\$ 11,273,273
<b>Non-interest expense</b>		
Payroll and benefits	\$ 14,480,231	\$ 11,971,536
Office operations	5,786,400	4,521,569
Loan servicing	1,570,576	1,347,743
Office occupancy	1,614,244	1,181,359
Professional and outside services	3,242,099	2,831,728
Merger and intangible assets amortization	139,978	139,978
Marketing and business development	1,570,604	1,261,668
Travel and conference	322,643	264,593
Regulatory supervision and examination	130,349	101,665
Association dues	58,963	82,308
Other expenses	43,173	51,734
Total non-interest expenses	\$ 28,959,260	\$ 23,755,881
Net income from operations	\$ 4,422,814	\$ 7,839,188
<b>Non-operating income</b>	91,995	89,902
<b>Net Income</b>	\$ 4,514,809	\$ 7,929,090
Unrealized holding gains (losses) during the year	571,532	(2,453,611)
<b>Comprehensive Income</b>	\$ 5,086,341	\$ 5,475,479

# SUPERVISORY COMMITTEE REPORT

Azura's Supervisory Committee is currently composed of six members, appointed by the Board of Directors, who volunteer their time to serve the membership. The Supervisory Committee oversees the Internal Audit department, which performs assurance work over the course of the year. We also engage qualified external auditors to perform additional audits and assurance projects, intended to provide another level of oversight and assurance.

One of the Committee's most important tasks is engaging and overseeing the annual financial statement and verification of member accounts audit. We engaged J. Tenbrink & Associates to perform this independent audit for the 2023 year end. The credit union received an "unqualified" opinion, also known as a "clean" opinion. This clean opinion provides our members with comfort that the financial statements are free of material errors and omissions.

As a state-chartered credit union, Azura is subject to examination by state regulators. Examiners from the Kansas Department of Credit Unions (KDCU) visited the credit union during February. The Supervisory Committee reviewed the results of this examination, as well as applicable findings, recommendations, and action plans. 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 Supervisory Committee is an advocate for and representative of you, our members.

Kevin Tucker – *Chair*

## SUPERVISORY COMMITTEE

Kevin Tucker, Chair  
Kristen Scott, Vice Chair  
Brad Dietz  
Ping Enriquez  
Jason "Jake" Fisher  
Maggie Sullivan



Employees from our Downtown Topeka office walked in December's Miracle on Kansas Avenue parade.



Staff volunteered at TARC's Winter Wonderland this past holiday season offering free entry to the first 50 vehicles that evening.

# BOARD OF DIRECTORS' REPORT

As we look back upon 2023, the volunteer officials and staff of Azura Credit Union are excited to celebrate the milestones met during this past year. As a financial cooperative, we are proud to serve our member-owners with ever increasing products and services on a daily basis while also working hard to maintain our financial growth and stability.

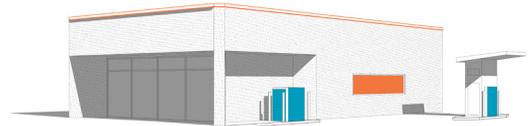
Our multi-year plan for driving future growth from new markets and branches was underway during the entire year of 2023, with further plans and progress ongoing this year as well. Our new Olathe branch was completed and opened mid-year, while the extensive renovation of our Wanamaker location in the Topeka market was completed and opened as a full-service retail branch in late summer. Our new branch in the Kansas City suburb of Mission opened last month and continued our evolution of service using a highly human yet high-technology approach. Current plans call for construction of a new branch in Ottawa to be completed late this year, while the upgrade to interactive teller machine (ITM) technology at our 37th Street location in Topeka will be completed this summer.

The credit union also deployed new technology within our Contact Center and Video Banking teams this year in order to provide a more seamless service experience. Enhancements include better routing to the team member that can best serve your needs, while also reducing wait times. We added more robust chat functionality and introduced online collaboration tools that help us work together to problem solve. You can now meet with us via video from the comfort of your own home and we will soon roll out text capabilities as well.

*Continued on page seven.*

**“When you’re finished changing, you’re finished.”**

– Benjamin Franklin



A rendering of our 37th Street branch with upgraded Interactive Teller Machines.



Olathe’s ribbon-cutting ceremony was held in July 2023.



Wanamaker’s ribbon-cutting ceremony was held in August 2023.



Mission’s ribbon-cutting ceremony was held in March 2024.

# BOARD OF DIRECTORS' REPORT continued

We are proud and humbled to know that Azura maintains a very positive reputation with not only our member-owners but also generally within the communities that we serve. Forbes announced that we received a Best in State credit union designation for the second year in a row. Later in the year, Azura received the top designation in five Best of Topeka categories, including Best Credit Union and Best Employer; we also were named the Best of Johnson County in the credit union category by The Johnson County Post. We try not to take any of these awards and recognition lightly and instead use them as motivation to provide continued Above and Beyond Banking service to each of you as member-owners.

Azura Credit Union continued to perform well financially last year, though not at the same level as several previous years. All indications are that consumers are continuing to struggle with high inflation and rising costs, thereby resulting in a squeeze on household budgets. We continued to see slowly shrinking account balances as well as increasing numbers of late payments on loans, and we expect those trends to continue at least through 2024. In spite of those economic and environmental challenges, the credit union experienced growth last year with increases in membership, loans, shares (deposits), and total assets. Net income was down considerably as the result of substantial increases in future loan loss reserves.

Azura Credit Union remains financially strong and positioned well to serve our member-owners by providing the financial tools necessary to achieve financial wellness and success. We thank you for the trust you place in us as we endeavor to meet your expectations each and every day. And together, we look forward to a successful 2024!

Brad Deiter – *Chair*

## BOARD OF DIRECTORS

Brad Deiter, Chair  
Jim Frownfelter, Vice Chair  
Marcia Dechand, Secretary  
Shirley Martin, Treasurer  
Rob Balsters  
Tina Freese  
Stephen McIntosh  
Randy Pachosa  
Bryan Vargas



A free Shred Day was held in October 2023 at both the Wanamaker and Lenexa branches.



Members enjoyed a complimentary evening at the Topeka Zoo with our October "Wild About You" member appreciation event.

# NOMINATING COMMITTEE REPORT

Shirley Martin, Stephen McIntosh, and Bryan Vargas served as the Nominating Committee for elections to be held at the 2024 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 January’s membership newsletter, on Azura’s website, and within the online/mobile banking platform. 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,\*
- Jason “Jake” Fisher
- Marisol Marcelo

Respectfully submitted,

Bryan Vargas – *Chair*

*\* Denotes incumbent*



## MEMBERS HELP DONATE RECORD-BREAKING AMOUNT THROUGH COMMUNITY IMPACT CARD PROGRAM

Each time Azura members make a purchase using a Community Impact Visa Debit Card, the credit union donates five cents to the participating charity of choice. Established in 2010, the program has grown to nine unique card designs and beneficiaries, including: Boys and Girls Clubs of Topeka, Harvesters | Community Food Network, Military Veterans Project, Shawnee Heights USD 450, Stormont Vail & Children’s Miracle Network, Supporting Kids Foundation, TARC, TRM and our newest partner, Helping Hands Humane Society.



Community Impact Cards are available with all Azura Credit Union checking accounts and there is no fee to replace a standard debit card with a Community Impact Card. One free replacement card per year.

# ELECTION



**BRAD  
DEITER**  
incumbent

Bradford Deiter is currently working as a Lead Applications Developer for Blue Cross Blue Shield of Kansas, having been employed there for 29 years. Brad volunteers with the Boy Scouts of America and used to help at a local church youth group when his children were younger. In recent years, he has concentrated more of his time volunteering with the credit union. He became a credit union member more than 30 years ago and has served on the Board of Directors for many of those years. Brad is passionate about serving Azura members and the community.



**JASON "JAKE"  
FISHER**  
candidate

Jake Fisher currently serves on the Azura Credit Union Supervisory Committee. He also serves as the Assistant Election Commissioner for Shawnee County, and previously served as Legislative Liaison for the Kansas Corporation Commission. Prior to working for the KCC, Jake was a partner in Cook & Fisher, LLP, a general practice law firm. Jake has served two terms on the Silver Lake Board of Education and currently serves on the Washburn University Board of Regents, Silver Lake City Council and the Shawnee County Fire District 1 Board. He earned both his undergraduate and law degrees from Washburn University. While there, he was active in student government and Alpha Delta Fraternity. Jake and his wife, Tiffany, have two children and reside in Silver Lake.



**MARISOL  
MARCELO**  
candidate

Marisol Marcelo is a young professional in Topeka currently working as the Director of Marketing, Public Relations, and Preplanning Specialist at Brennan-Mathena Funeral Home. She has a diverse educational background in Music Education, Mortuary Science, and is a recent graduate in Marketing and Business Administration. Marisol is dedicated to making a significant impact on the Topeka community. She is a graduate of the Leadership Greater Topeka Class of 2023, a mentor with Big Brothers Big Sisters, and a member of Mana De Topeka. She is also involved in various initiatives, including Mosaic Partner Pairs; serves as the Publicity Chair for Fiesta Topeka; and volunteers with Junior Achievement of Kansas.

**The three candidates presented for the three open seats will require Azura's member/owners to vote by acclamation during the Annual Meeting to approve the slate of candidates.**

Staff at the member appreciation event at the Topeka Zoo.



To our member-owners, volunteers, staff and partners –  
thank you for your support.

We look forward to welcoming and helping more  
people in 2024 and beyond!



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ABOVE AND BEYOND BANKING