



# AZURA®

credit union

# GAME NIGHT

ANNUAL MEETING

2018

LIVE

**3<sup>rd</sup> Annual Meeting**

**April 24, 2018 | 7 p.m.**

**Maner Conference Centre**

**17<sup>th</sup> & Western | Topeka, KS**

This service is only insured to a limit of \$100,000 and limited by the law and rules of the United States Government

**NCUA**

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

# **AGENDA**

## **CALL TO ORDER**

## **INTRODUCTIONS**

Board of Directors

Supervisory Committee

## **ANNUAL REPORTS**

2017 Meeting Minutes

2017 Financial Statements

Supervisory Committee Report

Board of Directors' Report

Nominating Committee Report

## **RECOGNITION**

Volunteer Officials

Employee Years of Service

## **ADJOURNMENT**

## **2017 BOARD OF DIRECTORS**

Jim Frownfelter, Chair

Bobb Collie, Vice Chair

Don Frick, Secretary

Shirley Martin, Treasurer

Robert Balsters

Marcia Dechand

Brad Deiter

Randy Pachosa

Bryan Vargas

## 2017 ANNUAL MEETING MINUTES

The 2<sup>nd</sup> Annual Meeting of the Azura Credit Union was held at the Topeka Performing Arts Center on Tuesday, April 11, 2017. The meeting was called to order at 7:04 pm by Chairman Jim Frownfelter. There were 414 confirmed individuals in attendance.

Boy Scout Troop 249 presented the colors and led the Pledge of Allegiance. The Board of Directors, Supervisory Committee and special guests were then introduced.

The minutes of the 2016 Annual Meeting and the 2016 financial statements were approved as printed in the Annual Report, after a motion by J.R. Campbell and second by Adrian Apel.

Summary reports to the membership were provided by Supervisory Committee Vice Chair John Blocher and Board of Directors Chair Jim Frownfelter. On a motion by Kevin Surbaugh and second by Joseph Johnson, these reports were approved as presented.

Nominating committee representative John Blocher presented nine candidates for election to the Board of Directors: Rob Balsters, Bobb Collie, Marcia Dechand, Brad Deiter, Don Frick, Jim Frownfelter, Shirley Martin, Randy Pachosa, Bryan Vargas. A motion to close nominations and elect the slate of candidates by acclamation was made by Mike Lackey and seconded by Debbie Pomeroy. The motion carried.

Jim Frownfelter and Bobb Collie recognized retiring volunteer officials Terry Heidner, Sherryl Longhofer, Gelene Savage, Clardy Vinson, Janet Mitchell and JoAnn Goedeke.

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

A drawing for ten door prizes was held. On a motion by Ken Bailey and second by Curtis Strawn, the meeting was adjourned at 7:42 pm.



# 2017 FINANCIAL STATEMENTS

## STATEMENTS OF FINANCIAL CONDITION, AUDITED

At December 31

2017

2016

### Assets

Cash and cash equivalents	\$ 21,062,647	\$ 30,351,583
Investment securities	113,952,825	148,724,257
Credit union owned life insurance	5,951,189	5,836,198
Loans, net	317,032,827	269,188,731
Loans held for sale	1,248,784	1,977,586
Accrued interest receivable	1,008,578	960,269
Land, buildings and equipment	9,742,359	9,111,787
NCUA insurance	4,289,749	4,181,584
Goodwill & core deposit intangible	2,245,801	2,094,394
Other assets	904,783	900,352
<b>Total Assets</b>	<b>\$ 477,439,542</b>	<b>\$ 473,326,741</b>

### Liabilities and Members' Equity

#### Liabilities

Regular shares	\$ 123,432,974	\$ 119,421,227
Draft shares	95,589,390	91,691,769
Money market shares	96,291,128	98,399,197
IRA shares and certificates	36,717,810	37,255,203
Certificates	66,904,652	73,420,978
Outstanding credit union drafts	1,520,923	1,595,715
Accrued interest payable	68,309	77,393
Accrued expenses and other liabilities	5,925,243	3,616,771
<b>Total Liabilities</b>	<b>\$ 426,450,429</b>	<b>\$ 425,478,253</b>

#### Members' Equity

Regular reserve	\$ 1,519,340	\$ 1,519,340
Equity acquired in merger	31,968,993	31,738,993
Undivided earnings	17,338,336	14,528,351
Other comprehensive income	162,444	61,804
<b>Total Members' Equity</b>	<b>\$ 50,989,113</b>	<b>\$ 47,848,488</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 477,439,542</b>	<b>\$ 473,326,741</b>

# STATEMENTS OF COMPREHENSIVE INCOME, AUDITED

	Years Ended December 31	
	2017	2016
Interest income		
Interest on loans	\$ 13,293,315	\$ 9,406,552
Interest on investments	2,630,846	2,695,629
Total Interest Income	\$ 15,924,161	\$ 12,102,181
Interest expense		
Interest on deposits	\$ 2,126,599	\$ 1,631,776
Interest on borrowed money	2,637	-
Total Interest Expense	\$ 2,129,236	\$ 1,631,776
Net interest income	\$ 13,794,925	\$ 10,470,405
Provision for loan losses	1,442,866	655,097
Net interest income after provision	\$ 12,352,059	\$ 9,815,308
Non-interest income		
Other income	\$ 3,760,446	\$ 3,204,269
Fee income	3,233,020	2,600,457
Operating gains	338,320	191,743
Total non-interest income	\$ 7,331,786	\$ 5,996,469
Non-interest expense		
Payroll and benefits	\$ 8,546,653	\$ 6,146,550
Office operations	3,400,359	3,581,644
Loan servicing	1,277,072	895,672
Office occupancy	1,097,536	733,633
Professional and outside services	949,006	622,052
Merger and intangible assets amortization	775,095	562,795
Marketing and business development	593,435	442,685
Travel and conference	140,738	82,976
Regulatory supervision and examination	86,692	78,164
Association dues	64,013	57,276
Member insurance	-	6,500
Other expenses	32,067	135,088
Total non-interest expenses	\$ 16,962,666	\$ 13,345,035
Net income from operations	\$ 2,721,179	\$ 2,466,742
Non-operating income	88,806	158,285
Net Income	\$ 2,809,985	\$ 2,625,027
Unrealized holding gains (losses) during the year	100,640	(979,394)
Adjustment for mutual fund valuation	-	9,957
Comprehensive Income	\$ 2,910,625	\$ 1,655,590

# SUPERVISORY COMMITTEE REPORT

The Supervisory Committee's responsibilities are to safeguard member deposits, and to ensure the credit union is operating according to credit union statutes of the State of Kansas and the policies approved by the Board of Directors. The Committee takes an active role in monitoring operations and in examining and verifying vital records in conjunction with internal audit.

The Supervisory Committee selected the certified public accounting firm of J. Tenbrink & Associates to conduct external audits of the operations of the credit union for 2017. The audit verified areas such as credit union policy and procedure, cash handling, loan processing, internal controls, and security. Findings indicated the credit union is well managed with staff and volunteer committees functioning according to the policies established by the Board of Directors.

Findings were confirmed by the State of Kansas regulatory agency examination of the credit union. The overall ratings assigned to the credit union were strong, and examiners noted consistent performance in the overall operational areas reviewed.

The Committee is satisfied that the credit union is on a proper and sound course for growth and increased service for members. We would like to thank the member/owners of the credit union for your continued support and as always, welcome all comments, concerns and suggestions\*:

Supervisory Committee  
Azura Credit Union  
P.O. Box 294  
Topeka, KS 66601

*\* Send all other correspondence, including any payments, to the main credit union address.*

John Blocher, Chair  
Koty Mize, Vice-Chair  
Kevin Hoffmans

Nancy Kelley  
Randy Streeter



# COMMUNITY IMPACT CARDS

Did you know you can request a special debit card that helps raise funds for one of our charities of choice? In 2017, we saw a 13% increase in Community Impact Cards issued. This program is an excellent opportunity for our membership to have a voice in where funds are donated. Below is our current collection of Community Impact Cards. If you would like for the credit union to donate five cents with each of your debit card purchases, stop in or call us to select your charity of choice and new card design.

Boys & Girls Club of Topeka



TARC



Harvesters | The Community Food Network



Topeka Community Cycle Project



MVP, Military Veteran Project



Topeka Rescue Mission



Supporting Kids Foundation



To learn more about the Community Impact Card program you can visit [AzuraCU.com/CommunityImpact](http://AzuraCU.com/CommunityImpact)

# BOARD OF DIRECTORS' REPORT

"Good, better, best. Never let it rest. 'Til your good is better, and your better is best."

-St. Jerome

Each and every day, Azura Credit Union member/owners visit our branches and allow us the privilege of assisting them in efforts to achieve their financial goals. They share with us their dreams, opportunities, and even their challenges, and many times ask us to help them address all three. As we look back on the year of 2017, a number of highlights and milestones stand out during that time:



A total of **5,884** new member/owners opened accounts & joined the Azura family



The American dream of purchasing a home was realized by **195** members with an Azura home loan



Members opened **2,887** new checking accounts



The credit union assisted in the start-up/growth of **71** small businesses by lending **\$3.1 million**



Members put **6,381** vehicles on the road with an auto loan from the credit union



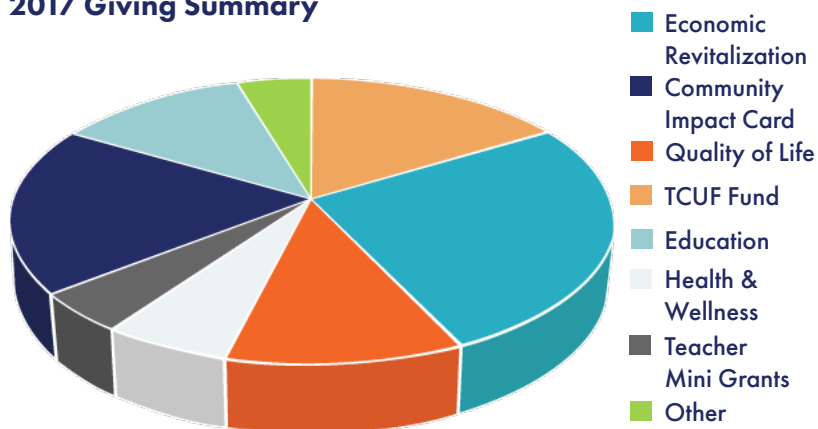
The retirement, investment, & insurance needs of **75** members were met through our Wealth Management program



At Azura, we take our community involvement and corporate responsibility very seriously. In our efforts to be an employment leader in our marketplace and communities, we worked together to accomplish the following good deeds in our communities during 2017:

- As an organization, Azura Credit Union gave back over \$150,000 into the communities that we serve and call home, with contributions to such endeavors as Azura Trails at Burnett's Mound, TARC, the Topeka Credit Union Foundation, Boys and Girls Clubs, Topeka Rescue Mission, Military Veterans Project and Harvesters.
- Furthering that mission, our employees personally contributed over \$15,000 to organizations that they voluntarily chose to support through payroll deductions for casual Fridays.
- As part of Azura's Volunteer Time Off program for staff, our employees donated 794 hours of work to support charities of their choosing.

## 2017 Giving Summary



## BOARD OF DIRECTORS' REPORT, continued

Azura Credit Union also added a number of new products and services last year, including our Rewards VISA credit card, updated EMV "chip" debit cards, and access to the Finstrong financial wellness program. Stay tuned for more enhancements in the future, including expansion of our video banking service, as well as the rollout of digital wallet solutions for Apple and Android smartphones.



Financial strength is and will continue to be a primary focus for us at Azura. In 2017, we finished the year with \$477 million in assets, net income of \$2.8 million, and a retained earnings (capital) ratio over 10%. In addition, a primary focus for the credit union was loan portfolio growth, and we increased our total loans by 18% and almost \$48 million last year.

The volunteer officials, management and staff of Azura Credit Union are proud to earn your business each and every day and we consider it a privilege to serve you as member/owners. We are well aware that a significant number of options exist in the financial services marketplace, and we strive to live our promise to provide you with Above and Beyond banking.



Welcome to Game Night LIVE! Sit back, relax & GOOD LUCK! No need to dig for your ticket, all information was collected electronically when you entered. Your name will be displayed on the screen if you are the winner of a raffle or selected as a potential contestant. We will have a variety of games, raffles and you will get to see some lucky kids win some cash for themselves and their teacher in the money tank.



*Special thanks* to the associates who went Above and Beyond with helping this evening with Game Night LIVE. We hope everyone in attendance was able to have a wonderful evening.

THANK YOU.



## *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.

Federally Insured By NCUA  
& Equal Housing Lender