

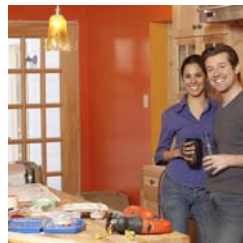
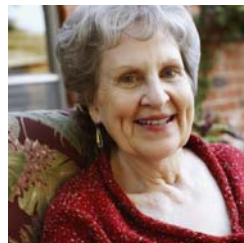
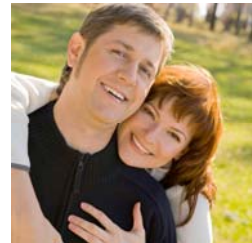


# AURORA

FEDERAL CREDIT UNION

*Banking For Your Future*

# 2014 Annual Report



# A Little About Us

Aurora Federal Credit Union was founded in 1968 by employees of the City of Aurora. Since that time, we have grown to include other employers in the Aurora area, as well as Rural Electric Cooperatives in Colorado, Wyoming, Kansas and New Mexico. As a not-for-profit financial cooperative, we are member-owned and led by a volunteer Board of Directors made up of the membership. Profits are given back to the members in the form of lower loan rates and higher savings rates.

# Meeting Agenda

## Annual Meeting Of the Membership AGENDA

April 28, 2015

### **12:30 Business Meeting**

- Call to Order (Mark Stephenson, Chairman of the Board)
- Determination of Quorum
- Approval of Minutes (April 22, 2014)
- Report of the Board Chairman (Mark Stephenson)
- Supervisory Committee Report (Steve Bobrick)
- Treasurer's Report (Terry Teske)
- President's Report (Jeff Holler)
- Nominating Committee
- General Business
- Door Prize Drawing
- Adjournment

# 2014 Annual Meeting Minutes

2014 Annual Meeting Minutes  
April 22, 2014

**I. CALL TO ORDER**

Mark Stephenson, Chairman of the Board, called the meeting to order. A quorum was present.

**II. READING OF THE MINUTES**

Minutes from the Annual Meeting held April 23, 2013 were approved as read.

**III. REPORTS**

Mark Stephenson presented the Chairman's Report.  
Steve Bobrick presented the Supervisory Committee's Report.  
Mark Stephenson presented the Treasurer's Report.  
Jeff Holler presented the President's Report.

**IV. ELECTION OF OFFICERS**

Charles Richardson, Deidre Warner and Steve Anderson were elected by acclamation. No other candidates ran for the three open positions.

**V. GENERAL BUSINESS**

Drawing for Door Prizes.

**VI. ADJOURNMENT**

There being no further business to come before the members, the meeting was adjourned at 1:00 p.m.

Respectfully submitted,

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Mark Stephenson, Chairman

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Terry Teske, Secretary

# Report of the Board Chairman

On behalf of the volunteers who make up your Board of Directors, it is my privilege and pleasure to offer this annual report for 2014.

Our organization is owned by us, the members. It is a cooperative venture that serves our community by offering a member owned alternative to commercial banks while providing unparalleled service and security. The credit union movement started when predatory lending was rampant in the early 1900's. It was an alternative to commercial banks and has resulted in organizations, such as ours, that offer all the banking services, security, and convenience at lower fees and costs to the member!

The past year continued our long record of fiscal responsibility and excellent performance with a better than peer return on assets. In addition, we continue with adding new services. Many of our members have discovered the convenience of our new Mobile Banking on their smart phones. A wide variety of lending products are available including flexible car loans with no hidden penalties or fees and our home equity line of credit. Many others have discovered the tax advantages of Health Savings Accounts available to our members. Our profits have been returned to you, the member/owner, in the form of free checking, free internet banking, free on-line bill pay, free eStatements, low loan rates, and one of the country's best ScoreCard point systems on credit and debit cards..

We also have continued our community involvement with one example being our support to the new Aurora Resiliency Center which is serving our entire community. We enjoy a low staff turnover with long term senior management. All of the above has resulted in a healthy, vibrant financial organization that is poised well for future growth



Mark Stephenson



Deidre Warner



Terry Teske

The Board would like to thank you, the owner, for the success of our credit union!

Respectfully submitted,

Mark Stephenson, Chair



Steve Bobrick



Craig Nash



Robin Peterson

# Supervisory Committee Report

This past year the Credit Union has been strong and fiscally sound. Our audits continue to show the positive efforts of staff. We had our yearly NCUA examine and successfully completed that with positive scores in every category. We are pleased with the efforts of Management and the Board on their work to maintain a financially strong credit union. We look forward to challenges of acquiring a new home for the credit union and will support fiscal soundness through the process.

Steve Bobrick, Chair



Steve Bobrick



Bill Huber



David Balint



Skye Miller

# Meet the Team

## Executive Management Team

Jeff Holler ..... President/CEO  
Curtis E. Gardner.....EVP

## Member Services Department

Lisa Heinz ..... VP of Member Services  
Andrey Novakovsky.....Member Services Supervisor  
Andrea Sargic.....Receptionist/Teller  
Christine Ruppert.....Teller  
Daisy Espin.....Receptionist/Teller  
Daisy Figueroa.....Member Services Specialist  
Erin Lucas.....Member Services Representative  
Kathryn Valdez.....Teller  
Laura Martinez.....Teller  
Rhea Alberts ..... P/T Teller  
Whitney Weidner..... Receptionist/Administrative Assistant

## Accounting Department

Jake Brejot .....Accounting Manager  
Edith Lutalo.....Staff Accountant  
Darla Johnson..... Accounting Clerk

## IT Department

Blake Smith ..... Director of Operations

## Loan Department

David Hyman .....Collections Clerk  
Erica Gordon ..... Loan Officer  
Peggy Hansen..... Loan Officer

# 2014 Highlights

**COMMUNITY EVENTS** - In 2014, AFCU participated in a variety of events in the communities in which our members live. We sponsored the CREA Annual Meeting and the Service Aurora Awards for City of Aurora, in addition to the COA Food Truck Day and Summer Splash, the City employee appreciation day at Aurora Reservoir. AFCU was the primary sponsor of the Aurora Recreation Guide that delivers quarterly information to all Aurora households on recreation activities offered by the City of Aurora for all ages, as well as a sponsorship billboard at the Aurora Sports Park. We presented at the CREA Accountant's Association Meeting in Stratton, CO.

**MEMBER RELATIONS** - Throughout the year we strengthened the relationships with our Select Employee Groups through open house visits. We also attended new employee orientations, regularly distributed promotional marketing material, and made presentations to employees at IREA, Tri-State G&T and more. At the City of Aurora Open Enrollment Fair, we had a chance to interact with members and offer some great giveaways, including a chance to spin our Prize Wheel. We welcomed new police recruits to the City with a catered lunch during the Aurora Police Academy and delivered a catered lunch at the latest Aurora Fire Academy. The Aurora Mental Health Benefits Fair provided an additional way for Aurora Mental Health employees to learn about the products and services of the CU. During the holidays, we sent Colorado and Computer Calendars to our SEG groups to say "thanks for the support" in 2014.

**NEW PRODUCTS AND SERVICES** - In 2014, AFCU focused on and introduced a variety of new products and services. We introduced an overhauled mobile banking product with downloadable applications for both Apple and Android smartphones. The credit union continued to provide great value by offering FREE Advantage Checking along with a FREE VISA Debit Card. In addition to the revamped mobile banking, AFCU offers several of the latest technology products and services including Popmoney Person-to-Person payments, mobile text & email account alerts, online banking and eStatements. In lending, we saved our members money by refinancing auto loans at low rates, ran a credit card balance transfer promotion and helped save on closing costs with our low-cost Mini Mortgage.

# 2014 Financial Summary

## BALANCE SHEET

As of December 31, 2014	2014	2013	Difference	Percent Change
<b>ASSETS</b>				
LOANS	40,905,325	40,815,224	90,101	0.22%
LESS: Allow Loan Loss	(778,847)	(942,477)	163,630	-17.36%
NET LOANS	40,126,477	39,872,747	253,730	0.64%
CASH AND EQUIVALENTS	7,889,781	5,653,996	2,235,785	39.54%
OTHER INVESTMENTS	27,580,795	28,762,789	(1,181,994)	-4.11%
TOTAL INVESTMENTS	35,470,576	34,416,785	1,053,791	3.06%
FIXED ASSETS	2,266,189	2,351,180	(84,991)	-3.61%
NCUSIF DEPOSIT	681,564	698,079	(16,515)	-2.37%
ALL OTHER ASSETS	381,353	339,218	42,134	12.42%
<b>TOTAL ASSETS</b>	<b>78,926,159</b>	<b>77,678,010</b>	<b>1,248,149</b>	<b>1.61%</b>
<b>LIABILITIES AND EQUITY</b>				
ACCOUNTS PAYABLE	71,495	160,945	(89,449)	-55.58
OTHER LIABILITIES	815,133	692,443	122,690	17.72%
TOTAL LIABILITIES	886,628	853,388	33,240	3.90%
SHARES TO MEMBERS	20,982,786	19,481,914	1,500,873	7.70%
OTHER SHARES	1,345,259	1,369,333	(24,074)	-1.76%
HEALTH SAVINGS ACCOUNTS	169,324	141,244	28,080	19.88%
CHECKING ACCOUNTS	9,042,224	8,019,820	1,022,404	12.75%
MONEY MARKETS	15,647,135	15,301,654	345,481	2.26%
SHARE CERTIFICATES	14,107,371	16,086,894	(1,979,523)	-12.31%
IRA ACCOUNTS	6,007,303	6,601,766	(594,463)	-9.00%
TOTAL SHARES	67,301,403	67,002,625	298,778	0.45%
REGULAR RESERVES	1,826,611	1,826,611	0	0.00%
UNDIVIDED EARNINGS	8,917,559	8,002,773	914,787	11.43%
UNREAL. INVEST G/L	(6,042)	(7,387)	1,345	-18.21%
TOTAL EQUITY	10,738,128	9,821,996	916,132	9.33%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>78,926,159</b>	<b>77,678,010</b>	<b>1,248,149</b>	<b>1.61%</b>



# 2014 Financial Summary

## INCOME STATEMENT

For the years ended December 31, 2014	2014	2013	Difference	Percent Change
<b>OPERATING INCOME</b>				
INTEREST ON LOANS	2,381,621	2,494,248	(112,627)	-4.52%
INVESTMENT INCOME	343,122	316,391	26,731	8.45%
NON-INTEREST INCOME	854,934	871,635	(16,701)	-1.92%
TOTAL OPERATING INCOME	3,579,677	3,682,274	(102,597)	-2.79%
<b>EXPENSES</b>				
PROVISION FOR LOAN LOSSES	75,000	117,227	(42,227)	-36.02%
NCUSIF STABILIZATION EXPENSE <sup>1</sup>	0	18,873	(18,873)	-100.00%
NON-INTEREST EXPENSES	2,369,501	2,180,215	189,286	8.68%
TOTAL NON-INTEREST EXPENSES	2,444,501	2,316,315	128,186	5.53%
<b>DIVIDEND &amp; INTEREST EXPENSES</b>				
SHARE ACCOUNTS	10,753	10,201	553	5.42%
MONEY MARKET ACCOUNTS	42,615	38,564	4,051	10.50%
TERM SHARE CERTIFICATES	130,072	161,329	(31,256)	-19.37%
IRA'S	67,923	92,927	(25,004)	-26.91%
INTEREST ON BORROWED FUND	1	0	1	100.00%
TOTAL DIVIDEND & INTEREST	251,364	303,020	(51,656)	-17.05%
NET OPER. INCOME/(LOSS)	883,811	1,062,938	(179,127)	-16.85%
NON-OPER INCOME/(LOSS)	22,122	88,489	(66,367)	-75.00%
GAIN (LOSS) ON INVESTMENTS	0	0	0	0%
GAIN (LOSS) ON ASSET DISPOSITION	8,853	(12,982)	21,835	-168.20%
<b>NET INCOME/(LOSS)</b>	<b>914,787</b>	<b>1,138,445</b>	<b>(223,659)</b>	<b>-19.65%</b>

### Notes to Statement of Income:

**Note 1. NCUSIF Expenses** - Costs associated with NCUA's treatment of mortgage backed investments held by Corporate Credit Unions was passed down to Natural Person Credit Unions in the form of NCUSIF Stabilization Expenses.

# 2014 Financial Summary

## KEY FINANCIAL RATIOS

As of December 31, 2014	Aurora		Difference
	FCU	Peers	
<b>ROA (Profitability)</b>	1.17%	0.47%	0.70%
<b>Cost of Funds</b> (interest paid on member savings)	0.32%	0.35%	-0.03%
<b>Operating Expenses</b>	3.03%	3.71%	-0.68%
<b>Delinquency Ratio</b>	1.51%	1.19%	0.32%
<b>Loan Charge-Offs</b>	0.58%	0.47%	-0.11%
<b>Investment Yield</b>	0.99%	1.09%	-0.10%
<b>Loan-to-Share Ratio</b>	60.78%	62.14%	-1.36%
<b>Net Worth</b> (Capital Ratio)	13.61%	11.48%	2.13%