



2013 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 22, 2014

12:30 Business Meeting

- Call to Order (Mark Stephenson, Chairman of the Board)
- Determination of Quorum
- Approval of Minutes (April 23, 2013)
- Report of the Board Chairman (Mark Stephenson)
- Supervisory Committee Report (Steve Bobrick)
- Treasurer's Report (Steve Anderson)
- President's Report (Jeff Holler)
- Nominating Committee
- General Business
- Door Prize Drawing
- Adjournment

2013 Annual Meeting Minutes

2013 Annual Meeting Minutes
April 23, 2013

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 24, 2012 were approved as read.

III. REPORTS

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

IV. ELECTION OF OFFICERS

Mark Stephenson and Terry Teske were elected by acclamation. No other candidates ran for the two 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,

Mark Stephenson, Chairman

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 2013.

Our member- owned financial cooperative continues with our past practices of secure lending policies, prudent decision making, careful watch of expenses, and sound executive management. Our assets have remained safe and secure during our entire history and we continue our successful growth. This has been in an environment that has seen casualties in the last 6 years with other financial institutions.

This success results in a broad portfolio of services for our members. Our profits have been returned to you, the member/owner, in the form of free Advantage Checking, free Virtual Branch online banking, free online bill pay, free eStatements, low loan rates, one of the country's best ScoreCard Rewards point systems on credit and debit cards, first mortgages, HSAs, and many other products at lower costs than commercial banks. Our members also have free ATM access at over 30,000 locations in the country.

A new service added in 2013 was the mobile app that allows for mobile web & text based banking from your smart phone or tablet! We invite you to try the conveniences that this technology offers.

If you would like to explore becoming a volunteer for our dynamic organization, please contact any Board Member or our President, Jeff Holler. The Board thanks you for your support and loyalty and we look forward to the continued growth of our credit union.

Respectfully submitted,

Mark Stephenson, Chair



Back (L-R): Terry Teske, Mark Stephenson, Craig Nash, Charles Richardson
Front (L-R): Robin Peterson, Steve Anderson, Deidre Warner

Supervisory Committee Report

The Supervisory Committee's primary responsibilities are:

1. Insure the financial condition of the credit union is accurately and fairly presented in the credit union's financial statements.
2. Insure the credit union's practices and procedures are sufficient to safeguard member assets while complying with credit union policies established by the Board of Directors.
3. Insure management and the board are doing what is fiscally responsible for the members.

To meet those responsibilities the Supervisory Committee develops a comprehensive annual work plan that includes working with management, internal auditors, external auditors and the National Credit Union Administration to review current credit union practices and procedures. The following is a comprehensive list of items included in our annual review process.

- Meet with internal and external auditors as needed
- Review employee and official accounts
- Review consumer lending operations including charge offs and collections
- Branch operations review including cash handling procedures
- Review investment operations
- Verification of new and closed accounts and changes of address
- Review inactive account activity
- Review internal controls and make recommendations as needed
- Randomly select and review a variety of wire transfers
- Audit ALLL methodology for adequacy and policy compliance
- Review financials and bank account reconciliations
- Comprehensive review of the general ledger and subsidiary ledgers including tracing loan and share accounts back to the general ledger
- Review Board of Directors meeting minutes
- Bank Secrecy Act compliance review
- Meet with NCUA during their annual examination
- Follow up on the NCUA examiner findings and audit report findings

The Supervisory Committee utilizes the services of an internal auditor on a quarterly basis and has retained the services of Petersen & Associates, Certified Public Accountants for the annual Supervisory Committee Audit. These partners work with the committee to review records for accuracy and to satisfy annual audit requirements under current federal regulations. The committee is proud to report the credit union had no material audit or regulatory exceptions in 2013.

In our "Watchdog" role overseeing the finances of the credit union, I am pleased to tell you the



Steve Bobrick



Bill Huber



David Balint

board of directors, staff and management work as a unit to protect your funds. The credit union has come through the recent recession in strong financial condition. The Supervisory committee is pleased with the performance of everyone involved with the Credit Union and applauds the effort of all parties to keep us going through these tough times.

We look forward to the challenges of the upcoming year and the continued economic well-being at Aurora Federal Credit Union.

Steve Bobrick
Chairman, Supervisory Committee

Meet the Team

Executive Management Team

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

Member Services Department

Dawn Ward Operations Manager
Jordan Peterson.....Member Services Supervisor
Darla Johnson.....Assistant Lead Teller
Daisy Figueroa.....Member Services Specialist
Christine Ruppert.....Financial Services Representative
Virginia Cichos.....Teller
Andrey Novakovsky.....Teller
Dana Barnard.....Teller
Rhea Alberts P/T Teller
Brooke Palmer Receptionist

Accounting Department

Jake BrejotAccounting Manager
Rachel Westergaard.....Staff Accountant
Kamelia Bruce..... Accounting Clerk

IT Department

Blake SmithIT Manager

Loan Department

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

2013 Highlights

COMMUNITY/CU EVENTS - In 2013, 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. CU staff taught an online banking class at the Aurora Center for Active Adults. 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 held a Member Appreciation Day at the main branch in August. We met with APS and CCSD students to discuss future careers in the banking industry at the COA/APS/CCSD Career Day.

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 S.E.G. staff at IREA, Tri-State G&T, Serta Mattress 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 2013.

NEW PRODUCTS AND SERVICES - In 2013, AFCU focused on and introduced a variety of new products and services. We continued to offer FREE Advantage Checking along with a FREE VISA Debit Card. In addition, we focused on a variety of technology offerings including Popmoney Person2Person payments, FREE Virtual Branch online banking & FREE Bill Pay, and FREE Account Alerts. We rolled out an exciting new Mobile Banking smartphone application where members can view account history, make transfers, and make Bill Pay & Popmoney payments. In lending, we continued to offer great rates on vehicle and RV loans. A Mini-Mortgage provided a great way for members to refinance their home, and save on closing costs at the same time. Many were able to save money each month by refinancing loans with other institutions to a low-rate loan with the Credit Union. Our VISA Platinum Credit Card with No Annual Fee continues to offer a great deal and save members' money.

2013 Financial Summary

BALANCE SHEET

As of December 31,	2013	2012	Difference	Percent Change
ASSETS				
LOANS	40,815,224	39,123,778	1,691,446	4.32%
LESS: Allow Loan Loss	(942,477)	(932,322)	(10,155)	1.09%
NET LOANS	39,874,747	38,191,456	1,681,291	4.40%
CASH AND EQUIVALENTS	5,653,996	3,856,457	1,797,539	46.61%
OTHER INVESTMENTS	28,762,789	32,410,886	(3,648,097)	-11.26%
TOTAL INVESTMENTS	34,416,785	36,267,343	(1,850,558)	-5.10%
FIXED ASSETS	2,351,180	2,412,446	(61,266)	-2.54%
NCUSIF DEPOSIT	698,080	684,928	13,152	1.92%
ALL OTHER ASSETS	339,218	451,855	(112,637)	-24.93%
TOTAL ASSETS	77,678,010	78,080,028	(330,018)	-0.42%
LIABILITIES AND EQUITY				
ACCOUNTS PAYABLE	160,945	140,282	20,663	14.73%
OTHER LIABILITIES	692,443	658,135	34,308	5.21%
TOTAL LIABILITIES	853,388	798,417	54,971	6.88%
SHARES TO MEMBERS	19,481,915	18,218,376	1,263,539	6.94%
OTHER SHARES	1,369,333	1,335,313	34,020	2.55%
HEALTH SAVINGS ACCOUNTS	141,244	131,079	10,165	7.76%
CHECKING ACCOUNTS	8,019,820	7,664,854	354,966	4.63%
MONEY MARKETS	15,301,654	15,165,017	136,637	0.90%
SHARE CERTIFICATES	16,086,894	17,852,141	(1,765,247)	-9.89%
IRA ACCOUNTS	6,601,766	8,153,859	(1,552,093)	-19.04%
TOTAL SHARES	67,002,626	68,520,639	(1,518,013)	-2.22%
REGULAR RESERVES	1,826,611	1,826,611	0	0.00%
UNDIVIDED EARNINGS	8,002,772	6,864,327	1,138,445	16.58%
UNREAL. INVEST G/L	(7,387)	(1,966)	(5,421)	275.73%
TOTAL EQUITY	9,821,996	8,688,972	1,133,024	13.04%
TOTAL LIABILITIES & EQUITY	77,678,010	78,008,028	(330,018)	-0.42%

2013 Financial Summary

INCOME STATEMENT

For the years ended December 31,	2013	2012	Difference	Percent Change
OPERATING INCOME				
INTEREST ON LOANS	2,494,247	2,452,135	42,112	1.72%
INVESTMENT INCOME	316,391	317,982	(1,591)	-0.50%
NON-INTEREST INCOME	871,635	891,507	(19,872)	-2.23%
TOTAL OPERATING INCOME	3,682,273	3,661,624	20,649	0.56%
EXPENSES				
PROVISION FOR LOAN LOSSES	117,227	301,000	(183,773)	-61.05%
NCUSIF STABILIZATION EXPENSE ¹	18,873	64,955	(46,082)	-70.94%
NON-INTEREST EXPENSES	2,180,215	2,219,386	(39,171)	-1.76%
TOTAL NON-INTEREST EXPENSES	2,316,315	2,585,341	(269,026)	-10.41%
DIVIDEND & INTEREST EXPENSES				
SHARE ACCOUNTS	10,201	13,132	(2,931)	-22.32%
MONEY MARKET ACCOUNTS	38,564	41,495	(2,931)	-7.06%
TERM SHARE CERTIFICATES	161,329	243,067	(81,738)	-33.63%
IRA'S	92,927	123,578	(30,651)	-24.80%
TOTAL DIVIDEND & INTEREST	303,020	421,272	(118,255)	-28.07%
NET OPER. INCOME/(LOSS)	1,062,938	655,011	407,927	62.28%
NON-OPER INCOME/(LOSS)	88,489	124,033	(35,544)	-28.66%
GAIN (LOSS) ON INVESTMENTS	0	0	0	0%
GAIN (LOSS) ON ASSET DISPOSITION	(12,982)	(2,200)	(10,782)	490.09%
NET INCOME/(LOSS)	1,138,445	776,844	361,601	46.55%

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.

2013 Financial Summary

KEY FINANCIAL RATIOS

As of December 31, 2013	Aurora		Difference
	FCU	Peers	
ROA (Profitability)	1.46%	0.43%	1.03%
Cost of Funds (interest paid on member savings)	0.39%	0.40%	-0.01%
Operating Expenses	2.82%	3.72%	-0.90%
Delinquency Ratio	1.38%	1.24%	0.14%
Loan Charge-Offs	0.27%	0.49%	-0.22%
Investment Yield	0.91%	1.05%	-0.14%
Loan-to-Share Ratio	60.92%	60.91%	0.01%
Net Worth (Capital Ratio)	12.65%	11.25%	1.40%