



64TH ANNUAL MEETING
March 5, 2024



AUBURN
UNIVERSITY
CREDIT UNION

AGENDA

Auburn University Credit Union 64th Annual Meeting Agenda Tuesday, March 5, 2024 5:30 PM

Welcome and Call to Order

Henry Armstrong

Approval of 2023 Minutes

Treasurer's Report

Old Business

New Business

Election of Officials

Deborah Heidepriem

- Board of Directors
 - Teresa Logiotatos: 3-year term
 - Henry Armstrong: 3-year term
 - Blake Rice: 3-year term

- Supervisory Committee -
 - Jennifer Mueller: 1-year term
 - Nancy Bernard: 1-year term
 - Charles Edmonds: 1-year term
 - Royrickers Cook: 1-year term
 - Chris Richie: 1-year term

Door Prizes

Rustyn Roper

Adjournment

Henry Armstrong



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DAY**

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PAY**

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Annual Report of the **PRESIDENT & CEO**

Another year has come and gone for Auburn University Credit Union (AUCU), marking another successful chapter in our journey. In 2023, your credit union not only achieved financial success but also thrived in expanding service options and enhancing efficiency for members. As we reflect on our accomplishments, AUCU recognizes the importance of evolving to meet the changing needs of our members, and we continually strive to be your top choice for financial solutions.

Despite facing economic pressures from a rapidly rising rate environment, AUCU managed to generate a net income of \$693,365, a 4% increase from 2022. Gross income increased by a remarkable \$2.4 million, or 31%, from 2022 primarily attributed to substantial loan growth and the heightened interest rates. Assets surged by \$19 million, an incredible 8.5% increase primarily due to loans increasing \$8.5 million, 8.1% for the year and the increased value of our investment portfolio. Deposits increased to \$227 million as the credit union increased rates on share certificates to keep up with the rapidly rising rate environment.

“AUCU RECOGNIZES THE IMPORTANCE OF EVOLVING TO MEET THE CHANGING NEEDS OF OUR MEMBERS, AND WE CONTINUALLY STRIVE TO BE YOUR TOP CHOICE FOR FINANCIAL SOLUTIONS.”

“AS WE EMBARK ON THE JOURNEY INTO 2024, WE REMAIN STEADFAST IN OUR COMMITMENT TO MEETING YOUR FINANCIAL NEEDS AND UPHOLDING THE COOPERATIVE SPIRIT THAT DEFINES OUR CREDIT UNION.”



Looking ahead to 2024, we expect a more tempered growth trajectory for our assets. Although our net worth ratio dipped slightly to 9.60%, it is still comfortably above regulatory requirements, reaffirming our commitment to financial stability and soundness.

2023 provided multiple challenges with the increasing rate environment, fraud, and staffing, but we were able to meet each of those challenges successfully, thanks to our excellent staff at the credit union. As we prepare for the year ahead, we acknowledge the challenges faced in 2023 are likely to continue into 2024 and beyond. Each of these challenges add further pressure on AUCUs spread between loans and deposits hampering our ability to generate significant income. However, with strategic plans in place, we are confident in our ability to navigate these obstacles and sustain our momentum.

I would be remiss if I did not thank the staff of AUCU for the dedication and effort they put forth daily to ensure our members are served efficiently and professionally. These results would not be possible without them. One of the things that makes the credit union different from other financial institutions is the leadership provided by our volunteers. Our volunteers give their time to serve on the Board, and other various committees. Additionally, I extend sincere thanks to our volunteers, whose leadership and guidance play a pivotal role in shaping the direction of our credit union.

To our valued members, your trust and confidence in AUCU fuel our determination to exceed your expectations. As we embark on the journey into 2024, we remain steadfast in our commitment to meeting your financial needs and upholding the cooperative spirit that defines our credit union.

Henry H. Armstrong,
President & CEO

2023 Annual Meeting Minutes

Official Minutes of the 63rd Annual Meeting
Auburn University Credit Union
March 7, 2023

1. Treasurer/President Henry Armstrong called the 63rd Annual Meeting of Auburn University Credit Union to order at 7:00 p.m. Armstrong welcomed all credit union members, volunteers, and staff to the annual event.

2. Rustyn Roper moved to approve the minutes of the 2022 annual meeting, as they had been distributed within the annual meeting packet for all to read. The motion was seconded by Nancy Bernard and unanimously approved by the membership.

3. Treasurer/President Henry Armstrong presented the Annual Report of the President & CEO for 2022. A member questioned the reason MSRs cannot tell members their balances on their Mastercard's. Armstrong stated that the credit cards are not currently on the system; however, they would be added during the current year. The same member also questioned the pay of staff at AUCU. Armstrong explained that there is more that goes into their pay such as benefits offered by AUCU.

4. Board Member Deborah Heidepriem presented the Nominating Committee report and announced that Albert Henry, Maryanne Douglass and Floyd Woods had been nominated for three-year terms on the Board of Directors. These nominees were elected by acclamation.

5. Heidepriem presented the nominees for the Supervisory Committee, including Jessica Hemard, Chair; Jennifer Mueller, Vice Chair; Nancy Bernard, Secretary, Charles Edmonds and Royrickers Cook. These nominees were nominated for one-year terms on the Supervisory Committee. These nominees were elected by acclamation.

6. Rustyn Roper drew the door prize winners and 10 members present at the annual meeting won \$50.

7. Treasurer/President Armstrong thanked members of the Annual Meeting Committee, members of the Nominating Committee, and all credit union volunteers, members and staff.

8. Treasurer/President adjourned the annual meeting at 7:20 p.m.

Savings can start at any age!



AUBURN
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CREDIT UNION

Federally insured by the NCUA.

Annual Report of the Board of Directors

DENNIS VERONESE, CHAIR
TERESA LOGIOTATOS, VICE CHAIR
HENRY ARMSTRONG, TREASURER
CURTIS JOLLY, SECRETARY
DUANE BRANDON, ASST SECRETARY
MARYANNE DOUGLASS
DEBORAH HEIDEPRIEM
AL HENRY
FLOYD WOODS

The Auburn University Credit Union (AUCU) Board of Directors, the volunteer committee members, the supervisory committee members, and staff members of AUCU are pleased to report another outstanding year of serving our members. Despite the challenging economic environment, we are proud to report a year of resilience, growth, and strategic progress. This year we continued improving our service and offerings to our members, making sure each member received the best in-class service no matter the channel of delivery.

Some of our strategic initiatives for 2023 included developing a marketing plan, developing and implementing an Information Technology plan, issuing an RFP for debit card processing, staff training, and numerous other projects all which were completed successfully.

AUCU, like all financial institutions, has been faced with countless issues of fraud. Fraud has taken many forms including identity theft, stolen/bad checks, ACH fraud, payments fraud, scammers of members, and other forms too numerous to name. As a result, AUCU has strengthened its security of member information, increased its verification procedures, purchased third-party security software, and is constantly looking at ways to protect our members' money.

In 2023, AUCU achieved robust financial performance amidst volatile economic conditions. Our total assets increased by 8.5% to reach \$243 million, driven by steady growth in our loan portfolio and prudent investment strategies. Despite economic headwinds, we maintained a healthy balance sheet with strong capital adequacy and liquidity ratios, ensuring our ability to support our members and seize opportunities for growth.

“DESPITE THE CHALLENGING ECONOMIC ENVIRONMENT, WE ARE PROUD TO REPORT A YEAR OF RESILIENCE, GROWTH, AND STRATEGIC PROGRESS.”

Looking ahead, we are cautiously optimistic about the economic recovery and growth prospects. While uncertainties persist, we are confident in our teams' ability to adapt to changing market dynamics and capitalize on opportunities. Guided by our principle of providing and returning value for our members, we remain committed to delivering a first-class experience and return for our members.

In conclusion, I would like to express my appreciation to the Board of Directors, volunteers, management team and all employees for their dedication and hard work in advancing the mission and vision of AUCU. With a solid foundation and a clear strategic direction, we are well-positioned to navigate the challenges ahead.



Dennis Veronese
Board of Directors, Chair

Annual Report of the Supervisory Committee

JESSICA HEMARD, CHAIR
JENNIFER MUELLER, VICE CHAIR
NANCY BERNARD, SECRETARY
ROYRICKERS COOK
CHARLES EDMONDS

The Alabama Credit Administration (ACUA) requires every state-chartered credit union to have a Supervisory Committee. In 2023, the committee consisted of Nancy Bernard, Jessica Hemard, Jennifer Mueller-Phillips, Charles Edmonds, and Dr. Royrickers Cook. All of the Supervisory Committee members have prior experience serving the credit union in this role. The ACUA also requires the Supervisory Committee to meet within ten days following the Annual Meeting to elect officers., The committee elected Jessica Hemard, Chair; Jennifer Mueller-Phillips, Vice-Chair and Nancy Bernard, Secretary.

On July 6, 2023, auditors from Warren Averett (WA) discussed with the supervisory committee the results of the financial statement audit for the year ended December 31, 2022. The audit includes the credit union's related statements of financial condition, changes in members' equity, cash flows and related notes to the financial statements. Referred to as an "opinion audit," its purpose is to determine whether the financial statements of AUCU present fairly in all material respects the financial position of AUCU and are presented in accordance with generally accepted accounting principles. AUCU received a favorable (or "clean") opinion from WA.

In addition to the financial statement audit discussed above, WA reviewed AUCU's compliance with the Bank Secrecy Act/Anti-Money Laundering and Automated Clearing House procedures. WA also audited employee and official accounts. The committee reviewed and discussed these audits. There were no significant issues found in any of these additional audits.

The Alabama Credit Union Administration (ACUA) conducted their annual exam of the AUCU as of September 30, 2023, in late November. The exam report was very favorable. The ACUA team reviewed the report with the Board and Supervisory Committee Chair on January 17, 2024 and there were very few findings. They were again very complimentary of the credit union and its operation.

The Supervisory Committee continued its procedure of having a committee member attend and observe the working of the Board of Directors and the meetings of the various Board committees, including the nominating committee, and personnel committees as they go about the operations of the AUCU. Other committee duties include monitoring and discussing reports of AUCU's Daily Auditor. The Daily Auditor reviews compliance with numerous policies and procedures and activity in dormant member accounts for suspicious activity. The Committee also reviews AUCU's corporate account reconciliations; corporate credit card statements; and cash counts. The Supervisory Committee remains active and diligent and continually strives to achieve its mission within AUCU.



Jessica Hemard
Supervisory Committee Chair

AUBURN UNIVERSITY CREDIT UNION'S 2023 HIGHLIGHTS

MEMBERS

16,933

ASSETS

\$243,193,562

NET INCOME

\$693,365

LOAN BREAKDOWN



- SECURED CONSUMER LOANS
- UNSECURED CONSUMER LOANS
- STUDENT LOANS
- MASTERCARD LOANS
- REAL ESTATE LOANS
- COMMERCIAL LOANS
- LOAN PARTICIPATIONS

STATEMENT OF CONDITION

Assets	2023	2022
CASH	\$34,509,777	\$13,436,428
INVESTMENTS	\$78,405,777	\$88,665,081
LOANS	\$113,629,107	\$105,091,396
ALLL	\$(967,199)	\$(635,358)
FIXED ASSETS	\$9,264,602	\$9,661,829
NCUSIF	\$2,104,531	\$2,024,307
OTHER ASSETS	\$6,246,967	\$5,916,909
TOTAL	\$243,193,562	\$224,160,624

Liabilities & Equity

LIABILITIES	\$985,814	\$1,537,690
MEMBER DEPOSITS	\$226,944,964	\$209,997,469
EQUITY	\$15,262,784	\$12,625,465
TOTAL	\$243,193,562	\$224,160,624

INCOME STATEMENT

Operating Income

INTEREST ON LOANS	\$6,073,272	\$4,521,567
INVESTMENT INCOME	\$2,604,605	\$1,894,401
FEES & CHARGES	\$1,642,000	\$1,457,228
MISC. OPERATING INCOME	\$31,140	\$23,142
TOTAL	\$10,351,017	\$7,896,338

Operating Expenses

EMPLOYEE COMPENSATION	\$3,001,519	\$2,720,297
OTHER EXPENSES	\$4,672,743	\$3,930,969
DIVIDENDS	\$1,983,390	\$577,702
TOTAL	\$9,657,652	\$7,228,968

Net Income	\$693,365	\$667,370
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Bylaw on **ELECTION OF OFFICIALS**

Sec. 1 Nomination Procedures-

(a) At least 120 days before each annual meeting, the chair will appoint a nominating committee of three or more members. It is the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. (b) The nominating committee files its nominations with the secretary of the credit union at least 90 days before the annual meeting, and the secretary notifies in writing all members eligible to vote at least 75 days before the annual meeting that nominations for vacancies may also be made by petition signed by 1% of the members with a minimum of 25 and a maximum of 500. There shall be no petitions by Proxy, nor may members sign blank petitions (candidate's name omitted). All signatures are subject to proper validation. The secretary may use electronic mail to notify members who have opted to receive notices or statements electronically. (c) The written notice must indicate that the election will not be conducted by ballot and there will be no nominations from the floor when the number of nominees equals the number of positions to be filled. A brief statement of qualifications and biographical data in a form approved by the board of directors will be included for each nominee submitted by the nominating committee with the written notice to all eligible members. Each nominee by petition must submit a similar statement of qualifications and biographical data with the petition. The written notice must state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition must extend at least 35 days from the date that the petition requirement and the list of nominating committee's nominees are mailed to all members. To be effective, nominations by petition must be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to nomination and will serve if elected to office. Nominations by petition must be filed with the secretary of the credit union at least 40 days before the annual meeting, and the secretary will ensure that nominations by petition, along with those of the nominating committee, are posted in a conspicuous place in each credit union office at least 35 days before the annual meeting.

Sec. 2 Election Procedures-

(a) All persons nominated by either the nominating committee or by petition must be placed before the members. When nominations are closed, the chair appoints the tellers, ballots are distributed, the vote is taken and tallied by the tellers, and the results are announced. Members may vote for a candidate for each available position without limitation. All elections are determined by plurality vote and will be by ballot except where there is only one nominee for each position to be filled. (b) If sufficient nominations are made by the nominating committee or by petition to provide at least as many nominees as positions to be filled, nominations cannot be made from the floor. In the event nominations from the floor are permitted and result in more nominees than positions to be filled, when nominations have been closed, the chair appoints the tellers, ballots are distributed, the vote is taken and tallied by the tellers, and the results announced. Members may vote for a candidate for each available position without limitation. When the number of nominees equals the number of positions to be filled, the chair may take a voice vote or declare each nominee elected by general consent or acclamation at the annual meeting.

Sec. 3 Order of Nominations-

Nominations may be in the following order:

a) Nominations for directors (b) Nominations for credit committee members, if applicable; Elections may be by separate ballots following the same order as the above nominations or, if preferred, may be by one ballot for all offices (c) Nominations for Supervisory Committee Members.

Sec. 4 Proxy Voting-

No member shall be entitled to vote by proxy on any matter brought before the members at an annual or special meeting, but the Board of Directors may authorize members unable to attend the annual meeting to vote by absentee ballot in the election of Directors and on other matters to come before the annual meeting. An absentee ballot is to be the case with the Secretary, by mail or in person, before the annual meeting. The Secretary shall certify the eligibility to vote of those members casting absentee ballots.

Sec. 5 Agent Voting-

A member other than a natural person may vote through an agent designated in writing for the purpose.

Sec. 6 One Vote Per Member-

Each member present at a meeting of the members shall be entitled to one vote on each matter submitted to a vote of the members. (Regardless of the number of shares he holds, no member shall have more than one vote.)

Sec. 7

For those matters other than the election of members of the Board of Directors and Supervisory Committee, the procedures for which are set forth by Article V of these bylaws, and unless a provision of these bylaws or any law applicable to a particular proposed action establishes a greater vote requirement, an affirmative vote of at least a majority of those members present at a duly held meeting at which a quorum is present shall be sufficient to constitute the approval of the members with respect to a proposed action brought before the member at that meeting for approval.

Sec. 8 Submission of information regarding credit union officials to ACUA - Within ten (10) days after their election, the names and addresses of members of the board, board officers, executive committee, and members of the credit committee, if applicable, and supervisory committees must be forwarded to the Administration in accordance with the Act and regulations in the manner as may be required by the Administration.

Sec. 9 Minimum Age Requirement-

Members must be at least 19 years of age by the date of the meeting (or for appointed offices, the date of appointment) to vote at meetings of the members, hold elective or appointive office, sign nominating petitions, or sign petitions requesting special meetings.





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