

COCONINO FEDERAL CREDIT UNION

65TH ANNUAL MEETING

SERVING COCONINO COUNTY SINCE 1955

2019 ANNUAL MEETING MINUTES

The annual meeting was called to order at 10:02 AM February 2, 2019 by Chairman, John Winikka.

Present were Jennifer Harris, CEO; Katherine Escalera, CFO; and Marlene Baca, COO. Board members present were John Winikka, Jeff Smith, Sixto Valdivia, Gary Krcmarik, Michele Legg, Mark Alexander and Dana Rich. Additionally, a quorum of at least 15 members was present.

Board members were introduced as well as Credit Union staff.

2018 Annual Meeting Minutes were reviewed. A motion was made to approve the minutes,

seconded and unanimously passed.

John brought attention to the Officers' Reports and led a discussion on how well the Credit Union has done this past year.

John opened the floor to members and one member expressed concern about fraud and how we will address this in the future. Jennifer was quick to assure members we have addressed this at no cost to individual members with new technology and we continually monitor this to minimize future problems. This will be an ongoing challenge for financial institutions, but we can help by monitoring our accounts and protecting our PIN numbers.

The board requested volunteers for the Supervisory Committee if anyone is interested.

Sixto Valdivia and Mark Alexander were up for re-election. John Winnika asked 3 times for any additional nominations for new board members. No nominations were made. Sixto and Mark were re-elected unanimously.

Door prizes were awarded.

A motion was made and seconded to adjourn the meeting at 10:26 AM. The motion passed.

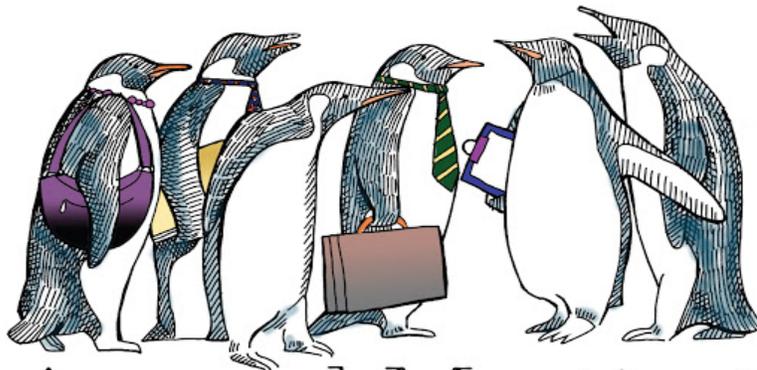
Dana Rich– Secretary

MEETING AGENDA

- *Call the meeting to order*
- *Ascertainment of a quorum*
- *Approval of the 2019 Annual Meeting Minutes*
- *Acknowledgement of the Officers' Reports*
- *Call of New Business*
- *Election*
- *Door Prizes*
- *Adjournment*

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Annual Meeting

SUPERVISORY COMMITTEE REPORT



The Supervisory Committee of Coconino Federal Credit Union works in conjunction with the Board of Directors to monitor and review the Credit Union's accounting procedures and practices. Our aim is to ensure all fiscal operations are performed accurately and in compliance with appropriate rules and regulations. A member of the Supervisory Committee

is also a member of the Board of Directors.

To assist the Committee, we retained the services of CliftonLarsonAllen LLP (independent audit and accounting firm), to perform our annual supervisory committee audit as of June 30, 2019. This audit is required by the National Credit Union Administration. The Supervisory Committee is

pleased to report that your Credit Union is financially strong and its fiscal operations are in compliance with the Credit Union's charter, federal regulations, and sound business practices.

Respectfully submitted,

Dennis K. Lavin

Chairman

PRESIDENT'S REPORT

This year the Credit Union is turning 65 years old! When we were chartered in May, 1955 as Coconino County School Employees Federal Credit Union by a group of school teachers to have a place to save their money and later borrow money from, I am not sure they envisioned their little credit union to grow this much. The original operating hours were only after school in one of the founding member's garage in Coconino Estates. Now we have 3 branch offices, 2 in Flagstaff and 1 in Page and our field of membership now includes anyone that lives in Coconino County. We are still the only financial institution based in Coconino County.

As a not-for-profit cooperative we give what we make to our members in the form of higher savings rates, lower loan rates, less fees and low cost, high quality products like GAP, MRC and debt protection. In the last several years we have added more of a community component to the credit union's mission.

We have a Community Committee that picks local organizations to receive monthly or one-time donations. In 2019 we donated \$16,150 to local charitable organizations doing good in Northern Arizona. In addition, we encourage our team members to donate their time volunteering, as matter of fact we will pay them for up to 8 hours of volunteer time per year. We also host local artists at the Flagstaff offices, they are welcome to hang their art with flyers and price tags, it is fun to have different art throughout the year and sometimes they sell a piece or two.



Going forward we will be expanding our community contributions and adding new products and services for our members. On March 26, 2020 we go live with Zelle®, similar to PopMoney which we currently offer, with Zelle® the funds will be received within minutes and there will not be a charge to send money to your friends and family or anyone you trust just using their cell phone number or email address. The Credit Union is always working on adding the things you expect from your financial institution to make managing your money easier and more convenient.

The Credit Union would not be what it is without the diligent efforts of our team members and volunteers! We appreciate all of the time and energy they give the Credit Union!

Jennifer R Harris

President/CEO

CHAIRMAN OF THE BOARD'S REPORT

On behalf of the Board of Directors, I am pleased to report that 2019 was another good year for our Credit Union.

In our role as the Board of Directors, myself and my fellow board members are responsible for providing oversight and direction. Our first responsibility is to establish, review, and enforce direction and the associated policies. Secondly, we are to ensure we are compliant with regulations and guidelines established by the National Credit Union Administration (NCUA), and other regulating agencies. To complete both of these well, we work closely with the CEO Jennifer Harris and CFO Katherine Escalera, as well as other key staff as needed.

While the last twelve months didn't have the flashy growth as in the past, we have turned our efforts to building on the foundation that has been developed over the last few years. We have seen many positive changes and some other exciting opportunities are developing as we continue to improve. It was a good year to both look back at what we have accomplished and look forward to where we need to go.

While this years' growth might not have been as noticeable from the outside, inside we continue to change. Several Board Members attended conferences and training to stay up with and ahead of industry changes. There are always new changes and more on the horizon. Some have been delayed a bit longer, but we still want to be prepared when they come.

Looking back at the foundation that has been built, the remodels of all three branches are complete, giving them a fresh bold look, with an overall consistent look.

The growth in the last few years has also taken us to the point where many of our staff and systems have been stretched to capacity – and beyond. We have now begun to add new positions in areas that will be the most effective and efficient. Our progress is careful, we want to make this the beginning of growing into a “bigger” credit union, but we are always careful to maintain the same personal feel and we will continue to work to provide the best possible services for our members today, as well as the future, no matter our size.

“Cybersecurity is
always on our
mind.”

Looking to the future means to stay current on new technology, especially with mobile banking. We are looking to make new changes by adding convenience to many transactions.

Your Credit Union staff and Board of Directors is always conscious of maintaining secure information and maintaining compliance with rapidly evolving Federal and State regulations. Cyber security is always on our mind.

On behalf of the Board of Directors, I would like to express my sincerest thanks to all the staff of Coconino Federal Credit Union for their dedication and hard work in serving our members.

We know you have a choice as to which financial partner you use. We are proud that Coconino Federal Credit Union continues to be the only locally operated Credit Union in Flagstaff. Thank you for choosing Coconino Federal Credit Union.

Sincerely,

John Winikka

Chairman of the Board

WE ARE 65 YEARS OLD! ALSO FROM 1955:

Disneyland opens July 17, 1955
 First McDonald's opens April 15, 1955 Des Plains, IL
 The TV Remote Control was invented by Eugene Polley
 Rosa Parks refused to give up her seat on a bus December 1, 1955
 Number 1 TV Show: The \$64,000 Question





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PEOPLE HELPING PEOPLE

Statement of Financial Condition

December 31	2018	2019
ASSETS		
Loans to Members	\$ 53,990,168	\$ 53,042,574
Allowance for loan losses	(702,458)	(767,082)
Investments	20,137,356	19,898,662
Property and Equipment	2,203,839	2,170,633
Cash and Cash Equivalents	4,905,717	10,402,977
Other Assets	1,295,369	1,309,118
Total Assets	\$ 81,829,991	\$ 86,056,882
LIABILITIES		
Accts Payable/Accrued Exp	\$ 814,315	\$ 624,014
Members Share Accounts	73,404,277	77,060,455
Regular Reserve	1,614,110	1,614,110
Undivided Earnings	5,997,290	6,758,304
Total Liabilities & Members' Equity	\$ 81,829,991	\$ 86,056,882

Statement of Income

January 1 - December 31	2018	2019
Income		
Net Interest from Loans	\$ 2,483,145	\$ 2,761,906
Investment Income	432,958	504,811
Other Income	1,531,577	1,565,776
Total Income	4,447,681	4,832,492
Operating Expenses		
Comp. & Employee Benefits	1,350,203	1,451,882
Office Occupancy	282,226	306,095
Office Operating Expenses	1,185,024	1,280,440
Other Expenses	368,064	371,176
Total Operating Expenses	3,185,518	3,409,593
Income before Dividends	1,262,163	1,422,899
Provision for Loan Losses	(592,650)	(426,150)
Dividends to Members	(127,382)	(225,488)
	542,131	771,262
Non-Operating Income	-	-
Gain on Investments/ Gain on Sale of Assets	-	(10,247)
Total Net Income (Loss)	\$ 542,131	\$ 761,014