SKYWARD
CREDIT UNION

Aim higher.

2024 ANNUAL REPORT

82ND Annual Meeting

February 9, 2024 · 10:00 AM

Skyward Credit Union

Volunteers and Staff

BOARD OF DIRECTORS

Holly Dixon	Chair
Roy Aycock	Vice-Chair
Kim Anderson	Sec/Treasurer
Philip Chronister	Director
Darrell Elkinton	Director
Chad Rockey	Director
Tyler Vredevoogd	Director

SUPERVISORY COMMITTEE

Link Newton	Chair
Tracie McIntire	Member
Michael LaBarge	Member

CREDIT COMMITTEE

Mike Langston	Chair
Mike Irvin	Secretary
Jim Mendenhall	Member
Amanda Bishop	Member
Tom Butherus	Member

CREDIT UNION STAFF

Kevin Wilmoth	President & Chief Executive Officer
Greg Peter	Vice President & Chief Financial Officer
Amanda Tate	Vice President-Operations
Liz Wager	Controls & Compliance Specialist
Devin Gillihan	Accountant
Michael Tucker	IT Manager
Victoria Ruvalcaba	IT Specialist
Veda Schmidt	Sr System Analyst
Michelle Hayworth	Training
Megan Dominguez	Marketing
Lisa Townsend	Marketing
Ashley Haner	Vice President-Lending
Theresa Pope	Vice President- Lending (Retiring)
Kevin Cade	Indirect Lending Manager
Shaundrae Franklin	Loan Officer
Tyree Johnson	Loan Officer
Randy McCannon	Loan Officer
Ashley Stallings	Mortgage Loan Officer
Tammy Soper	Mortgage Loan Processor
Fran Taylor	Loan Administrator
Tammy Bond	Loan Administrator
Abbie Barnes	Loan Administrator
Lisa Herbic	Loan Administrator
Terrence Boards	Collections Specialist
Zachary Morgan	Collections Specialist
Teresa Walker	Collections Specialist
Angelina Terronez	Member Service-M/C
Matthew Diaz	Member Service-M/C
Bryce Maness	Member Service-M/C
David Zheng	Member Service-M/C
Ana Tovar	Member Service-M/C
Isaac Green	Member Service-M/C
Brandy Cinotto-Mauk	Accounting Clerk, Sr
Karen Johnson	Accounting Clerk
Deidre Schild	Accounting Clerk
Malik Reed	Branch Supervisor-Pawnee
Brenna Agee	Member Service-P
Alma Jaimes-DeLopez	Member Services-P

Emily Colquette	Member Services-P
Paul Mainz	Manager-Greenwich Branch
Alexis Danielson	Member Services-G
Shelly Harvell	Member Services-G
Sarah Zarich	Member Services-G
Cody Jones	Branch Supervisor-13th
Delaney Burton	Member Services-13th
Cindy Finch	Member Services-13th
Phout Phachantry	Member Services-13th
Lisa Reed	Vice President-Independence Branch
Ashley Henningh	Member Service 2-I
Rae Allen	Member Service 1-I
Jozlyn Gray	Member Service 1-I
Patrice Gilmore	Manager-Contact Center
Christopher Seneff	Support Specialist
Natalie Martinez	Support Specialist
Esbeide Ortega	Interactive Support Specialist
Gabriella Castaneda	Support Specialist
Emily Henry	Support Specialist
Elizabeth Burton	Support Specialist
Brendan Vlach	Support Specialist
Carla Stockstill	Video Specialist
Marissa Brand	Video Specialist
Candace Bieler	Video Specialist
Jolisa Arellano	Video Specialist
Jordan Gourley	Video Specialist
Phuong Tran	Video Specialist
Jakala Thomas	Video Specialist

SKYWARD CREDIT UNION

MINUTES OF THE ANNUAL MEETING
FEBRUARY 18, 2023

The 81st Annual Meeting of Skyward Credit Union was held on Saturday, February 18, 2023, at the Cotillion Ballroom in Wichita, KS at 6:00 p.m. The formal meeting was called to order at 6:15 p.m. by Roy Aycock. Vice Chairman of the Board of Directors. A quorum of members was declared present with a total attendance of approximately 750.

Roll call of the Board of Directors and Committees was called. In attendance were:

BOARD OF DIRECTORS

Roy Aycock, Vice Chair
Kim Anderson, Secretary/Treasurer
Darrell Elkinton
Philip Chronister
Chad Rockey

SUPERVISORY COMMITTEE

Link Newton
Mike LaBarge

CREDIT COMMITTEE

Mike Irvin
Amanda Bishop

Roy welcomed those who attended and noted that we were happy to be back face-to-face at the Cotillion now that we are passed Covid. The theme for the night was Back to the Future. A short video was shown with Board Chair Holly Dixon giving her report and highlighting some of the notable accomplishments of Skyward Credit Union in 2022. Roy mentioned some special guests in the audience, Ben Sauceda, Executive Director of Kansas Aviation Museum, Julie Murray, the Administrator of the Kansas Department of Credit Unions, and former Skyward CEO, Larry Damm.

Roy noted the Minutes of the February 18, 2022 Annual Meeting were published in the Annual Report. Copies were distributed on each table for the attendees to review. A motion was made to approve the 2022 Annual Meeting Minutes as printed and was seconded. The motion carried by a show of hands.

Roy noted the Treasurer's Report for 2022 was also available for review in the copies of the Annual Reports available on the tables. A motion was made and seconded, to accept the Treasurer's report as printed. The motion carried by a show of hands.

Roy reviewed the election results for the Board of Directors that had been conducted by mail-in and electronic ballot. Philip Chronister and Holly Dixon were re-elected to three-year terms.

Roy noted that the reports of the Chairman, Supervisory Committee and Credit Committee were contained in the Annual Report that was distributed to attendees. He reported that 2022 was a successful year for the Credit Union.

With no old or new business being brought forward, the meeting was adjourned.

After the formal meeting, Greg Peter led the Pledge of Allegiance and offered grace for the food. Hog Wild Pit BBQ served dinner, President Kevin Wilmoth expressed appreciation to the volunteers and staff, followed by door prize give-a-ways and the Llew Brown Band entertained the audience.

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Holly Dixon, Chairman

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Kim Anderson, Secretary/Treasurer

Skyward Credit Union
Statement of Financial Condition

	December 31 2023	December 31 2022
Assets		
Cash and Cash Equivalents	10,983,779	8,468,005
Federal Agency Securities - AFS	164,113,706	163,074,734
Certificates of Deposit	6,410,065	11,132,065
MCCU Shares	934,065	934,065
NCUA Share Insurance	3,178,685	3,132,331
Other Investments	4,392,296	5,084,744
Total Investments	179,028,816	183,357,939
Member Loans	197,712,732	189,779,871
Loans Held for Sale - MMS	59,850	169,600
Allowance for Loan Loss	(1,036,100)	(553,724)
Total Loans	196,736,482	189,395,748
Fixed Assets	10,054,287	7,107,535
Income Receivables	1,603,375	1,404,843
Prepaid Expense	918,483	1,215,841
Total Assets	**399,325,222**	**390,949,910**
Liability and Stockholder's Equity		
Accrued Payables	3,273,526	3,124,395
Notes Payable	46,337,941	31,608,600
Accrued Dividends	878,685	399,304
Accrued Expenses	804,348	489,192
Total Liabilities	51,294,500	35,621,490
Member Regular Shares	128,700,420	147,069,692
Share Certificates	132,145,933	124,196,766
Individual Retirement Share Accounts	20,307,997	20,929,723
Other Shares and Draft Accounts	43,653,461	45,100,653
Total Shares	324,807,811	337,296,835
Unrealized Gain (Loss) on Investments	(34,749,109)	(41,082,918)
Undivided Earnings	58,745,658	57,949,409
Current Year Profit (Loss)	(773,637)	1,165,094
Total Member Equity	57,972,020	59,114,503
Total Liabilities and Member's Equity	**399,325,222**	**390,949,910**

Skyward Credit Union Statements of Income		
	December 31 2023	December 31 2022
OPERATING INCOME		
Loan Interest Income	10,395,600	7,565,963
Investment Income	4,570,676	4,585,713
Miscellaneous Income	3,440,526	3,346,853
Total Operating Income	**18,406,802**	**15,498,529**
OPERATING EXPENSES		
Wages & Benefits	4,836,031	4,703,277
Travel, Conferences & Training	77,760	120,859
Office Occupancy	62,235	58,726
Office Maintenance	92,684	89,874
Utilities	93,546	86,511
Building Depreciation Expense	200,580	152,833
Leasehold Improvements Expense	71,220	76,213
Building & Property Taxes	72,000	54,000
Communications Expense	314,274	304,106
Postage	100,236	84,217
Equipment Leases & Maintenance	892,954	712,560
Office Supplies Expense	111,945	106,058
Insurance Expense	81,942	66,929
Furniture & Equipment Depreciation	263,752	278,382
Software License Expense	480,958	484,858
Cash Mgmt. & Vault Servicing Fees	109,643	105,466
Promotional & Educational	469,685	532,852
Legal & Professional Fees	280,468	225,141
Collection Expense	101,347	109,734
Loan Processing Fees	555,659	564,693
Debit/ATM Cards & Checking Expenses	1,551,627	1,324,676
Credit Card Fees & Rewards Cost	489,416	434,412
Charged off Share Accounts	2,435	767
State Examination/Operating Fees	67,124	62,903
Cash Short/Over	1,539	1,164
Fraud Losses	183,031	91,220
Association Dues	49,036	67,829
Miscellaneous Expense	2,622	545
Shared Branch Expense	7,597	227,081
Annual Meeting Expense	24,000	29,999
Provision Expense for Loan Losses	651,958	-
Total Operating Expense	**12,299,304**	**11,157,884**
Income from Continuing Operations	6,107,498	4,340,645
Less: Interest on Borrowed Funds	1,582,808	532,697
(Gain)/Loss on sale of Asset	(45,272)	(64,988)
Non-Operating Income	(51)	-
Net Income before Dividends	**4,569,911**	**3,872,936**
Dividend Expense	5,343,549	2,707,842
Net Income	**(773,638)**	**1,165,094**

REPORT OF BOARD CHAIRPERSON
Holly Dixon

2023 was a year of continued growth, challenge, and change for Skyward Credit Union. Management navigated the challenges of the largest increase in interest rates in over 40 years. We had our traditional annual meeting and member appreciation event at the Cotillion Ballroom on February 18, 2023, with approximately 750 people in attendance.

Skyward made several operational changes in 2023. A major one was the change in our staff benefits providers. At the request of Textron, we sought outside benefits and I am proud to say that the executive management team along with the support of the board was able to provide the staff with comparable benefits at similar costs. We still have several of our facilities on Textron campuses and provide ATMs on campus for TXTAV employees convenience. We continue to support TXTAV organizations and activities such as Uplift and LEAD. Our goal is to provide exceptional service and financial guidance to all our members including the 40% of all TXTAV employees that are members of Skyward today.

Skyward implemented several other changes and upgrades to enhance our products, lower costs, and increase our cyber security. We upgraded our texting platform, our secure email system, and our loan processing software. We renegotiated our debit and credit card contracts, and we will be rolling out contactless cards in 2024. The new drive up ITM facility at Seneca and Pawnee has taken off and activity levels exceed the activity we had at the previous shared branch location at 31st and Meridian.

We continued our charitable giving commitment by giving over $86,000 in 2023 to support local organizations and events such as the Children's Miracle Network, Kansas Aviation Museum, American Cancer Society, Make A Wish, Center of Hope, Special Olympics, Guadalupe Clinic, Uplift, Neewollah in Independence, and many more. We also awarded six $1,000 college scholarships.

The new branch on West Main in Independence will be completed this Spring, allowing us to better serve the membership base we have built up there over the last 27 years.

While membership grew by over 1,100 in 2023, it was a very challenging year financially. With the end of Covid stimulus money and high interest rate, the industry experienced a shortage of liquidity. This resulted in higher deposit rates. As a result, we saw our deposits decline by $12.5 million, ending the year with $324.8 million. The total loan portfolio grew by $7.9 million, or 4.1%, to $197.7 million. This growth was partially funded by a $4.2 million decrease in investments. Total assets at year-end totaled $399 million.

Skyward Credit Union is committed to returning value to our members through competitive savings and loan rates as well as low fees. Our interest income from lending, investments and our non-interest activities combined for total operating revenue of $18.4 million. Operating expenses totaled $12.3 million. We paid over $5.3 million to members through normal dividends on share and certificate accounts. This is nearly double the $2.7 million paid in 2022. The credit union reported a net loss of $773,000. Even with the loss, we still maintained a very strong capital ratio of 14.5%, which is significantly higher than the regulatory requirement of 7% to be considered well capitalized.

Two positions on the board were up for election. Amanda Bishop and Mike LaBarge were elected to three-years terms on the board. Our board, committees, and staff are dedicated to exceeding your expectations by providing exceptional service and great financial products to improve your financial life. Thank you for your membership and consider sharing our benefits with your family members, Textron Aviation colleagues, and friends!

REPORT OF SUPERVISORY COMMITTEE

Link Newton, Chair

Skyward Credit Union is audited by the independent accounting firm of J. Tenbrink and Associates. They are in the process of conducting an audit for the period ending December 31, 2023. A similar audit was performed as of December 31, 2022. The auditors reported that Skyward Credit Union's financial statements "presented fairly, in all material respects, the financial condition and results of operations and its cash flows, in accordance with generally accepted accounting principles". The auditor's report is available for inspection by members at the Skyward Credit Union Mid Continent office during normal business hours.

The Credit Union is also examined on a regular basis by the Kansas Department of Credit Unions and National Credit Union Administration. 2023 was a very challenging year with the largest increases in deposit rates in 40 years. Shrinking net interest margins resulted in a loss for the year. Even with the loss, examiners still gave a favorable review of the credit union based on our strong capital, management plans, and our focus on staying compliant with state and federal laws and regulations. The exam in October 2023 was conducted for the books and records as of June 30, 2023. The results of this examination indicated the credit union, overall, is in compliance with state laws and regulations as well as internal policies and procedures.

Our internal auditor reports to the Supervisory Committee at regularly scheduled meetings. She and the committee conduct random reviews and tests of various transactions, activities and internal controls on a periodic basis. Results of these reviews are reported to the Board of Directors.

REPORT OF CREDIT COMMITTEE

Mike Langston, Chair

The Credit Committee met monthly in 2023 to review the loan activity for compliance with guidelines and policies of the Credit Union, and to approve loans as required. The Credit Union made 8,816 loans (including line of credit advances) totaling $79,130,313 during the year. At year-end, the balance of loans outstanding totaled $197,712,731 (net of Loans held for sale) representing an increase of 4.2% from year-end 2022. The total amount of loans charged off as uncollectable for the year was $896,037. This was offset by recovery of prior charge-offs of $377,353. Delinquency to Total Loans ratio at year-end was .96%. The loan activity of the Credit Union was in compliance with guidelines and policies.

VOLUNTEER ELECTION RESULTS

Tyler Vredevoogd, Nominating Committee Chair

Paper ballots were distributed with the mailed year-end account statements and electronic ballots were emailed to those with e-statements, providing an opportunity for every member to vote for candidates to serve on the volunteer Board of Directors. There were approximately 350 ballots cast and Amanda Bishop and Michael LaBarge were elected to three-year terms.

Skyward Credit Union

Five Year Highlights

2018		2023
16,304	Members	20,361
12,507	Loans to Members	14,160
.98%	Return on Assets	-.20%

Skyward, Loan, Share and Asset Growth

