

2021 Annual Report



CREDIT UNION
OF
COLORADO®

Board of Directors' Report

Dr. Will Fleckenstein, Chairperson

The strategic focus of the Credit Union of Colorado Board of Directors is to maintain current value while continuously looking forward and exploring innovations and opportunities to enhance member experience. Throughout a year of ongoing challenges, one thing remained consistent—our commitment to delivering value and meeting the needs of our members.

The Board met our objectives and helped our members continue to navigate the COVID-19 environment and the hardships brought on by the wildfires in Boulder County. Because of these challenges, many of our members required assistance with immediate financial needs. Staying true to the heart of the credit union's mission—we were here to help and worked with management and employees to take care of our members. We became aware that one of our members was a fatality in the Table Mesa King Soopers tragedy. We were able to support the family through the event and afterward.

Through the ups and downs of the last year, Credit Union of Colorado continued to perform well—helping our members face financial obstacles head-on by providing continued stability and support. As a result, the credit union remains fiscally sound and stable and is thankful for the continued opportunity to serve our members.

Member Satisfaction

- Our high member satisfaction rates illustrate our commitment to members. In 2021, 95.7% of our members reported being very satisfied or satisfied with the overall service they received from the credit union.
- We are proud to have one of the lowest member attrition rates in the industry. According to the most recent survey results, 82% of our current members plan to remain members for life.
- Our membership grew at a rate of 3.08% in 2021.

Community Outreach

As a credit union, we are deeply connected to the communities where our members and employees live, work and play. Our here to help culture is demonstrated by our strong, hands-on approach to community support. From the statewide reach of our Foundation to local sponsorships and initiatives, we aim to give back in meaningful and productive ways. We also support giving back locally by granting our team members paid time off for personal volunteerism. Every day, our team members live out our shared commitment to giving back and doing good.

Despite the continued effects of the COVID-19 pandemic, this year we returned to more traditional involvement in community-related events and made a considerable impact through our third annual Here to Help (H2H) Day in addition to other volunteer and fundraising efforts. Our commitment to our members and communities we serve also extended to those impacted by the Marshall and Middle Fork fires in Boulder County.

Being a part of the community also means protecting the places our members, teammates and families call home. In 2021, we also took action to protect the environment—a cause that is important to our team and our members. Through REVERB's Music Climate Revolution campaign, we leveraged social media to raise awareness and funds in support of Colorado's Medford Spring Grasslands Conservation project located in southeastern Colorado. The preservation of this unique habitat will prevent an estimated 190,000 tonnes of carbon dioxide from entering the atmosphere over the next 50 years. This is the equivalent of almost 208 million pounds of coal burned.

Volunteering and Fundraising

- We participated in 36 community outreach events.
- We safely held H2H Day in October. 172 employees volunteered a total of 665 hours with 18 nonprofit partner organizations throughout the state — doing good work in the communities we serve. The credit union contributed \$24,000 in cash and in-kind donations to support H2H Day.
- Employees donated 484 community outreach hours for credit union-coordinated events and used 284 volunteer time off hours for personal volunteerism.
- \$6,600 was raised through various organizational fundraisers and just over \$17,700 in cash and in-kind donations were made to numerous organizations.

Credit Union of Colorado Foundation

- In 2021, 7,084 members joined our Foundation.
- More than \$197,000 was awarded in grants and scholarships to the people and communities we serve.
- The Foundation supported those affected by the wildfires through a donation of \$25,000 to the Boulder County Wildfire Fund. The Foundation also provided \$3,000 in grants to impacted members.

Credit Officer's Report

Chad Wilcox, Senior VP of Lending/Credit Officer

Many of our members experienced economic hardships this past year. Thanks to our member-focused team, we were here to help by assisting with our members' lending needs and providing financial support. This included granting mortgage forbearances, emergency pandemic loans and additional skip-a-pay options—a program where qualified members were permitted to skip up to two payments on certain loans, such as auto loans and credit cards.

- We funded 18,630 total loans in 2021.
- Loans grew at 7.4% or \$86.4 million in 2021.
- We assisted 5,954 members with skip-a-pay options during the continued pandemic.
- Home financing assistance of \$403.6 million was provided to 2,361 members.

Treasurer's Report

Dann Milne, Ph.D., Secretary/Treasurer

Every year we expect to weather ups and downs on the economic front. This past year was no different. The economic climate in our state made a strong recovery in 2021 as COVID-19 vaccines became available and many Coloradans were able to return to work.

The credit union was well positioned to manage the economic ups and downs of 2021. We remained focused on the big picture and kept our member's financial needs at the forefront. The credit union sustained steady growth on all fronts including substantial increases in our deposits and loans. We also maintained a desirable mix of products and services that allowed us to serve our diverse membership.

Key Financial Highlights

- We had more than \$2.3 billion assets at the end of 2021.
- We offered \$662.5 million in loans to our members.
- Deposits grew at 17.8%.
- Loans grew at 7.4% or \$86.4 million.
- Net loan charge-offs were 0.15% of average loans.
- Our return on assets was 0.54%.

FINANCIAL HIGHLIGHTS			
	2021	2020	% Change
Members:	147,722	143,306	3.08%
Deposits:	\$2.09 billion	\$1.77 billion	17.8%
Loans:	\$1.25 billion	\$1.16 billion	7.4%
Net Income:	\$11.67 million	\$10.43 million	11.8%
Net Charge-offs:	0.15%	0.32%	-0.53%
Total Assets:	\$2.32 billion	\$1.99 billion	16.41%

Supervisory Committee Report

Ron Hinton, Chairperson

The credit union's supervisory committee ensures that Credit Union of Colorado's policies, procedures and reporting meet both regulatory requirements as well as the needs of our members. We're pleased to report that we are in compliance with all regulatory requirements, having once again earned the highest regulatory rating possible. Thank you to our management team and our Internal Audit Department for their important work to ensure our success. We also acknowledge the important contribution of our external CPA firm, Holben Hay Lake Balzer (a division of Singer-Lewak). This team of professionals makes sure we meet the voluminous requirements placed on financial institutions while protecting the interests of our member shareholders at all times.

Management Report

Terry Leis, President/CEO

We were here to help our members weather the turbulence that continued to affect everyone's lives over the past year. Together we traversed the ever-changing COVID-19 landscape, a fragile economy with spikes in unemployment rates, and unforeseen disasters such as the wildfires in Boulder County.

In the face of so many challenges, the health and safety of our members and employees is always our top priority. Our team worked hard to ensure members could continue to seamlessly manage their accounts, apply for credit cards and loans, and conduct financial transactions smoothly and without interruption. This included reviewing and increasing our digital offerings to make financial transactions as easy as possible. In addition to providing our members with the convenience of digital banking and remote check deposit, we now also offer access to Zelle® a fast, safe and easy way to send money right from a member's mobile banking app or online banking account.

We also looked for ways to help members who were coping with financial hardships. Listening and getting to know their unique situations enabled us to take a personalized approach to our members' financial needs.

In October, the credit union celebrated the grand opening of a new full-service Broomfield branch, featuring a lobby service center, safe deposit boxes, drive-up tellers and a surcharge-free drive-up ATM. The credit union's presence in Broomfield reflects our growing membership base in the community. We're excited that this new location is available to serve members in the northern metro area. While many of our members enjoy the convenience of our digital banking services, banking face-to-face allows us to build strong, trustworthy relationships with our members. Showcasing our commitment to the communities we serve, the credit union donated to Broomfield FISH, a local organization dedicated to feeding families in the area, in conjunction with the grand opening.

The credit union broke ground on its new corporate headquarters in December. Located in Denver's Central Park neighborhood, the new headquarters will provide more space for our growing workforce and position the credit union strategically for growth and expanded services.

- The new headquarters is expected to open in the first quarter of 2023.
- The location will also include a full-service branch with drive-up and ATM services.
- The building will be energy efficient and follow best practices in environmental construction.
- We will continue to operate our branch near the state capitol in downtown Denver while the new headquarters is being completed. Once the new headquarters is open, the credit union will continue to maintain a downtown presence to serve our members.

A Special Thank You

We would like to thank all of our valued employees who helped Credit Union of Colorado grow and who provided excellent member service throughout 2021.

2021 Credit Union of Colorado Officials

Board of Directors:

Dr. Will Fleckenstein, Chairperson
JoAnn Vondracek, Vice Chairperson
Dann Milne, Ph.D., Secretary/Treasurer
Judy Abercrombie, Director
John Brantley, Director
Cindy DeGroen, Director
Joe Montoya, Director
Wendell Pryor, Director
Cynthia Thayer, Director
Russ VanNostrand, Director
Lloyd Wicke, Director
Stephan Schweissing, Advisory Board Member

Supervisory Committee:

Ron Hinton, Chairperson
Marilyn North, Secretary
Gabe Hesse, Member
Jeff Romeo, Member
Jing Ye, Member

Contact

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Statement of Financial Condition (unaudited)

	2021	2020
Loans	\$1,252,764,955	\$1,166,400,370
Loans in Process	\$71,812	\$486,947
Deferred Net Loan Origination Costs	\$7,933,039	\$2,536,461
Allowance for Loan Losses	(\$3,554,106)	(\$6,136,068)
Total Loans, Net	\$1,257,215,700	\$1,163,287,710
Other Assets Held For Sale	\$285,648	\$275,350
Other Real Estate Owned	\$0	\$0
Cash	\$11,540,346	\$13,039,591
Investments	\$936,719,646	\$721,790,197
Fixed Assets	\$39,054,227	\$30,083,081
Other Assets	\$75,892,273	\$65,129,638
TOTAL ASSETS	\$2,320,707,840	\$1,993,605,567
Notes Payable	\$0	\$0
Other Liabilities	\$21,092,571	\$20,542,953
Shares	\$779,303,970	\$654,604,846
Money Market	\$545,586,826	\$444,078,040
IRA/HSA Shares	\$34,152,900	\$34,639,301
Checking	\$503,093,933	\$424,392,842
Certificates	\$225,028,052	\$213,824,279
Total Deposits	\$2,087,165,681	\$1,771,539,308
Regular Reserves	\$15,465,739	\$15,465,739
Retained Earnings - Business Combinations	\$6,758,780	\$6,758,780
Gains - Business Combinations	\$1,245,123	\$1,245,123
Undivided Earnings	\$187,925,468	\$176,258,541
Unrealized Gain (Loss)	\$1,054,478	\$1,795,123
Total Equity	\$212,449,588	\$201,523,306
TOTAL LIABILITIES & EQUITY	\$2,320,707,840	\$1,993,605,567

Statement of Income and Expenses (unaudited)

	2021	2020
Loan Interest	\$52,342,296	\$55,441,810
Net Loan Origination Costs	(\$3,485,381)	(\$3,165,473)
Investment Income	\$5,235,661	\$5,932,248
TOTAL INTEREST INCOME	\$54,092,576	\$58,208,585
Interest on Borrowed Money	\$1,061,153	\$583,062
Deposit Dividends	\$4,426,973	\$5,903,898
TOTAL COST OF FUNDS	\$5,488,126	\$6,486,960
NET INTEREST INCOME	\$48,604,450	\$51,721,625
Fee Income	\$5,970,904	\$5,486,809
Other Income	\$18,267,857	\$16,243,195
TOTAL NON-INTEREST INCOME	\$24,238,761	\$21,730,004
Salaries and Benefits	\$35,611,740	\$33,773,040
Conferences and Training	\$492,310	\$485,504
Office Occupancy	\$5,490,040	\$5,090,406
Office Operations	\$2,813,208	\$2,864,619
Marketing	\$2,004,036	\$1,710,645
Technology	\$7,822,659	\$6,133,473
Loan Servicing	\$1,988,126	\$1,767,457
Professional/Outside Services	\$3,347,069	\$3,815,827
Insurance	\$383,175	\$374,251
Plastic Cards	\$6,268,910	\$6,089,469
Payment Processing	\$725,330	\$887,409
Loan Origination Costs	(\$1,092,463)	(\$989,036)
Miscellaneous Operating Expenses	\$433,462	\$413,235
TOTAL OPERATING EXPENSES	\$66,287,602	\$62,416,299
Provision for Loan Loss	(\$733,470)	\$5,713,193
Gain (Loss) on Disposition of Assets	\$4,377,848	\$5,111,867
NET INCOME	\$11,666,927	\$10,434,004