
SPACE AGE FEDERAL CREDIT UNION

2014

ANNUAL REPORT



CONTENTS

Space Age Federal Credit Union | 2014 Annual Report

Meeting Agenda

- I. Call Business Meeting to Order
- II. Appoint Parliamentarian
- III. Ascertain that a Quorum is Present
- IV. Reading and Approval of Minutes from Previous Annual Meeting Dated May 17, 2014
- V. Reports
- VI. Unfinished Business
- VI. Call for New Business
- VI. Elections
- VI. Adjournment of Business Meeting

May 9, 2015
Downtown Aquarium
700 Water Street
Denver, CO 80211

Annual Meeting Minutes 2

Chairman and President's Report 4

Supervisory Committee Report 6

Treasurer's Report 7

Financial Report 8

Board of Directors 12

Supervisory Committee 14

Member Feedback 15

MINUTES

Minutes of the Space Age Federal Credit Union 62nd Annual Meeting Saturday, May 17, 2014

Welcome

Rick Koebert welcomed the attendees of the 62nd Annual Meeting of Space Age Federal Credit Union. He introduced the credit union's special guests: Mrs. Michelle Blackmon; Mr. Jim Chapin; Mrs. Lee Chapin; Chris Kemm, Mountain West Credit Union Association; Ms. Angela Rogers, Rocky Mountain Human Services; Mr. and Mrs. Norm Ruter; Mr. Kevin Stoffel, Synergetic Systems; Mr. Al Weider; Mrs. Cathy Weider; Mr. Bob Wilson, Berenbaum Weinshienk, P.C.; Mrs. Joan Wood; Mr. Bob Zitnik; Steve Bouras, First Mortgages; Bryan Ottaviano, First Mortgages; Benjamin Martin, First Mortgages; Matthew Morrison, Steele's Cycle; Rashad Younger, Liberty Mutual Insurance; and Victoria Stone, Automotive Avenues.

Mr. Koebert then recognized the Board of Directors and Supervisory Committee members present, being: Mr. Tom Wittman, Mrs. Deborah Los, Mr. Sam Doutrich III, Mr. Mike Thompson, and Mr. Sam Searcy from the Board of Directors; and Ms. Lois Tilley, Mr. Richard Sall, and Mr. Tarro McCray from the Supervisory Committee.

Convened

Space Age Federal Credit Union's 62nd Annual Meeting was held at the Balistreri Vineyards, Denver, Colorado on Saturday, May 17, 2014. In accordance with Article 5 of the Bylaws, the Business Meeting was called to order by Rick Koebert at 10:05 a.m.

Appointment of Parliamentarian

Rick Koebert appointed Mr. Bob Wilson as Parliamentarian for the Annual Meeting.

Ascertainment of Quorum

Rick Koebert stated that with over 200 people in attendance, a quorum was present.

Approval of Annual Meeting Minutes, May 11, 2013

A motion was made to dispense with the reading of the minutes and to approve them as presented. The motion was seconded and carried.

Reports

Rick Koebert thanked all those in attendance for coming to Space Age's 62nd Annual Meeting. He stated the credit union continues to do well which would be highlighted by the President in his report. He stated that there was concern over the longevity of Space Age FCU when the Defense Finance Accounting Service (DFAS) - Denver Center closed in March 2010. He told the membership that he was pleased that assets have increased from \$102.2 million to \$103.6 million from March 31, 2010 to December 31, 2013. He stated that loans have increased 10% over the same period of time, the number of loans have increased 10%, net worth has increased 17%, and delinquency and charge offs have reduced far below the level of peer statistics. He stated that the membership should be pleased that the credit union continues to grow in these major categories since the closure of DFAS-Denver Center. He then introduced John Uchida, President of Space Age FCU.

Mr. Uchida thanked Mr. Koebert for the introduction and thanked the members for attending the 62nd annual meeting. He began by saying that the annual meeting has been an integral part of illustrating what a credit union is to its members. He said that while banks have never had this type of meeting and some credit unions have minimized the process, Space Age has always believed in having a forum where members can gather to share their views about the credit union. Financially, he stated that the credit union attained \$103.6 million in assets as of December 31, 2013, net worth increased from 8.16% in 2012 to 8.66% in 2013. He reiterated what Mr. Koebert stated in that delinquency and charge offs are far below peer average. Furthermore, he said that utilizing a third-party, Space Age attained 98% member satisfaction in 2013. When Space Age began this process in 1998, the satisfaction ratio was 88%. The credit union is pleased that we have continued to put member service as one of

Space Age has always believed in having a forum where members can gather to share their views about the credit union.

our major focal points for our credit union. He also stated that the phone system was upgraded in 2013 to better serve the members. Mr. Uchida stated that youth has been a heavy focus for Space Age for many years. His wish is that the youth that are being brought into the credit union will be in attendance at Space Age's annual meeting 62 years from now due to the efforts that are currently being done. He highlighted the 2013 Kid's Day wherein 137 members showed up at the credit union to learn about Space Age and experience some educational and fun activities. He said for 2014, the event is slated to be even bigger with commitments from the Aurora Police Department and the Aurora Fire Department to have a presence there to educate our youth. He stated that without the important youth demographic at Space Age, the average age of members would rise from 46 years of age to 49 years of age. Furthermore, Mr. Uchida stated that remaining active in our communities is also an important focus of Space Age. He stated that the credit union truly enjoys its relationship with the AFAFC/DFAS Retirees organization. He stated that the relationship with the Interior Business Center has also been very beneficial.

Space Age also continues to be focused on the Lowry Community by providing tutoring and financial literacy to Lowry Elementary School. He highlighted the social responsibility activity in 2013 working with FireFly Autism where Space Age members raised funds and materials for the support of education to youth affected by autism. This effort brought forth the Dora Maxwell Award at the state level. He then recognized the importance of business partners and recognized Todd Dussex, LPL; Benjamin Martin, First Mortgages; and Rashad Younger, Liberty Mutual. He stated that working with organizations that provide superior service to our members is critical to remaining a primary financial institution for our members. He then recognized the Volunteers for their excellent work and dedicated time. He stated the Board members of Space Age carry the same liability as bank board members. However, they volunteer their time and are not compensated. He then asked the staff to stand to be recognized. He said that these are the individuals that provide the excellent work, time and dedication to providing the superior service that members receive.

He closed by stating that Space Age in 2014 is looking to continue to provide new products and services that members expect. He then detailed the fact that the lease at the current location at Village on the Park is expiring in 2016 and the credit union is actively looking for potential new locations. He stated that the demographics of the membership have shifted from where Space Age lies today to a more southeast direction. He said that the Board and Management are looking for alternatives to assure that members will be served in the same excellent manner. He thanked the members once again for being at the annual meeting. Rick Koebert thanked John Uchida for his report. He then said both the Supervisory Committee Report and Treasurer's Report are located within the annual report for review. After which, a motion was made and seconded to accept all the reports as presented.

Unfinished Business

Rick Koebert stated that the agenda contained no unfinished business.

New Business

Rick Koebert called to the membership for any new business. There was none.

Election Results

Rick Koebert stated that LC Williams, Jason White, and Carl S. Miller submitted their names to the Secretary for recommendation and they were each elected for a 3-year term.

Adjournment

There being no further business, the meeting was adjourned at 10:35 a.m.

***Rick Koebert, Board Member
Ann Franklin, Secretary***

2014 CHAIRMAN AND PRESIDENT'S REPORT

LC Williams & John Uchida



LC Williams
Chairman

Welcome

Welcome to Space Age Federal Credit Union's 63rd Annual Meeting. We are pleased that we have been able to serve over 14,500 members for over sixty years. Second, thank you for allowing us to be part of your lives. We know how important your finances are and are proud and humbled that you have included us for this important aspect of life. Your commitment to Space Age, and the Credit Union Movement in general, are the reasons we continue to thrive as a sound financial institution.

2014 Financial Highlights

2014 was another successful year for Space Age. Assets grew to \$107.2 million. The net worth ratio remained stable at 8.55%. Delinquent loans ended at .40%, and charge offs ended at .27% for the year, which are significantly better than the peer ratio of .94% and .44% respectively. Net loans grew in 2014 from \$76.7 million to \$82.3 million over 2013. As of December 31, 2014, our allowance for loan loss account had 134% over the amount of delinquent loans, which means that Space Age is conservative in the calculation of potential losses. Our solid financial condition was also verified by both, the National Credit Union Administration and Petersen & Associates, Certified Public Accountants, our auditing firm who gave an unmodified (unqualified) or "clean" opinion on our financial statements and high praise for our asset liability management.

Working to Serve Our Members

Space Age remained committed to active community participation in 2014 in many areas of focus. Specifically, we participated in several functions at Interior Business Center, Lowry Elementary, Vanguard Elementary, the Children's Miracle Marathon and the AFAFC/DFAS Retirees organization. We also performed fund raising for the Aurora Police Department's Victim Advocacy's unit by renovating the room they use to comfort victims and their families. Space Age also provided shoes from our membership and staff, to Soulmate, to assist those in need. Within our many Select Employee Groups, Space Age was represented in 35 events in 2014.

*We appreciate your membership and thank you
for being part of the Space Age family!*

Commitment to Our Youth

In 2014, Space Age stayed on the path to get young members to be part of our family long-term. We know that the successful future of our financial institution is to encourage young members to join and provide them the same level of excellent service provided to their parents and grandparents. In 2014, almost 200 new young members joined our credit union. We also continued our Kids Day at Space Age and had over 160 people attend the event. In addition, we started a program to encourage the entrepreneurial spirit of youth by offering small business loans to promote their ideas (parent approved, of course). The culmination of our efforts resulted in almost 200 new young members joining and becoming part of the Space Age family.

Thanks to the Team at Space Age

We are fortunate and grateful for the incredible amount of dedication, energy, and time given by our Board of Directors and Supervisory Committee. It is their commitment and leadership that perpetuates our credit union. They volunteer their time, talents, and expertise throughout the year without compensation. This component is the absolute root of what differentiates credit unions and banks. Excellence is its own reward! Additionally, the Staff at Space Age is a team of dedicated professionals who are focused on serving our members and solving challenges that they may have within their financial lives. Their knowledge, commitment and successful execution are the fuel to the engine that drives Space Age's exceptional performance during good or difficult economic conditions.

2015

2015 is already off to a fast start and promises to be an exciting and challenging year for Space Age. We are working on a myriad of projects and products to meet the financial needs of our membership for today and far into the future. Membership is a choice and we thank you for choosing and remaining great members at Space Age. We both remain available if you ever want to share your ideas on how we can better serve your current and future needs. We appreciate your membership and thank you for being part of the Space Age family!



John Uchida
President

2014 SUPERVISORY COMMITTEE REPORT

Terrie Smigiel



Terrie Smigiel
Supervisory Committee Chairman

With the assistance of the Board of Directors, the President, the Senior Management Team, and independent auditors, the Supervisory Committee ensures that the Credit Union's assets are safeguarded by upholding procedures that comply with Generally Accepted Accounting Principles. The Committee independently evaluates the strength and soundness of Space Age's operations and activities, and is responsible for ensuring that Space Age's audited financial statements provide a fair and accurate representation of the financial condition of the Credit Union.

Our independent auditors, the public accounting firm of Petersen & Associates, Certified Public Accountants, conducted a comprehensive opinion audit of Space Age's financial statements for the period ending on September 30, 2014 and the related statements of income, changes in retained earnings, and cash flow for the year. They returned a detailed report to the Board of Directors, which confirmed that the Credit Union's financial statements fairly represent the financial position of Space Age and conform to Generally Accepted Accounting Principles.

In addition to our independent auditors, Space Age retained the Texas Credit Union League Resources Department, CU Resources, to perform three internal reviews throughout the year. These are ongoing reviews to ensure that the Credit Union's policies and procedures are being followed and quality internal controls are in place. After each review, CU Resources provided a detailed report to the Supervisory Committee, the Board of Directors, and the Senior Management Team.

The National Credit Union Administration (NCUA), which is the regulatory agency for all federally-chartered credit unions nationwide, also performs periodic supervisory examinations. The last examination performed was as of September 30, 2014. Based on this examination, they provided a report confirming that Space Age is prudently managed and is a financially sound institution.

Based on the results of the opinion audit, the internal reviews, and the NCUA supervisory examination, as well as the internal control work that the Committee performs on a regular basis, it is the opinion of the Supervisory Committee that Space Age Federal Credit Union continues to be financially strong and well-managed, with sound policies and programs. Space Age Federal Credit Union is in compliance with the Credit Union's bylaws and applicable federal laws and regulations.

In closing, the Supervisory Committee is here to serve as your personal advocate, determined to provide you with the highest quality of member service. We are proud to offer you a safe and sound environment to conduct your financial business, and look forward to continuing to serve you in the future.

2014 TREASURER'S REPORT

Carl S. Miller

We are pleased to report that despite the current challenging economic environment, Space Age continues to remain a safe and sound financial institution, and we are thankful for your continued trust and belief in the Credit Union.

Total assets exceeded \$107 million for 2014. As a result of strong member relationships, increased operational efficiencies, and a strong net worth, Space Age continued to strengthen reserves while providing the innovative products and services that our members needed.

Space Age ended the year with a net income of \$203,920 which further helped to strengthen the credit union's retained capital and overall financial position. Space Age's delinquent loan ratio ended the year at 0.40%, far less than the peer average of similar sized credit unions. Additionally, Space Age was very successful in keeping operating costs low, while maintaining competitive loan and deposit rates for our members.

In 2014, net worth remained strong, ending the year at 8.55%. Net worth is a key measure of financial safety and soundness for credit unions, and a ratio of 7.00% or higher identifies a credit union as well-capitalized. The Credit Union's solid net worth ratio was due to strong earnings on the loan portfolio, and a strong asset liability management program.

With interest rates at historically low levels, gross income still exceeded \$5.4 million. Our independent auditors, Petersen & Associates, Certified Public Accountants, also issued another "unqualified" or clean audit opinion of Space Age in 2014. The National Credit Union Administration reviewed our financial condition and found it sound as well.

The Space Age Board of Directors and Management Team remain optimistic as we look forward to continuing to take on the challenges and opportunities of 2015. As we look to the future, Space Age will continue to implement ways to meet the needs of our members while staying focused on growing net worth and improving overall operational efficiencies. This will allow us to continue to strengthen our solid foundation and ensure we are here for our members for years to come.

We thank you, our member-owners, for your continued loyalty to YOUR Credit Union. Your trust in Space Age as your primary financial institution is vital to our continued growth and success. Please do not hesitate to let us know how we can better meet your saving and borrowing needs.



Carl S. Miller
Treasurer

2014 FINANCIAL REPORT

Balance Sheet (Unaudited)

Assets	December 31, 2014
Loans to Members	\$82,320,826
Less: Allowance for Loan Losses	(\$448,775)
Cash	\$287,794
Investments	\$22,134,327
Accrued Income Receivable	\$353,095
Other Receivables	\$123,255
Prepaid Expenses	\$166,100
NCUA Insurance Fund Deposit	\$943,731
Furniture and Equipment (Net of Depreciation)	\$650,510
Leasehold Improvements (Net)	\$32,960
Other Assets	\$682,994
Total Assets	\$107,246,817
Liabilities and Members' Equity	
Liabilities	
Accounts and Taxes Payable	\$59,553
Accrued Expenses and Other Liabilities	\$625,464
Members' Equity	
Share Accounts	\$34,874,857
Share Draft Accounts	\$16,606,777
Holiday Club Accounts	\$180,122
Share Certificate and IRA Accounts	\$26,011,707
Money Market Accounts	\$19,715,342
Undivided Earnings	\$7,478,227
Regular Reserve	\$1,694,768
Total Liabilities and Members' Equity	\$107,246,817

The accompanying notes are an integral part of these financial statements.

2014 FINANCIAL REPORT

Statement of Income and Changes in Undivided Earnings (Unaudited)

Income for the Year End	December 31, 2014
Income	
Interest on Loans	\$4,062,684
Interest on Investments	\$58,465
Miscellaneous Operating Income	\$1,300,467
Total Income	\$5,421,616
Expenses	
Employee Compensation	\$1,909,619
Employee Benefits	\$645,564
Travel and Conferences	\$32,174
Association Dues	\$31,129
Office Occupancy	\$324,468
Office Operations	\$738,239
Education and Promotion	\$117,336
Loan Servicing	\$213,502
Professional and Outside Services	\$661,425
Share Insurance	\$0
Members' Insurance	\$24,000
Federal Supervision Fees	\$19,114
Annual Meeting Expense	\$8,700
Miscellaneous Operating Expense	\$104,335
Total Operating Expenses	\$4,829,605
Provision for Loan Losses	\$194,000
Other Loss (Gain)	(\$37,344)
Income (Loss) from Operations	\$435,355
Dividends Paid to Members	\$231,435
Interest on Borrowed Funds	\$0
Net Income (Loss)	\$203,920
Changes in Undivided Earnings	
Balance January 1, 2014	\$7,274,307
Net Income (Loss)	\$203,920
Balance December 31, 2014	\$7,478,227

The accompanying notes are an integral part of these financial statements.

2014 FINANCIAL REPORT

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Loans to Members and Allowance for Loan Losses

Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. The allowance for loan losses is established through a provision for loan losses charged to expenses. Loans are charged against the allowance for loan losses when Management and the Board believe that the collectability of the principal is unlikely. The allowance is an amount that Management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on the pooling method of evaluation that utilizes a 24 month rolling average of specific loan pools and losses associated with each pool. The accrual of interest on loans is discontinued when payments become two months delinquent.

Investments

Investments are stated at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized as adjustments to interest income on investments. Gains and losses on disposition are based on the net proceeds and the adjusted carrying amount of the investments sold, using the specific identification method. The majority of investments are in United States Treasury Bills and certificates of deposit at federally insured financial institutions.

Furniture and Equipment

Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Dividends

Dividends to members on various types of share accounts are paid at various rates and are shown as a reduction to net income. Dividend rates are set by the Board of Directors and the Asset Liability Committee, based on an evaluation of current and future market conditions and available earnings.

Note 2. Income Taxes

The Credit Union is exempt from Federal taxes under the provisions of the Federal Credit Union Act.

Note 3. Pension Plan

The Credit Union has a 401(k) retirement plan which covers all eligible employees. The Credit Union funds pension costs on a current basis.

Note 4. Share Insurance

The National Credit Union Administration (NCUA) insures Credit Union accounts up to \$250,000. Certain retirement accounts are separately insured up to \$250,000. The NCUA Share Insurance Fund requires the Credit Union to maintain a deposit with NCUA.

2014 FINANCIAL REPORT

Notes to Financial Statements (Continued)

Note 5. Lease

The Credit Union is committed to a lease on the main office building in Aurora, Colorado. The lease expires on January 31, 2016. The lease is appropriately accounted for as an operating lease. The lease contains clauses whereby the Credit Union is responsible for common area maintenance and other related expenses.

Note 6. Line of Credit

The Credit Union has a \$7,800,000 line of credit agreement with Corporate America Credit Union. No borrowings were outstanding at December 31, 2014.

Note 7. Loans to Members

The Composition of Loans to Members is as follows:

Year Ended December 31, 2014

Automobile	\$64,937,765
Mortgage	\$9,592,687
Unsecured	\$7,625,940
Share and Certificate Secured	\$164,434
Total Loans	\$82,320,826
Less: Allowance for Loan Losses	(\$448,775)
Net Loans	\$81,872,051

A Summary of Changes in the Allowance for Loan Losses is as follows:

Year Ended December 31, 2014

Balance: Beginning of Year	\$482,203
Provision Charged to Operations	\$194,000
Loans Charged Off	(\$319,081)
Recoveries	\$91,653
Balance: End of Year	\$448,775

2014 BOARD OF DIRECTORS



LC Williams
Chairman | 14 Years of Service



Jason White
Vice Chairman | 5 Years of Service



Ann Franklin
Secretary | 10 Years of Service



Carl S. Miller
Treasurer | 13 Years of Service



Tom Wittman
Assistant Secretary | 20 Years of Service



Deborah Los
Assistant Treasurer | 14 Years of Service

2014 BOARD OF DIRECTORS



Richard Koebert
Director | 23 Years of Service



Michael Thompson
Director | 15 Years of Service



Samuel Doutrich III
Director | 8 Years of Service



Sam Searcy
Associate Director | 3 Years of Service

2014 SUPERVISORY COMMITTEE



Terrie Smigiel
Chairman | 7 Years of Service



Lois Tilley
Committee Member | 4 Years of Service



Michael Smigiel
Committee Member | 3 Years of Service



Richard Sall
Committee Member | 2 Years of Service



Tarro A. McCray
Committee Member | 1 Year of Service

MEMBER FEEDBACK

"I love my credit union because anytime I have an issue or need advice they help me out. I also like the fact that I can talk to the manager. If I have an issue he is willing to do whatever he can to help out."

- Diana S., Member since 2007

"All of my interactions over the years with Space Age staff have been great - even when I was not! Always friendly, courteous and provided answers [through the telephone center]."

- Vicky W., Member since 1984

"[The staff] all have been friendly and helpful. A smile from a staff member is always helpful to feel comfortable."

- John E., Member since 2001

"I am a customer service fanatic and I really enjoy my experience at Space Age every time I enter the building. Kudos Space Age!!! Keep doing what you do."

- Dr. Vera B., Member since 1986

THANK YOU TO OUR PARTNERS

