

Space Age
Federal Credit Union
2015 Annual Report



Welcome

64th Annual Meeting · Saturday, May 14, 2016

White Fence Farm

6263 W Jewell Ave, Lakewood, CO 80232

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 9, 2015
- V. Reports
 - i. Chairman's Report
 - ii. President's Report
 - ii. Supervisory Committee Report
 - iii. Treasurer's Report
- VI. Unfinished Business
- VII. Call for New Business
- VIII. Elections
- IX. Adjournment of Business Meeting





2015 Annual Meeting Minutes

63rd Annual Meeting • Saturday, May 9, 2015

Welcome

Rick Koebert welcomed the attendees of the 63rd Annual Meeting of Space Age Federal Credit Union.

Convened

Space Age Federal Credit Union's 63rd Annual Meeting was held at the Denver Aquarium, Denver, Colorado on Saturday, May 9, 2015. In accordance with Article 5 of the Bylaws, the Business Meeting was called to order by Rick Koebert at 11:50 a.m.

Reports

Rick Koebert thanked all of those in attendance for Space Age's 63rd Annual Meeting. Mr. Koebert then recognized the Board of Directors and Supervisory Committee members present. He stated the credit union continues to grow and thrive. He said that as of December 31, 2014, the credit union assets raised to a high of \$107 million. He also stated that the credit union continues to loan money to its members and with \$82 million in loans, Space Age's loan to share ratio is much higher than peer. He also said that Space Age currently has 14,500 members which illustrates that the credit union continues to maintain and increase members. He stated when considering the fact that the Defense Finance Accounting Service (DFAS) - Denver Center, followed by the Air Reserve Personnel Center, closed five years ago, that the credit union continues to thrive. He also stated that Space Age is currently investigating alternate locations to move by 2016 due to the fact that the owner of the Village on the Park shopping center wishes to demolish the building that Space Age is in. He stated that it would be too early to discuss the new potential location. However, it is in close proximity to the current location. 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 63rd annual meeting. He stated that he was pleasantly surprised by the number of young people at this event and believes that the annual meeting is an important event for credit union members to come together and visit and talk about credit union issues and rekindle old friendships. He stated that in 2014, Space Age's assets grew to \$107.2 million, net worth ratio ended at 8.55%, delinquent loans at .40% and charge offs at .27% for the year. The President then recognized individuals who represent Space Age partnerships. He introduced Todd Dussex, LPL, and stated that he has been a partner of Space Age for several years. He then recognized Rashad Younger, Liberty Mutual, who also is in the credit union on a weekly basis to assist members in their insurance needs. He then recognized John Wyckoff, Space Age's

Appointment of Parliamentarian

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

Ascertainment of Quorum

Rick Koebert stated that with 230 people in attendance, a quorum was present.

Approval of Annual Meeting Minutes, May 17, 2014

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

security specialist, and stated that Mr. Wyckoff's partnership is the education of staff and volunteers on security issues at the credit union. He stated that he does one on one orientations with all new employees and attends the monthly staff meetings to ensure the staff is knowledgeable of current events in regards to robberies and security. He then overviewed an event with a robber who was recently in the papers and news, and stated that this individual came into Space Age prior to his first robbery and was handled with such expertise that he left the credit union without attempting to rob it. The President recognized Scott Earl, President/CEO of the Mountain West Credit Union Association. He said that Scott and he have known each other for several years and that Scott is the leader of a multi-state trade organization. He then asked Board of Directors to stand and be recognized. After which, he stated that all of these individuals give their vision, time and dedication as a volunteer. He then asked the Supervisory Committee members to stand and be recognized. After which, he stated that these individuals are the watch dogs of the credit union and they are responsible for auditing the books to ensure the balance sheet reflects accurately to the financial condition of Space Age. He then asked the staff to stand up and be recognized. He stated that the staff is where the excellent service and reputation comes from. He stated that this group of individuals are the best that he can remember since becoming President at Space Age. He then stated that youth has been a very important part of Space Age's strategy and that several youth members have joined Space Age in the past several years to ensure the future viability of the credit union. He thanked the members for bringing in their kids and grandkids to be part of Space Age. He closed by thanking the members for their attendance and trust in Space Age. 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 Tom Wittman, Deborah Los, and Samuel Doutrich III submitted their names to the Secretary

for recommendation and they were each elected for a 3-year term. He then recognized Sam Searcy for his excellent work as an Associate Board of Director and stated that he will be reappointed for a 3-year term.

Adjournment

There being no further business, the meeting was adjourned at 12:25 p.m.

Respectfully Submitted

Rick Koebert	Ann Franklin
<i>Board Member</i>	<i>Secretary</i>

2015 Chairman and President's Report

LC Williams and John R. Uchida



Welcome

Welcome to Space Age Federal Credit Union's 64th Annual Meeting. Since the day we were chartered in 1952, Space Age has been a proud member-owned financial institution dedicated to serving our members. Today, our mission has not changed, and therefore Space Age Federal Credit Union's Mission Statement is "Our member-owned financial institution delivers world class products and services by a team of outstanding professionals" We take our mission very seriously, and thereby constantly evaluate ourselves throughout the year to ensure that we stay on task. We are pleased to say that our primary focus today, as first envisioned by our core sponsor group 64 years ago, is to provide our members an exceptional customer experience.

2015 Highlights

Financial

We are pleased to report that in 2015, Space Age's assets ended at \$113.33 million, net worth ended at 8.34%, delinquent loans at .51% and charge offs at .31%. Our strong financial position was verified by both our auditors Petersen & Associates, CPA's, and the National Credit Union Administration.

World Class Products and Services

In 2015, Space Age continued to focus on both improving current products and offering new products and services to our membership. Members can now open new accounts online, as well as, apply and get approved for a loan online in a matter of minutes. This platform was introduced in 2015 and member use continues to grow. In addition, we continue to have outstanding relationships with our financial planner Todd Dussex, LPL, and our first mortgage provider 1st Mortgages. Through our relationship with CUNA Mutual Group, a representative from Liberty Mutual is also present on a weekly basis at our branch.

Community Focused

In 2015, Space Age continued its efforts in working with numerous institutions in youth education. Space Age was represented at Lowry Elementary, Englewood High School, and Vanguard educating youth on the importance of savings. In addition, Space Age participated with our numerous other groups such as St. Pius X, Children's Miracle Network and the AFAFC/DFAS Retirees organization. Space Age also participated in 45 seminars and educational workshops during 2015.

Outstanding Professionals

Space Age has been blessed with Board of Directors who are participative, visionary and extremely committed. Through their expertise, Space Age has managed to grow into a \$113.33 million financial institution with almost 15,000 active members. In addition, the Supervisory Committee provides excellent oversight through the operations. However, nothing could be accomplished without an outstanding staff. The staff at Space Age continue to dedicate themselves to ensuring that quality member service is not just words but an everyday accomplishment. Together, we are proud to

serve you and realize that you have choices in whom you perform your business with.

Looking Forward to 2016

2016 will continue to be an exciting year for Space Age Federal Credit Union. We just accomplished the move to a new location at the Marketplace. We hope that you find our new branch as inviting and exciting as we do. Also in 2016, Space Age is migrating to a new and improved internet banking platform. This new platform will include the ability for Space Age members to take pictures of checks using the camera on their mobile phone, and deposit them remotely. It also includes an improvement to our bill payment system and the overall internet banking platform.

On a somber note, Space Age said farewell to one of its family members, Norm Ruter. Norm was the familiar voice in the phone center for over a decade. Members today still talk about Norm and the excellent service he provided.

Thank You

In closing, we wish to thank you, our members, for your patronage and continued support. We promise to remain focused and vigilant on our mission, ensuring that our credit union not only thrives into this century but continues to provide the same level of exceptional service you have experienced for the past 64 years.

Thank you,

LC Williams
Chairman

John R. Uchida
President

Our primary focus today, as first envisioned by our core sponsor group 64 years ago, is to provide our members an exceptional customer experience.



**We are proud to offer
you a safe and sound
environment to conduct
your financial business.**

2015 Supervisory Committee Report

Terrie Smigiel

The Supervisory Committee independently evaluates the strength and soundness of Space Age's operations and activities. With the support of the Board of Directors 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. They are also 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, 2015 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 Cornerstone Credit Union League Resources Department, CU Resources, to perform 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 annual supervisory examinations. The last examination performed was as of June 30, 2015. 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 policies and applicable state 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.

Terrie Smigiel
Chairman of The Supervisory Committee



2015 Treasurer's Report

Carl S. Miller



We thank you for your continued trust and belief in the Credit Union. We are pleased to report that Space Age continues to remain a safe and sound financial institution.

2015 Financial Review

Total assets exceeded \$113 million for 2015. 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 our members needed.

Space Age ended the year with a net income of \$283,368, 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 0.51%, 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 2015, net worth remained strong, ending the year at 8.34%. 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 \$5.8 million. Our independent auditors, Petersen & Associates, Certified Public Accountants, also issued another "unqualified" or clean audit opinion of Space Age in 2015. The National Credit Union Administration reviewed our financial condition and found it sound as well.

Looking to the Future

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 2016. 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



***As we look to the future,
Space Age will continue to
implement ways to meet
the needs of our members.***

A scenic view of a mountain range with a red barn and a wooden fence in the foreground. The mountains are rugged and covered in green forest, with some peaks partially obscured by white clouds. In the foreground, a wooden fence made of horizontal logs and vertical posts runs across the frame. Behind the fence is a large pile of brown hay or straw. In the background, a red barn with a white roof is visible, surrounded by green trees. The sky is blue with scattered white clouds.

*Thank you
for your
continued
trust and
belief in the
Credit Union.*

2015 Financial Report

Balance Sheet (Unaudited)

Assets	December 31, 2015
Loans to Members.....	\$88,029,694
Less: Allowance for Loan Losses.....	(\$369,912)
Cash.....	\$422,190
Investments.....	\$21,330,439
Accrued Income Receivable.....	\$360,879
Other Receivables.....	\$412,184
Prepaid Expenses.....	\$171,823
NCUA Insurance Fund Deposit.....	\$958,443
Furniture and Equipment (Net of Depreciation).....	\$1,019,448
Leasehold Improvements (Net).....	\$94,620
Other Assets.....	\$903,464
Total Assets.....	\$113,333,272

Liabilities and Members' Equity

Liabilities	
Payables and Other Liabilities.....	\$412,927

Members' Equity	
Share Accounts.....	\$37,395,688
Share Draft Accounts.....	\$18,950,663
Holiday Club Accounts.....	\$205,882
Share Certificate and IRA Accounts.....	\$24,686,701
Money Market Accounts.....	\$22,225,049
Undivided Earnings.....	\$7,761,594
Regular Reserve.....	\$1,694,768
Total Liabilities and Members' Equity.....	\$113,333,272

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

2015 Financial Report

Statement of Income and Changes in Undivided Earnings (Unaudited)

Income for the Year End	December 31, 2015
Income	
Interest on Loans.....	\$4,422,766
Interest on Investments.....	\$61,056
Miscellaneous Operating Income.....	\$1,323,840
Total Income.....	\$5,807,662
Expenses	
Employee Compensation.....	\$2,042,469
Employee Benefits.....	\$673,606
Travel and Conferences.....	\$47,963
Association Dues.....	\$31,677
Office Occupancy.....	\$327,654
Office Operations.....	\$729,743
Education and Promotion.....	\$123,962
Loan Servicing.....	\$252,348
Professional and Outside Services.....	\$741,057
Share Insurance.....	\$0
Members' Insurance.....	\$5,889
Federal Supervision Fees.....	\$19,616
Annual Meeting Expense.....	\$11,807
Miscellaneous Operating Expense.....	\$94,050
Total Operating Expenses.....	\$5,101,841
Provision for Loan Losses.....	\$204,000
Other Loss (Gain).....	(\$13,292)
Income (Loss) from Operations.....	\$515,113
Dividends Paid to Members.....	\$231,745
Interest on Borrowed Funds.....	\$0
Net Income (Loss).....	\$283,368

Changes in Undivided Earnings

Balance January 1, 2015.....	\$7,478,226
Net Income (Loss).....	\$283,368
Balance December 31, 2015.....	\$7,761,594

The accompanying notes are an integral part of these 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.

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, 2015.

Note 7. Loans to Members

The composition of loans to members is as follows:

YEAR ENDED DECEMBER 31, 2015	
Automobile.....	\$70,288,587
Mortgage.....	\$10,352,074
Unsecured.....	\$7,236,501
Share and Certificate Secured.....	\$152,532
Total Loans.....	\$88,029,694
Less: Allowance for Loan Losses.....	(\$369,912)
Net Loans.....	\$87,659,782

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

YEAR ENDED DECEMBER 31, 2015	
Balance: Beginning of Year.....	\$448,775
Provision Charged to Operations.....	\$204,000
Loans Charged Off.....	(\$373,661)
Recoveries.....	\$90,798
Balance: End of Year.....	\$369,912

2015 Board of Directors



LC WILLIAMS

*Chairman
15 Years of Service*



JASON WHITE

*Vice Chairman
6 Years of Service*



ANN FRANKLIN

*Secretary
11 Years of Service*



DEBORAH LOS

*Assistant Treasurer
15 Years of Service*



RICHARD KOEBERT

*Director
24 Years of Service*



CARL S. MILLER

*Treasurer
14 Years of Service*



TOM WITTMAN

*Assistant Secretary
21 Years of Service*



SAMUEL DOUTRICH III

*Director
9 Years of Service*



SAM SEARCY

*Director
4 Years of Service*

2015 Supervisory Committee



TERRIE SMIGIEL

*Chairman
8 Years of Service*



LOIS TILLEY

*Committee Member
5 Years of Service*



RICHARD SALL

*Committee Member
3 Years of Service*



MICHAEL SMIGIEL

*Committee Member
4 Years of Service*



TARRO A. MCCRAY

*Committee Member
2 Years of Service*

Thank You to the Following Space Age Partners

Visit www.spaceagefcu.org for more information about these and other Space Age partnerships.



Thunder Mountain Harley Davidson

Thunder Mountain Harley Davidson is a family-owned business, who has also been a long-standing Space Age partner since 2008. Thunder Mountain Harley-Davidson is Colorado's largest Harley-Davidson dealership, with more than 100 new and used motorcycles available every day!



Todd Dussex – LPL Financial

As Space Age's in-house financial planner, Todd Dussex offers financial advice and products to our members based on your investment objectives, not on selling company-owned investment products.

Todd is ready to work with you and create a financial portfolio to help you reach your goals and dreams. Whether it's investment products, insurance planning, asset management accounts, retirement planning, 401k rollovers, or annuities, Todd is at Space Age to help you, our member.



Fay Myers Motorcycle World

Fay Myers Motorcycle World is one of the oldest and largest motorcycle dealerships in America. Like many family businesses, this one was founded by its namesake, Fay Myers, in 1948. Fay Myers is dedicated to taking care you and providing you with the best possible pricing and service for all your motorcycle needs.



1st Mortgages

Always thinking of you first, 1st Mortgages offers an array of first mortgage loan products to fit your unique needs. Whether it's a loan for the first time buyer, a loan used to refinance to a lower rate, or a reverse mortgage, 1st mortgages is dedicated to finding a solution that is right for you.

Thank You to the Following Space Age Partners



CUNA Mutual Group and TruStage

CUNA Mutual Group is a leading provider of financial services to cooperatives, credit unions, and our members. TruStage is a program offered through CUNA Mutual Group, which provides our members discounts on insurance products they use most, including home, auto and life - just because they are credit union members. True to the credit union mission, TruStage is committed to empowering credit union members to protect the achievements and aspirations of the people who matter most in their lives.



Steele's Cycles

Steele's Cycle was established in 1986 and is family-owned and operated. More than 28 years later, Steele's Cycle has grown to be the largest used parts and used motorcycle dealer in Colorado with over 4,000 bikes on-site for used parts, 15,000 used parts listed on their Ebay Store and 80 plus used bikes for sale in their remodeled showroom.



Auto Trek

Guiding members along their automotive journeys, AutoTrek has been serving Space Age members for more than a decade. Whether you are looking for a new or used vehicle, AutoTrek can locate it for you and ensure that you purchase the vehicle for the best possible price.



THE HUGHES LAW FIRM
A PROFESSIONAL CORPORATION
1974

The Hughes Law Firm

The Hughes Law Firm has been helping credit union members in Denver since 1974. With over 100 years of combined legal experience in areas such as Estate Planning, Crisis Medicaid, Nursing Homes and Assisted Living Facilities, Probate, and Wills and Trusts, the Hughes Law Firm provides the information and expertise you need to ensure that your family gets the care they deserve while legally protecting their assets. The Hughes Law Firm is a long-time partner of Space Age and is here to assist you via informational seminars and free initial consultations on-site at the credit union.