



Space Age Federal Credit Union



2017  
Annual  
Report



# Welcome

66th Annual Meeting • Saturday, June 2, 2018

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Chatfield Farms • 8500 W Deer Creek Canyon Road, Littleton, CO 80128

## 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 June 3, 2017
- 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





# 2017 Annual Meeting Minutes

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## Welcome

Chairman LC Williams welcomed the attendees of the 65th Annual Meeting of Space Age Federal Credit Union.

## Convened

Space Age Federal Credit Union's 65th Annual Meeting was held at the Denver Zoo, Denver, Colorado on Saturday, June 3, 2017. In accordance with Article 5 of the Bylaws, the Business Meeting was called to order by Chairman Williams at 9:35 a.m.

## Appointment of Parliamentarian

Chairman Williams appointed Mr. Bob Wilson as Parliamentarian for the Annual Meeting.

## Ascertainment of Quorum

Chairman Williams stated that with over 300 people in attendance, a quorum was present.

## Approval of Annual Meeting Minutes, May 14, 2016

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

Chairman Williams introduced the Volunteers present, Board of Directors being; Ann Franklin, Tom Wittman, Rick Koebert, Sam Doutrich, Sam Searcy, Tarro McCray, Roxane Nowling, and Supervisory Committee being; Richard Sall, Lois Tilley, and Gordon Carruth. Chairman Williams then introduced John Uchida, President of Space Age Federal Credit Union. Mr. Uchida thanked the attendees for coming to Space Age's 65th Annual Meeting. He highlighted the financials for 2016 and stated that Space Age's assets ended at \$114.8 million with net worth at 8.37%. He stated that both the National Credit Union Administration and the CPA auditing firm of Petersen & Associates verified Space Age's financial strength. He then stated that 2016 was a busy year with the relocation of the headquarters and branch. He thanked the members for their patience during this process and believed that the new location is an upgrade to the previous Village on the Park location. He also stated that in 2016, Space Age successfully converted the online banking program to another platform which allows greater function and access for members. He stated that members have been very excited about the change. He also stated that Space Age has been active in the communities at the Interior Business Center, Lowry Elementary, Children's Miracle Network, and the AFAFC/DFAS Retirees organization. He then took the opportunity to recognize the staff and had them stand for recognition for the excellent service that Space Age delivers is due to the excellent professional staff that the credit union possesses. He also thanked the Board of Directors and the Supervisory Committee for their outstanding commitment to the credit union. The President then thanked our personnel from 1st Mortgages and Todd Dussex, LPL Financial. He then welcomed the members from Jeffco Federal Credit Union who just became part of Space Age as of January 1, 2017. He had the Jeffco FCU staff and volunteers stand to be recognized. He stated this was a very exciting time for both Space Age and Jeffco members to form a stronger credit union. He recognized Janis Vondra, President of Jeffco FCU, for her outstanding leadership and vision. He then informed the attendees that Space Age would be working very diligently to convert all of Jeffco FCU's systems to Space Age by month end. Mr. Uchida then recognized the staff which was responsible for this outstanding venue including Heather Szymanski, Jason Roberts, and Julie McLean and other staff for volunteering their time to assist at this event. He closed by once again thanking the members for their participation and

## 65th Annual Meeting • Saturday, June 3, 2017

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support of Space Age. He also thanked Chairman Williams for his excellent leadership as Chairman of the Board of Directors. Chairman Williams thanked Mr. Uchida for his report. He then energetically thanked all of the members for their attendance at this important event and said their attendance truly illustrates the importance of belonging to a credit union like Space Age. He then thanked the Board of Directors and Supervisory Committee for their excellent work in 2016. Chairman Williams also stated that Space Age had a banner year with solid financials and a solid risk management program. He stated that the clean audit has been common place at Space Age but it should not be taken for granted as many organizations do not attain this success. He then welcomed the Jeffco FCU volunteers and staff and stated that we are excited to have them as part of the Space Age family. He then reiterated the projects that Space Age undertook including the headquarters relocation, the major upgrades to infrastructure and the merger with Jeffco FCU. He gave recognition to the President and the leadership team. At this point he stated that while there is no “I” in team, he stated that there is an “I” in team represented by the individual leaders on the Space Age team. Chairman Williams then took the opportunity to recognize some of the staff for their outstanding execution of major projects in 2016 including Phil Snow, Vice President of Finance; Denise Roberts, Vice President of Human Resources; Curtis Varnold, Vice President of Operations; Richard Zerwer, Vice President of Lending; Aimee Peterson, Executive Assistant; Sylvia Fajardo-Horton, Accounting Manager; Trisa Magan, Branch Manager; Heather Szymanski, Director of Technology & Communications; and Doug Bennett, Network & Systems Analyst. Chairman Williams stated that these individuals provide Space Age excellent leadership and productivity to make Space Age what it is today. He also recognized the staff for their outstanding accomplishments. Chairman Williams said 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

Chairman Williams stated that the agenda contained no unfinished business.

### New Business

Chairman Williams called to the membership for any new business. There was none.

### Election Results

Chairman Williams stated that LC Williams, Carl Miller, and Tarro McCray submitted their names to the Secretary for recommendation and they were each elected for a 3-year term. He then stated that Ralph Giesler was appointed as an Associate Director for a 3-year term.

### Adjournment

There being no further business, the meeting was adjourned at 10:15 a.m.

### Respectfully Submitted

LC Williams	Ann Franklin
<i>Board Chairman</i>	<i>Secretary</i>



# 2017 Chairman and President's Report

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## Welcome

Welcome to Space Age Federal Credit Union's 66th Annual Meeting. In 1952, a group of future members, working at the Air Force Finance Center, had the amazing vision to start a credit union. In 1957, AFFCFCU (Space Age) celebrated a huge milestone of achieving \$1 million in assets. Sixty years later, we are once again celebrating our growth to almost \$140 million in assets! Since our beginning, we still remain focused on our roots of providing our members the products and services they need. We are extremely pleased to be able to give you some of the highlights of 2017.

## 2017 Highlights

### Financial

2017 was a very successful year for Space Age. Our assets grew to \$139.4 million. Our net worth ended at 8.99%. Delinquent loans ended at .50%, and charge offs ended at .28%. Our strong financial position in the industry was also verified by the National Credit Union Administration and Petersen & Associates, CPA's—our auditing firm who gave an unmodified opinion of our financial statements.



### Our Partnership with Jeffco Federal Credit Union

On January 1, 2017, Space Age Federal Credit Union and Jeffco Federal Credit Union successfully merged together. Since our partnership, Space Age's assets increased almost \$25 million. In addition, we are pleased to announce that Space Age now has another branch located in Golden at 2433 Ford Street. By July 2017, Space Age was able to successfully convert all the Jeffco systems over to Space Age. The staff worked hundreds of hours at both locations (Aurora and Golden) to ensure that the Jeffco members had full access to their accounts July 1. We want to express our sincere thanks to our outstanding staff at both locations for this monumental achievement. The Golden location is also now a Credit Union Service Center, which brings branch access to other credit union members in the Golden area. We also want to recognize and thank the Board of Directors and CEO of Jeffco Federal Credit Union for their commitment in making this partnership a success.

### The Focus on Our Communities and Our Youth

Space Age remained active in our many communities by participating in several organizations and events, including the AFAFC/DFAS Retirees, Children's Hospital, IBC and many other worthwhile causes. Also, since 1993, Space Age has been committed to advancing the Credit Union Movement by building relationships with our very important youth demographic. Over that time, we have devoted resources to ensure that future generations have the knowledge and opportunity to be part of a member-owned and local financial institution. In addition, we remained actively engaged with Lowry Elementary School in order to instill financial literacy in future generations. These efforts paid off in 2017 with over 200 youth accounts opened during the year.



## LC Williams and John R. Uchida

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### Recognizing Our Team of Dedicated Professionals

Many thanks go out to our incredible Board of Directors who spend countless hours sharing their experience and knowledge to help shape Space Age into what it is today. Your volunteered time and dedication is very much appreciated. We would also like to thank our Supervisory Committee members for their time and efforts. Last, but certainly not least, we want to recognize the outstanding and talented Leadership Team and Staff, who continue to provide outstanding products, customer service and care for our members. Thank you for making Space Age the very best credit union.

### Thank You

We want to close by expressing our sincere thanks to our members for continuing to support your credit union. We know there are many choices out there, and we appreciate the fact that you trust us to provide the financial services you need and desire. We remain laser focused on continuing to be your primary financial institution and to provide you with an exceptional customer experience with each and every transaction, whether online or while visiting one of the branch locations. We want to continue to “better our best,” and your feedback on how we are doing is critical to our success—thank you!

Thank you,

LC Williams  
*Chairman*

John R. Uchida  
*President*









# 2017 Supervisory Committee Report

Terrie Smigiel

The Supervisory Committee is here to serve as your personal advocate, determined to provide you with the highest quality of member service. We independently evaluate the strength and soundness of Space Age's operations and activities, and we are proud to offer you a safe and sound environment to conduct your financial business.

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. The Committee is 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.

## 2017 Independent Audits

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, 2017 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 September 30, 2017. Based on this examination, they provided a report confirming that Space Age is prudently managed and is a financially sound institution.

## 2017 Opinion

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.

On behalf of the Supervisory Committee, thank you for your continued trust and confidence in Space Age Federal Credit Union. We look forward to continuing to serve you – today, tomorrow, and for many years to come.

Terrie Smigiel  
*Chairman of The Supervisory Committee*





# 2017 Treasurer's Report

Sam Searcy



First and foremost, thank you. Thank you for your trust and confidence in Space Age Federal Credit Union, and your years of dedicated patronage. We recognize that you have many options when it comes to banking, and we are honored that you choose to conduct your financial business with Space Age.

## Looking Back at 2017

We are pleased to report that Space Age Federal Credit Union continues to remain a safe and sound financial institution.

In 2017, total assets exceeded \$139 million. 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 both want and need.

Space Age ended the year with a net income of \$47,898. Space Age's delinquent loan ratio ended the year at 0.50%, far less than the peer average of similar-sized credit unions. In 2017, Space Age was very successful in keeping operating costs low, while maintaining competitive loan and deposit rates for our members.

Furthermore, net worth remained strong, ending the year at 8.99%. 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.

Gross income exceeded \$6.4 million. Our independent auditors, Petersen & Associates, Certified Public Accountants, also issued another "unqualified" or clean audit opinion of Space Age in 2017. The National Credit Union Administration reviewed our financial condition and found it sound as well.

## Looking Forward to 2018

The Space Age Board of Directors and Management Team remain optimistic as we continue to take on future challenges and opportunities in 2018. As we look to the future, Space Age will continue to implement and improve upon 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.

Thank you again for your unwavering support of Space Age Federal Credit Union. Your trust is vital to our continued growth and success. Please do not hesitate to let us know how we can better meet your financial needs.

Sam Searcy  
*Treasurer*









# 2017 Financial Report

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## Balance Sheet (Unaudited)

<b>Assets</b>	<b>December 31, 2017</b>
Loans to Members.....	\$101,349,038
Less: Allowance for Loan Losses.....	(\$349,680)
Cash.....	\$644,488
Investments.....	\$32,229,854
Accrued Income Receivable.....	\$389,187
Other Receivables.....	\$63,595
Prepaid Expenses.....	\$470,596
NCUA Insurance Fund Deposit.....	\$1,210,714
Building and Equipment (Net of Depreciation).....	\$1,438,885
Leasehold Improvements (Net).....	\$964,525
Land.....	\$264,400
Other Assets.....	\$707,577
<b>Total Assets.....</b>	<b>\$139,383,179</b>

## Liabilities and Members' Equity

### Liabilities

Payables and Other Liabilities.....	\$512,686
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### Members' Equity

Share Accounts.....	\$49,857,575
Share Draft Accounts.....	\$25,482,180
Holiday Club Accounts.....	\$143,190
Share Certificate and IRA Accounts.....	\$26,592,946
Money Market Accounts.....	\$24,259,389
Undivided Earnings.....	\$10,526,305
Regular Reserve.....	\$2,008,908
<b>Total Liabilities and Members' Equity.....</b>	<b>\$139,383,179</b>

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



# 2017 Financial Report

## Statement of Income & Changes in Undivided Earnings (Unaudited)

### Income for the Year End

December 31, 2017

#### Income

Interest on Loans.....	\$4,665,533
Interest on Investments.....	\$354,035
Miscellaneous Operating Income.....	\$1,385,517

**Total Income.....\$6,405,085**

#### Expenses

Employee Compensation.....	\$2,302,940
Employee Benefits.....	\$855,950
Travel and Conferences.....	\$59,636
Association Dues.....	\$29,843
Office Occupancy.....	\$363,720
Office Operations.....	\$1,007,657
Education and Promotion.....	\$130,231
Loan Servicing.....	\$221,333
Professional and Outside Services.....	\$661,214
Share Insurance.....	\$0
Members' Insurance.....	\$0
Federal Supervision Fees.....	\$30,935
Annual Meeting Expense.....	\$10,200
Miscellaneous Operating Expense.....	\$109,378

**Total Operating Expenses.....\$5,783,037**

Provision for Loan Losses.....	\$264,000
Other Loss (Gain).....	\$19,020

**Income (Loss) from Operations.....\$339,028**

Dividends Paid to Members.....	\$291,130
Interest on Borrowed Funds.....	\$0

**Net Income (Loss).....\$47,898**

### Changes in Undivided Earnings

Balance January 1, 2017.....	\$10,478,407
Net Income (Loss).....	\$47,898

**Balance December 31, 2017.....\$10,526,305**

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



# 2017 Financial Report

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## **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.



## Notes to Financial Statements

### 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 and branch in Aurora, Colorado. The lease expires on September 30, 2026. The lease is appropriately accounted for as an operating lease.

### Note 6. Line of Credit

The Credit Union has a \$8,800,000 line of credit agreements with Corporate Credit Unions. No borrowings were outstanding at December 31, 2017.

### Note 7. Loans to Members

The composition of loans to members is as follows:

#### YEAR ENDED DECEMBER 31, 2017

Automobile.....	\$76,694,047
Mortgage.....	\$17,300,404
Unsecured.....	\$7,154,587
Share and Certificate Secured.....	\$200,000
<b>Total Loans.....</b>	<b>\$101,349,038</b>
Less: Allowance for Loan Losses.....	(\$349,680)
<b>Net Loans.....</b>	<b>\$100,999,358</b>

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

#### YEAR ENDED DECEMBER 31, 2017

<b>Balance: Beginning of Year.....</b>	<b>\$368,747</b>
Provision Charged to Operations.....	\$264,000
Loans Charged Off.....	(\$486,565)
Recoveries.....	\$203,498
<b>Balance: End of Year.....</b>	<b>\$349,680</b>

## 2017 Board of Directors

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**LC WILLIAMS**

*Chairman*  
*17 Years of Service*



**SAMUEL DOUTRICH III**

*Vice Chairman*  
*11 Years of Service*



**ANN FRANKLIN**

*Secretary*  
*13 Years of Service*



**SAM SEARCY**

*Treasurer*  
*6 Years of Service*



**TOM WITTMAN**

*Assistant Secretary*  
*23 Years of Service*





**TARRO A. MCCRAY**

*Assistant Treasurer  
4 Years of Service*



**RICHARD KOEBERT**

*Director  
26 Years of Service*



**CARL S. MILLER**

*Director  
16 Years of Service*



**ROXANE NOWLING**

*Director  
2 Years of Service*



**RALPH GIESLER**

*Associate Director  
1 Year of Service*

# 2017 Supervisory Committee

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**TERRIE SMIGIEL**

*Chairman  
10 Years of Service*



**LOIS TILLEY**

*Committee Member  
7 Years of Service*



**RICHARD SALL**

*Committee Member  
5 Years of Service*



**GORDON CARRUTH**

*Committee Member  
2 Years of Service*





# Thank You to the Following Space Age Partners

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## 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!



## 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 of you and providing you with the best possible pricing and service for all your motorcycle needs.



## 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.



## Pivot Lending Group

Always thinking of you first, Pivot 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, Pivot is dedicated to finding a solution that is right for you.



# Thank You to the Following Space Age Partners

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## 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.

# Thank You to the Following Space Age Partners

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## **Schomp Automotive**

The Schomp Automotive Group, one of the Mountain West's oldest and largest independently-owned automotive businesses, has been operating in the Rocky Mountain region for over 75 years. With Colorado's largest inventory of new and pre-owned vehicles in one location, Schomp offers vehicles from Honda, BMW, MINI, Mercedes-Benz, Sprinter, and many other brands. The Schomp Automotive Group has local dealerships in Denver, Highlands Ranch, Littleton, Castle Rock, and Aurora.



## **Alogent**

As the builder of Space Age's internet banking platform and mobile application, Alogent has opened the door to a new way of digital banking. Through its internet banking product, Space Age is able to offer our members new and exciting features such as enhanced bill pay, remote check deposit and the ability to skip their loan payment online.



## **Green Path Financial**

GreenPath is a non-profit company that equips people with knowledge and tools to lead financially healthy lives. They can partner with you to ease financial stress, manage debt, plan for saving for the future, and assist you with making informed financial decisions so you can achieve your goals.



