

SPACE AGE FEDERAL  
CREDIT UNION  
ANNUAL REPORT  
2012





# Welcome

61st Annual Meeting • Saturday, May 11, 2013

History Colorado Center

1200 Broadway

Denver, CO 80203

## 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 18, 2012
- 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



# 2012 Annual Meeting Minutes

60th Annual Meeting • Friday, May 18, 2012

## Welcome

Rick Koebert welcomed the attendees of the 60th Annual Meeting of Space Age Federal Credit Union. He introduced the credit union's special guests: Mr. Harold Artola, AutoTrek; Mr. Matthew Oswald, 1st Mortgages; Mr. Mike Sarris, Fay Myers Motorcycle World; Mr. Todd Dussex, LPL Financial; Mr. Scott Earl, Mountain West Credit Union Association; Mr. Bob Wilson, Berenbaum Weinsheink, PC; Mr. Norm Ruter; Mr. Sam Searcy; Mr. and Mrs. Al Weider; Mr. Bob Zitnik; and Dr. John Turner.

## Convened

Space Age Federal Credit Union's 60th Annual Meeting was held at Infinity Park Event Center, Glendale, Colorado on Friday, May 18, 2012. In accordance with Article 5 of the Bylaws, the Business Meeting was called to order by Vice Chairman Rick Koebert at 7:30 p.m.

## Appointment of Parliamentarian

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

## Ascertainment of Quorum

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

## Approval of Annual Meeting Minutes, May 21, 2011

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 attending Space Age's 60th Annual Meeting. He then overviewed the credit union's history from its beginning in 1952 as Air Force Finance Center Federal Credit Union to Space Age Federal Credit Union. He said that with all the challenges that have occurred, none was bigger than the closing of our original sponsor the Defense Finance and Accounting Service – Denver Center, the closing of the Gilchrest Building and the move of the Air Reserve Personnel Center to Buckley AFB. He said that the last few years have proven that Space Age has the core values of the Credit Union Movement. He then recognized the Volunteers present at the event being: Tom Wittman, Ann Franklin, Deborah Los, and Samuel Doutrich III. He then congratulated Management and Staff for serving our members and making Space Age successful. Mr. Koebert then introduced John Uchida, President of Space Age Federal Credit Union. Mr. Uchida thanked the members for attending tonight's event. He then reviewed the financial highlights of the credit union. He said for the second year in a row, Space Age delivered 98% member satisfaction. He said that the conversion to the new core system was successful and thanked the members for their patience. He said the focus on youth membership was successful in that 115 youth accounts were opened

in 2011. He then urged the members to open up youth accounts for their children or grandchildren. He reviewed the community focused efforts of the credit union by stating that Space Age participated in the Colorado National Guard Foundation, Children's Miracle Network, and received national recognition by winning the Dora Maxwell Award for social responsibility in the networking and career fair performed in Aurora, Colorado. He then thanked the Board of Directors and Supervisory Committee for their excellent vision and work during 2011. He recognized the staff for their hard work and delivery of excellent member service. He also thanked the spouses, significant others, family members, and friends of the Volunteers and Staff for supporting Space Age. He then recognized the several partners that Space Age is thankful to have including Scott Earl, President of Mountain West Credit Union Association; Bob Wilson, Esq., Berenbaum Weinsheink, PC; Mike Sarris, Fay Myers Motorcycle World; Todd Dussex, LPL Financial; and Matthew Oswald, 1st Mortgages. He then stated that of Space Age's 60 years, he has had the privilege of being part of Space Age for nearly 20 years. He gave a brief story on individuals that he has met during his tenure at Space Age including Grant Hachmann, Ron Rakowsky, Mattie Anderson, Denise Roberts, Tony Iacovetta, Nat Brenningstall, and Agnar Swanson. He closed by recognizing Heather Szymanski, Director of Marketing & Business Development, for coordinating this event. Rick Koebert thanked Mr. Uchida for his report. He then said that 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 were elected for a 3-year term; Jason White for a 2-year term; Michael Thompson for a 1-year term; and Sam Searcy for a 3-year term as Associate Board Member.

## Adjournment

There being no further business, the meeting was adjourned at 8:10 p.m.

## Respectfully Submitted

LC Williams, *Chairman*

Tom Wittman, *Secretary*

# 2012 Chairman and President's Report

LC Williams and John R. Uchida



## Thank You

First and foremost, we would like to thank you, our members, for supporting Space Age Federal Credit Union. For sixty years, we have been successful only because of the patronage of our membership. Today, there are a myriad of financial service providers, and we know you have many choices. We are proud of the fact that you have placed your trust and membership with Space Age Federal Credit Union.

## 2012 Financial Highlights

2012 was another successful year for Space Age. Assets ended at \$102.9 million. Our net worth increased from 7.97% to 8.16%. Delinquent loans decreased from 0.46% in 2011 to 0.26% in 2012. Net income increased over \$176,000 from the prior year. We also continued the philosophy of conservatively managing our allowance for loan loss account, and at the end of 2012, Space Age had reserves of four times the amount of delinquent loans. Our solid financial condition was also verified by the National Credit Union Administration and Petersen and Associates, Certified Public Accountants, our auditing firm, who gave an unqualified opinion of our financial statements.

## Service

In 2012, Space Age achieved a milestone in member satisfaction. We have utilized a third party for this function since 1998 to determine our level of service provided to our members. In 2012, Space Age achieved 99% member satisfaction. We are very proud of this result, but will not rest on our laurels, and will work hard to ensure every member is satisfied. We also provided nine educational workshops for our members on topics such as buying a new home and investing. We continued our commitment to our many select employee groups by participating in over 40 events in 2012.

## Youth Focused

Space Age also continued our commitment to our future by spending time with our youth. We initiated a youth advisory board and a youth focus group to ensure that we are fulfilling their expectations as our future depositors, borrowers, and leaders. In 2012, youth members opened 240 savings accounts and 55 checking accounts—we are pleased to see membership growth from this important demographic.



## In the Community

Space Age has always had a commitment to our many communities that we serve. In 2012, we participated at Lowry Elementary, the Interior Business Center, Children's Miracle Network, the AFAFC/DFAS Retirees' events, and the Aurora Credit Union Alliance. We were also recognized at the state level by receiving the Dora Maxwell Award from the Mountain West Credit Union Association for our work in raising funds for Lowry Elementary through the Box Tops program. Thanks to all who participated in making this event a success.

## Our Team of Dedicated Professionals

Our Board of Directors and Supervisory Committee members are comprised of dedicated and visionary professionals who give many hours of their time to Space Age and the membership at large. We thank them for sharing their expertise and their continued excellent leadership. As you know, they provide these countless hours as a volunteer. Our staff is dedicated to providing you with the level of service you expect. They are professionals who understand what you need. We thank them for their continued excellent performance and dedication to the credit union movement. To quote John J. Murphy, "the greatest accomplishments in life are not achieved by individuals alone, but by proactive people pulling together for a common good. Our mission in life is to offer our gifts to benefit one another, to create mutual gain in the world—this is called teamwork."

## The Future

2013 is off to a great start and we expect this to continue for the rest of the year. We consistently work to improve current products and services, while at the same time, introduce new ones to assist you in your financial endeavors. We will continue to provide the excellent service you deserve and again ask you to take every opportunity to tell us how we are doing in achieving this goal.

Thank you,

LC Williams  
*Chairman*

John R. Uchida  
*President*

# 2012 Supervisory Committee Report

Terrie Smigiel and Bob Bennett

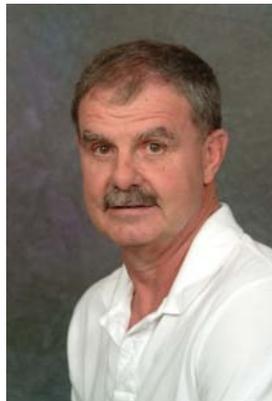


Space Age Federal Credit Union's Supervisory Committee, comprised of five volunteer members, independently evaluates the strength and soundness of Space Age's operations and activities. The Committee, alongside the Board of Directors, the President, and the Senior Management Team, with the assistance of independent auditors, ensures that the Credit Union's assets are safeguarded by upholding procedures that comply with Generally Accepted Accounting Principles. In addition, the Committee 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, 2012 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 provides a detailed report to the Supervisory Committee, the Board of Directors, and the Senior Management Team.

Finally, the National Credit Union Administration (NCUA), which is the regulatory agency for all federally-chartered credit unions nationwide, performs periodic supervisory examinations. The last examination performed was as of March 31, 2012. 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.

As Supervisory Committee members, we 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. We look forward to continuing to serve you in the future.

Terrie Smigiel  
*Co-Chairman of Supervisory Committee*

Bob Bennett  
*Co-Chairman of Supervisory Committee*

# 2012 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 \$102 million for 2012. 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.

As a result of operations, Space Age ended the year with a net income of \$394,867, which further helped to strengthen the Credit Union's retained capital and overall financial position. Space Age improved the delinquent loan ratio to 0.26%, 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 2012, net worth improved by 19 basis points, ending the year at 8.16%. 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 increase in Space Age's 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 \$5.6 million. Our independent auditors, Petersen & Associates, Certified Public Accountants, also issued another "unqualified" or clean audit opinion of Space Age in 2012. 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 2013. 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*



# 2012 Financial Report

Balance Sheet (Unaudited)

Assets	December 31, 2012
Loans to Members.....	\$76,327,958
Less: Allowance for Loan Losses.....	(\$781,656)
Cash.....	\$675,864
Investments.....	\$23,585,360
Accrued Income Receivable.....	\$349,863
Other Receivables.....	\$231,561
Prepaid Expenses.....	\$130,628
NCUA Insurance Fund Deposit.....	\$894,019
Furniture and Equipment (Net of Depreciation).....	\$853,377
Leasehold Improvements (Net).....	\$93,940
Other Assets.....	\$567,542
<b>Total Assets.....</b>	<b>\$102,928,456</b>

## Liabilities and Members' Equity

### Liabilities

Accounts and Taxes Payable.....	\$105,056
Accrued Expenses and Other Liabilities.....	\$934,074

### Members' Equity

Share Accounts.....	\$29,759,678
Share Draft Accounts.....	\$17,091,935
Holiday Club Accounts.....	\$68,717
Share Certificate and IRA Accounts.....	\$28,008,827
Money Market Accounts.....	\$18,561,354
Undivided Earnings.....	\$6,704,047
Regular Reserve.....	\$1,694,768

**Total Liabilities and Members' Equity.....\$102,928,456**

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

# 2012 Financial Report

Statement of Income and Changes in Undivided Earnings (Unaudited)

Income for the Year End	December 31, 2012
<b>Income</b>	
Interest on Loans.....	\$4,147,397
Interest on Investments.....	\$69,984
Miscellaneous Operating Income.....	\$1,451,944
<b>Total Income.....</b>	<b>\$5,669,325</b>

### Expenses

Employee Compensation.....	\$1,768,302
Employee Benefits.....	\$584,476
Travel and Conferences.....	\$63,408
Association Dues.....	\$30,818
Office Occupancy.....	\$339,097
Office Operations.....	\$645,861
Education and Promotion.....	\$126,890
Loan Servicing.....	\$204,194
Professional and Outside Services.....	\$659,146
Share Insurance.....	\$84,932
Members' Insurance.....	\$36,000
Federal Supervision Fees.....	\$22,623
Annual Meeting Expense.....	\$9,600
Miscellaneous Operating Expense.....	\$98,514
<b>Total Operating Expenses.....</b>	<b>\$4,673,861</b>

Provision for Loan Losses.....	\$274,000
Other Loss (Gain).....	(\$16,099)
<b>Income (Loss) from Operations.....</b>	<b>\$737,563</b>

Dividends Paid to Members.....	\$342,696
Interest on Borrowed Funds.....	\$0
<b>Net Income (Loss).....</b>	<b>\$394,867</b>

### Changes in Undivided Earnings

Balance January 1, 2012.....	\$6,309,180
Net Income (Loss).....	\$394,867
<b>Balance December 31, 2012.....</b>	<b>\$6,704,047</b>

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

# 2012 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 of Directors 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 Government Agency Securities, or 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 the 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, 2012.

### Note 7. Loans to Members

The composition of loans to members is as follows:

#### YEAR ENDED DECEMBER 31, 2012

Automobile.....	\$59,961,789
Mortgage.....	\$8,094,205
Unsecured.....	\$8,075,091
Share and Certificate Secured.....	\$196,873
<b>Total Loans.....</b>	<b>\$76,327,958</b>
Less: Allowance for Loan Losses.....	(\$781,656)
<b>Net Loans.....</b>	<b>\$75,546,302</b>

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

#### YEAR ENDED DECEMBER 31, 2012

<b>Balance: Beginning of Year.....</b>	<b>\$927,379</b>
Provision Charged to Operations.....	\$274,000
Loans Charged Off.....	(\$559,995)
Recoveries.....	\$140,272
<b>Balance: End of Year.....</b>	<b>\$781,656</b>

# 2012 Board of Directors



**LC WILLIAMS**  
*Chairman*

*Serving on the Board  
of Directors since 2001*

*Chairman*  
2011 – Present

*Treasurer*  
2005 – 2011

*Secretary*  
2001 – 2005



**RICHARD KOEBERT**  
*Vice Chairman*

*Serving on the Board  
of Directors since 1992*

*Vice Chairman*  
2005 – Present

*Assistant Secretary*  
2002 – 2005

*Assistant Treasurer*  
1999 – 2002

*Assistant Secretary*  
1998 – 1999

*Chairman*  
1996 – 1998

*Assistant Treasurer*  
1992 – 1996



**TOM WITTMAN**  
*Secretary*

*Serving on the Board  
of Directors since 1997*

*Secretary*  
2005 – Present

*Assistant Treasurer*  
2004 – 2005

*Chairman*  
2002 – 2004

*Vice Chairman*  
1999 – 2002

*Treasurer*  
1998 – 1999

*Assistant Treasurer*  
1997 – 1998



**CARL S. MILLER**  
*Treasurer*

*Serving on the Board  
of Directors since 2002*

*Treasurer*  
2011 – Present

*Chairman*  
2005 – 2011

*Treasurer*  
2004 – 2005

*Assistant Treasurer*  
2002 – 2004



**ANN FRANKLIN**  
*Assistant Secretary*

*Serving on the Board  
of Directors since 2005*

*Assistant Secretary*  
2012 – Present

*Assistant Treasurer*  
2005 – 2012



**DEBORAH LOS**  
*Assistant Treasurer*

*Serving on the Board  
of Directors since 2011*

*Assistant Treasurer*  
2012 – Present

*Director*  
2011 – 2012

*Served on the  
Supervisory  
Committee from 2001  
to 2011*

*Supervisory  
Committee  
Chairman*  
2007 – 2011

*Supervisory  
Committee Member*  
2001 – 2007

# 2012 Board of Directors Continued



**MICHAEL THOMPSON**  
*Director*

*Serving on the Board  
of Directors since 2008*

*Director*  
2008 – Present

*Served on the  
Supervisory Committee  
from 2000 to 2008*

*Supervisory  
Committee Member*  
2000 – 2008



**JASON WHITE**  
*Director*

*Serving on the Board  
of Directors since 2010*

*Director*  
2011 – Present

*Associate Director*  
2010 – 2011



**SAMUEL DOUTRICH III**  
*Director*

*Serving on the Board  
of Directors since 2011*

*Director*  
2012 – Present

*Associate Director*  
2011 – 2012

*Served on the  
Supervisory Committee  
from 2007 to 2011*

*Supervisory  
Committee Member*  
2007 – 2011



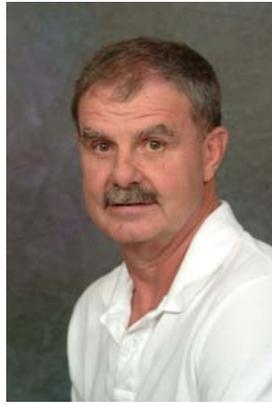
**SAM SEARCY**  
*Associate Director*

*Serving on the Board  
of Directors since 2012*

*Associate Director*  
2012 – Present



# 2012 Supervisory Committee



**BOB BENNETT**  
*Co-Chairman*

*Serving on the  
Supervisory  
Committee since 2002*

*Supervisory  
Committee  
Co-Chairman  
2011 – Present*

*Supervisory  
Committee Member  
2007 – 2011*

*Supervisory  
Committee  
Chairman  
2004 – 2007*

*Supervisory  
Committee Member  
2002 – 2004*



**TERRIE SMIGIEL**  
*Co-Chairman*

*Serving on the  
Supervisory  
Committee since 2008*

*Supervisory  
Committee  
Co-Chair  
2011 – Present*

*Supervisory  
Committee Member  
2008 – 2011*



**VICKIE MAHLBERG**  
*Committee Member*

*Serving on the  
Supervisory  
Committee since 2003*

*Supervisory  
Committee Member  
2008 – Present*

*Supervisory  
Committee Member  
2003 – 2006*



**LOIS TILLEY**  
*Committee Member*

*Serving on the  
Supervisory  
Committee since 2011*

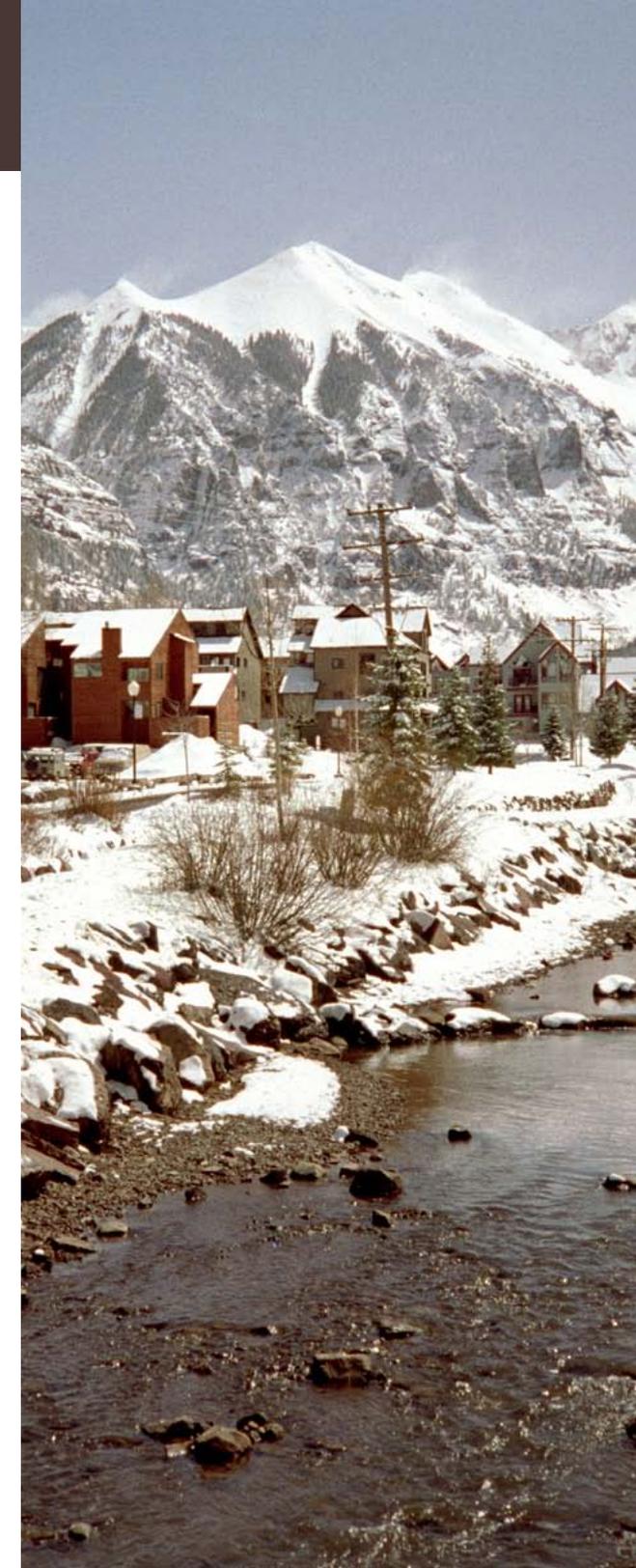
*Supervisory  
Committee Member  
2011 – Present*



**MICHAEL SMIGIEL**  
*Committee Member*

*Serving on the  
Supervisory  
Committee since 2012*

*Supervisory  
Committee Member  
2012 – Present*



# Thank You to the Following Space Age Partners

