



SPACE AGE

FEDERAL CREDIT UNION

2018

ANNUAL REPORT



WELCOME

67th Annual Meeting • Friday, June 7, 2019

Wings Over the Rockies Air & Space Museum • 7711 East Academy Blvd, Denver, CO 80230

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 2, 2018
- V. Reports
 - i. Chairman's Report
 - ii. President's Report
 - iii. Supervisory Committee Report
 - iv. Treasurer's Report
- VI. Unfinished Business
- VII. Call for New Business
- VIII. Elections
- IX. Adjournment of Business Meeting





2018 ANNUAL MEETING MINUTES

Welcome

Chairman LC Williams welcomed the attendees of the 66th Annual Meeting of Space Age Federal Credit Union.

Convened

Space Age Federal Credit Union's 66th Annual Meeting was held at Chatfield Farms, Littleton, Colorado on Saturday, June 2, 2018. In accordance with Article 5 of the Bylaws, the Business Meeting was called to order by Chairman Williams at 9:55 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 200 people in attendance, a quorum was present.

Approval of Annual Meeting Minutes, June 3, 2017

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 thanked the membership of Space Age Federal Credit Union for attending the 66th Annual Meeting. He then emphasized the fact that the credit union has been in existence since 1952. Chairman Williams then introduced the Board of Directors and Supervisory Committee members present, being; Rick Koebert, Sam Searcy, Tarro McCray, Richard Sall and Lois Tilley. He then recognized the Jeffco Credit Union Board Members present, being; Greg Moore and Susan Young. He then recognized the President John Uchida and staff for their continued hard work. He also recognized Heather Szymanski and Jason Roberts for putting together another successful annual meeting at a great venue. Chairman Williams closed by informing the attendees the prices on items in 1952, which included the cost of gas, cost of an automobile, the cost of food, and the cost of a house. Chairman Williams then introduced the President John Uchida for his comments. President Uchida thanked the Chairman for a job well done. He then thanked the attendees for coming to Space Age's 66th Annual Meeting. He highlighted the financials of the credit union and said that Space Age's assets grew to almost \$140 million. He stated that the financial health was verified by the National Credit Union Administration and Petersen & Associates, CPA's. He then detailed the partnership with Jeffco Federal Credit Union that occurred in 2017 and stated that staff worked continually throughout the year to convert all of Jeffco's systems to Space Age. He said this was successfully accomplished by mid-year in 2017. He then recognized Janis Vondra, the CEO of Jeffco FCU for her outstanding work in representing Jeffco and now Space Age. The President then recognized the staff present and thanked them for their hard work in providing outstanding member service. He then recognized Space Age's business partners, being; 1st Mortgages, Auto Trek, and LPL.

He gave special recognition to Angela Rogers from Rocky Mountain Human Services, one of Space Age's select employee groups. He then asked Todd Dussex with LPL to give a few words. Mr. Dussex thanked him for the opportunity to speak to the membership. He reiterated the fact that he has been working with Space Age members for the last 17 years. The President thanked Mr. Dussex for his comments. Chairman Williams thanked the President for his report. The Chairman then stated that the Supervisory Committee Report and Treasurer's Report are included within the Annual Meeting Report. 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 Sam Doutrich III, Sam Searcy, and Tom Wittman 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 10:50 a.m.

Respectfully Submitted

LC Williams
Board Chairman

Roxane Nowling
Secretary



Welcome

On behalf of Space Age Federal Credit Union, we want to thank you and welcome you to the 67th Annual Meeting. Since 1952, we have proudly served and continued to evolve our products and service to meet our members' financial needs. Space Age has changed over time since our humble beginning with the Air Force Finance Center. Today, we serve over 16,000 members, over 100 companies and associations, the Lowry Community and the employees and family members of Jefferson County and the City of Golden. The one thing that has remained constant and hasn't changed is our commitment to our primary reason for being in business, our members and the Credit Union movement as a whole. The Chairman of the Board of Directors and the President are proud to give you some of the highlights that reflect solid performance during 2018.

Financial Highlights

2018 was a very successful year for Space Age Federal Credit Union. Our assets ended at \$142.2 million. Our net worth ended at 8.98%. The delinquent loan ratio ended at .44%, and the charged off loans' ratio ended at .18% for 2018. Our financial condition was also verified by Petersen and Associates, CPA's, our auditing firm who gave an unmodified opinion of our financial statements. Furthermore, the overall asset liability management is consistently confirmed (during third party reviews) to be among the best in the industry. Collectively, this reflects sound financial planning and effective leadership of your financial institution.



The Work in Our Communities

Since adding the employees and family members of Jefferson County and the City of Golden in 2017, Space Age has spent much energy gaining visibility within our newest addition to the field of membership. The results in 2018 were outstanding. Membership grew over 6% from the prior year, and numerous events were performed within the County and City. In addition, at our Golden Branch, a member appreciation barbeque was attended by 200 people representing current, new and potential members. We have decided to make this an annual event. Space Age also remained active in the Lowry Elementary School, the AFAFC/DFAS Retirees luncheons, the Jefferson County Sheriff's Department and with many of our companies. We are also pleased to have participated in the Relay for Life Cancer Walk in Westminster, Colorado where over half of our employees and family members participated in this worthwhile event while recognizing two of our Space Age family members who were affected by cancer. Employees and members raised over \$6,500 for this important cure. Space Age also performed numerous education classes on identity theft and financial life skills throughout the year.

The Focus in 2018

Space Age focused on many key elements in 2018. One of the primary focus areas was to remain vigilant on our numerous systems which have data of our credit union. Space Age implemented two

new ways to strengthen our security and advance our Cybersecurity posture. In addition, our systems are tested regularly and reviewed to remain secure with the constant changes in the information technology realm. Also, Space Age implemented new ways that members can do business online without having to come into a branch office. Members now can change information on accounts, open new accounts and close loans online. Our focus was also to maintain a high level of customer service and member satisfaction, and with monthly contacts with our members. As a consequence, we were successful in maintaining a member's satisfaction level of over 95%.

Recognizing Our Team of Dedicated Professionals

Many thanks go out to our Board of Directors for their time and vision in leading the credit union to new heights. Our Supervisory Committee members also are to be thanked for ensuring Space Age remains top notch in our record keeping and our members needs. A heartfelt "Thank you" also goes to the leadership and outstanding Staff of Space Age who continues to focus on member needs and outstanding service; it is they who are the foundation of our credit union.

Thank You

In closing, we want to again thank you, our members for your continued support, patronage and loyalty. Space Age would not exist if our members didn't support us the past 67 years. We are humbled by the fact that you trust us with your financial resources and as such, your future. We will continue to focus on the fact that we need to continue to provide excellent service to earn and maintain the trust you have given us. The entire Space Age team remains steadfast and focused on our Vision: To be our member's first choice for financial solutions by providing the best value, products, and customer service.

Thank you,

LC Williams
Chairman

John R. Uchida
President



***“Man must rise above the
Earth-to the top of the atmosphere
and beyond-for only then will he
fully understand the world in which
he lives.” – Socrates***



The Supervisory Committee advocates for you personally and is determined to provide the highest quality of member service possible. The strength and soundness of Space Age's operations and activities are evaluated by us, and we are proud of the safe and sound environment we offer you to conduct your financial business.

It is with the support of the Board of Directors and independent auditors, the Supervisory Committee watches over the Credit Union's assets to ensure that they are safeguarded by upholding policy and procedures that comply with Generally Accepted Accounting Principles. Space Age's audited financial statements provide a fair and accurate representation of the financial condition of the Credit Union. It is the Committee's responsibility to ensure that those audits are honest and true.

Independent Audits

The public accounting firm of Petersen & Associates, Certified Public Accountants, are the independent auditors that conducted a comprehensive opinion audit of Space Age's financial statements for the period ending on September 30, 2018. This audit also included the related statements of income, changes in retained earnings, and cash flow for the year. The detailed report they returned to the Board of Directors confirmed that the Credit Union's financial statements fairly represented the financial position of Space Age and conformed to Generally Accepted Accounting Principles.

In addition to our independent auditors, Space Age retained CU Resources, the Cornerstone Credit Union League Resources Department, to perform internal reviews throughout the year. These ongoing reviews ensure that the Credit Union's policies and procedures are

being followed and quality internal controls are in place. After each review, a detailed report is provided to the Supervisory Committee, the Board of Directors, and the Senior Management Team by CU Resources.

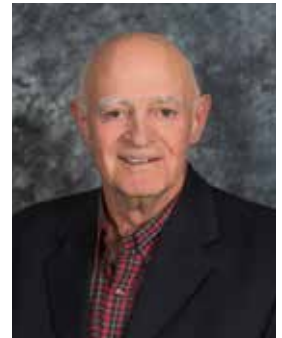
The regulatory agency for all federally chartered credit unions nationwide, the National Credit Union Administration (NCUA), also performs supervisory examinations. The last examination performed was as of September 30, 2017. According to the report they provided, Space Age is prudently managed and is a financially sound institution.

2018 Opinion

We the Committee, are pleased to state that 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. We base this opinion 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.

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 the foreseeable future.

Gordon Carruth
Chairman of The Supervisory Committee





Thank you for your continued trust and confidence in Space Age Federal Credit Union. 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.

2018 – At A Glance

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

In 2018, total assets exceeded \$142 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 \$231,944. Space Age's delinquent loan ratio ended the year at 0.44%. In 2018, 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 8.98%. 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 \$6.9 million. Our independent auditors, Petersen & Associates, Certified Public Accountants, also issued another "unqualified" or clean audit opinion of Space Age in 2018.

2019 – Looking Forward

The Space Age Board of Directors and Management Team remain optimistic as we continue to take on future challenges and opportunities in 2019. 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



“The desire to fly is an idea handed down to us by our ancestors who looked enviously on the birds soaring freely through space on the infinite highway of the air.”

-Wilbur Wright

Balance Sheet (Unaudited)

Assets	December 31, 2018
Loans to Members.....	\$112,935,689
Less: Allowance for Loan Losses	(\$542,128)
Cash.....	\$723,207
Investments	\$24,055,269
Accrued Income Receivable	\$372,923
Other Receivables	\$28,487
Prepaid Expenses	\$498,340
NCUA Insurance Fund Deposit	\$1,237,457
Building and Equipment (Net of Depreciation).....	\$1,215,082
Leasehold Improvements (Net)	\$894,086
Land.....	\$264,400
Other Assets.....	\$558,068
Total Assets.....	\$142,240,880

Liabilities and Members' Equity**Liabilities**

Payables and Other Liabilities.....	\$884,473
-------------------------------------	-----------

Members' Equity

Share Accounts.....	\$55,261,435
Share Draft Accounts	\$25,982,588
Holiday Club Accounts.....	\$135,892
Share Certificate and IRA Accounts	\$24,339,093
Money Market Accounts	\$22,870,241
Undivided Earnings.....	\$10,758,249
Regular Reserve.....	\$2,008,909
Total Liabilities and Members' Equity.....	\$142,240,880

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

Statement of Income & Changes in Undivided Earnings (Unaudited)

Income for the Year End December 31, 2018

Income

Interest on Loans	\$5,084,870
Interest on Investments	\$446,140
Miscellaneous Operating Income.....	\$1,462,049

Total Income **\$6,993,059**

Expenses

Employee Compensation.....	\$2,365,765
Employee Benefits	\$884,572
Travel and Conferences	\$76,442
Association Dues	\$31,048
Office Occupancy	\$385,934
Office Operations	\$1,045,684
Education and Promotion	\$124,334
Loan Servicing.....	\$244,397
Professional and Outside Services	\$690,540
Share Insurance.....	\$0
Members' Insurance	\$0
Federal Supervision Fees	\$36,820
Annual Meeting Expense.....	\$11,820
Miscellaneous Operating Expense	\$121,471

Total Operating Expenses **\$6,018,827**

Provision for Loan Losses	\$395,000
Other Loss (Gain)	\$11,915

Income (Loss) from Operations **\$567,317**

Dividends Paid to Members.....	\$335,373
Interest on Borrowed Funds.....	\$0

Net Income (Loss) **\$231,944**

Changes in Undivided Earnings

Balance January 1, 2018	\$10,526,305
Net Income (Loss)	\$231,944

Balance December 31, 2018 **\$10,758,249**

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, U.S. Agency Securities 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 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, 2018.

Note 7. Loans to Members

The composition of loans to members is as follows:

YEAR ENDED DECEMBER 31, 2018

Automobile.....	\$84,845,906
Mortgage	\$21,010,724
Unsecured	\$6,870,846
Share and Certificate Secured	\$208,213
Total Loans.....	\$112,935,689
Less: Allowance for Loan Losses	(\$542,128)
Net Loans.....	\$112,393,561

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

YEAR ENDED DECEMBER 31, 2018

Balance: Beginning of Year.....	\$349,680
Provision Charged to Operations.....	\$395,000
Loans Charged Off	(\$393,587)
Recoveries	\$191,035
Balance: End of Year.....	\$542,128



2018 BOARD OF DIRECTORS



LC WILLIAMS

*Chairman
18 Years of Service*



SAMUEL DOUTRICH III

*Vice Chairman
12 Years of Service*



ROXANE NOWLING

*Secretary
3 Years of Service*



SAM SEARCY

*Treasurer
7 Years of Service*



TOM WITTMAN

*Assistant Secretary
24 Years of Service*



TARRO A. MCCRAY

*Assistant Treasurer
5 Years of Service*



RICHARD KOEBERT

*Director
27 Years of Service*



CARL S. MILLER

*Director
17 Years of Service*



ANN FRANKLIN

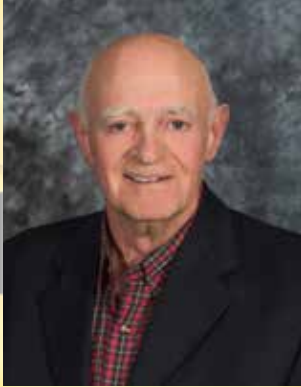
*Director
14 Years of Service*



RALPH GIESLER

*Associate Director
2 Years of Service*

2018 SUPERVISORY COMMITTEE



GORDON CARRUTH

Chairman
3 Years of Service



LOIS TILLEY

Committee Member
8 Years of Service




RICHARD SALL

Committee Member
6 Years of Service



TERRIE SMIGIEL

Committee Member
11 Years of Service

A detailed view of a space station, likely the International Space Station, in orbit above the Earth. The station's complex structure, including multiple modules and large solar panel arrays, is clearly visible against the bright blue and white horizon of the planet. The background is the deep black of space, filled with numerous small, distant stars. A semi-transparent rectangular box is centered over the image, containing a quote in white text.

“Every one of us is, in the cosmic perspective, precious. If a human disagrees with you, let him live. In a hundred billion galaxies, you will not find another.” – Carl Sagan

THANK YOU TO THE FOLLOWING SPACE AGE PARTNERS



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



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 Cycle

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

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



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.

HARRY L. SIMON, P.C.

ATTORNEY AND COUNSELORS AT LAW

Harry L Simon of Harry L Simon, PC (Attorneys at Law) has been a valued partner of Space Age Federal Credit Union for over 10 years.

Mr. Simon has been a Denver Metro area attorney handling personal and business Matters for clients for over 45 years.





SPACE AGE

FEDERAL CREDIT UNION

WE'RE YOUR FINANCIAL NORTH STAR

Before we had GPS, travelers looked to the North Star in the sky for guidance. At Space Age Federal Credit Union, we're your North Star on your financial journey. Whether it's your first checking account, first car, first house or your retirement, Space Age will be there with you as your guide on life's adventure.