

PRESIDENT'S REPORT

Volatility and uncertainty seemed to be the theme of the economy in 2018. Equity markets were up—and then way down. The yield curve spiked—then inverted. However, through all the market uncertainty, your financial cooperative remained steady, focused on meeting the needs of our members. The current economic climate underscores the need for financial strength and stability, which is precisely what Columbine Federal Credit Union provides for our member-owners. Our philosophy of people helping people has stood the test of time. Despite shifting economic trends, our unique model has proven to be extremely successful and allowed us to further our mission of being your lifetime financial partner.

For our cooperative model to flourish, it's imperative that the Credit Union attract and retain member deposits. With this in mind, Columbine made several increases in deposit rates throughout the year, ensuring that our members continued to earn highly competitive dividends on their hard-earned money. On average, share certificate and money market rates grew over 1.40% and 0.20%, respectively. Even with this cost of funds increase, Columbine remains financially strong and secure.

In 2018, members continued to look to the Credit Union for their borrowing needs. With over \$20 million in new loans booked, Columbine realized an increase of 4.51% in total loans, closing the year at 92.53% loaned out. Though total assets decreased slightly, ending the year at \$58.30 million, the Credit Union's net worth ratio strengthened, ending 2018 at 9.05%, a level the National Credit Union Administration considers "well capitalized."

Beyond the financials, Columbine found several new ways to provide incredible service to our member-owners. Early in the year, we launched a credit card cash back rewards program that allowed us to give members more than \$12,000 in cash rewards in 2018. We fully expect that number to approach \$20,000 in 2019. We also integrated electronic document signing into our loan and account processes, making it possible for us to serve members anywhere in the country quickly and efficiently. Last, but not least, we rolled out a new website and online chat feature, both of which give our members more convenient access to their Credit Union.

In perhaps the most significant development of the past year, Columbine's Southeast branch continued to grow and increase its visibility in the surrounding community. We had the opportunity to sponsor several local events that included a free concert with the PACE Center, free movie nights at O'Brien Park, and 5k runs that raised money for worthy causes in the area. The Southeast community has been a welcome addition to the Columbine family, and we are excited to see this branch continue to grow.

Community impact and social responsibility remain at the core of our cooperative model. The Columbine Connects Foundation exists to give our community the tools they need to complete their path to financial success, and I am proud to report that the Foundation experienced tremendous growth in 2018. Thanks to the support of our membership and partner organizations, the Foundation has raised more than \$17,000 since its launch in late 2016 and already made a significant investment in the future by awarding \$12,600 in scholarships to deserving students in Columbine's community.

In the coming year, we will continue investing in our employee-centric culture to ensure that our team consistently delivers outstanding service to you, our member. Excellent service has always been our goal, and the Columbine team's hard work was validated this year when they achieved a 97% overall member satisfaction rating. With this level of performance as our foundation, I'm confident we will continue to exceed your expectations in 2019 and beyond.

Thank you for your continued trust in your financial cooperative! After 62 years, Columbine's success is a direct result of your loyalty and support. I would also like to thank our outstanding Board of Directors and Supervisory Committee. As volunteers, they work tirelessly to ensure that we continue meeting your needs and exceeding your expectations. Along with the rest of our Columbine team, they truly believe in the power of people helping people.

John Faries
President

STATEMENT OF FINANCIAL CONDITION

BALANCE SHEET

YTD COMPARISON

ASSETS

	2018	2017	2016
LOANS TO MEMBERS	\$46,905,542	\$44,033,455	\$38,895,390
BUSINESS LOANS	\$1,088,918	\$1,890,588	\$1,955,654
SUBTOTAL	\$47,994,460	\$45,924,043	\$40,851,044
LESS: ALLOWANCE FOR LOAN LOSS	-\$223,164	-\$174,121	-\$188,100
NET LOANS TO MEMBERS	\$47,771,296	\$45,749,922	\$40,662,944
CASH	\$366,975	\$385,109	\$248,624
INVESTMENTS	\$5,195,912	\$8,913,638	\$12,497,473
OTHER ASSETS	\$4,963,068	\$4,689,819	\$4,638,488
TOTAL ASSETS	\$58,297,251	\$59,738,488	\$58,047,529

LIABILITIES AND EQUITY

ACCRUED EXPENSES & OTHER LIABILITIES	\$1,320,682	\$285,171	\$318,091
MEMBER DEPOSIT ACCOUNTS	\$51,868,783	\$54,304,218	\$52,705,342
REGULAR RESERVE	\$685,953	\$685,953	\$685,953
RESERVE FOR VALUATION GAIN (LOSS)	-\$167,573	-\$118,487	-\$127,608
UNDIVIDED EARNINGS	\$4,589,406	\$4,581,633	\$4,465,751
TOTAL LIABILITIES & EQUITY	\$58,297,251	\$59,738,488	\$58,047,529

INCOME STATEMENT

YTD COMPARISON

OPERATING INCOME

	2018	2017	2016
INTEREST ON LOANS	\$2,138,226	\$2,031,024	\$1,894,025
INCOME FROM INVESTMENTS	\$97,908	\$110,623	\$160,277
OTHER INCOME	\$666,917	\$575,206	\$481,088

GROSS INCOME

OPERATING EXPENSES			
COMPENSATION & BENEFITS	\$1,154,463	\$1,146,593	\$1,019,286
ASSOCIATION DUES	\$21,761	\$20,182	\$20,625
OCCUPANCY AND OPERATIONS	\$454,093	\$430,976	\$389,485
LOAN SERVICING EXPENSE	\$154,971	\$141,797	\$88,172
PROFESSIONAL & OUTSIDE SERVICES	\$441,279	\$377,977	\$359,167
NCUA ASSESSMENT	\$0	\$0	\$0
PROVISION FOR LOAN LOSSES	\$210,000	\$117,500	\$115,000
OTHER	\$207,039	\$174,303	\$185,747

OPERATING EXPENSES

	\$259,445	\$307,525	\$357,908
NET INCOME BEFORE DIVIDENDS			
DIVIDENDS	\$266,822	\$212,666	\$221,015
OTHER GAIN (LOSS)	\$15,150	\$21,023	\$968
NET INCOME	\$7,773	\$115,882	\$137,861

NET INCOME

RATIOS:

NET WORTH/ASSET	9.05%	8.82%	8.87%
LOANS/SAVINGS	92.53%	84.57%	77.51%
ASSET GROWTH	-2.41%	2.91%	4.56%
DEPOSIT GROWTH	-4.48%	3.03%	4.23%



2018 ANNUAL REPORT

MAKING A DIFFERENCE.



62ND ANNUAL MEETING
FEBRUARY 28, 2019

CHAIRMAN'S REPORT

It seems like every day we are bombarded with financial news from experts who say things like “buy gold” to hedge against inflation, “refinance your house” while interest rates are still low, move investments into cash, don’t move investments into cash. Recently Pacific Gas and Electric (PG&E) filed for bankruptcy as its stock plummeted from a high of almost \$70 a share to just under \$14, which is contrary to what many of us grew up hearing—public utilities are “the place” to invest because, after all, they never fail. And the stock market, well it reminds me of the Tilt-a-Whirl I used to ride at a carnival, it moves dizzyingly fast, tosses you about as it goes up then down then up again and when the ride is done, you sit for a moment to think—can my stomach take another ride, or am I ready to get off.

All the craziness in the market can affect financial institutions just as it can affects individuals. A well-run financial institution prepares for cases such as this through Asset and Liability Management (ALM) and runs monthly financial scenarios to make sure it is prepared for whatever changes the Federal Reserve—or the local market—may throw at it. Generally, the key ratios tell the story—was ALM effective, did the institution do a good job in preparing for the unknown and the unexpected? When you review our financials and our key ratios, the answer for Columbine Federal Credit Union (CFCU) is yes, we did.

The key ratios included in this annual report will tell you that over all we had a successful year. Key to our success beyond the effective use of ALM and our committed staff and volunteers, is our strategic plan. In October of each year management and volunteers work together to define the direction of CFCU for the coming year and define specific goals and objectives related to that direction. This purpose of the plan is twofold: it provides management with a tool to measure staff and organization progress, but more importantly, it provides a road map throughout the year that allows CFCU to effectively navigate whatever the market may throw at us—whether it be gentle waves of change or a tsunami that shakes up the entire sector. To successfully complete 80% of a strategic plan is considered a success—our staff completed 85%—yet another measure of the success we enjoyed in 2018.

CFCU continues to provide a return to our members and our community that goes beyond dollars and cents. Our branch in Parker continues to grow and offer our members and the Parker community another resource for financial services. We continue to improve the online experience with an updated webpage and improved electronic services such as DocuSign, and we continue to improve outreach through social media. To the community our return is through support: once again Columbine was a sponsor for Drennen’s Dreams Annual Splash Dash held in June; the credit union hosted a motorcycle rally in September to support veterans dealing with post traumatic stress. We hosted a fund raiser for Big Dogs Huge Paws which filled our lobby, literally, with dogs waiting to have their picture taken with Santa Clause. We helped sponsor the American Legion Oratorical competition where four very talented high school students won scholarships and one went on to compete at the national level. Our employees continue to volunteer in our community and support Columbine Connects, our Foundation that offers scholarships for community students and micro-enterprise grants for young entrepreneurs.

So as you can see, success is measured in many ways. Key ratios, a bottom line that is again in the black, an effective use of ALM and our strategic plan, and continued support of and commitment to our community. Last year, I referred to our “Member Ratio” and “Community Ratio” and how they demonstrated that we are a successful and supportive partner not just for our members, but for our local community. I believe that to still be true, so to our members, to our staff and to our volunteers I say “Thank you” for without you, we could not accomplish all that we have, and we would not be able to say with pride, we continue to be your Lifetime Financial Partner.

Deb McBride
Chairman

TREASURER'S REPORT

As the Treasurer of Columbine Federal Credit Union, I am pleased to report that 2018 was another successful year. Over the last year, Columbine Federal Credit Union was able to provide superior financial products to our members while achieving continuous financial growth. The strength of the Credit Union is a testament to the loyalty and support that you, our members, have consistently shown throughout the years.

From a financial perspective, overall results were positive. The Credit Union realized an increase in total loans while continuing to offer both competitive dividend rates on deposit accounts and interest rates on loans. At year-end, the Credit Union reported \$58.3 million in assets, of which, \$48.0 million were total loans. Since loans allow us to provide a valuable return to members, they are an essential part of the Credit Union’s success. With that in mind, it was encouraging to see Columbine’s loan growth for the year checked in at 4.51% and its loan-to-share ratio climbed to 92.53%.

In addition to the financials, net worth is one of the primary indicators of whether a credit union is financially sound. As such, it is important to note that Columbine’s net worth ratio improved in 2018, rising to 9.05%. This level of net worth is considered “well capitalized” by the National Credit Union Administration and indicates that your Credit Union remains financially strong.

As your treasurer, I believe that my primary responsibility is to ensure funds and resources are properly allocated to serve the membership. This year, as in past years, Columbine management gets high marks in this category. Thanks to their leadership, the Credit Union accomplished many of the goals outlined in its 2018 strategic plan, securing its ability to meet the needs of the membership by offering the products and services that can help you achieve financial success.

Every year, the Asset Liability Committee meets monthly to review the financial markets and determine how changes in the equity and bond markets impact Columbine. Although interest rates have remained very low for some time, they began to climb over the past year. Due to this change, the committee monitored local rates closely and took quick action to increase Columbine’s dividend rates on several occasions. This timely action ensured that the membership continued to earn competitive rates on their hard-earned deposits.

With the hard work of the Credit Union staff and the support of our dedicated volunteers, we look forward to continued growth and success in 2019. Together, we can build on last year’s promising financial performance and secure a stronger, more vibrant Columbine, capable of serving our member-owners both now and in the future.

Olga Fajaros
Treasurer

SUPERVISORY COMMITTEE REPORT

Columbine Federal Credit Union’s Supervisory Committee, made up of five volunteer members, independently evaluates the strength and soundness of Columbine’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 (GAAP). The Committee also assures that Columbine’s financial statements provide a fair and accurate representation of the financial condition of the Credit Union.

Our independent auditor, Holben, Hay, Lake, Balzer (HHLB), conducted a comprehensive review of Columbine’s financial statements for the period ending September 30, 2018 and the related statements of income, changes in retained earnings, and cash flows for the year utilizing agreed-upon procedures. HHLB provided a detailed report to the Board of Directors that noted no significant issues with the areas of the Credit Union’s financials that were evaluated during the review.

In addition to annual agreed-upon procedures review, Columbine contracted with Clowers Credit Union Services (CCUS) 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, CCUS provides a detailed report to the Supervisory Committee, the Board of Directors, and Management.

The National Credit Union Administration (NCUA), which is the regulatory agency for all federally chartered credit unions nationwide, performs periodic supervisory examinations and contacts. The last examination performed was as of September 30, 2017. Based on this examination, they provided a report confirming that Columbine is prudently managed and is a financially sound institution.

Based on the results of the agreed-upon procedures review, 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 Columbine Federal Credit Union continues to be financially strong and well managed, with sound policies and programs. Columbine Federal Credit Union is also in compliance with the Credit Union’s by-laws and applicable federal laws and regulations.

The Supervisory Committee serves as your personal advocate determined to provide you with the highest quality member service and privileges. As committee members, we are proud to offer you a safe and sound environment to conduct your financial business. We look forward to serving you in the future.

Frank Gomez
Supervisory Committee Chairperson

We deliver financial success.