



Fitzsimons

A PARTNERING CREDIT UNION

2022

ANNUAL REPORT





FROM THE CHAIRMAN AND CEO

2022 was a successful year for the Fitzsimons Credit Union despite some emerging economic headwinds and the residual effects of the pandemic. Looking back at the past several years, we can see how the credit union's attention turned toward increasing deposits to fund loan demand. In response to the pandemic, the U.S. Government issued Economic Impact Payments (EIP) in March and December 2020, and a third EIP in March 2021. Together these payments increased the credit union's deposits by nearly \$30MM, or 9% per year, for 2020 and 2021. As 2022 approached, deposits continued to grow through the first quarter then plateaued leading to overall deposit growth of under 1% for the year. While deposits stalled in 2022, loan demand took off with net loans increasing by \$43.3MM, or nearly 27% for the year. Over half of our loan growth was in auto loans due to pent-up consumer demand and more auto inventory from the loosening of supply chains. So, while we started 2022 with excess liquidity from deposits, these funds quickly evaporated as loan growth reached record levels.

It's no news by now that the Federal Reserve Bank increased the Fed Funds Rate seven times during 2022 to tamp down inflation that was spurred on by consumer spending, tight labor markets, and COVID supply chain issues. Attracting deposits became more competitive and expensive for Fitzsimons Credit Union in 2022 as rapid market rate increases were manifested in rising rates on our loan and deposit products. In September 2022, we temporarily suspended our indirect auto lending channel for non-members to assess our liquidity position and to ensure that member loan needs were met. In addition, we began (and continue) increasing rates on our money market and certificate products and have rolled out varying certificate "specials" to our members. While the economic environment for 2022 was unprecedented, we are confident that Fitzsimons Credit Union will still remain strong, operational, and here long term for our members.

From a safety and security standpoint, your credit union remains strong. The results of various audits, including a review of our cybersecurity safeguards, have been outstanding and we continue to hold a healthy net worth position that enables us to weather any unforeseen economic events. While there are some economists that predict a recession in the coming year, we feel more than prepared to take on whatever challenges we face. We learned plenty having experienced the "great" recession of 2008 where we emerged even stronger.

As we look to the coming year, we wanted to give you a few updates along with some activities from 2022. Community involvement remains to be a priority as we work alongside different non-profit organizations, schools, arts and cultural organizations, along with departments of the cities of Denver and Aurora. We also sponsored numerous events throughout Denver, Arapahoe, and Adams counties such as the Arapahoe County Fair, Colfax Canvas, and Global Fest among others. We awarded five scholarships to well-deserving students and continue to promote education and financial literacy. We will be remodeling our Fitzsimons Anschutz Branch in 2023 as the first part of our overall branching strategy tied to our field of membership that encompasses Denver, Arapahoe, and Adams counties.

As we head into 2023, we would like to thank you, our members, for your ongoing support of our Fitzsimons Credit Union. We are owned by you and chartered to serve you. We welcome any feedback on how we may improve to exceed your needs and expectations.

Thank you.



Lyle R. Artz
Board Chair



Robert M. Fryberger Jr.,
President / CEO

BOARD OF DIRECTORS



Lyle Artz, Chair

Mr. Artz has been serving on the board since 2010. He was previously a volunteer for 6 years on the Supervisory Committee. He is retired from the U.S. Military and currently works for the Fitzsimons Redevelopment Authority.



Judy Thomas, Vice Chair

Ms. Thomas has been a member of the Supervisory Committee since 2011 and has been on the board since 2017. She has worked for over 25 years in all facets of financial and management accounting. She is a Certified Public Accountant, licensed in Colorado.



Demetria McNeal, Treasurer & Secretary

Elected to the board in 2019. Dr. McNeal is a research scientist with an academic appointment in the School of Medicine on the University of Colorado Anschutz Medical Campus. She also volunteers with the Food Bank of the Rockies.



Betsy Brauer, Member

Betsy Brauer has been a member of Fitzsimons Credit Union since 2010. She served as the Chair of the Supervisory Committee from 2015 through 2021. She was appointed to the Board of Directors in July 2021.



Michael Gratz, Member

Mr. Gratz currently serves as the Executive Director Rocky Mountain Performance Excellence, a non-profit engaged in helping organizations improve their performance and achieve their goals in the states of Colorado, Nebraska, Wyoming, and Montana.





SUPERVISORY COMMITTEE REPORT

The National Credit Union Administration (NCUA) requires that the supervisory committee ensure that the board of directors and management of Fitzsimons Federal Credit Union (FFCU) meet required financial reporting objectives and establish practices and procedures sufficient to safeguard members' assets. In satisfying this requirement, the supervisory committee assures that (1) internal controls are in place and effectively maintained, (2) accounting records and financial reports are accurate, and (3) plans, policies, and controls are properly administered by the board to safeguard against error, conflict of interest, self-dealing and fraud. First engaged in 2016, Doeren Mayhew CPAs, conducted the 2022 annual opinion audit and expressed an unqualified opinion on the credit union's financial statements for the period ending September 30, 2022. The purpose of the opinion audit is to review the credit union's accounting records and financial reports in accordance with auditing standards generally accepted in the United States of America. Those standards require that the auditors plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. A component of the opinion audit includes performing verification of members' accounts against the credit union's records. The independent auditors' report indicates the audited financial statements as of September 30, 2022, present fairly, in all material respects, the financial position of the credit union. The unaudited financial statements as of December 31, 2022, as listed in the annual report cannot be verified by the supervisory committee; however, there have been no material changes in accounting policies or management of the credit union that would cause concern. In addition to the annual opinion audit, the supervisory committee engaged Holben Hay Lake Balzer CPAs, a Division of SingerLewak, to conduct quarterly audits of the credit union's internal controls including operating procedures, staff structure, and other measures within the credit union to safeguard member assets, ensure the accuracy and reliability of accounting data, and compliance with board policies. Good internal controls minimize the possibility of undetected fraud and errors. Your credit union received a variety of audits/examinations in 2022 that were reviewed by the supervisory committee. I am pleased to report there were no material misstatements or findings as a result of those audits or examinations. Management cooperated fully with the supervisory committee, examiners, and auditors. They responded promptly and seriously considered any recommendations that resulted from these audits/examinations. It has been a pleasure serving the FFCU membership. Additionally, we thank the board of directors, the management, and the staff for their support and cooperation in assisting the supervisory committee to carry out its responsibilities to the membership.



Alicia Newton
Supervisory Committee Chair

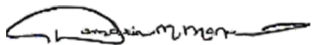
TREASURER'S REPORT

As normal life was more in sight in 2022, the credit union experienced a great year of growth as a result. The credit union was able to maintain its strong net worth and remained well-capitalized throughout the year. The credit union's net worth ratio was 11.92% at the end of the year, well above the minimum threshold of 7.00% to be defined as well capitalized by the National Credit Union Administration. Our strong net worth position has continued to allow us to support our members and have the confidence that we continued to maintain our solid foundation.

The credit union experienced record loan growth in 2022 with overall loan growth of 26.89%. The credit union yielded 4.70% in interest income on loans in 2022 which continues to provide revenue for operating expenses, loan losses and dividends for the membership. Fitzsimons continues to offer competitively priced lending options and work with members in need of financial assistance.

Deposit growth remained flat in 2022 at .55% for the year. With the success in lending growth and flat deposit growth, the credit union will be focusing on increasing deposit balances where possible in 2023.

Our main area of focus will be to balance deposit and loan growth while minimizing loan losses and managing expenses. The Federal Reserve responded to the market with multiple rate changes in 2022. To moderate rising prices, the Fed began raising interest rates in March 2022 after a 2-year hiatus. Between March 2022 and February 2023, the FOMC raised its target from between 0.25-0.50% to 4.5-4.75%. Regardless of the trajectory of future interest rates, the credit union remains committed to operating soundly and serving our membership. Your board and management make operating a safe and financially sound credit union a high priority; preserving the credit union's strong net worth position by not taking unwarranted risks. We thank our member-partners for their continued support and loyalty.



Dr. Demetria M. McNeal
Board Treasurer

INDEPENDENT AUDITOR'S REPORT

January 17, 2023

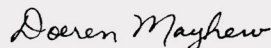
To the Members, Board of Directors and
Supervisory Committee of
Fitzsimons Federal Credit Union
Aurora, Colorado

We were engaged by Fitzsimons Federal Credit Union to perform an independent audit of the Credit Union's financial statements for the year ended September 30, 2022. We have issued our independent auditor's report dated January 17, 2023.

In the independent auditor's report we expressed an unmodified opinion on the Credit Union's financial statements. An unmodified opinion states that the financial statements present fairly, in all material respects, the financial condition of the Credit Union as of September 30, 2022 and the results of its operations and cash flows for the year then ended.

A full copy of the independent auditor's report and audited financial statements is available from the Credit Union upon request.

Sincerely,



Doeren Mayhew
Miami, FL



Doeren Mayhew
CPAS AND ADVISORS



FINANCIAL REPORT

STATEMENT OF FINANCIAL CONDITION 12/31/22

Assets

Total Loans	204,655,087
Allowance for Loan Losses	(2,398,933)
Net Loans	202,256,154
Cash and Investments	14,293,757
Fixed Assets	7,195,692
Share Insurance Capitalization Deposit	1,814,437
All Other Assets	10,697,659
Total Other Assets	19,707,789

Total Assets **\$236,257,700**

Liabilities, Shares & Equity

Accounts Payable & Other Liabilities	17,958,582
Share Savings	80,339,891
Draft Checking	55,136,012
Money Market Shares	21,129,780
Share Certificates	27,491,812
IRA Shares & Certificates	6,334,469
Total Shares & Certificates	190,431,964
Regular Reserve & Undivided Earnings	28,173,068
Unrealized Gain/(Loss) on Investments	(305,914)
Total Net Worth & Unrealized Inv Loss	27,867,154

Total Liabilities, Shares & Equity **\$236,257,700**

STATEMENT OF INCOME 12/31/22

Interest Income

Interest on Loans	8,810,092
Income from Investments	457,222
Total Interest Income	9,267,314

Interest Expense

Dividends on Shares	567,251
Interest of Borrowed Money	393,114
Total Interest Expense	960,365

Net Interest Income Before Provison **8,306,949**

Provision for Loan Losses	21,360
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Net Interest Income After Provision **8,285,590**

Operating Expense

Employee Compensation & Benefits	4,220,032
Travel & Conference	67,651
Office Occupancy	642,271
Office Operations	2,428,935
Educational/Promotional	260,620
Loan Servicing	675,823
Professional/Outside Services	433,056
Members Insurance/Corporate CU Stabilization	-
NCUA Operating Fee	44,439
Miscellaneous Operating Expense	54,753

Total Operating Expense **8,827,579**

Fee and Other Income

Fee Income	932,970
Other Operating Income	1,042,070

Total Fee and Other Income **1,975,040**

Net Operating Income **1,433,051**

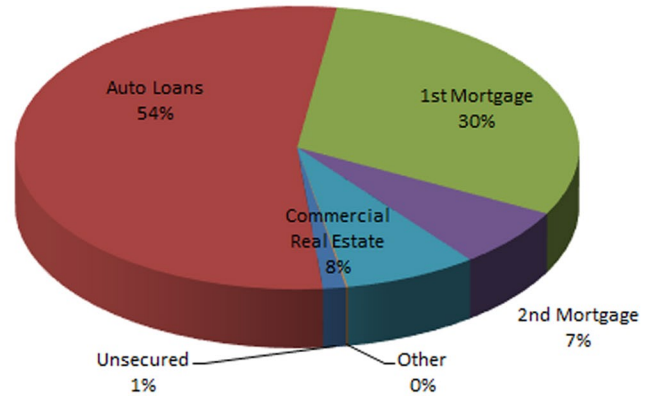
Gains on Disposition of Assets	(356,506)
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Net Income **\$1,076,544**

Loan Distribution

Unsecured	1%	2,710,182.96
Auto Loans	54%	109,923,891.55
1st Mortgage	30%	62,340,342.90
2nd Mortgage	7%	13,896,389.48
Commercial Real Estate	8%	15,594,101.20
Other	0%	190,178.72
		\$204,655,086.81

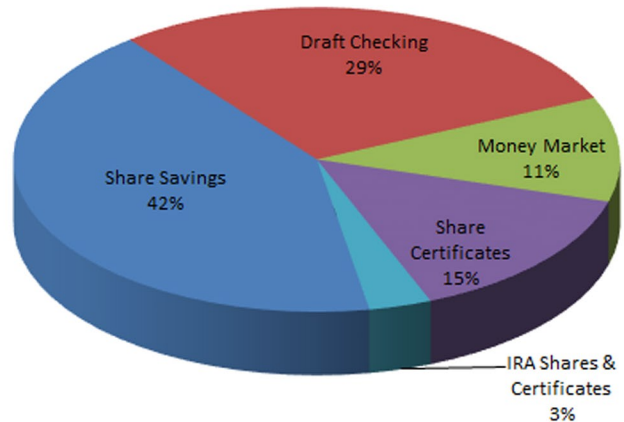
Loan Distribution



Share Distribution

Share Savings	42%	80,339,890.86
Draft Checking	29%	55,136,012.46
Money Market	11%	21,129,780.37
Share Certificates	14%	27,491,811.58
IRA Shares & Certificates	3%	6,334,468.66
		\$190,431,963.93

Share Distribution



COMMITTED TO THE COMMUNITY

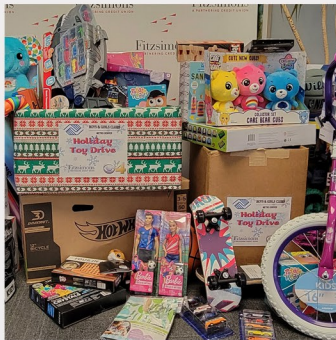
\$5,100

**in scholarships were
awarded to 5 deserving
students.**



23

**events were sponsored
or produced by
Fitzsimons Credit Union.**



1,300+
**Zogo financial literacy
app users**

**&
4**

**financial literacy
seminars.**



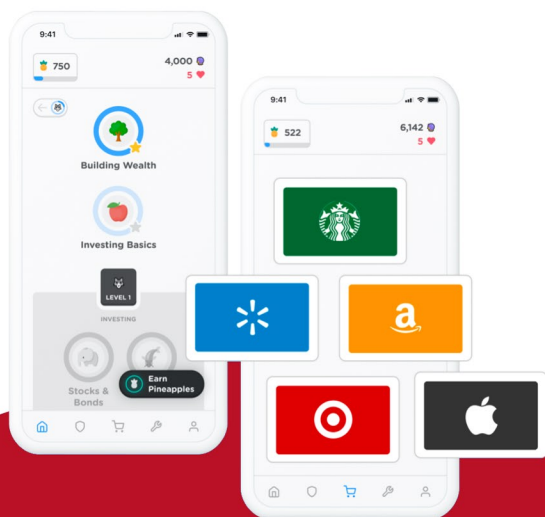
2,000+

**items donated to
clothing, school and toy
drives to individuals in
need.**



\$55,000+

**donated to non-profit
organizations.**



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* Apply to certain cards. Terms and conditions apply. For more information
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NCUA
National Credit Union Administration, a U.S. Government Agency

A woman with long brown hair is seen from behind, looking at a chalkboard. The chalkboard has drawings of a money bag, stacks of coins, and a bar chart. A QR code is in the bottom right corner.



BOARD OF DIRECTORS

Lyle R. Artz, Chair
Judy A. Thomas, Vice Chair
Demetria M. McNeal, Treasurer & Secretary
Betsy Brauer, Member
Michael S. Gratz, Member

EXECUTIVE AND MANAGEMENT TEAM

Robert M. Fryberger Jr., President/CEO
Alisha Stansall, VP Operations
Jennifer Green, VP Finance
Elizabeth Rettig, VP Risk Management
Andrey Parshenkov, VP IT

SUPERVISORY COMMITTEE

Alicia Newton, Chair
Anthony Briseño, Secretary
Vincent Macieyovski, Member
Judy A. Thomas, Board Liaison to the SC

LET'S CONNECT

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6359 S. Southlands Parkway Aurora, CO 80016
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www.FitzsimonsCU.com



@FitzsimonsCU

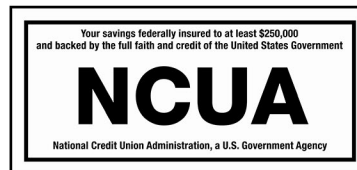


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Federally insured by NCUA





Fitzsimons

A PARTNERING CREDIT UNION