



# Fitzsimons

A PARTNERING CREDIT UNION



## ANNUAL REPORT

**DOLLAR\$ & \$ENSE**

# FROM THE CHAIRMAN AND CEO

As a community-focused credit union, our goal is to know each of our members and to provide support and assistance wherever you may be on your financial journey. We always keep your best interests in mind when making decisions regarding technology upgrades, product and service offerings, loan rates and savings dividends. Our priority is to always deliver exceptional partnering experiences while remaining financially healthy. Ultimately, we exist to serve you. It's that simple.

## HIGHLIGHTS FROM 2018

### FINANCIAL SUCCESS:

- We continued to show strong loan growth - over 18%, while keeping delinquency and charge-offs in check.
- We maintained a strong net worth position. Net worth serves as a buffer to absorb unexpected changes in earnings (such as those created by the Great Recession). Our net worth ratio of 12.3% was well above the regulatory threshold of 7% for an adequately capitalized institution.

### SECURITY/ACCURACY:

- Cybersecurity continued to be a challenge as fraudsters were ever more creative in facilitating cybercrime. FFCU had strong IT audits which tested for firewall vulnerabilities.

### ONLINE SERVICE DELIVERY:

- The implementation of **Credit Sense** as a FREE add-on to online and mobile banking was well received. Members now have easy access to their latest credit score, helpful suggestions for building and maintaining good credit, and loan offers particular to their situation. Credit Sense also monitors members' credit reports for signs of fraud and identity theft.
- We updated our online loan and checking account application platform, making it easier for members to apply from home.

### OUTREACH:

#### Financial Literacy Seminars

- o As part of our commitment to member education, we offered several free seminars to the public covering topics like home buying, car buying, budgeting, credit building and more.

#### Hispanic focus

- o We value the diversity in Aurora and among our membership. As part of our commitment to serving the Hispanic community we feel it's important to participate in events celebrating their culture. This year, we sponsored both the **City of Aurora's Globalfest** and **Dia de los Muertos** celebration.
- o 33% of our staff is bilingual (up from 26% in 2017)



ROBERT FRYBERGER  
President/CEO

On behalf of the board of directors and the staff of Fitzsimons Credit Union, we thank you for your continued support. It is our privilege and honor to serve you.

## LOOKING AHEAD

### TECHNOLOGY:

In addition to keeping our members' information secure, we are always looking for ways to simplify doing business with us. In the next 12 months we will be implementing several add-ons and improvements to our technology and computing infrastructure. These include:

- **Zelle** (through online/mobile banking) – a fast, safe way to send money to friends and family.
- Fitzsimons debit cards will soon work with **Apple Pay/Samsung Pay**
- We are upgrading our **ATMs** - easier access to your money
- **Credit card** program - more spending flexibility
- Self-service **wire transfers** through online banking
- **Website redesign** with intuitive navigation and improved self-service functionality
- **Online loan payments**

Of course, adopting new technology requires a significant investment of time, money and labor. But we are confident that the benefits to our members justify the expense. By leveraging new technology, opening an account, getting a loan, making a payment, and finding information will be easier than ever.

### ECONOMY:

The Federal Reserve raised interest rates four times during 2018. That makes nine rate increases since late 2015. Fitzsimons management regularly monitors the credit union's interest rate risk position to mitigate exposure to a rising rate environment. We will continue to monitor this closely in 2019 and make adjustments for the good of the credit union and our membership.

### FINANCIAL LITERACY:

Statistics show that young adults (and older ones, as well) have limited knowledge about how money works. To address this knowledge gap, we will be making a series of financial literacy video courses available online in addition to offering seminars and hosting live panel discussions related to saving, spending, borrowing and investing in your future.



LYLE R. ARTZ  
Board Chair

# Credit Union Difference

Fitzsimons Credit Union has proudly served Aurora since 1955 and offers a full range of banking products and services to help you on your financial journey. Credit Unions serve as an alternative to the for-profit banking system, which means we are owned and operated by member account holders just like you, not shareholders on Wall Street.

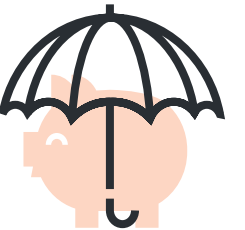
## Your Vote Counts



We are all about democracy! Our member-based board of directors serve voluntarily and are elected by you to ensure that we are serving our members to the best of our ability.

## Your Funds are Insured

That's right! Your funds are insured up to \$250,000 by the NCUA (National Credit Union Association). So no matter what happens in the economy, you can sleep peacefully knowing your money is safe.



## Lower Loan Rates & Higher Savings Rates

We are a co-op, not a corporation. As a not-for-profit, any profit we make goes back to you in the form of competitive rates and lower fees. Ensuring you a fatter piggy bank.



## Nationwide Access

As a credit union member, you are part of the 2nd largest network of physical branch locations in the nation AND you have access to over 30,000 surcharge-free ATMs in locations where you already shop, like 7-Eleven and Costco.



Start

\$

### Join a Credit Union

Become a member for just \$5 and start a lifelong partnership. Your financial journey begins now. **Jump ahead 2 spaces.**

# Products & Services

You have access to the same products and services that you would find at traditional big banks. Our financial consultants are here to help you plan the best course of action for your borrowing and saving needs.

# Our Virtual Branch

You deserve to do your banking anytime and anywhere. That's why we strive to deliver the most up-to-date services available with our virtual branch.

## CHECKING ACCOUNTS

There are several checking account options created with you in mind. Each account has different features and benefits allowing you to choose the type that's right for you.

- **FREE Checking Accounts**
- **Premium Checking Accounts with bonus features like:**
  - Loan Discounts
  - Overdraft Forgiveness
  - Skip-a-Payment Options
- **Business Checking Accounts**

## Online Banking

- View your account balances and history
- Transfer funds between your accounts
- Send secure messages to our member service team
- Make loan payments on any of your Fitzsimons loans
- Set up no-hassle automatic payments with BillPay

### The Digital Movement

- 7,919 members have gone green with eStatements
- 4,500 members are banking with our mobile app



## LOANS

Whether you are in the process of fixing up your home or taking your small business to the next level, Fitzsimons Credit Union offers a variety of loan solutions to make your dreams a reality.

### PERSONAL LOANS

Personal Lines of Credit  
Credit Builder Loans  
PIC Loans (Pay Day Loan Alternative)  
Small Business Loans  
Immigration & Citizenship Loans

### VEHICLE LOANS

Auto Loans  
RV/Motorcycle Loans  
Auto Refinance Loans

### MORTGAGE LOANS

Residential Mortgage  
Commercial Loans  
Construction Loans  
Rapid Refi Mortgage Loans  
Home Equity-Based Loans

## MOBILE & MORE

### Available on the Mobile App

- Deposit checks from your smartphone using Mobile Check Deposit
- Find Fitzsimons shared branches and fee-FREE ATMs
- Includes many of the same features available through Online Banking

### Other Online Services

- eStatements
- Loan Applications
- Debit Card Text Alerts

## OTHER PRODUCTS & SERVICES

### Auto Insurance Products

We offer a range of insurance options to help keep your vehicle and personal finances safe. Through our trusted partners, we offer Guaranteed Asset Protection (GAP), Mechanical Breakdown Protection, Debt Protection, and car insurance.

### Financial Planning Assistance

If you're planning for your estate, taxes, retirement or just life, we can help you reach your goals.

### And also....

Youth and Teen Accounts  
FREE Notary Services  
Safe Deposit Boxes  
Certificate Accounts  
Individual Retirement Accounts  
Signature Guarantees  
Wire Transfers

## CREDIT SENSE

### Available on the Fitzsimons Online Banking Platform and Mobile App

- View your credit score (updated daily) and the average score in your neighborhood
- Monitor your credit history and receive timely credit alerts
- Check your TransUnion credit report
- Take advantage of personalized offers geared toward improving your financial well-being

1300+ members have signed up for Credit Sense.



### Youth Savings Account

Ka-ching! At the age of six, you are already earning interest from the money in your youth account. **Jump ahead 2 spaces.**



### Teen Checking Account

You just turned 13! You're old enough to have your own checking account with a debit card. Be sure to use it responsibly! **Move ahead 1 space.**



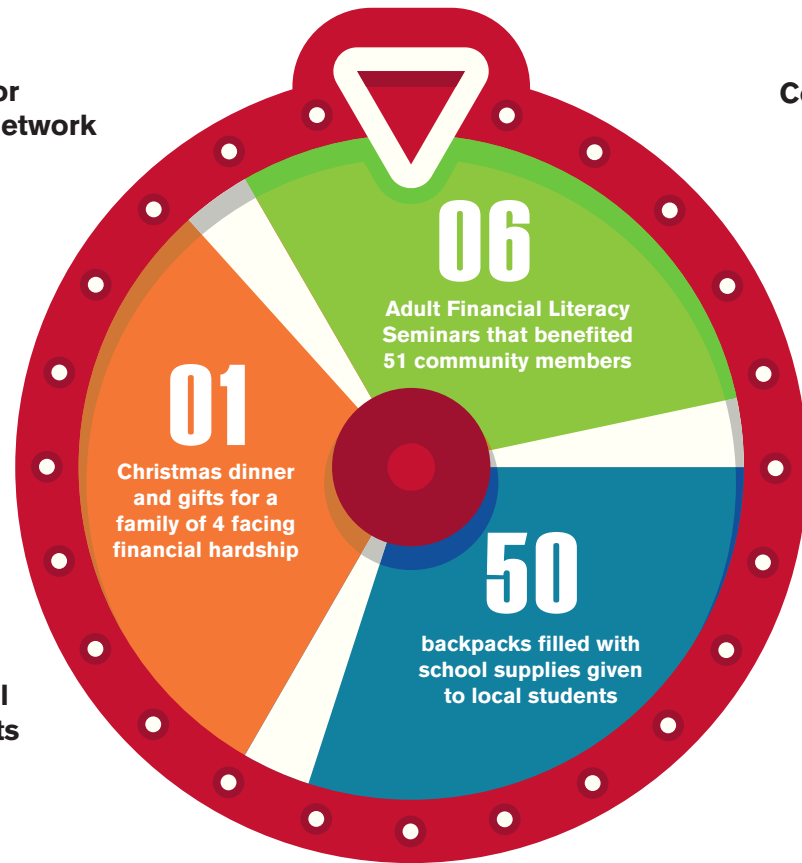
### First Car

You no longer have to borrow Mom and Dad's car. You were approved for an auto loan and now have your own set of wheels! **Hit the road and roll again.**

# Building Our Community

When you bank locally, you give locally. Since we are a co-op, your savings become another member's loan, creating a cycle of financial success in our community.

## Giving Back in 2018



Raised \$810 for Children's Miracle Network



Put 2,289 members into a vehicle



Funded \$10,000+ in sponsorships for local schools and non-profits



Collected \$1,055 for the Civitan Club



Helped 25 members purchase a home



Awarded \$5,000 in scholarships to 6 deserving students



# It Pays To Be a Kid

We know you want the best for your little ones, that's why we started the Savvy Savers program. Our youth accounts are a great way to introduce your children to sensible saving, budgeting, and spending.

### Interest Bearing Savings Accounts



Give your little one a head start with a youth savings account that earns interest. You can open an account for a child as young as one day old.

### Yearly Birthday Checks (Ages 2-12)



Each year, during their birthday month, Savvy Savers receive a birthday check (equal to their age) to deposit into their Savvy Savers Account.

### Matching Deposit Specials



We want to help your Savvy Saver reach their goals. Every April (Youth Month) and periodically throughout the year we will match deposits up to a certain \$ amount.

### Teen Checking Accounts



Upon turning 13, Savvy Savers are eligible to open a Teen Checking Account with an adult co-signer. Your teen can even have their own Visa debit card.

### Scholarships



Members pursuing an associate's or bachelor's degree at a two- or four-year accredited college can apply for the Sandra B. Neves Scholarship (\$500 - \$5000).

### Financial Literacy Opportunities



We pride ourselves on educating the next generation. Check out a Biz Kid\$ dvd set from one of our branches or give us a call and we'll tailor a presentation specifically for your class or club.



### College Scholarship

Woo hoo! You got into your dream college and received a \$1,000 scholarship from Fitzsimons CU. Collect \$1,000 and move ahead 1 space.



### Start Your Career

You graduated and landed your first full-time job. Set up direct deposit into one or more accounts. Roll the dice to determine your salary.



### Accidents Happen

You break a leg while rock climbing and have no emergency savings to cover the ER bill. You get a great rate on a personal loan from Fitzsimons CU. Skip a turn while you heal.

# Treasurer's Report

Fitzsimons Credit Union finished 2018 with strong loan growth and an improved return on assets ratio, compared to 2017. The credit union remained well capitalized for 2018. The net worth ratio of 12.3% was well above the 7.00% minimum threshold, and is considered a well-capitalized credit union by the National Credit Union Administration (NCUA). A strong net worth position provides the credit union a solid foundation to offer its members competitive products and services.

A sound lending program is crucial toward meeting the credit union's financial goals and needs of our members. Loans are a critical element of Fitzsimons' financial performance because they provide a majority of the credit union's interest income. In 2018, total loan balances increased over 18%, and loan interest income increased 30%, providing revenue for operating expenses, loan losses and dividends to the membership. Fitzsimons continues to offer competitively priced lending options and work with members in need of financial assistance.

Total member funds deposited with the credit union remained flat in 2018; however, sufficient liquidity from the investment portfolio was adequate to sustain loan growth.

Our main area of focus for 2019 will be to increase lending to the membership while minimizing loan losses and managing expenses. The Federal Reserve increased the target Federal Funds rate four times during 2018 and there are mixed opinions about further increases in the near term. Regardless of the trajectory of future interest rates, the credit union remains committed to operating soundly and serving our membership. Your board and management makes 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.

Sincerely,



Judy A. Thomas  
Board Treasurer

## Independent Auditor's Report

To the Members of Fitzsimons 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, 2018. We have issued our independent auditor's report dated January 14, 2019.

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, 2018, 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*

Doeren Mayhew  
Miami, FL

 **DoerenMayhew**  
CPAs AND ADVISORS

# 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 and Advisors conducted the 2018 annual opinion audit and expressed an unqualified opinion on the credit union's financial statements for the period ending September 30, 2018. 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 a verification of members' accounts against the credit union's records. The independent auditors' report indicates the audited financial statements as of September 30, 2018, present fairly, in all material respects, the financial position of the credit union.

The unaudited financial statements as of December 31, 2018, 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 LLC, to conduct quarterly audits of the credit union's internal controls. Internal controls include operating procedures, staff structure and other measures within the credit union to safeguard member assets. They also 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 2018 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 staff for their support and cooperation in assisting the supervisory committee carry out its responsibilities to the membership.

*Elizabeth Stone Brauer*

ELIZABETH S. BRAUER  
Supervisory Committee Chair



### Retirement Planning

It's time to plan for your future. Talk to a financial consultant and open a ROTH IRA or a certificate account to save for your retirement. **Jump ahead 3 spaces.**



### Entrepreneur

You've started your side-hustle as a dog trainer. Get a business checking account to keep your business and personal funds separate. **Move ahead 1 space.**



### Homeowner

Yay! Thanks to a fixed-rate mortgage loan, you just closed on a new home. It's time to break out the moving boxes and **Jump ahead 3 spaces.**



## STATEMENT OF FINANCIAL CONDITION

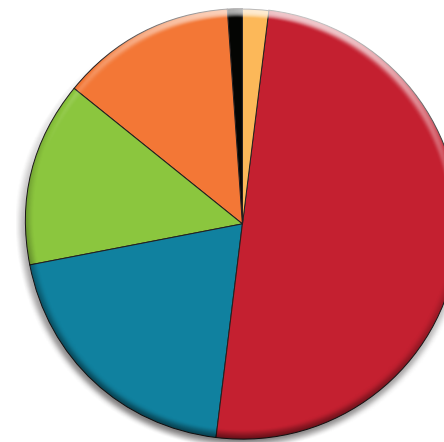
12/31/18

<b>Assets</b>	
Total Loans	135,744,871
Allowance for Loan Losses	(2,550,899)
Net Loans	133,193,972
Cash and Investments	34,890,275
Fixed Assets	7,323,004
Share Insurance Capitalization Deposit	1,545,440
All Other Assets	7,105,182
Total Other Assets	15,973,627
<b>Total Assets</b>	<b>\$ 184,057,873</b>
<b>Liabilities, Shares &amp; Equity</b>	
Accounts Payable & Other Liabilities	3,861,699
Share Savings	63,709,598
Draft Checking	35,822,151
Money Market Shares	22,335,865
Share Certificates	27,775,394
IRA Shares & Certificates	8,311,747
Total Shares & Certificates	157,954,754
Regular Reserve & Undivided Earnings	22,631,270
Unrealized Gain/(Loss) on Investments	(389,850)
Total Net Worth & Unrealized Inv Loss	22,241,420
<b>Total Liabilities, Shares &amp; Equity</b>	<b>\$ 184,057,873</b>

## STATEMENT OF INCOME

12/31/18

Interest on Loans	6,766,722
Income from Investments	1,150,525
<b>Total Interest Income</b>	<b>7,917,297</b>
Dividends on Shares	483,302
Interest of Borrowed Money	320,937
<b>Total Interest Expense</b>	<b>804,210</b>
Net Interest Income Before Provision	7,113,057
Provision for Loan Losses	(1,250,324)
<b>Net Interest Income After Provision</b>	<b>5,862,733</b>
Non-Interest (Operating) Expense	6,413,142
Fee & Other Operating Income	2,073,182
<b>Total Non-Interest Income</b>	<b>1,522,773</b>
Gain (Loss) on Disposition of Assets	(6,117)
<b>Net Income</b>	<b>\$ 1,516,655</b>



### Loan Distribution

Auto.....	50%
1st Mortgage .....	20%
2nd Mortgage.....	14%
Commercial Real Estate.....	13%
Unsecured Loan.....	2%
Other.....	1%



#### Life Happens

Oh no! Your basement is flooded. Time to get a Home Equity Line of Credit to cover the cost of repairs. While you're at it, use your HELOC to turn your basement into a sweet game room! Skip a turn during the remodel.



#### Dream Vacation

Thanks to some great advice from a financial consultant you have saved up enough to take your family on a trip to Switzerland. Time to practice your yodeling and head to the finish!

**FINISH**

## BOARD OF DIRECTORS

Lyle Artz, *Board Chair*  
Robert Fritsch, *Board Vice Chair*  
Ruth Bigham, *Board Secretary*  
Judy Thomas, *Board Treasurer*  
James Dye, *Board Member*

## ADVISORY COMMITTEE

Thomas Smith, *Emeritus*  
George Touchard, *Associate*

## SUPERVISORY COMMITTEE

Elizabeth Stone Brauer, *Committee Chair*  
Anthony Briseño, *Committee Secretary*  
Judy Thomas, *Committee Member*  
Franchesca Millstein, *Committee Member*  
Demetria McNeal, *Committee Member*

## EXECUTIVE & MANAGEMENT TEAM

Robert Fryberger, *President/Chief Executive Officer*  
Nina Myers, *Senior Vice President*  
Jennifer Green, *Vice President Finance*  
Andrey Parshenkov, *Vice President Information Technology*  
Cheri Prochazka, *Vice President Human Resources*  
Alisha Huett, *Assistant Vice President Operations*  
Elizabeth Rettig, *Assistant Vice President Risk Management*  
Christopher Cannon, *Branch Manager Fitzsimons*  
Melanie Bedell, *Branch Manager Southlands*  
Laura Martinez, *Communication Center Manager*  
Patricia Wells, *Marketing Manager*



(303) 340-3343 | (800) 933-5839

[www.FitzsimonsCU.com](http://www.FitzsimonsCU.com)

 @FitzsimonsCU  @FitzsimonsCU  @Fitzsimons\_CU

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6359 S. Southlands Parkway Aurora, Colorado 80016



Federally insured by NCUA



**Fitzsimons**  
A PARTNERING CREDIT UNION