



2021

ANNUAL REPORT



Fitzsimons

A PARTNERING CREDIT UNION

FROM THE CHAIRMAN AND CEO

2021 was another successful year for Fitzsimons Credit Union. While some of the restrictions related to the pandemic loosened during the year, the credit union still experienced some challenges tied to the pandemic and overall economic conditions. Much like most other financial institutions, finding qualified and dedicated staff continues to be difficult in a competitive environment for talent during this period of low unemployment. We are seeing temporary member behavioral changes from the pandemic now becoming permanent. For example, transactional lobby traffic has declined steadily while member use of online/mobile banking and call volume has increased. As a result, Fitzsimons has deployed Interactive Teller Machines (ITMs), made many enhancements to our mobile app (mobility), and increased the staffing levels and hours in our call center. ITMs combine both the functionality of an ATM and the in-person teller experience through the same machine. This allows for flexible staffing using a remote workforce while still providing transactional services that members require.

Financially, Fitzsimons remained strong during the year. Our net worth ratio of 12% was well above the 7% minimum regulatory level to be considered a well-capitalized institution. This was in part because of positive earnings linked to continued loan growth of just over 3%. Management worked to finalize the credit card project during the year with deployment in April 2022. Our competitive and flexible credit cards should assist in growing loan volume further while providing our members with more loan options. With current economic projections, we understand the inflationary pressures in housing and consumer prices may dampen some loan growth products next year given the expected rate tightening by the Federal Reserve. So, it is helpful having diverse loan options for members.

Building on the success of our 1st place in state, and 2nd place nationally Louise Herring Award from 2020, Fitzsimons was awarded the 2021 Credit Union of the Year presented by the Mountain West Credit Union Foundation. The following is the excerpt from the award:

Fitzsimons Credit Union used innovation to expand services to their members and grow their membership base despite the healthcare crisis. Their pandemic relief programs included auto and home equity loan deferrals and short-term signature loans to assist with immediate expenses. However, the credit union also ramped up community involvement, raising funds for nonprofits and sponsoring weekly food deliveries to local hospitals.

Fitzsimons not only grew their member base but took on initiatives to better serve them through technology. The credit union developed a new, bilingual mobile-friendly website, added an Interactive teller machine, and instituted text alerts to fight fraud. These innovations earned Fitzsimons a first-place state and second-place national Louise Herring Award.

Looking ahead, we will continue making investments in technology to enhance electronic service delivery channels. This will include incorporating more technology into a remodel of our main Fitzsimons/Anschutz branch while looking for opportunities to expand our presence in our expanded field of membership (now including Adams, Arapahoe, and Denver counties). Technology is not without its risks; therefore, we have been focused on addressing cybersecurity and other threats to our database and member records. We take IT security seriously as it is integrated with all our operations, so we consistently remain in compliance with our examiners and auditors.

As we close out the year, we would like to thank you, our members, for your continued support and patience during these trying times. As your member-owned credit union, we are here to serve you and we welcome any feedback on how Fitzsimons Credit Union may improve. Thank you.

Sincerely,



Lyle R. Artz
Board Chair



Robert M. Fryberger Jr.,
President/CEO

BOARD OF DIRECTORS



LYLE R. ARTZ,
Chairman

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 A. THOMAS,
Secretary

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 M. MCNEAL,
Treasurer

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 S. 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 S. 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.

YEAR IN REVIEW

2

AWARDS RECEIVED

Credit Union of the Year on our asset category for the Mountain West Credit Union Foundation and The Aurora Chamber of Commerce Honoring Our Community Champions.

1,650

DOLLARS RAISED

for community organizations such as Credit Unions for Hunger Relief Program, Rocky Mountain Civitan Club, and the Rock It Sock It- Sock Drive.

5,000

DOLLARS IN SCHOLARSHIPS

were awarded to 4 deserving students in the community.

6

FINANCIAL LITERACY EVENTS

were produced by Fitzsimons Credit Union & free Zogo financial literacy app.

21

COMMUNITY EVENTS

were sponsored by Fitzsimons Credit Union.

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 2021 annual opinion audit and expressed an unqualified opinion on the credit union's financial statements for the period ending September 30, 2021. 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, 2021, present fairly, in all material respects, the financial position of the credit union. The unaudited financial statements as of December 31, 2021, 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. Internal controls include 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 2021, 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 to carry out its responsibilities to the membership.



Alicia Newton
Supervisory Committee Chair

INDEPENDENT AUDITOR'S REPORT

January 19, 2022

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, 2021. We have issued our independent auditor's report dated January 19, 2022.

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, 2021 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

TREASURER'S REPORT

Many of us were happy to welcome a fresh start in 2021. Fitzsimons Credit Union was able to continue with positive trends through 2021. 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 12.01% 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.

Our member's borrowing needs shifted during the year, however the credit union continued to have loan growth of 3.00%. The credit union yielded 5.37% in interest income on loans in 2021 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 also shifted in 2021 as stimulus payments came to an end and consumers became confident to begin spending again. Deposit growth was 4.01% for the year, much less than 2020 but beyond the growth that the credit union experienced in prior years.

Our main area of focus will be to balance deposit and loan growth while minimizing loan losses and managing expenses. The Federal Reserve continued its position in the market with no rate changes in 2021. So far in 2022, the Federal Reserve has issued 2 separate rate increases with more anticipated on the horizon. 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
Treasurer

FINANCIAL REPORT

STATEMENT OF FINANCIAL CONDITION

Liabilities, Shares & Equity

Accounts Payable & Other Liabilities	9,094,696
Share Savings	78,815,692
Draft Checking	55,071,807
Money Market Shares	22,053,444
Share Certificates	26,684,999
IRA Shares & Certificates	<u>6,759,042</u>

Total Shares & Certificates **189,384,984**

Regular Reserve & Undivided Earnings	27,096,523
Unrealized Gain/(Loss) on Investments	105,022
Total Net Worth & Unrealized Inv Loss	<u>27,201,546</u>

Total Liabilities, Shares & Equity **\$225,681,226**

Assets

Total Loans	161,288,768
Allowance for Loan Losses	<u>(3,146,448)</u>
Net Loans	158,142,321

Cash and Investments	48,200,126
Fixed Assets	7,164,255
Share Insurance Capitalization Deposit	1,790,424
All Other Assets	<u>10,384,101</u>
Total Other Assets	<u>19,338,780</u>

Total Assets **\$225,681,226**

STATEMENT OF INCOME

Interest Income

Interest on Loans	8,477,233
Income from Investments	<u>467,210</u>
Total Interest Income	8,944,443

Interest Expense

Dividends on Shares	617,451
Interest of Borrowed Money	<u>112,605</u>
Total Interest Expense	730,056
Net Interest Income Before Provision	8,214,386
Provision for Loan Losses	<u>482,214</u>

Net Interest Income After Provision **7,732,172**

Operating Expense

Employee Compensation and Benefits	4,162,727
Travel and Conference	42,347
Office Occupancy	617,873
Office Operations	2,220,627
Educational/Promotional	172,604
Loan Servicing	600,389
Professional/Outside Services	391,849
Members Insurance/Corporate CU Stabilization	-
NCUA Operating Fee	36,546
Miscellaneous Operating Expense	<u>41,219</u>

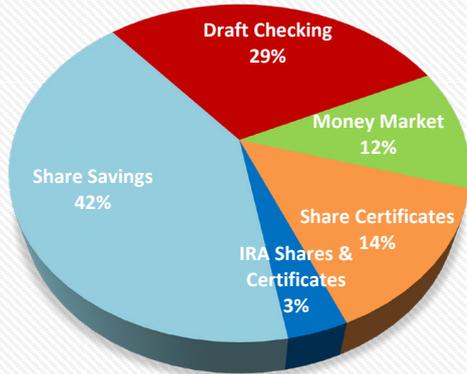
Total Operating Expense **8,286,180**

Total Fee and Other Income **2,251,657**

Net Operating Income	1,697,650
Gains on Disposition of Assets	169,967

Net Income **\$1,867,617**

Share Distribution



Share Distribution

Share Savings	42%	78,815,692.13
Draft Checking	29%	55,071,807.36
Money Market	12%	22,053,443.68
Share Certificates	14%	26,684,999.23
IRA Shares & Certificates	4%	<u>6,759,042.04</u>

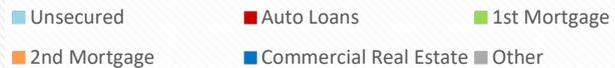
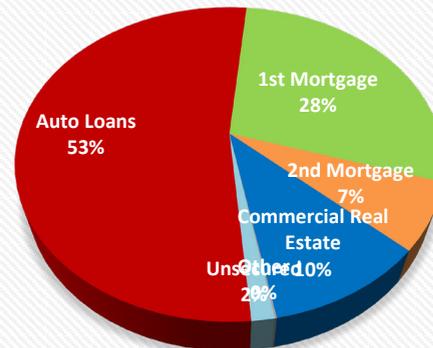
189,384,984.44

Loan Distribution

Unsecured	1%	2,316,642.71
Auto Loans	53%	85,327,854.53
1st Mortgage	28%	45,702,661.62
2nd Mortgage	7%	11,047,068.87
Commercial Real Estate	10%	16,681,777.89
Other	0%	<u>212,762.50</u>

161,288,768.12

Loan Distribution



SUPERVISORY COMMITTEE

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

BOARD OF DIRECTORS

Lyle R. Artz, *Chair*
Demetria M. McNeal, *Treasurer*
Judy A. Thomas, *Secretary*
Elizabeth Stone Brauer, *Member*
Michael S. Gratz, *Member*

LET'S CONNECT

(303) 340-3343 | (800) 933-5839
www.FitzsimonsCU.com

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2201 N. Fitzsimons Parkway [Aurora, CO 80045](#)
6359 S. Southlands Parkway [Aurora, CO 80016](#)

EXECUTIVE & MANAGEMENT TEAM

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