

Report of the Credit Committee

Ken Maxey – Chairman

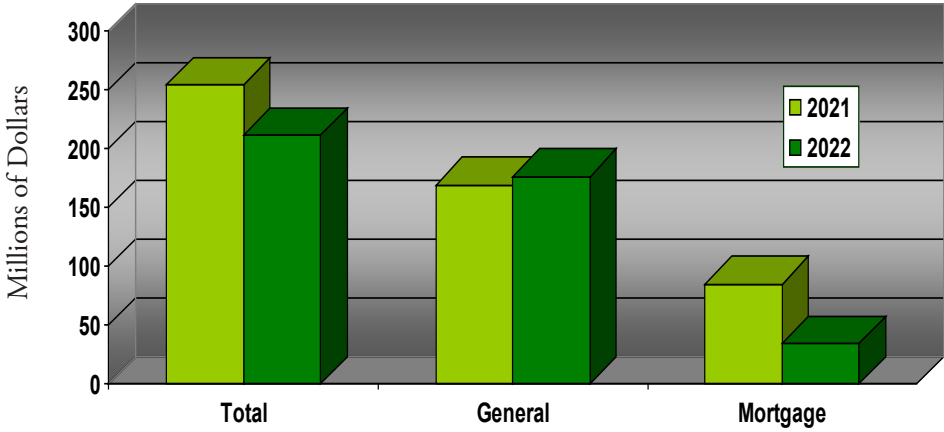
I would like to thank all of the Credit Committee volunteers for their hard work and dedication over the last year. Our committee members are Julie Bellot, Cynthia Harris, and Tara Washington.

Credit Committee members meet on a rotating basis, as needed, to review member loans on a fair and impartial basis. The full committee meets monthly to review and approve items such as underwriting criteria and lending authority.

The Credit Committee continues to operate with the vision of “People Helping People.” We believe that working with our members to meet their borrowing needs will help build a secure, safe, and strong credit union for tomorrow.

Thank you to the Board of Directors, officers and staff for their dedicated support and assistance throughout the year. A special thank you to our members who have put their trust in Credit Union of Denver.

Loan Production Activity



Looking Back at 2021 and 2022

Total Loans:

2021:	7,499	\$254,135,061
2022:	7,371	\$211,103,927

General Loans:

2021:	7,059	\$169,162,772
2022:	7,144	\$176,461,256

Mortgage Loans:

2021:	440	\$84,972,289
2022:	227	\$34,642,671

Report of the Treasurer

Pauline Borquez – Treasurer

Being “Smart Like You,” our job is to ensure that the Credit Union’s financial systems, fiscal health, as well as our member’s assets are safe and secure.

Thank you for your membership and another successful year for the Credit Union of Denver. As noted in the Chairman/CEO Report, our 91st year was a solid year from a financial performance perspective. Here are some of the more notable highlights: We ended the year at over \$1.09 billion dollars in assets, ranking us as the 8th largest credit union in the State of Colorado. We exceeded our goals for Return on Assets (ROA), Net Worth Ratio and loan growth. Operating expenses were .14% below budget, our Delinquency Ratio averaged a near record low .38% and net charge-offs were 36% below budget. Our ROA was .81% compared to budgeted .56% and our Net Worth Ratio ended the year at 12.55%. This figure is 132 basis points above our budgeted figure of 11.23%, well above the regulatory minimum to be well-capitalized and the highest of any Colorado credit union with assets more than \$700 million as of 12/31/22.

Our financial strategy is to operate efficiently and keep expenses low, allowing us to maintain our financial strength and return more value to our members. To that end, in 2022 we paid members more than \$324,000 to bring their loans to Credit Union of Denver and over \$274,000 in interest, ATM refunds and cash back on our Reward Checking Accounts. We offer a suite of financial literacy tools to our members on our website in addition to the powerful “Credit Score and More” application, which is an educational program that helps our members manage and improve their credit. As of the end of December, we had 10,274 active members using Credit Score and More. Our members are why we do what we do!

While keeping our expenses low is a key financial strategy, we understand that it is also imperative that we continue to invest in technology, cybersecurity, facilities, and our employees so we can continue to offer our members innovative products and continue to provide best of class service well into the future. In 2022, some key initiatives we undertook in these areas included drive-through improvements, renovation of our 9393 West Alameda Avenue building and a thorough evaluation and overhaul of employee benefit offerings.

Overall, Credit Union of Denver had a successful financial year in 2022 and our focus now is on 2023 and beyond. Our volunteers, management team and employees have our members’ interests at heart, and we are confident that Credit Union of Denver will continue its great tradition of service to its members within the framework of financial strength and stability.

Thank you for your membership!

Credit Union of Denver’s Mission Statement:

“To be a trusted partner for our members in reaching their financial goals by providing superior value, products and service.”



2022
ANNUAL
REPORT



Report of the Chairman & President/CEO

Kris Sapp – Chairman, Board of Directors
Chris Wallace – President/CEO

As we reflect on the past year, 2022 was a year of transition and growth at Credit Union of Denver, and while there were challenges along way, it was a solid year, and much was accomplished both in financial performance and infrastructure evaluation and development. Through all of that, our focus remained the same – providing the highest level of service possible to you, our members.

In 2022, we weathered the challenging interest rate and economic environment well and had a very good year. Return on Assets (ROA) was .81%, our Delinquency Ratio averaged .38% during the year and ended 2022 at that level. Concurrently, loan losses were far under budget with a Net Charge-off Ratio of only 0.23% of average loans which is about half of what it typically comes in at. Net Worth Ratio ended the year at 12.55%, the highest among credit unions in Colorado with at least \$700 million in assets.

At the same time, we gave our members a great value as we paid some of the highest rates available on our deposit products. For the year ending December 31, 2022, we had the highest Dividends/Income Ratio of the 11 largest credit unions in Colorado at 13.43%, almost twice the average Dividends/Income Ratio. We paid members more than \$324,000 to bring their loans to Credit Union of Denver from another lender as part of our refinance promotion and in most cases, we were able to lower their interest rate as well. And members who have Reward Checking Accounts with us were paid over \$274,000 in interest, ATM refunds and cash back last year.

Loans outstanding grew by \$74.5 million, or 12.8%. Deposits decreased by \$9 million, or .91% and the combination of these two led to an increase of our loan to share ratio from 57% as of December 31, 2021, to 65% as of December 31, 2022. This means that a higher percentage of members deposits are being utilized by our members in the way of affordably priced lending solutions. Finally, we had a net increase of 1,921 members in 2022, to end the year at 68,249.

Some key projects undertaken and/or completed in 2022 include:

- Cybersecurity and protecting our members’ data is of paramount importance. In 2022 we implemented additional technological tools to further protect our computer network, web applications, and member data from cyberattacks.
- Selection of contact center solution which will allow for communication between members and the credit union’s employees on multiple channels such as phone, text, and chat. Allowing our members to communicate as they so choose. Launch of the phone system occurred in January 2023. We are excited for the rollout of the text feature in late 2023 with the chat feature coming at a later date.
- Selection of a new centralized core banking solution to be launched in 2025.
- Successful transition of Chief Strategy Officer Chris Wallace to the role of President/CEO effective November 1, 2022.

For the past 91 years, Credit Union of Denver has never lost sight of the credit union movement – people helping people. We will continue this tradition in 2023 and beyond as CUD remains committed to fulfilling our mission: “To be a trusted partner to our members in reaching their financial goals by providing superior value, products and service.”



Report of the Supervisory Committee

Fernando Rocha – Chairman

The Supervisory Committee is comprised of volunteer, fellow credit union members, elected by the overall membership. In our role, we review and evaluate both the internal and external audits along with the financial reports to ensure risk is managed and the financial reporting is accurate all in an effort to safeguard your assets.

After many years with the same local distinguished accounting firm conducting the opinion audit, they decided they no longer wanted to perform this function. After a rigorous selection process, this past year we engaged with Moss Adams LLP, a highly respected accounting firm to perform the opinion audit of the credit union’s financial statements. We fully anticipate a clean, unmodified opinion, indicating that the financial statements are accurate and fairly presented with no material exceptions.

The committee continued its engagement with WSC Financial Service, an independent auditor, to perform monthly internal audits as directed by the committee. The committee’s goal is to ensure that the credit union’s controls are appropriate, the policies are followed and required documentation is accurate and properly maintained. I am pleased to report that over the course of this past year there were no material findings.

My appreciation and gratitude to all the credit union’s management and staff as well as the elected volunteers who serve on the Board of Directors and the Credit Committee. I would also like to thank you, our member-owners, for placing your trust in the Credit Union of Denver.

Finally, I would like to thank the dedicated volunteers who served on the Supervisory Committee this past year. Our committee members in alphabetical order are: Laura Avila, Aimee Cucarola, Megan Estep, Jacque Ganger, Robin Morthland and Joshua Reddell.

Statement of Financial Condition

	2022	2021
Assets		
Cash & Cash Equivalents	\$48,565,533	\$115,408,280
Securities available-for-sale	358,184,697	416,471,996
Investments, other	4,210,238	4,973,819
Loans, net of allowance for loan losses	649,836,382	574,135,544
Accrued interest receivable	2,989,119	2,546,083
Property and equipment, net	5,730,102	6,182,492
NCUSIF deposit	9,068,271	8,775,081
Other assets	15,258,249	13,763,056
Total Assets:	\$1,093,842,591	\$1,142,256,351
Liabilities and Members’ Equity		
Liabilities		
Members’ shares and savings accounts	\$1,004,524,228	\$1,013,771,811
Accrued expenses and other liabilities	3,579,718	3,950,533
Total liabilities	1,008,103,946	1,017,722,344
Members’ Equity		
Undivided earnings	137,310,369	128,278,611
Accumulated other comprehensive loss	(51,571,724)	(3,744,604)
Total members’ equity	85,738,645	124,534,007
Total Liabilities and Members’ Equity	\$1,093,842,591	\$1,142,256,351

Statement of Income

	2022	2021
Interest and dividend income:		
Loans	\$26,780,992	\$25,708,977
Investments	6,959,955	4,944,592
Total interest and dividend income	33,740,947	30,653,569
Interest and dividend expense:		
Members’ shares and savings accounts	5,367,401	4,800,465
Other borrowed funds	28	14
Total interest and dividend expense	5,367,429	4,800,479
Net interest income	28,373,518	25,853,090
Provision (Benefit) for loan losses	222,000	(298,000)
Net interest income after provision for loan losses	28,151,518	26,151,090
Non-interest income:		
Fees for member services	2,424,886	2,084,439
Interchange and outlet income	4,236,119	3,933,556
Other operating income	491,496	2,741,236
Gain on sale of investments	-	227,906
Total non-interest income	7,152,501	8,987,137
Non-interest expense:		
Compensation and benefits	12,883,182	11,722,715
Office occupancy expense	1,855,872	1,543,075
Plastic Card, ATM, and Shared Branch Expenses	3,773,811	3,083,730
Other operating expenses	7,759,396	5,308,158
Total non-interest expense	26,272,261	21,657,678
Net income	\$9,031,758	\$13,480,549

Statement of Members’ Equity

	Accumulated Other Comprehensive Income (Loss)	Undivided Earnings	Total
Balance, December 31, 2020	\$4,733,554	\$114,798,062	\$119,531,616
Net income	-	13,480,549	13,480,549
Other comprehensive income	(8,478,158)	-	(8,478,158)
Balance, December 31, 2021	(3,744,604)	128,278,611	124,534,007
Net income	-	9,031,758	9,031,758
Other comprehensive (loss)	(47,827,120)	-	(47,827,120)
Balance, December 31, 2022	\$(51,571,724)	\$137,310,369	\$85,738,645

