



80th Annual Meeting & Report



Celebrating 80 Years of
Great Service!

Thursday, April 16, 2015 • 6:30 p.m.

Evans Community Center Banquet Room

1100 37th St. • Evans, CO 80620

Community-Minded. Member-Focused.™

80th Annual Meeting

April 16, 2015

Agenda

Call to Order

Ascertain if Quorum is in Attendance

Approve Agenda

Minutes from the 79th Annual Meeting

Nominating Committee Report

Board of Directors Report

Treasurer Report

Supervisory Committee Report

Credit Officer Report

President's Report

New Business

Unfinished Business

Awards

Adjournment

79th Annual Meeting Minutes
College Credit Union of Greeley
April 17, 2014
AgPro Conference Center at St. Michael's Square

Board Members Present: Bill Nesse, Terry Urista, Crofton Sacco, Brandon Luther, and Ken Neet.

Volunteers and Staff Present: Walter Marx, President; Lorie Mora, Branch Manager; Brenda Scheller, Branch Supervisor; Drew Giffin, Marketing; Kris Rockwell, CFO; Pat Krien, Dan Hixon, Ashley Zehrbach, Dilan Yowell and Megan Cooper.

Chairman Bill Nesse called the 79th Annual Meeting of College Credit Union of Greeley to order at 6:38 p.m.

Chairman Bill Nesse appointed Mike Thacker as Secretary for the meeting in Christine McClatchey's absence.

Chairman Bill Nesse ascertained that we had a quorum; over 25 members present, plus staff and volunteers.

Katherine Griffin moved to accept and approve the agenda as outlined, and Brandon Luther seconded the motion. The motion was carried.

Lyle Achziger moved to accept the 78th Annual Meeting minutes as presented in the handout and Brandon Luther seconded. The motion was carried.

Brandon Luther presented the Nominating Committee Report. Members of the Nominating Committee were Christine McClatchey and Brandon Luther. The recommendations made to the Board of Directors are to fill three positions on the Board of Directors and three positions on the Supervisory Committee. Margaret (Peg) Heimbrook and Crofton Sacco were nominated for 3-year terms on the Board of Directors and William (Bill) Nesse was nominated for a 1-year term on the Board of Directors. Erika Varela-Ortega, Ryan Counts and Karena Downey were nominated for 1-year terms on the Supervisory Committee. Ken Neet made a motion to accept nominations and Bill Griffin seconded. Motion carried.

Bill Nesse presented the Board of Directors' Report. Bill introduced the board members in attendance. Bill reported that 2013 was a reasonably good year and that the Credit Union has continued to make good loans for members while maintaining a high level of safety for our depositors. As the economy slowly grows, so does our loan portfolio, at \$110,000 for the year, as well as our deposits, at \$119,000. We continue to monitor the number of long-term loans on our books to avoid problems when interest rates finally return to normal levels. We had to pay NCUSIF another \$23,568 and expect these payments to cease in the near future which will significantly help our bottom line. The credit union will be changing its name to Northern Colorado Credit Union later in the year. Ken Neet moved to accept the report and Bill Griffin seconded. Motion carried.

Terry Urista, Treasurer, presented the Treasurer's Report. Terry was pleased to report that the credit union made 391 loans for \$9,038,341. After paying \$23,568 to the NCUSIF, our earnings totaled \$213,343. Terry reviewed the Gross Income to Asset ratio of 3.82%, cost of funds at 0.33%, net margin of 3.50%, and Return on Assets of 0.49%. Our Capital Ratio is 13.11%, with a net charge-off ratio of 0.031%. Terry also reviewed the spreadsheets and graphs in the Annual Report. Katherine Griffin moved to accept the Treasurer's report and Bill Griffin seconded the motion. The motion carried.

Donni Clark presented the Supervisory Committee report. Supervisory Committee members were Donni Clark, Ginger Lane, Eric Miller, Derick Griego, Karena Downey, Erika Varela-Ortega, James Sanchez, Ryan Counts and Christina Casey (intern). The Credit Union had several audits in 2013, all with no significant findings and showing that College Credit Union is operating in an orderly and accurate manner. Terry Urista made a motion to approve the report as presented in the handout and Mary Achziger seconded. Motion carried.

Walt Marx presented the Credit Officer report. The economy is improving and giving us the potential to grow

from previous years. Delinquency and charge-off numbers remained very low. Walt reviewed the graphs included with the report. Mary Achziger moved to accept the report and Katherine Griffin seconded. Motion carried.

Walt Marx presented the President's report. 2014 is going to be a busy year for the credit union thanks to the success of 2013. We ended the year with a positive bottom line and have many programs lined up to carry the success into the next year, the largest of which is our name change. The new name, Northern Colorado Credit Union, has been set and we are beginning the branding campaign process. The name will officially change in Fall 2014 and we hope to see significant growth from it. Walt also introduced the staff members in attendance. Katherine Griffin moved to accept the report and Bill Griffin seconded. Motion carried.

New Business: None.

Awards: Retiring Board Members – Bill Nesse and Terry Urista have both decided to step off the Board after more than 20 years of service for each of them. Bill has agreed to stay on until a replacement can be found. Their presence and expertise will be missed.

Service Excellence Award – Megan Cooper received the Nancy Lee Meilahn Service Excellence Award.

Bill Nesse adjourned the meeting at 7:33 pm.

Respectfully submitted:

Mike Thacker, Secretary

William Nesse, Chairperson

Nominating Committee Report

The Nominating Committee members were Mike Thacker and Donni Clark, Co-Chairs.

The recommendations made to the Board of Directors are listed below to fill 1 position for a 1-year term, 2 positions for 2-year terms, and 3 positions for 3-year terms. All candidates are qualified to fill their selected positions and have been approved by the Board of Directors.

<u>Board of Directors</u>	<u>1-Year Term</u>
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Christine McClatchey	Director-Incumbent
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<u>Board of Directors</u>	<u>2-Year Term</u>
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David Brey	Director-Incumbent
Jose Suarez	Director-Intern

<u>Board of Directors</u>	<u>3-Year Term</u>
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Rhonda Kaley	Director-Intern
Brandon Luther	Director-Incumbent
David Sorensen	Director-Intern

The recommendations made for election of Committee Members to the Supervisory Committee below are for 1-year terms. All candidates are students from the University of Northern Colorado working on degrees in business related areas, are qualified to fill their selected positions, and have been appointed by the Board of Directors.

<u>Supervisory Committee</u>	<u>1-Year Term</u>
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Abigail Cardenas	
Jennifer Cline	
Amanda Decker	
Adric MacKenzie	
Katrina Wagner	

The Nominating Committee would like to thank the candidates for their time and effort. We are always looking for individuals that have leadership and governance skills and a desire to volunteer to help promote the needs of the Credit Union and the Membership.

Prepared by:
Mike Thacker and Donni Clark
Co-Chairpersons

Report of the Board of Directors
2014 Fiscal Year

It is my duty and privilege to report to you on behalf of the Board of Directors of the Northern Colorado Credit Union. The members of the Board of Directors for this past year were **David Brey, Peg Heimbrook, Brandon Luther, Christine McClatchey, Bill Nesse, Ken Neet,** and me, **Mike Thacker**. We also were assisted by three board interns, **Rhonda Kaley, David Sorenson, and Jose Suarez**.

This past year we have been largely engaged in a name change and rebranding of the credit union as we move forward as the Northern Colorado Credit Union. We have continued to make good loans, maintain a very high level of safety for our depositors, and looking for new products and services to offer our members.

The economy was robust in 2014, which began with the oil and gas industry reporting large increases in drilling and production, building beginning to increase, and our local economy looking brighter. However, the end of 2014 and the beginning of 2015 has reflected layoffs in the oil and gas industry, and perhaps a modest slow down to our local economy. For the coming year, we remain optimistic that loans will continue to grow.

Our loan portfolio had the biggest increase in recent years, growing by \$3,232,000. Our deposit growth increased \$1,889,000. Our credit union had recoveries from prior loan losses that exceeded our write offs last year. Our rate of return on assets was 3.52%. Unfortunately, interest rates remain historically low, and there are no indications that they will increase in the short term. Rates for borrowers and savers remain at these low competitive levels.

Because interest rates remain low, we face potential problems when interest rates do rise. This means we must continue to be careful not to hold too many long-term loans at low rates. We continue to try to make investments to provide income to supplement interest income, but it is difficult to find investments that pay more than 0.4%.

During 2014 there was a large amount of funds returned to us from our Corporate Credit Union. These funds were held to pay losses from our Membership Shares we had placed with SunCorp Corporate Credit Union. NCUA had required they hold the funds until they had dissolved all losses from their earnings and existing capital from the 2008 economic crash. The funds came back as income since regulators required that we write off the entire Membership Share account in 2009.

Emphasizing our name change and branding efforts along with membership growth are our highest priorities for 2015. This will require a sustained effort on the part of our management to continue to get our message out about the great things this credit union can offer its members:

- We continue to emphasize traditional credit union values, focusing on our members and friendly service for both our depositors and borrowers.
- We strive to have low rates for borrowers and high rates for our savers, consistent maintaining our financial integrity.
- Our financial position continues to be very solid with 12.93% capital. Maintaining a high level of financial strength gives us the ability to weather through these financial times and provide additional services to our members.
- Total assets are \$45 million.
- Our delinquency rates and charge-offs remain very low by industry standards. We are grateful for members who do a good job of managing their finances and for our management that has been prudent in making loans.
- Our loan-to-share ratio was 69.44% at year-end rising 76.64%. Making loans to our members is the best and most productive use of deposits.

I speak for the entire Board when I say that the last year has been both challenging and rewarding. It has been exciting to watch the credit union continue to develop and grow as we endeavor to find new ways to serve our members. As we complete our 80th year of serving our area, we want to make the Northern Colorado Credit Union the best credit union.

I want to extend my personal thanks to the members of the Board of Directors for all the time they have given as volunteers to insure that this credit union continues to provide top-rate service. I especially want thank Bill Nesse who is stepping down from the Board after 23 years of service, and Ken Neet who is stepping down from the Board after 11 years of service. I would encourage any member who would like to become more involved in this credit union to volunteer to serve either on our Supervisory Committee or Board of Directors. You can contact either Walt Marx or myself for more information.

I want to extend my appreciation and gratitude to Donni Clark, Chair of the Supervisory Committee and her volunteers who continue to insure that our credit union remains compliant with regulations and policy.

And finally, my heartfelt thanks to our CEO Walt Marx, our branch managers and all the staff who are the faces of our credit union that meet our members needs and fulfill our credit union daily requirements. Without them and their loyalty to serving our members, we could not continue to be the success we have become.

Michael D. Thacker
Chairman

Treasurer's Report

It is my pleasure to report Northern Colorado Credit Union had an excellent 2014. As the economy continues to strengthen we experienced a record number of disbursed loans. We loaned over \$13.2 million to 488 members, experiencing a net gain of \$3.2 million. This represents a 24.8% increase in the number of loans that were made in 2013.

I am also happy to report net income for 2014 was \$136,997. This is an excellent bottom line for the credit union, especially considering it includes the additional costs associated with changing our name to Northern Colorado Credit Union. Other notable financial highlights for 2014 include:

▪ Gross income to assets:	3.52%
▪ Cost of funds:	0.33%
▪ Net margin:	3.46%
▪ Return on assets:	0.31%

One of the biggest indicators of any financial institution's health is its capital ratio. Northern Colorado Credit Union's capital ratio continues to be very strong at 12.93% (one of the highest in the State). Based on assets we were able to recover some Loan Losses, we experienced a negative 0.016% net charge off ratio which is also very positive. This means our Charge-offs were less than the amount members were paying on charge-off loans (recovery).

Northern Colorado Credit Union continues to do an excellent job managing loans, deposits, income, and expenses. We continue to offer competitive interest rates on deposits and loans for our members. As the Treasurer of Northern Colorado Credit Union, it is my belief the financial data presented in this report is true, accurate, and presents a fair representation of the financial condition of Northern Colorado Credit Union.

Prepared by: Brandon Luther, Treasurer

[Please review the Balance Sheet, Income Statement, and Graphs]

**STATISTICAL DATA
2014 ANNUAL REPORT**

YEAR END RATIOS AND NUMBER:

	2010	2011	2012	2013	2014
Loan to Share Ratio	69.66%	69.53%	69.33%	69.44%	74.64%
Loan to Asset Ratio	61.00%	60.22%	60.33%	60.26%	64.82%
Total Members	3992	3817	3687	3633	3578
Number of Checking Accounts	1251	1134	1129	1166	1191
# of Chkg to Member	31.34%	29.71%	30.62%	32.09%	33.29%
Members to FTE (Employees)	363	347	351	346	377
Gross Income to Avg. Assets	4.62%	4.24%	3.87%	3.82%	3.52%
Cost of Funds	1.06%	0.59%	0.46%	0.33%	0.30%
NET MARGIN	3.56%	3.65%	3.42%	3.50%	3.22%
Expense to Asset Ratio	3.27%	3.50%	3.18%	3.01%	3.24%
ROA FOR THE YTD	0.31%	0.15%	0.21%	0.49%	0.31%
Expense to Income Ratio	70.71%	82.44%	82.06%	78.66%	91.84%
Exp to Inc Ratio W/O NCUSIF Accrual	66.11%	77.46%	79.45%	77.25%	92.00%
Capital Ratio:	12.32%	13.12%	12.83%	13.11%	12.93%
Capital Growth	2010	2011	2012	2013	2014
Total \$\$	\$131,721.20	\$65,575.71	\$89,532.71	\$213,343.38	\$136,997.57
% Percentage	2.52%	1.23%	1.65%	3.88%	2.40%
Change in:					
Deposits:	2010	2011	2012	2013	2014
Primary Share	\$712,734.99	\$747,758.74	\$694,529.76	\$664,007.27	\$1,124,596.89
IRA Share Accounts	(\$34,378.31)	\$133,487.19	\$124,578.49	(\$27,391.81)	(\$175,503.20)
Money Market Accounts	\$1,951,849.58	(\$465,017.91)	\$687,306.76	\$449,957.77	\$647,590.47
Share Certificate Accounts	(\$1,058,231.26)	(\$2,281,017.28)	(\$385,127.63)	(\$956,066.45)	\$160,241.81
IRA Share Certificate Accounts	\$13,482.98	(\$481,912.45)	(\$226,953.86)	(\$182,366.50)	(\$123,741.12)
Checking Accounts	\$303,604.34	\$50,980.87	\$742,458.21	\$161,427.75	\$35,042.17
TOTAL:	\$1,889,062.32	(\$2,295,720.84)	\$1,636,791.73	\$109,568.03	\$1,668,227.02
Annualized Deposit Growth	5.12%	-7.11%	4.49%	0.35%	4.37%
Asset Growth\$\$	\$2,054,654.23	(\$2,154,810.16)	\$1,677,474.00	\$247,631.77	\$1,889,043.99
Annualized Asset Growth	4.89%	-5.95%	5.82%	0.69%	4.31%
Loans:					
Total Personal Loans	(\$918,435.65)	(\$451,787.15)	(\$1,025,681.04)	(\$357,535.26)	\$1,208,088.02
Indirect Auto Loans	(\$17,574.57)	(\$767,571.57)	(\$1,056,632.08)	(\$363,317.67)	(\$261,981.54)
Credit Card Loans	\$8,587.29	\$93,610.94	\$52,180.17	\$60,152.49	\$214,236.97
Total RE Loans - Fixed Rate	(\$1,123,909.12)	\$569,348.46	\$4,039,276.29	(\$155,167.48)	(\$393,378.87)
Total RE Loans - Variable Rate	(\$219,377.73)	(\$93,086.96)	(\$29,653.61)	\$89,265.56	\$106,500.10
Total HELOC Loans	(\$64,950.35)	(\$634,476.34)	(\$721,857.26)	\$430,501.69	\$1,133,870.78
Participation Loans	(\$245,100.60)	(\$359,766.33)	(\$198,685.17)	\$414,757.37	\$1,224,757.37
TOTAL:	(\$2,580,760.73)	(\$1,643,728.95)	\$1,058,947.30	\$118,656.70	\$3,232,092.83
Annualized Loan Growth	-8.73%	-7.31%	4.18%	0.54%	12.18%
DELINQUENT LOANS #	22	7	7	0	3
Delinquency Percentage	1.680%	0.233%	0.297%	0.000%	0.016%
CHARGED OFF LOANS:	2010	2011	2012	2013	2014
Dollar Amount	\$59,471.52	\$167,057.62	\$55,005.92	\$20,206.89	\$724.33
RECOVERED	\$11,646.43	\$6,955.57	\$7,006.92	\$11,948.56	\$4,900.99
Net charge off	\$47,825.09	\$160,102.05	\$47,999.00	\$8,258.33	-\$4,176.66

Northern Colorado Credit Union

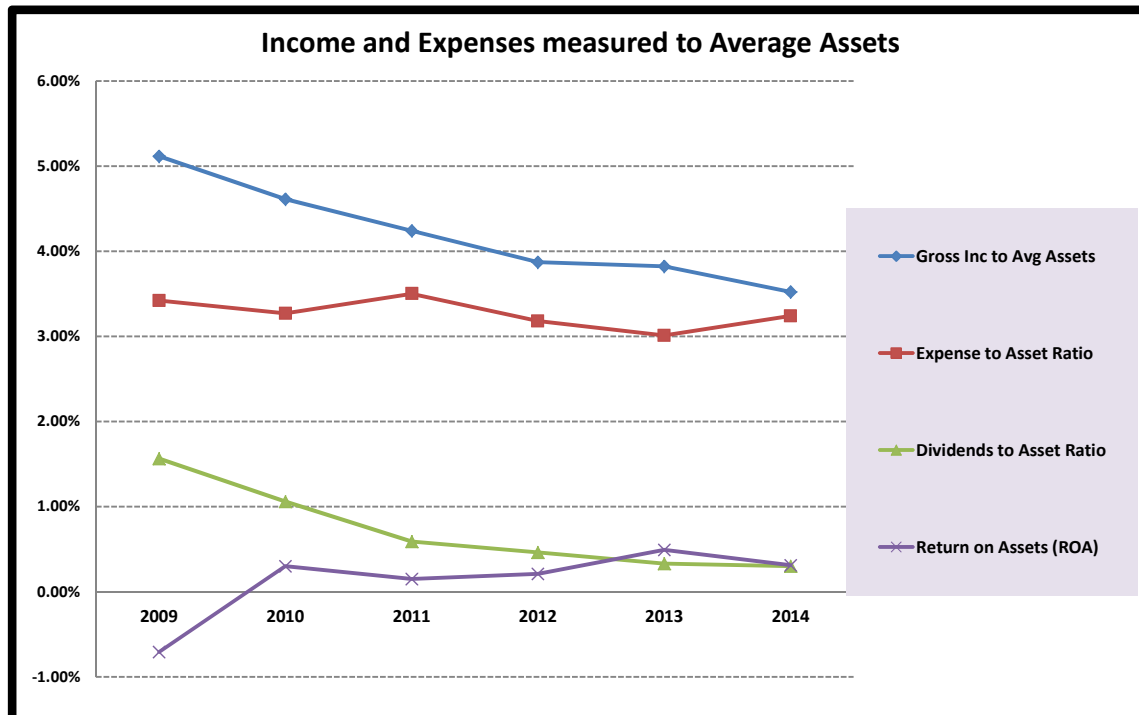
Balance Sheet

December 31, 2014

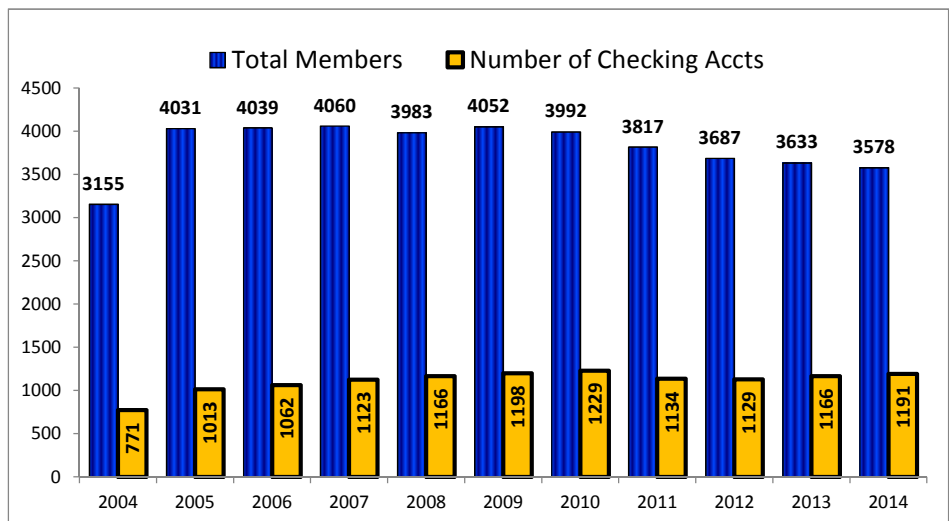
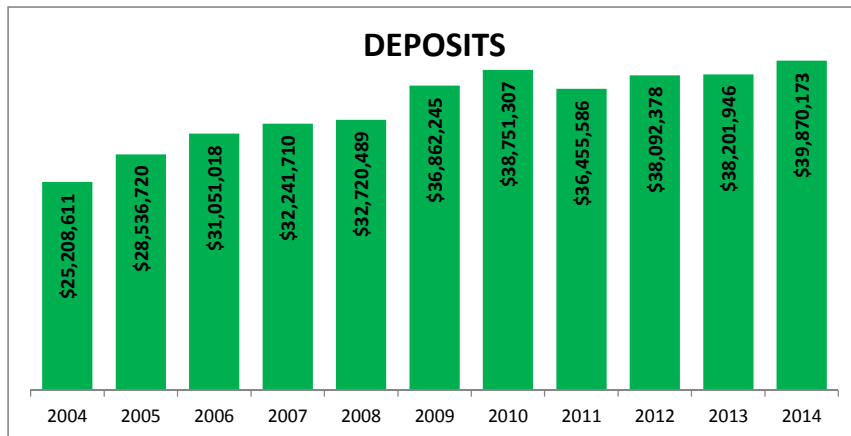
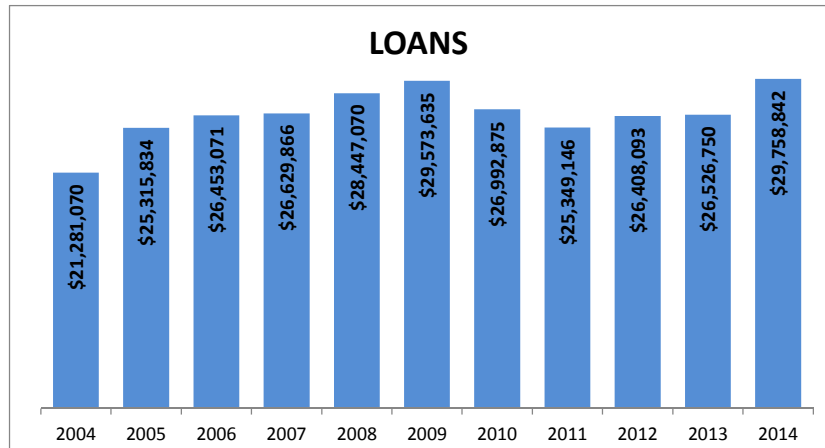
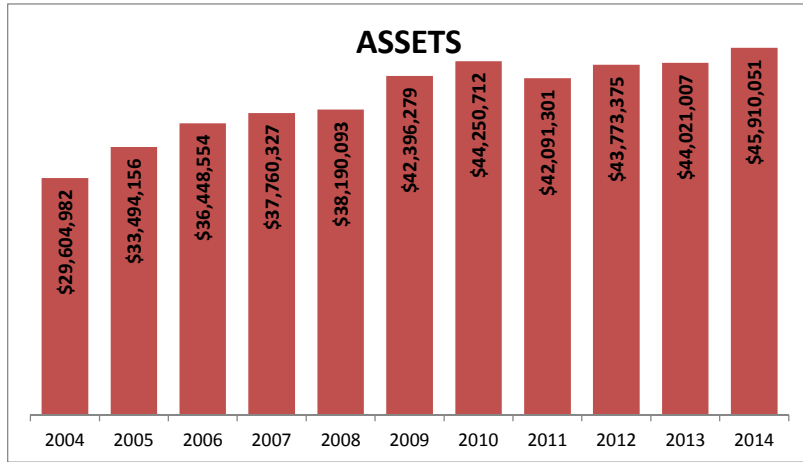
ASSETS		LIABILITIES	
LOANS AND CASH:		Accounts Payable	(\$70.35)
Personal Loans	7,031,531.12	Tickets Payable	\$0.00
Indirect Auto Loans	691,226.96	GAP Insurance Payable	\$230.00
Credit Card Loans	435,946.53	Mechanical Breakdown Payable	\$0.00
Real Estate Loans	11,900,391.66	Traveler Checks Payable	\$0.00
Home Equity LOC	4,452,058.01	Money Orders Payable	\$310.12
Business Participation Loans	5,247,688.14	Prepaid Giftcards Payable	\$0.00
Assets in Process of Liquidation	-	CDI Insurance Payable	\$0.00
Allowance for Loan Loss	(116,659.73)	Withholding for IRS	\$1,184.25
Accounts Receivable	6,166.35	Withholding for 401k	\$621.21
Notes Receivable	\$0.00	CUSA DP Teller System	\$0.00
Bank Deposit	-	Notes Payable	\$0.00
Cash In Bank	462,493.29	FWH Taxes Payable	\$0.00
Merill Lynch Cash Account	-	SWH Taxes Payable	\$0.00
INVESTMENTS AND PRE-PAIDS:		SS Taxes Payable	\$0.00
SunCorp-Cash Management	4,079,406.21	Unemployment Tax Payable	\$0.00
SunCorp-CIF Shares	-	Accrued Property Tax	\$12,716.22
SunCorp-Paid In Capital	302,137.16	Accrued Pension	\$0.00
SunCorp-Money Market	250,000.00	Accrued Compensation	\$20,216.20
Clearing Accounts	(131,485.56)	Accrued FICA	\$0.00
SunCorp-Membership Shares	-	Accrued IRA Admin Fees	\$104.44
SunCorp Investments	2,505,904.27	Accrued Marketing Exp	\$0.00
Other Investments	6,732,061.52	Accrued Audit Fees	\$5,300.00
Investment Discounts	(1,382.51)	Other Accrued Expenses	\$12,537.50
Investment Premiums	47,885.58	Clearing/Suspense	\$52,110.42
Investment Adjustment/AFS	79,672.15		
Temporary Mortgage Funding	-		
CUSO-Ownership Shares	357,236.15		
NCUSIF Deposit	380,246.00		
Allowance for Investment Loss	-		
Pre-Paid Accounts	86,785.55		
 FIXED ASSETS:		 SHARES AND EQUITY:	
Land	306,498.39	Share Deposits	\$10,789,933.12
Building	850,624.35	IRA Share Deposits	\$509,658.14
Depreciation on Bldg	(272,316.71)	Money Market Deposits	\$12,700,618.97
Furniture & Equipment	152,852.38	Share Certificate Deposits	\$9,384,696.86
Accumulated Depreciation	(145,719.96)	IRA Share Certificate Deposits	\$2,061,531.49
DP Equipment & Software	478,151.87	Checking Account Deposits	\$4,423,734.32
DP Equip/Software Depreciation	(438,212.20)		
Other Real Estate Owned	50,212.40	Regular Reserve	\$1,082,097.70
Accrued Interest on Loans	104,099.66	Undivided Earnings	\$4,635,850.84
Accrued Interest on Investments	25,352.44	Investment Valuation Reserve	\$79,672.15
Garnishments	(800.30)	Net Earnings / (LOSS)	\$136,997.57
<hr/> TOTAL ASSETS:	<hr/> \$45,910,051.17	<hr/> TOTAL LIABILITIES:	<hr/> \$45,910,051.17

INCOME EXPENSE STATEMENTS

	2009	2010	2011	2012	2013	2014
INCOME						
Total Loan Interest Income	\$1,731,709.15	\$1,636,921.28	\$1,471,666.62	\$1,299,510.66	\$1,208,874.14	\$1,214,954.21
Total Investment Interest Income	\$271,670.96	\$218,532.63	\$170,418.39	\$143,741.00	\$222,106.68	\$130,885.22
Total OTHER Income	\$145,933.94	\$143,399.60	\$190,866.48	\$213,942.20	\$244,520.83	\$232,844.49
Total Income	\$2,147,305.05	\$1,998,853.51	\$1,832,951.49	\$1,657,193.86	\$1,675,501.65	\$1,578,683.92
Gross Inc to Avg Assets	5.11%	4.61%	4.24%	3.87%	3.82%	3.52%
EXPENSES						
Total Employee Comp/Benefits	\$691,881.84	\$637,976.67	\$656,527.31	\$633,463.57	\$602,081.05	\$634,329.36
Office Occupancy	\$76,696.59	\$78,202.79	\$75,742.91	\$74,788.06	\$81,547.68	\$89,551.54
Office Operations	\$301,180.45	\$287,214.59	\$313,826.30	\$356,908.48	\$341,777.20	\$365,744.21
Educational/Promotional	\$50,694.38	\$59,153.69	\$64,681.97	\$57,823.88	\$51,022.19	\$140,782.05
Loan Processing	\$81,393.49	\$64,754.76	\$97,077.88	\$75,593.14	\$110,386.44	\$75,404.24
Operating Fees	\$9,999.04	\$8,273.29	\$5,461.70	\$7,083.01	\$7,530.00	\$7,316.00
Outside Services	\$51,839.62	\$55,741.21	\$51,858.82	\$41,571.33	\$65,243.29	\$97,631.60
Provision for Loan Loss	\$87,279.68	\$83,498.31	\$124,224.89	\$60,105.77	\$3,369.20	\$0.00
Member Insurance	\$6,565.34	\$4,594.96	\$0.00	\$0.00	\$0.00	\$0.00
NCUSIF STABILIZATION EXP	\$51,274.13	\$95,053.84	\$91,257.16	\$43,317.25	\$23,567.93	(\$2,486.00)
Cash (over) and short	\$242.25	\$1,470.96	\$1,196.28	\$2,325.68	(\$30.34)	\$122.87
Interest on borrowed money	\$289.34	\$20.52	\$0.00	\$0.00	\$0.00	\$0.00
Annual Meeting	\$9,780.33	\$5,358.64	\$1,259.62	\$1,249.05	\$1,116.55	\$3,692.68
Miscellaneous Expense	\$16,932.30	\$35,205.18	\$28,016.33	\$5,688.98	\$30,364.37	\$37,741.09
Total Operating Expense	\$1,436,048.78	\$1,416,519.41	\$1,511,131.17	\$1,359,918.20	\$1,317,975.56	\$1,449,829.64
Expense/Income Ratio	66.88%	70.87%	82.44%	82.06%	78.66%	92.00%
Expense to Asset Ratio	3.42%	3.27%	3.50%	3.18%	3.01%	3.24%
Total Non-Operating Income/(Expense)	(\$352,404.01)	\$8,837.96	\$0.00	(\$11,942.14)	\$0.00	\$142,518.64
Total Dividend Expense	\$655,648.21	\$459,450.86	\$256,244.61	\$195,800.81	\$144,182.71	\$134,375.35
Dividends to Asset Ratio	1.56%	1.06%	0.59%	0.46%	0.33%	0.30%
Total Expenses	\$2,091,696.99	\$1,875,970.27	\$1,767,375.78	\$1,555,719.01	\$1,462,158.27	\$1,584,204.99
Gain or Loss	-\$296,795.95	\$131,721.20	\$65,575.71	\$89,532.71	\$213,343.38	\$136,997.57
Return on Assets (ROA)	-0.71%	0.30%	0.15%	0.21%	0.49%	0.31%



GRAPHS - 2014



Supervisory Committee Report

The Supervisory Committee members are Donni Clark, Erika Varela-Ortega, Christina Casey, Amanda Decker, Katrina Wagner, Jenny Cline, and Adric MacKenzie. The committee members worked weekly to complete audits of credit union procedures and policies.

With the exception of the chair, the members of the Supervisory Committee are junior/senior Accounting majors in the Monfort College of Business at the University of Northern Colorado. Participation on the Supervisory Committee allows the students to meet their Professional Experience requirement, gain practical experience in their field of study, and provide invaluable assistance to the credit union in insuring that Northern Colorado Credit Union is functioning well and following rules and procedures.

Northern Colorado Credit Union has had several audits over the last year. Holben Hay Lake and Balzer, CPA firm, completed the credit union annual audit in May 2014 with no significant findings. The firm also completed the membership verification of accounts as of September 30, 2014. AffirmX completes a variety of audits throughout the year, including BSA, to insure that the credit union remains in regulatory compliance. The State of Colorado Division of Financial Services completed the State of Colorado examination in March 2015 for the year ending December 31, 2014 and found no major issues. All audits and examinations had no significant findings and showed that Northern Colorado Credit Union is operating in an orderly and accurate manner.

The Committee has continued to revise our procedures and forms as needed to improve the audit process and develop new procedures based upon auditor's comments. We have had to often call upon staff for training, information and answering questions about credit union procedures. The Supervisory Committee wants to thank the staff for their helpfulness and willingness in assisting us to perform our audit activities.

The Supervisory Committee reports that our reviews and the results of the audits mention above found no material errors or concerns and that the financial position of the Northern Colorado Credit Union is reflected accurately in the financial reports.

Prepared by Donni Clark
Supervisory Committee Chairperson

President's Report

First and foremost, 2014 was a success due to the Credit Union staff. They worked as a team and accomplished several goals this past year. The staff consists of Lorie Mora, Branch Manager; Brenda Scheller, Branch Manager; Kris Rockwell, CFO; Pat Krien, Loan Officer; Dan Hixon, Operation Specialist; Preston Berkheimer, Loan Officer; Ashley Buss, Member Service Rep; Melissa Jacobson, Member Service Rep; Calvin Webster, Director of Member Engagement; and Jeanne Westrom, Member Service Rep. These are the people that make it work and deliver the service our members are requesting and needing. They have accomplished most of the goals that we had set for them and surpassed our loan goals.

We also have lost a few key people last year and one at the beginning of this year. I need to mention them since they were part of the success also. Pat Reutter, Loan Officer, Megan Cooper, HR & Admin Assistant, and Drew Giffin, Marketing/Business Development Manager. Pat retired in July and Megan and Drew both moved onto further their careers and we wish them all good luck.

Last year we set several goals but one of our major goals was to grow loans. We know that we need income to pay our bills and loans are our major product that supplies the income we need. The loan growth finally was consistent each month last year. Most categories grew but these categories grew more than the others: Auto loans grew \$1.2 million (20%), Credit Cards grew \$214,000 (96%), and Home Equity Line of Credit grew \$1.1 million (34%) with an overall gain of 12% or \$3.2 million. We had an exceptional year for loans.

Along with the loan campaigns and growth, we also finalizing our new Name and Branding program. Our new name was just rolled out in November of 2014 and started the Branding at the same time. The staff, members and non-members have all approved of the new name and logo. This change will help set us up for more growth and accomplishments for years to come.

As you will see in the Treasurer, Board of Director, and Credit Officer Reports we have had a very successful year. Our success is directly correlated in the staff wanting to make a difference for each member they serve. The staff took time with their members and made sure we were doing the right thing for them and options for them to succeed. Our members have truly been rewarded with great service and great rates this past year. This is the trend we want to keep growing for each coming year.

Sincerely,

Walter W. Marx, President/CEO

Credit Officer Report

The economy is finally influencing more members to borrow and giving us some good loan grow. The volume of loans were much better than previous years and we had a great loan gain of \$3,232,092. Both, the volume and loan gain, are records for the Credit Union since 2009.

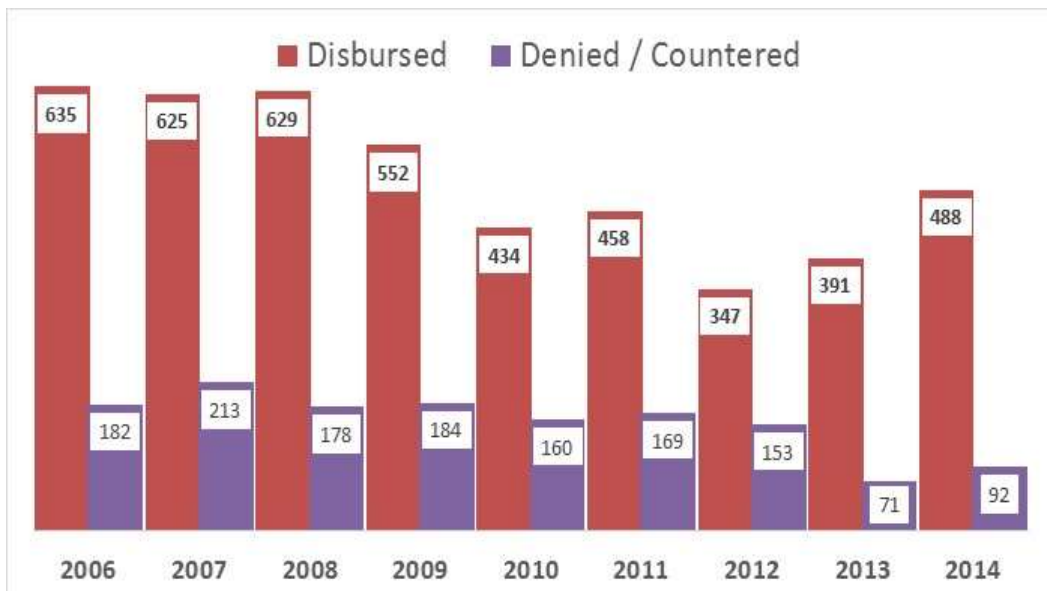
Loan growth was due to having over \$13 million in total loan dollars booked – the most since 2004. Loans were being closed for all different loan types; Mortgages, Home Equity Loans, Auto loans, and Credit Card loans. Majority of the loan growth was in our 3 categories: Commercial Mortgages, Home Equity Lines of Credit, and Auto (Personal) Loans which all grew over \$1,000,000 each for the year.

The loan delinquency remains very low at 0.016% ratio (Delinquent loans to Total loans ratio). Charge-off loans decreased this year again and we had a NET-Charge Off (recovery) of - \$4,176. Our charge-off ratio still remains one of the lowest in the state at -0.016%. Our loan portfolio has improved with us keeping quality loans and not taking unwarranted risks with members.

I am positive that all Credit Union Credit Officers wished they had these numbers to present in their annual report.

Presented by: Walter Marx, Credit Officer

Graph of Loan Disbursed and Denied/Countered by YEAR:



Total Loans by Year:

Year	Disbursed		Denied / Countered	
	#	\$	#	\$
2014	488	\$13,218,664	92	\$1,013,953
2008	629	\$12,832,811	178	\$1,668,327
2006	635	\$10,663,105	182	\$2,135,042
2012	347	\$10,401,803	153	\$1,271,206
2007	625	\$10,321,960	213	\$2,565,632
2009	552	\$10,130,807	184	\$1,694,405
2013	391	\$9,038,341	71	\$1,127,176
2010	434	\$7,230,970	160	\$1,273,571
2011	458	\$6,887,901	169	\$1,292,940

Charge-offs:

Year	Net Loan Loss	Loss Ratio
2014	(\$4,176.66)	-0.016%
2013	\$8,610.74	0.033%
2012	\$47,999.00	0.1894%
2011	\$160,102.05	0.6316%
2010	\$75,520.33	0.2215%
5 Year Avg.	\$57,611.09	0.2119%

Notes

Thank you for your membership!



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