

# 2023 ANNUAL REPORT



**credit union**  
OF DENVER 

*Partners on Your  
Financial Journey*

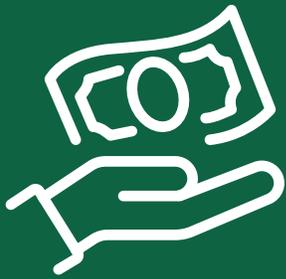
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**Mission Statement:**

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

# 2023 Membership Highlights - By the Numbers



A total of **8,509 loans** funded to our members, totaling **\$257,505,634** last year!

Over **\$17 million** earned collectively by C·U·D members in **dividend/interest** paid out on savings/investment accounts.

Recognized as the **Best Credit Union in Colorado** for 2023 by **Forbes**, as well as **5-Star** rated by **Bauer Financial**.

Employees **volunteered 470 hours** of their time in the **community** through our paid **Volunteer Time Off** program.

## Report of the Treasurer

### Doug Burke – Treasurer

I am pleased to report that the Credit Union of Denver closed out 2023 in solid financial condition with a healthy Balance Sheet and Income Statement. Despite rising interest rates and persistent inflation putting pressure on net interest margin and loan performance, the credit union weathered 2023 successfully. Return on assets was a respectable 0.44% and we remained well capitalized under NCUA guidelines with a Net Worth ratio of 9.79%. Below is a table listing more financial highlights. Remaining financially strong has been an important part of our past, present and future which allows the credit union to be a partner of choice for our membership.

Financial Highlights			
	2023	2022	Percentage Increase
<b>Members</b>	70,853	68,249	3.8%
<b>Deposits</b>	\$1.04 billion	\$1.00 billion	3.4%
<b>Loans</b>	\$699.1 million	\$655.8 million	6.6%
<b>Total Assets</b>	\$1.45 billion	\$1.09 billion	32.6%

In addition, the credit union paid \$17.4 million to our members in the form of dividends and interest. That is \$12.1 million and 225% more than was distributed in 2022.

In 2023 we also began the groundwork in preparing the credit union for significant digital modernization that will continue through 2025. This will require significant investment in technology and people. While the Credit Union will remain financially strong throughout the process, these investments are considerable and will likely depress earnings over the next couple of years. Once complete, we are confident we will emerge even stronger with best-in-class digital services to help you, our members, navigate this increasingly digital world and achieve your financial goals.

### Statement of Financial Condition

	2023	2022
<b>Assets</b>		
Cash & Cash Equivalents	\$396,624,578	\$48,565,533
Securities available-for-sale	325,086,915	358,184,697
Investments, other	3,863,937	4,210,238
Loans, net of allowance for credit losses	690,105,544	649,836,382
Accrued interest receivable	4,094,628	2,989,119
Property and equipment, net	5,486,789	5,730,102
NCUSIF deposit	9,018,660	9,068,271
Other assets	16,371,863	15,258,249
<b>Total Assets:</b>	<b>\$1,450,652,914</b>	<b>\$1,093,842,591</b>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Members' shares and savings accounts	\$1,039,065,316	\$1,004,524,228
Accrued interest payable - borrowings	9,923,762	-
Borrowings	300,000,000	-
Accrued expenses and other liabilities	4,291,027	3,579,718
Total liabilities	1,353,280,105	1,008,103,946
<b>Members' Equity</b>		
Undivided earnings	140,491,315	137,310,369
Accumulated other comprehensive loss	(43,118,506)	(51,571,724)
Total members' equity	97,372,809	85,738,645
<b>Total Liabilities and Members' Equity</b>	<b>\$1,450,652,914</b>	<b>\$1,093,842,591</b>

<b>Statement of Income</b>		
	<b>2023</b>	<b>2022</b>
<b>Interest and dividend income:</b>		
Loans	\$37,308,859	\$26,780,992
Investments	5,551,545	5,839,407
Interest bearing deposits in banks	14,091,760	1,120,548
Total interest and dividend income	56,952,164	33,740,947
<b>Interest and dividend expense:</b>		
Members' shares and savings accounts	17,420,262	5,367,401
Other borrowed funds	9,923,842	28
Total interest and dividend expense	27,344,104	5,367,429
Net interest income	29,608,060	28,373,518
Provisions for credit losses, loans	4,230,735	222,000
Benefit for credit losses, unfunded commitments	(39,197)	-
Net interest income after provision for loan losses	25,416,522	28,151,518
<b>Non-interest income:</b>		
Fees for member services	2,606,330	2,424,886
Interchange and outlet income	4,144,438	4,236,119
Other operating income	809,996	491,496
Total non-interest income	7,560,764	7,152,501
<b>Non-interest expense:</b>		
Compensation and benefits	13,952,433	12,883,182
Office occupancy expense	1,921,142	1,855,872
Plastic Card, ATM, and Shared Branch Expenses	3,657,405	3,773,811
Other operating expenses	7,830,241	7,759,396
Total non-interest expense	27,361,221	26,272,261
<b>Net income</b>	<b>\$5,616,065</b>	<b>\$9,031,758</b>

<b>Statement of Members' Equity</b>			
	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Undivided Earnings</b>	<b>Total</b>
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
Net income	-	5,616,065	5,616,065
Other comprehensive income	8,453,218	-	8,453,218
Cumulative effect of adoption of Accounting Standards Update (ASU) 2016-13	-	(2,435,119)	(2,435,119)
Balance, December 31, 2023	\$(43,118,506)	\$140,491,315	\$97,372,809

## Report of the Supervisory Committee

### Laura Avila – 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.

The credit union completed its annual examination by the State and NCUA in November. The exam went smoothly, and the credit union was credited for its achievements over the past year.

Moss Adams LLP, a highly respected accounting firm performs the annual 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. I would also like to thank you, our member-owners, for placing your trust in 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.

## Credit Officer's Report

### David Dilley – Chief Lending/Credit Officer

Credit Union of Denver transitioned from a Credit Committee to a Credit Officer at the end of 2023. This Board-approved change allowed the Credit Union to have a nimbler process in working with our members. As always, we wish to thank all our past Credit Committee Members for their invaluable service to the Credit Union.

Credit Union of Denver again achieved success in its lending program for last year despite a multitude of external macroeconomic factors such as changing credit conditions, an extraordinary increase in the interest rate environment, economic and inflationary monetary pressures, and heightened liquidity considerations.

The credit union took great pride in expanding its existing member relationships as well as forging new member relationships in 2023. We appreciate the assistance that you, as the member, have contributed to our success by using us for your borrowing needs. We continue to offer a wide array of lending products to assist our members such as Auto Loans, Credit Cards, Personal Loans, RV Loans, Overdraft Lines of Credit, HELOCs, 1st/2nd Mortgages and Business/Commercial lending.

For the year ending 2023 we had:

- Total loans outstanding of \$699,107,150.
- An increase in loans outstanding of \$43,352,041 for the year.
- A total of 8,509 loans booked/funded for a total of \$257,505,634.

Again, thank you for being a Credit Union of Denver member.



## Report of the Chairman & President/CEO

Kris Sapp – Chairman, Board of Directors

Chris Wallace – President/CEO

### A Year of Unwavering Commitment and Shared Success

As we reflect on the past year, the Board of Directors and our entire Credit Union of Denver team are filled with a deep sense of gratitude and pride for the trust and support you have placed in us. It is both an honor and a responsibility to serve you, our members, who are the very heart of our credit union.

This annual report not only showcases our financial health and achievements over the 2023 year, but also celebrates the enduring spirit of our membership and community. Despite the challenges and uncertainties that the year presented, our commitment to providing exceptional service and value to our members remained unwavering.

Our financial performance this past year was solid, reflecting our community's resilience and collective effort. We have seen steady growth in both assets and membership, a testament to the trust and confidence you place in us. Our loan portfolio has grown, enabling more members to achieve their dreams, whether that be owning a home, purchasing a vehicle, or expanding a small business. Our savings programs have also flourished, providing our members with the security and peace of mind they deserve at a great value, as we consistently had some of the top savings' rates for financial institutions in our region throughout the year. At 27.2%, our dividends-to-income ratio was the second highest in the State for the 11 largest credit unions, and well above the average of 19.6%. Further evidencing our commitment to giving back more to our members.

Through innovation and dedication, we have enhanced our financial products, upgraded our cybersecurity and technology, increased our community outreach, and expanded our educational initiatives to empower you with the knowledge to make well informed financial decisions. We are also proud of being recognized as the best Credit Union in Colorado for 2023 by Forbes, as well as 5-Star rated by Bauer Financial.

In 2023, we replaced our phone system with a modern contact center solution, deployed two-way text, added further self-service options, as well as implemented additional cybersecurity enhancements. We are excited to announce the launch of a new online and mobile banking platform in the first half of 2024, which will provide increased functionality and dependability for our entire membership. 2024 will also be a year of dedicated effort for our entire credit union team as we continue to progress on a new core banking solution which will launch in 2025. The benefits of both conversions to the credit union and the membership will be significant, and we could not be more excited to bring them to you.

Our community outreach initiatives thrived in 2023, whether it was employees volunteering 470 hours of their time in the community through our paid Volunteer Time Off program, financial education initiatives in our schools or supporting local events, your credit union is not just a financial institution; it's a vital part of the community that we serve.

Credit Union of Denver was founded in 1931 by eight individuals who understood the value of what a not-for-profit cooperative credit union could bring to its members and the community. And, while much has changed in the past 92 years, our mission to improve the financial well-being of our members has stayed steadfast and is the foundation of our strength. As we look to the future, we are excited about the opportunities that lie ahead. We remain committed to enhancing our services, fostering financial wellness, and strengthening our community bonds. Together, we will continue to build a stronger, more vibrant future for all our members.





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