

The cover features a teal background on the left and a grey background on the right. The right side is decorated with several red and white triangular shapes of varying sizes, some pointing upwards and others downwards. A large orange triangle is positioned in the bottom right corner.

Fitzsimons

A PARTNERING CREDIT UNION

ANNUAL REPORT 2023

www.FitzsimonsCU.com

FROM THE CHAIRMAN AND CEO

Fitzsimons Federal Credit Union navigated through several challenges in 2023 while remaining steadfast in its commitment to its members and the community. Record net loan growth experienced in 2022 reversed course in 2023 due to ongoing liquidity concerns and lower loan demand from rising interest rates. Total deposit growth was negative 3% for the year, which tracked alongside state and national credit union trends as members began saving less. Fitzsimons and most other financial institutions continued to compete for funds by offering higher rates on deposits with a focus on share certificates and money market accounts. Total loans experienced a decline of 16% for 2023, which was attributed partly to coming off exceptionally robust growth in the preceding year and restrictions of the indirect auto loan channel to new members. Overall, the credit union's liquidity position became more normalized and manageable at year-end.

The past year saw a continuation of economic challenges from 2022, marked by the Federal Reserve Bank raising the fed funds rate four more times during 2023 to combat heightened inflation. Since March 2022, the target fed funds rate has climbed from .25%-.50% to 5.25%-5.50%. Like our members, the credit union has been experiencing the effects of inflation. Operating costs, such as developing and retaining talent, purchasing supplies, working with vendors, IT advancement and security, etc., have all risen. At the same time, higher interest rates have increased the cost of deposits. For the coming year, management will continue looking for ways to mitigate or absorb these costs through cuts and operational efficiencies.

In terms of safety and security, your credit union remains strong. Recent audits, encompassing internal audits, an opinion audit, and a thorough examination of our cybersecurity measures, have yielded excellent results. Our healthy net worth position of 12.57% ensures resilience against unexpected economic downturns. While lower than in 2022, net income for the year was still positive despite expense pressures.

As we head into 2024, we wanted to provide you with a few updates and accomplishments from 2023. We have completed remodeling the main branch on the Anschutz campus, and we think you will agree that the space is more modern, open, and inviting. Interactive teller machine (ITM) technology continues to be a cost-effective way to provide personal member service without large investment in infrastructure. We remain active in the community and dedicated to promoting financial literacy through organizations such as the Aurora Public Library, COMITIS Crisis Center, Denver East High School, and the Mexican Consulate. Through an agreement with the consulate, we dedicated staff to spending time there every two weeks to provide resources and encourage financial literacy. We were recognized during the year by winning the 2023 Business for the Arts Award by the Colorado Business Committee for the Arts (CBCA) and the Arts+Business Connection (ABC) Award by the Aurora Chamber of Commerce. The awards recognized our investment and support to the Aurora Cultural Arts District, including the Downtown Aurora Visual Arts (DAVA), Aurora Fox Theater, Colfax Canvas Mural Fest, and Arts District Clean-up events. We also donated funds and volunteer hours to community events and non-profit organizations throughout Denver, Arapahoe, and Adams counties.

Moving forward into 2024 and beyond, there are several areas where we will be focusing. We will migrate from the existing core member data system, which we have been on for over 30 years, to a core system that offers better functionality and security. We hope to convert at the beginning of November 2024 with minimal disruption to members. As part of our overall branching strategy, we have decided to sell our Southlands location based on the costs of maintaining the facility. Constructed in 2005, the building was larger than we needed to serve members in that vicinity, and with more members conducting transactions electronically, even fewer members are visiting this location. Should we have an ongoing presence in southeast Aurora, it will most likely be with a smaller footprint.

As we close out our 69th year as a credit union, we want to express our gratitude to our team of volunteers and employees. Together, we have faced never-ending challenges yet achieved significant milestones on behalf of our members.

You, as owners, are why we exist and are chartered to serve you. Thank you for your ongoing support of Fitzsimons Federal Credit Union. We welcome any feedback on how we may improve to exceed your needs and expectations.



Lyle R. Artz
Board Chair



Robert M. Fryberger Jr.,
President / CEO

BOARD OF DIRECTORS



Lyle Artz, Chair

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 Thomas, Vice Chair

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 Bolden Treasurer & Secretary

Elected to the board in 2019. Dr. Bolden 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 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 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.

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 2023 annual opinion audit and expressed an unqualified opinion on the credit union's financial statements for the period ending September 30, 2023. 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, 2023, present fairly, in all material respects, the financial position of the credit union. The unaudited financial statements as of December 31, 2023, 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 SingerLewak, LLP. to conduct quarterly audits of the credit union's internal controls including 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 2023 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 the 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 11, 2024

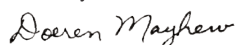
To the Members, Board of Directors and Supervisory Committee of Fitzsimons Federal Credit Union
Aurora, Colorado

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, 2023. We have issued our independent auditor's report dated January 11, 2024.

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, 2023 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



TREASURER'S REPORT

Reflecting on the accomplishments of 2023, Fitzsimons Credit Union sustained its positive trajectory, maintaining a robust net worth position and remaining well-capitalized throughout the year, with a net worth ratio of 12.57% and return on assets of 0.41%. This robust net worth position not only underscores our financial resilience but also highlights our commitment to prudent capital management practices, ensuring we maintain a solid buffer against potential losses while upholding operational stability.

Following record loan growth in the previous year, 2023 saw a strategic shift towards prioritizing lending growth to existing members, aimed at achieving a balanced expansion of both deposits and loans. The credit union achieved a noteworthy 4.85% yield on loans for the year. Despite challenges industry wide with deposit growth, the credit union leveraged share certificate promotions to provide members with opportunities to capitalize on higher deposit rates. Focused efforts were directed towards driving deposit growth, with plans in place to further balance deposit and loan expansion in the upcoming year. During 2023, our institution grappled with the adoption of the Current Expected Credit Loss (CECL) accounting standard, fundamentally altering our approach to credit loss provisioning.

Moving forward into 2024, our primary objective remains the minimization of operating expenses while prioritizing member impact. The Federal Reserve's four rate hikes in 2023, aimed at controlling inflation, underscore the importance of prudent financial management. Regardless of future rate trajectories, Fitzsimons Credit Union remains steadfast in its commitment to sound operations and member service. Our board and management uphold the highest standards of financial stewardship, ensuring the preservation of the credit union's strong net worth position through judicious risk management practices.

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We extend our sincere gratitude to our member-partners for their continued support and loyalty, reaffirming our shared commitment to financial strength, stability, and mutual prosperity.



Dr. Demetria M. Bolden
Board Treasurer

FINANCIAL REPORT

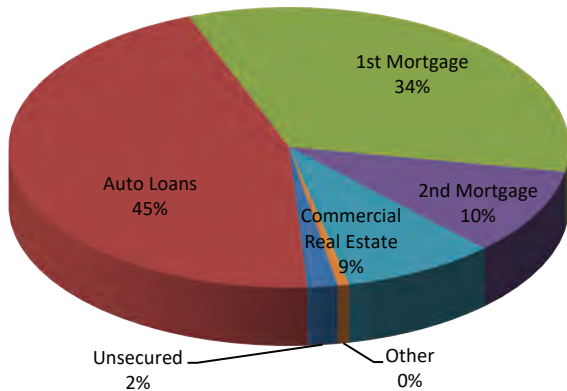
STATEMENT OF FINANCIAL CONDITION 12/31/2023

Assets	
Total Loans	171,014,154
Allowance for Loan Losses	(2,335,255)
Net Loans	<u>168,678,899</u>
Cash and Investments	35,275,394
Fixed Assets	8,036,666
Share Insurance Capitalization Deposit	1,751,161
All Other Assets	<u>10,978,884</u>
Total Other Assets	<u>20,766,712</u>
Total Assets	<u>\$224,721,004</u>
Liabilities, Shares & Equity	
Accounts Payable & Other Liabilities	11,192,891
Share Savings	73,305,739
Draft Checking	53,676,666
Money Market Shares	19,727,495
Share Certificates	32,803,945
IRA Shares & Certificates	5,924,999
Total Shares & Certificates	185,438,845
Regular Reserve & Undivided Earnings	28,244,575
Unrealized Gain/(Loss) on Investments	(155,306)
Total Net Worth & Unrealized Inv Loss	<u>28,089,269</u>
Total Liabilities, Shares & Equity	<u>\$224,721,004</u>

STATEMENT OF INCOME 12/31/2023

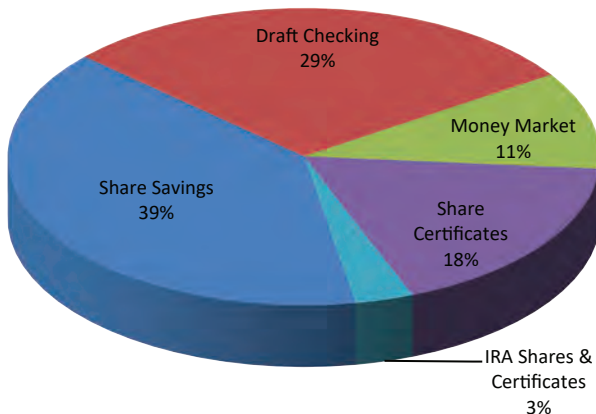
Interest Income	
Interest on Loans	9,065,364
Income from Investments	<u>625,273</u>
Total Interest Income	<u>9,690,637</u>
Interest Expense	
Dividends on Shares	1,237,777
Interest of Borrowed Money	<u>371,440</u>
Total Interest Expense	<u>1,609,217</u>
Net Interest Income Before Provision	8,081,421
Provision for Loan Losses	<u>44,321</u>
Net Interest Income After Provision	8,037,100
Operating Expense	
Employee Compensation & Benefits	4,220,032
Travel & Conference	67,651
Office Occupancy	642,271
Office Operations	2,428,935
Educational/Promotional	260,620
Loan Servicing	675,823
Professional/Outside Services	433,056
Members Insurance/Corporate CU Stabilization	-
NCUA Operating Fee	44,439
Miscellaneous Operating Expense	<u>54,753</u>
Total Operating Expense	8,827,579
Fee and Other Income	
Fee Income	932,970
Other Operating Income	<u>1,042,070</u>
Total Fee and Other Income	1,975,040
Net Operating Income	<u>1,184,561</u>
Gains on Disposition of Assets	<u>21,522</u>
Net Income	\$1,206,082

LOAN DISTRIBUTION



Unsecured	2%	2,966,591.68
Auto Loans	45%	77,335,899.03
1st Mortgage	34%	57,567,743.46
2nd Mortgage	10%	16,949,170.45
Commercial Real Estate	9%	15,078,454.57
Other	1%	1,116,294.44
		\$171,014,153.63

SHARE DISTRIBUTION



Share Savings	40%	73,305,739.10
Draft Checking	29%	53,676,666.31
Money Market	11%	19,727,495.24
Share Certificates	18%	32,803,944.52
IRA Shares & Certificates	3%	5,924,999.41
		\$185,438,844.58

SUPPORTING THE COMMUNITY



\$5,000
IN SCHOLARSHIPS
TO 5 INDIVIDUALS



2 AWARDS WON

2023 BUSINESS FOR THE ARTS AWARDS BY THE
COLORADO BUSINESS COMMITTEE FOR THE ARTS

ARTS + BUSINESS CONNECTION (ABC) AWARD BY
AURORA CHAMBER OF COMMERCE.



ANSCHUTZ
BRANCH

REMODEL AND MODERNIZATION



\$50,000+
DONATED TO NON-PROFIT
ORGANIZATIONS





12
**FINANCIAL LITERACY
SEMINARS GIVEN**



**PARTNERSHIP
WITH CONSULATE GENERAL
OF MEXICO IN DENVER**



2,000+
ITEMS DONATED



**27 EVENTS
SPONSORED OR PRODUCED
BY FITZSIMONS**



RESOURCES FOR OUR MEMBERS

MOBILE BANKING

Download the Fitzsimons mobile banking app for the convenience of managing your accounts anytime and anywhere. Enjoy numerous features such as instant transfers with Zelle®, bill payments, mobile deposits, account monitoring and access to your credit score, to name a few. Scan the QR Code to learn more.



ZELLE®

Zelle® is a fast, safe and easy way to send and receive money directly between U.S. bank accounts, typically within minutes! Integrated into our online and mobile banking and allows you to send money using just an email address or mobile phone number. Scan the QR Code to learn more.



eSTATEMENTS

Switching to eStatements offers the convenience of accessing your account information securely online 24/7 while reducing paper clutter and environmental impact. Scan the QR code to make the switch today.



CREDIT SCORE WITH SAVVYMONEY®

Tracking your credit score is easier than ever with SavvyMoney®, a free online tool exclusively for Fitzsimons members. View your TransUnion® credit report and score anytime and as often as you'd like. Log in to your online banking account today to get started or scan the QR Code to learn more.



ZOGO

Download the free Zogo App today with access code [FITZSIMONSCU] to learn about financial literacy in small bite size modules ranging from budgeting, purchasing a car to investing in the stock market. Plus earn gift cards as you learn about various financial topics. Scan the QR Code to start learning and earning today.




INTERACTIVE TELLER MACHINES

Interactive Teller Machines (ITM) offer the convenience of an ATM combined with face-to-face assistance from a Fitzsimons Credit Union representative via live video. ITMs provide personal assistance for transactions such as deposits, loan payments, withdrawals, balance inquiries and transfers, just like in-branch services. Scan the QR Code to learn more.



CONTACTLESS DEBIT AND CREDIT CARDS

Fitzsimons contactless debit or credit cards allows for quick and secure access to your account or payments by simply tapping the card on a compatible card reader, eliminating the need for swiping or inserting the card. To use it, hold the card near the contactless symbol on the terminal  , wait for the transaction to be processed, and you're done. Scan the QR Code to learn more.



Fitzsimons

A PARTNERING CREDIT UNION

BOARD OF DIRECTORS

Lyle R. Artz, Chair
Betsy Brauer, Vice Chair
Demetria M. Bolden, Treasurer & Secretary
Judy A. Thomas, Member
Michael S. Gratz, Member

EXECUTIVE AND MANAGEMENT TEAM

Robert M. Fryberger Jr., President / CEO
Alisha Stansall, VP Operations
Jennifer Green, VP Finance
Elizabeth Rettig, VP Risk Management
Andrey Parshenkov, VP IT
Ana Valles, VP Marketing

SUPERVISORY COMMITTEE

Alicia Newton, Chair
Anthony Briseño, Secretary
Judy A. Thomas, Board Liason to the SC
Lindsay Fred, Member

ANSCHUTZ BRANCH

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SOUTHLANDS BRANCH

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Aurora, CO 80016

Federally insured by NCUA



www.FitzsimonsCU.com