



ON TAP CREDIT UNION®
2018 ANNUAL REPORT



MEMBER OWNED. COLORADO PROUD!

In 1954, we were founded by brewery employees and began crafting banking solutions in a friendly, approachable and genuine environment. This holds true today - our members are always our first priority. And, being part of a credit union means that 100% of profits go back to you, our members.

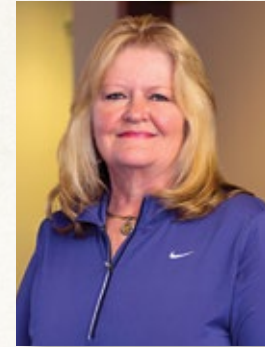
Each year at On Tap Credit Union, we search for ways to enhance and enrich our relationships, not only with our members but also with our community. To that end, we are pleased and proud of our results in 2018:

- Paid over **\$892,000** in dividends and interest to our members
 - Accomplished through savings dividend, CD products and Credit Card Rewards
- Launched debit card rewards
 - Cash back dividends and discounts to our members who use their cards at participating retailers. If you haven't signed up for this program, start saving now at <https://www.myampre.com/ontapcu/>
- Hosted five educational seminars at our branches for members and the community in general. We also have Select Employee Group partners with plans to offer even more opportunities to learn in 2019.

Additionally, in 2018 we featured 11 local businesses: Hunter Bay Coffee, Auto Trek, Automotive Avenues, Grand Lake Brewing Company, Blue Moon, Holidaily Brewing Company, Tommyknocker, Long Table Brewhouse, Golden Hotel, Shirts On Tap and Mountain Side Gear and Snow Rental. Partnering with businesses in the community is also a great way to extend offers and savings to our members and we hope you were able to enjoy the delicious food or discount offers provided by each of these partners.

As you know, we are dedicated to quality member service and making On Tap even better each year. In our annual survey, 71% of members who responded rated that they were "very likely" to refer a friend or family member to On Tap Credit Union. (A huge thank you to those who participated in the survey and we look forward to your continued feedback in 2019.)

On a sad note, we experienced the loss of one of our founders, Bill Coors. We lost a great man, a leader and the person who helped bring the sense of family to our organization. Our hearts go out to his and our Coors families.



Toni Houck
*Board of Directors,
Chairperson*



Tracie Wilcox
*President and
CEO*

CRAFTING SOLUTIONS FOR OUR GROWING FAMILY OF BREWERIES AND AFFILIATES



Supporting brewery employees and businesses is the foundation of On Tap Credit Union. The name-change a few years ago was a strategic decision to provide financial services to even more brewery employees and brewery business. We are thrilled to craft solutions for our growing brewery family, including:



Coors, Coors Light, Colorado Native, Blue Moon, Coors Distributing Company, Welcome Home Brewery, Long Table Brewhouse, Holidaily Brewing Co., Tom's Brew Shop, Mad Jacks Mountain Brewery, Crooked Stave, Grand Lake Brewing, New Image Brewing Co., Lady Justice Brewing Co., Colorado Brewers Guild, Pink Boots Society, Woods Boss Brewing Co., and Tommyknocker Brewery.

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Making a Positive Impact in our Communities

We LOVE giving back to our members, but we also LOVE making a positive impact in our communities. We donated time or money to six charities in 2018 including St. Jude's Children's Research Hospital, Alzheimer's Association, Ralston House, Food Bank of Arvada, Habitat for Humanity, Bill Coors Memorial through the Denver Foundation and Denver Children's Advocacy Center.

The community events we support each year such as Golden Buffalo Bill Days, Arvada OnTap - A Craft Beer & BBQ fest, Arvada Harvest Festival, MillerCoors Wellness Center 5K Run, and Terumo BCT wellness fairs are just a few of the many ways we invest in our communities.

Our continued Business Service enhancements have allowed \$12.5 million in commercial loans to fuel the economic engine of our local communities.

Our beautiful branches also benefit the community. Members and businesses use our conference rooms at the branches free of charge for meetings and events. We were able to help four different groups in 2018 and will triple that number in 2019. If you need a place to host your meeting, please reach us at inquire@ontapcu.org.

We also helped college-bound members achieve their full potential, by giving away \$4,000 in college scholarships to two lucky members and a scholarship donation to the Pink Boots Society for women who brew.

Crafting Financial Solutions for You!

You are the reason we continue to improve and enhance On Tap Credit Union.

- In 2018, we enhanced our suite of business services to give our businesses even more financial solutions including increased business CD and Money Market rates, merchant services and payroll support.
- We launched a new website in March of 2018 that makes accessing your accounts anytime, anywhere even better. The site provides a secure and customized experience that is relevant to you and gives you access to a wide range of financial resources at your fingertips.
- We continue to provide behind the scenes digital and technical enhancements making applying for accounts, personal loans, credit cards, and auto loans faster and easier.
- We relocated our Admin building to accommodate growth without increasing expenses.

What's Our Next Adventure?

We often ask you "what is your next adventure?" and as we move into 2019, we are on an adventure of our own to provide even more to support you. We are extending our digital and technical enhancements in 2019 to make business loans and mortgage loans faster and easier. We will continue to enhance our business checking accounts to include an interest-bearing solution. We are also looking for ways to further support the brewery industry by which we were founded, as well as businesses in our communities. Stay tuned for exciting new debit and credit card designs and opportunities.

THE FINANCIALS

We are pleased to report that On Tap Credit Union generated sound financial performance in 2018 ending the year with a strong net income of \$1.77 million. This large increase was driven by our 2016 and 2017 investments such as the EMV chip and card conversion which greatly reduced operating expenses and delinquencies. We also ended the year with a 3.7% growth in assets, to \$260.3 Million. Member deposits increased to \$225.3 million, a 3.6% increase and loans also increased by 3.6% to \$213.6 million. Our capital as measured by net worth as a percent of assets remains very strong at 10.89%.

Special thanks to our employees, the Board of Directors, Supervisory/Audit Committee for their continued commitment to serving our members.

Cheers,

Toni Houck
Board of Directors, Chairperson

Tracie Wilcox
President and CEO

COMPARATIVE FINANCIAL STATEMENT

For the years ended December 31, 2016, 2017, and 2018

in ('000s)

	2016*	2017*	2018
ASSETS			
Loans Outstanding	\$ 177,660	\$ 205,123	\$ 212,679
Investments	40,662	34,778	36,686
Land, Building and Other Fixed Assets	3,385	6,060	5,619
Other Assets	4,809	5,048	5,346
TOTAL ASSETS	\$ 226,516	\$ 251,009	\$ 260,330
LIABILITIES AND CAPITAL			
Member Share Accounts	117,840	130,347	132,420
Money Market Accounts	51,461	55,329	48,395
Certificates of Deposit	19,411	25,500	38,159
Individual Retirement Accounts	5,977	6,355	6,279
TOTAL MEMBER DEPOSITS	194,689	217,532	225,253
Total Borrowings	5,000	5,000	5,000
Other Liabilities	1,178	2,180	2,171
TOTAL CAPITAL	25,649	26,298	27,906
TOTAL LIABILITIES AND CAPITAL	\$ 226,516	\$ 251,009	\$ 260,330

COMPARATIVE INCOME STATEMENT

For the years ended December 31, 2016, 2017, and 2018

	2016*	2017*	2018
INCOME			
Interest on Loans	9,051	9,321	9,953
Interest on Investments	358	530	595
Other Income	4,419	4,354	4,293
TOTAL INCOME	\$ 13,828	\$ 14,205	\$ 14,841
OPERATING EXPENSES			
Compensation & Benefits	4,160	4,538	5,087
Travel and Education	162	237	148
Office Occupancy	744	838	854
Office Operations	922	968	999
Marketing	376	683	567
Loan Servicing	1,296	1,473	1,346
Outside Services	1,965	2,013	1,953
Provision for Loan Losses	1,438	1,569	760
Other	258	488	352
TOTAL NON-INTEREST EXPENSES	\$ 11,320	\$ 12,807	\$ 12,066
COST OF FUNDS			
Shares, Clubs, Money Market	328	345	362
Share Certificates	182	233	448
Individual Retirement Accounts	12	10	12
IRA Certificates	63	66	70
Interest on Borrowed Money	116	73	109
TOTAL COST OF FUNDS	701	727	1,001
NET INCOME	\$ 1,807	\$ 671	\$ 1,774

* 2016 revised numbers are based on agreed upon procedures. 2017 and 2018 numbers have been reviewed in the opinion audits from CLA. Financial statements for 2016 and 2017 have been restated as part of those audits.



SUPERVISORY/AUDIT COMMITTEE ANNUAL REPORT

The Supervisory Committee was a volunteer committee, and in November 2018 became the Audit Committee. This committee continues to guarantee the safety and financial soundness of On Tap Credit Union and to protect the assets of the credit union's membership. The Audit Committee is a subcommittee of the Board of Directors and ensures that On Tap Credit Union adheres to established policies and procedures and conducts business in the members' best interests. The Audit Committee's responsibility is to verify that records are accurately maintained and to review Credit Union internal controls. This allows the Committee to determine that management's activities are carried out in accordance with Credit Union policies and procedures, as well as Federal and State Regulations.

• Financial Statement and Member Verification

To meet requirements of the National Credit Union Administration and State of Colorado Department of Regulatory agencies, the Supervisory Committee retained Holben Hay Lake Balzer CPAs, LLC for the years prior to 2017 to perform audits of NCUA defined agreed upon procedures. Beginning with 2017 financial reports, the Audit Committee has engaged CliftonLarsonAllen LLP (CLA) to perform annual audits of the Credit Union's financial statements and member account verifications. The firms had no material recommendations and CLA issued a clean 2017 audit opinion. The 2018 audit will be finalized by May 31st, 2019. The Audit Committee also reviewed the examination performed by the State of Colorado Division of Financial Services. There were no Audit Committee actions required.

• Committee Members

The committee members attended training sessions involving external auditor roles and the Audit Committee's fiduciary responsibilities to our credit union members.

• The Work Plan

The Holben Hay Lake Balzer audit work plan for 2018 (which included the Bank Secrecy Act audits) was presented by Sheila Balzer, a partner in the firm, with no material recommendations. The work plan was approved as presented with no changes. This plan includes scheduled audits and review of internal controls.

2018 BOARD OF DIRECTORS

Toni Houck, Chairperson

Kirsten Johnson, Vice Chair

David Engle, Secretary/Treasurer

Norm Cramer, Board Member at Large

Dan Sung, Board Member at Large

Dean Valdez, Board Member at Large

2018 SENIOR MANAGEMENT

Tracie Wilcox, President and CEO

Amy Phillips, CFO

Kellee Barbee, VP Cultural Stewardship

Ed Flores, VP of Commercial Lending

Janelle Herrera, VP of Marketing and
Business Development

Terri Larson, VP Operations

Dave Walters, VP of Consumer and
Mortgage Lending

On Tap Credit Union remains safe, sound and secure. Your deposits are federally insured up to \$250,000 by the National Credit Union Share Insurance Fund and backed by the full faith and credit of the U.S. Government, just as the FDIC does for bank deposits. No credit union member has ever lost a dime of federally insured funds. IRA shares are separately insured up to \$250,000.





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