

Dear Members,

This past year has been a year of positive changes and milestones for On Tap Credit Union®. As the credit union industry changes and consumers have more banking choices than ever before, we know we must continue evolving to remain competitive and best support our members in achieving their financial dreams. It is because of this we introduced our EMV chip card with added security and fraud protection; continued to drive awareness of our new name; expanded our market opportunities with a new neighborhood Arvada branch location; and enhanced digital technology to best serve the changing needs of our members.

As a result, our cooperatively owned assets grew by 10.9 percent, with member deposits increasing to \$217.5 million. Total income before expenses was also up for the year, totaling \$14,156,066. Net income for the year was \$826.6 thousand, due to increased operating expenses, including investment in technology, enhanced member security, the build-out of a new Arvada branch location and the rebranding of our organization to On Tap Credit Union. These operating expenses have set us up for future growth. Our net worth ratio, which is equity compared to assets and is one measure of a credit union's healthy base, remained strong at 10.73%.



We continue to support a timeless vision that was formed 64 years ago to craft financial opportunities and bring the dream of the Colorado lifestyle to every member of our community. To support these dreams, in 2017 we provided \$27 million in loans; a 15% increase mostly attributed to mortgages and business loans. In addition, we continued to support our first-time homebuyers with appraisal discounts and financial guidance to help them step into their first home.

While 2017 was a big year of change, it was to position ourselves for the future and we couldn't have succeeded without our members support - we thank you!

POSITIVE CHANGE FOR THE FUTURE

We changed our name from Coors Credit Union to On Tap Credit Union last January to support efforts to further expand membership and distinguish product and service offerings from those of other financial institutions. Six decades ago, we were born to serve the employees of Coors Brewery and today we serve people in Jefferson County and beyond. Our new name celebrates the credit union's longstanding brewing heritage while reinforcing its reputation as a community resource offering a wide range of financial products and services "on tap" and ready to serve the needs of its growing membership. On Tap embodies authenticity, hospitality, the vibrant beer community and the enjoyment that comes from living the Colorado lifestyle. This name change is resonating among new members as we stand out in the competitive financial service landscape and give people a friendly and unintimidating place to talk about their financial needs. Moving forward, we will continue to demonstrate how we can serve even more of our Front Range neighbors.

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NEW ARVADA BRANCH LOCATION

As we reported to you last year, we moved our Arvada branch to Olde Town Arvada and have seen considerable growth among new members – a 9% increase in 2017. Including member growth, the Arvada branch has seen our best loan and deposit increases in the last 5 years, 17% and 21% respectively. In addition, our location in the heart of Arvada has given us a better connection with the community.

INCREASED SECURITY, BETTER MEMBER EXPERIENCE

We are continuously implementing and enhancing our infrastructure and technology to drive a better, safer and easier member experience. Some of these enhancements include:

- Newly designed credit and debit EMV chip cards provides greater security.
- Custom pin selection and easier pin changes over the phone or at any branch partner ATM.
- In-branch instant card issue for immediate card access.
- Credit cards that offer a more robust rewards program.
- Upgraded ATMS for easier deposits and better security.



In addition, our 2016 online and mobile banking platform upgrades that allowed banking anywhere, anytime are now paying off in 2017. This platform has allowed for greater security, ease of balance reviews & transfers, photo check deposits, and budgeting features. As such, we have seen a greater adoption of online banking with On Tap Credit Union. Over 70% of our members have online banking.

INVESTING IN OUR COMMUNITIES

Every year we support, give-back and partner with our communities and 2017 was no different. Our participation in Golden Buffalo Bill Days, Arvada On-tap a Craft Beer & BBQ fest, Arvada Harvest Days, MillerCoors 5K Run, and Terumo BCT wellness fairs are just a few of the many events that we enjoy supporting to invest in our communities. We also helped our college bound members achieve their full potential, by giving away \$6,000 in college scholarships.

STAYING AHEAD, REMAINING RELEVANT

While 2016 and 2017 were years of positive change, we look forward to 2018 as a year of building upon the great foundations that have been created. We are excited to announce that in 2018 we will be introducing a broader suite of business solutions. While we have been providing support to over 700 business throughout the years with business lending, checking and savings; this fall our services will expand to include merchant services, business financial consultations, business support like payroll and time card services, as well as enhanced employee benefits.

In 2018, another area of focus is your online experience. Just this month we have launched a new website that makes accessing your accounts anytime, anywhere even better. The site provides a secure and customized experience that is relevant to you. Our **Financial Roadmap** gives you information on topics ranging from Retirement, Budgeting and Saving, Paying Down Debt and Legacy Planning, just to name a few. Best of all, our new website gives you access to a wide-range of financial resources at your fingertips.

OUR MISSION

Everything we do stays true to our mission and supporting you, our members.

"We craft banking solutions for you! We connect with our members, local businesses and neighbors to provide the best financial guidance in our communities, and we work to make a positive impact in helping dreams come true. Banking with us is a unique experience that celebrates our shared connection with hospitality, beer heritage and an authentic Colorado lifestyle."

We truly value our growing family of 19,736 members and our passionate and knowledgeable staff. We are: **Member Owned and Colorado Proud!**

Cheers,

Toni Houck
Board of Directors, Chair

Tracie Wilcox
President and CEO



Toni Houck
Board of Directors,
Chair



Tracie Wilcox
President and
CEO

COMPARATIVE FINANCIAL STATEMENT

For the years ended December 31, 2015, 2016, and 2017

| | 2015 | 2016 | 2017 |
|---|-----------------------|-----------------------|-----------------------|
| ASSETS | | | |
| Loans Outstanding | \$ 176,254,969 | \$ 178,091,476 | \$ 205,179,351 |
| Investments | 24,474,275 | 23,990,708 | 21,185,044 |
| Land and Building | 2,540,073 | 3,385,377 | 6,060,161 |
| NCUA Share Insurance Fund | 1,661,867 | 1,798,433 | 1,990,271 |
| Other Assets | 14,812,282 | 19,501,102 | 16,971,353 |
| TOTAL ASSETS | \$ 219,743,466 | \$ 226,767,096 | \$ 251,386,180 |
| LIABILITIES AND CAPITAL | | | |
| Share Accounts | 66,074,784 | 73,404,158 | 81,364,389 |
| Money Market Share Accounts | 50,833,648 | 48,985,054 | 53,352,622 |
| Share Draft Accounts | 36,112,156 | 39,937,450 | 43,791,250 |
| Club Accounts | 3,107,902 | 3,217,109 | 3,345,723 |
| Share Certificates of Deposit | 18,141,698 | 19,410,586 | 25,500,501 |
| Individual Retirement Accounts | 4,041,411 | 3,757,659 | 3,791,273 |
| IRA Certificates of Deposit | 6,298,095 | 5,977,238 | 6,355,450 |
| TOTAL SHARES AND MEMBER DEPOSITS | 184,609,694 | 194,689,254 | 217,501,208 |
| Total Borrowings | 10,000,000 | 5,000,000 | 5,000,000 |
| Other Liabilities | 1,094,805 | 1,177,923 | 2,179,715 |
| Undivided Earnings | 22,131,119 | 24,100,165 | 24,914,863 |
| Unrealized Gain or (Loss) on Investments | (534,716) | (642,810) | (652,170) |
| Regular Reserve | 2,442,564 | 2,442,564 | 2,442,564 |
| TOTAL CAPITAL | 24,038,967 | 25,899,919 | 26,705,257 |
| TOTAL LIABILITIES AND CAPITAL | \$ 219,743,466 | \$ 226,767,096 | \$ 251,386,180 |
| COMPARATIVE INCOME STATEMENT | | | |
| For the years ended December 31, 2015, 2016, and 2017 | | | |
| | 2015 | 2016 | 2017 |
| INCOME | | | |
| Interest on Loans | 8,081,099 | 9,059,729 | 9,314,333 |
| Interest on Investments | 458,904 | 524,904 | 681,144 |
| Other Income | 3,981,454 | 4,255,321 | 4,234,401 |
| Non-Operating Gains (Losses) | 32,304 | 43,453 | (73,812) |
| TOTAL INCOME | \$ 12,553,761 | \$ 13,883,407 | \$ 14,156,066 |
| OPERATING EXPENSES | | | |
| Compensation & Benefits | 3,927,864 | 4,159,756 | 4,538,436 |
| Travel and Education | 164,043 | 125,196 | 197,716 |
| Office Occupancy | 694,638 | 889,588 | 1,088,641 |
| Office Operations | 480,653 | 775,547 | 717,236 |
| Marketing | 399,884 | 375,484 | 683,054 |
| Loan Servicing | 974,880 | 1,052,119 | 1,352,642 |
| Outside Services | 1,670,616 | 1,964,714 | 2,013,119 |
| Member Insurance | - | - | - |
| Operating Fees | 34,327 | 28,336 | 27,221 |
| Miscellaneous Operating Expenses | 459,083 | 399,450 | 421,245 |
| Provision for Loan Losses | 971,496 | 1,432,537 | 1,563,079 |
| TOTAL OPERATING EXPENSES | 9,777,484 | 11,202,727 | 12,602,389 |
| COST OF FUNDS | | | |
| Shares, Clubs, Money Market | 308,157 | 328,477 | 344,970 |
| Share Certificates | 156,530 | 182,151 | 233,158 |
| Individual Retirement Accounts | 12,429 | 11,934 | 10,354 |
| IRA Certificates | 57,628 | 63,180 | 65,572 |
| Interest on Borrowed Money | 64,163 | 116,896 | 73,004 |
| TOTAL COST OF FUNDS | 598,906 | 702,638 | 727,058 |
| NET INCOME | \$ 2,177,371 | \$ 1,978,042 | \$ 826,619 |

2017 BOARD OF DIRECTORS

Toni Houck, Chairman
David Engle
Kirsten Johnson
Dan Sung
Dean Valdez

2017 SENIOR MANAGEMENT TEAM

Tracie Wilcox, CEO
Kellee Barbee, VP Cultural Stewardship
Amy Phillips, CFO
Terri Larson, VP Operations
Anita Russell, VP Marketing
Bryan Thomas, VP 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.

MEMBER OWNED • COLORADO PROUD!™

“Including member growth, the Arvada branch has seen our best loan and deposit increases in the last 5 years, 17% and 21% respectively.”



SUPERVISORY COMMITTEE ANNUAL REPORT

The Supervisory Committee is a volunteer committee that works to guarantee the safety and financial soundness of On Tap Credit Union and to protect the assets of the credit union and its membership. Its responsibilities are to:

1. Examine and evaluate the adequacy and effectiveness of the credit union's internal controls. The Committee determines the reliability and integrity of the financial and operating information.
2. Engage external auditors, within the set budgetary limits.
3. Attend Board of Director meetings and corporate functions.
4. Handle written questions and complaints from members, especially those relating to transactions and compliance.
5. Without compromising its objectivity and independence, the Committee may perform audit work in specific areas upon the request of the CEO and/or Board of Directors.

• Annual Balance Sheet and Member Verification Audits

Both the Balance Sheet Audit and the Bank Secrecy Act audits were conducted by Holben Hay Lake Balzer CPAs, LLC. The firm reported no major findings with a few minor issues that have been addressed

by On Tap Credit Union management. The Supervisory Committee also reviewed the State of Colorado limited scope exam report which focused on the credit union's risk. There were no Supervisory Committee actions required. These audits satisfy both the Federal and State annual audit regulatory requirements.

• Committee Members

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

• Annual Work Plan

The Holben Hay Lake Balzer work plan for 2015, 2016 and 2017 was presented by Sheila Balzer, a partner in the firm. The work plan was approved as presented with no changes. This plan includes scheduled audits and review of internal controls in the areas of monitoring; lending and collections; member services, teller services and call center; and Finance and Human Resources.



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