

57th ANNUAL MEETING

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HELD FEBRUARY 20, 2014

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Columbine
FEDERAL CREDIT UNION

57th ANNUAL MEETING
HELD FEBRUARY 20, 2014

Agenda

- CALL MEETING TO ORDER
- APPOINT A RECORDING SECRETARY
- DETERMINE QUORUM
- APPROVAL OF AGENDA
- APPROVAL OF THE MINUTES OF THE 55TH ANNUAL MEETING
- OLD BUSINESS
- PRESENTATION OF ANNUAL REPORT
- NEW BUSINESS
- ELECTIONS
- ADJOURNMENT

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56th Annual Meeting Minutes

Held March 14th, 2013

Call to Order- Chairman Jim Sebesta called the meeting to order at 6:35 p.m. He welcomed the Credit Union's volunteers, staff and guests to the 56th Annual Meeting of Columbine Federal Credit Union.

Appointment of Recording Secretary- Chairman Sebesta appointed Rebecca Johnson as the recording secretary.

Determination of a Quorum- Chairman Sebesta asked the clerk, Tammy Weigel, if there was a quorum present. Weigel confirmed that a quorum was present.

Meeting Agenda- Arick Williams moved to adopt the agenda as presented. Matt Reber seconded the motion and the motion carried.

Approval of the Minutes of the 55th Annual Meeting- Chairman Sebesta asked for a motion to dispense with the reading of the meeting minutes from the 55th Annual Meeting dated March 22, 2012 and approve as presented. The motion was made by Bob Patterson and seconded by Jared Schuster. The motion carried.

Old Business- Chairman Sebesta asked if there was any old business to report. John Faries responded that there was nothing to report.

Reports- Chairman Sebesta thanked members for attending the 56th Annual Meeting of Columbine Federal Credit Union and presented the Board of Directors report for 2012. He then introduced the Board of Directors and the Supervisory Committee members that were present at the Annual Meeting. Chairman Sebesta then introduced John Faries who presented the President's report and recognized the Credit Union's staff. Chairman Sebesta then introduced the Treasurer, Deb McBride, who presented the Treasurer's report. Lastly, Chairman Sebesta introduced the Chair of the Supervisory Committee, Olga Fajaros, who presented the Supervisory Committee report. At that time, a motion to approve the reports as presented was made by Torri Braun. The motion was seconded by Arick Williams.

New Business- Chairman Sebesta asked if there was any new business. No new business was identified.

Elections- Chairman Sebesta introduced the Nominating Committee, which included Deb McBride, D.U. Kini and Jon Wald. At that time, he asked Deb McBride, Chairman of the Nominating Committee to present the Committee's report. She stated that the Committee nominated Bob Patterson, Dave Eichelberger, Olga Fajaros and Michelle Rodriguez, each to a three-year term each. Chairman Sebesta asked for nominations from the floor three (3) times. As there were no other nominations, a motion to accept the

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nomination as presented was made by Rebecca Johnson and seconded by Katie Carapella. The motion carried.

Adjournment- There being no further business, the meeting adjourned at 7:00pm.

Signed,

Jim Sebesta, Chairman

Rebecca Johnson, Secretary

Presidents Report for 2013

As we are all acutely aware, the past several years have been challenging for all financial institutions. Although 2013 brought us improvements in the housing and job markets, the overall sentiment of the economy continues to be less than favorable, especially in light of mortgage rates moving north over the past few months. However, Columbine Federal Credit Union has continued to not only weather the economic storm, but has thrived during the period, realizing strong membership, asset, and loan growth this past year. This is a testament to the cooperative philosophy that we live by, as well as the vision of your Credit Union's management and Board. We believe that as we go forward, challenges will remain, but with these will come a significant number of opportunities for the continued growth and development of Columbine.

Columbine had a strong year, financially. We realized an increase in total loans of over 16% during 2013, indicating that members continue to look to their Credit Union to meet their borrowing needs. In addition, we saw a 2.67% increase in total assets, which took Columbine to over \$50 million in total assets for the first time in our history. It's quite a milestone for our thriving financial cooperative! Further, the Credit Union continues to be well capitalized, ending the year at 9.30% net worth with return on average assets reaching 0.28%. Once again, our financial condition was verified by both, our auditors and the federal regulators, during the year.

Columbine continued to focus on meeting the needs of our members by offering relevant products and services that allow you to access your accounts securely and conveniently. Early in the year, we launched a new internet banking program that provides much more functionality and additional security. New features, such as integrated bill pay, the ability to transfer funds between Columbine and other financial institutions, and online check images, have been very well received by the membership. In terms of loan products, Columbine launched the new PinPoint auto loan in 2013 to assist those members that are just getting started building their credit, as well as members that may have been credit-challenged in the past. Additionally, the Scorecard rewards program was added to both of Columbine's credit cards, giving members the ability to earn rewards points that can be used for anything from electronics to airfare. Later in the year, we launched the instant issue personalized debit card program. Although only rolled out for

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a few months, the program has been very popular with the membership. Not only do you have the ability to receive your debit card instantly but you can customize it with any picture that you would like via an iPhone, android, or web application.

Looking at 2014 and beyond, I'm excited to announce that we will begin construction soon on Columbine's new main branch and corporate headquarters, closing the SouthGlenn location once construction of the new facility is complete in October. After much due diligence to determine where are members live and work, as well as the traffic patterns between the two, we have purchased a lot on Dry Creek between Colorado and Holly Street, in front of the Life Time Fitness building. The new flagship facility will provide dramatically increased convenience, including a drive-up teller, a drive-up ATM, and a much more accessible lobby. We will continue to keep the membership informed of our construction progress to ensure a smooth transition to the new location. In addition, we are in the midst of implementing a broad array of new initiatives for 2014, including a much more robust mobile banking solution, a new touch tone teller service, and Money Mammals, a youth program designed to promote financial literacy in a fun and entertaining manner. My hope is that all Columbine parents and grandparents take advantage of the new program, as it's never too early to get kids learning sound savings habits, and they love it!

I want to thank you for your continued patronage and for trusting Columbine as your financial institution of choice. I also want to thank the Board of Directors for their commitment, vision, and dedication to Columbine, as well as the Supervisory Committee for always providing great service to the credit union in addressing individual needs, while watching the overall condition of Columbine. Finally, I can't thank the staff of Columbine enough for their hard work and outstanding member service, which was validated this year by the achievement of a 98% overall member satisfaction rating. With this level of performance reached, I'm confident that we will continue to exceed your expectations in 2014.

Thank you,
John Faries, President/CEO

Chairman's Report for 2013

On behalf of the entire Board, I am pleased to report that Columbine Federal Credit Union continued another year of solid financial performance in 2013. The new strategic planning process that was rolled out in 2012 and further implemented during the past year continued to position the Credit Union to exceed our goals in several areas. Columbine's total assets grew by 2.67% and currently exceed \$50,000,000, while the organization remained well-capitalized, ending the year at 9.30%.

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This organization excelled in many areas in 2013. First and foremost, Columbine's sound financial condition was verified by the National Credit Union Administration during the annual regulatory examination, as well as by Rebecca Clowers, CPA, during the Credit Union's annual financial audit. In both cases, their findings determined that there were no material discrepancies in any area of the examination or the presented financial statements. In terms of product and service enhancements, the Q2 internet banking product was successfully implemented during the year, providing more convenient online account access for the membership. Additionally, the DTC branch, located in the URS building, went through a much-needed remodel to provide for a new look and enhanced privacy. Further, our marketing focus intensified with the implementation of the Money Mammals youth program, the addition of a rewards program to the Credit Union's credit cards, and the launch of instant issue debit cards. There were also extensive vehicle, motorcycle and power sports promotions throughout the year to meet the borrowing needs of our membership. Community involvement continues to be a primary focus for the Credit Union. In 2013, Columbine supported the Children's Miracle Network, as well as the Splash Dash, a 5k run/walk for Drennen's Dreams that raised over \$10k from the first annual event.

In 2013, Columbine achieved a milestone in member satisfaction. Utilizing a third party, a survey of our members was performed to determine the level of service that we provide. Results indicated that 98% of those members surveyed are satisfied with the services they are receiving from their Credit Union, which we are very proud of.

Exciting news for 2014 includes the identification of land for construction of a new building. Negotiation of the parcel contract and preliminary design and layout of the building are underway as of this writing. During the rollout of the new location in late 2014, the Credit Union will also be rebranded with an updated logo.

The Board, management, and staff have worked hard to ensure growth and positive performance for our members.

Congratulations to our management and staff for a highly successful 2013.

Bob Patterson, Chairman

Treasurer's Report for 2013

Anytime someone considers making a new investment, it is common to encounter the disclaimer "past performance is no guarantee of future performance." Although that may be true, what past performance often indicates is management's commitment to assure the best possible return while keeping the investment principal secure. Since the recession of 2008 "past performance" of Columbine

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Federal Credit Union (CFCU) has consistently been on par with or exceeded the performance of its peers. With that performance has come a steady growth of assets and the ability to offer competitive interest rates both for savings and for loans.

As you look at the financials provided with the annual report you will see that we continued to have good “past performance”. Assets reached \$50,451,742, an increase of \$1,310,247 over 2012 or 2.66%. Loans, which are key to CFCU’s ability to pay a return in the form of interest to members, reached \$24,501,812, an increase over 2012 of \$3.4 million, or 16%. As you look at the income statement, it appears that net income was less than last year’s. The story the numbers don’t tell you is that the board voted to accrue, or set aside, \$60,000 for specific costs related to the new building.

The success of a credit union is measured by more than just these numbers. Key ratios, another method used to measure a credit union’s performance, were consistently at levels that met or exceeded budget and demonstrated that we operated at a level equal to or better than our peers.

To assure that CFCU continues its good performance, the Asset and Liability Committee (ALCO) meets monthly to review how sudden changes in the market might impact CFCU. For several years, interest rates have remained very low and generally unchanged. As the Federal Reserve discusses moves that may impact the economy and thus interest rates, it is this committee that keeps its “finger on the pulse” of the market to assure that we maintain the performance members have come to expect from CFCU.

It is through the hard work and dedication of CFCU’s staff and the support of our credit union volunteers that demonstrates that past performance really does reflect your credit union’s commitment to deliver financial success.

Deb McBride, Treasurer

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Balance Sheet

YTD Comparison

| ASSETS | 2013 | 2012 | 2011 |
|---------------------------------------|---------------------|---------------------|---------------------|
| Loans to Members | \$22,532,011 | \$19,334,208 | \$19,679,016 |
| Business Loans | \$1,969,801 | \$1,770,006 | \$2,090,915 |
| Subtotal | \$24,501,812 | \$21,104,214 | \$21,769,931 |
| Less: Allowance for Loan Loss | -\$337,228 | -\$392,543 | -\$449,241 |
| Net Loans to Members | \$24,164,583 | \$20,711,671 | \$21,320,690 |
| Cash | \$187,910 | \$161,412 | \$219,230 |
| Investments | \$25,543,828 | \$27,830,973 | \$23,323,191 |
| Other Assets | \$555,420 | \$437,439 | \$277,419 |
| TOTAL ASSETS | \$50,451,742 | \$49,141,495 | \$45,140,530 |
| LIABILITIES AND EQUITY | | | |
| Accrued Expenses & Other Liabilities | \$246,172 | \$87,835 | \$154,189 |
| Member Deposit Accounts | \$45,797,573 | \$44,500,159 | \$40,690,913 |
| Regular Reserve | \$685,953 | \$685,953 | \$685,953 |
| Reserve for Valuation Gain (Loss) | -\$286,101 | -\$831 | -\$7,991 |
| Undivided Earnings | \$4,008,145 | \$3,868,379 | \$3,617,466 |
| TOTAL LIABILITIES & EQUITY | \$50,451,742 | \$49,141,495 | \$45,140,530 |

Income Statement

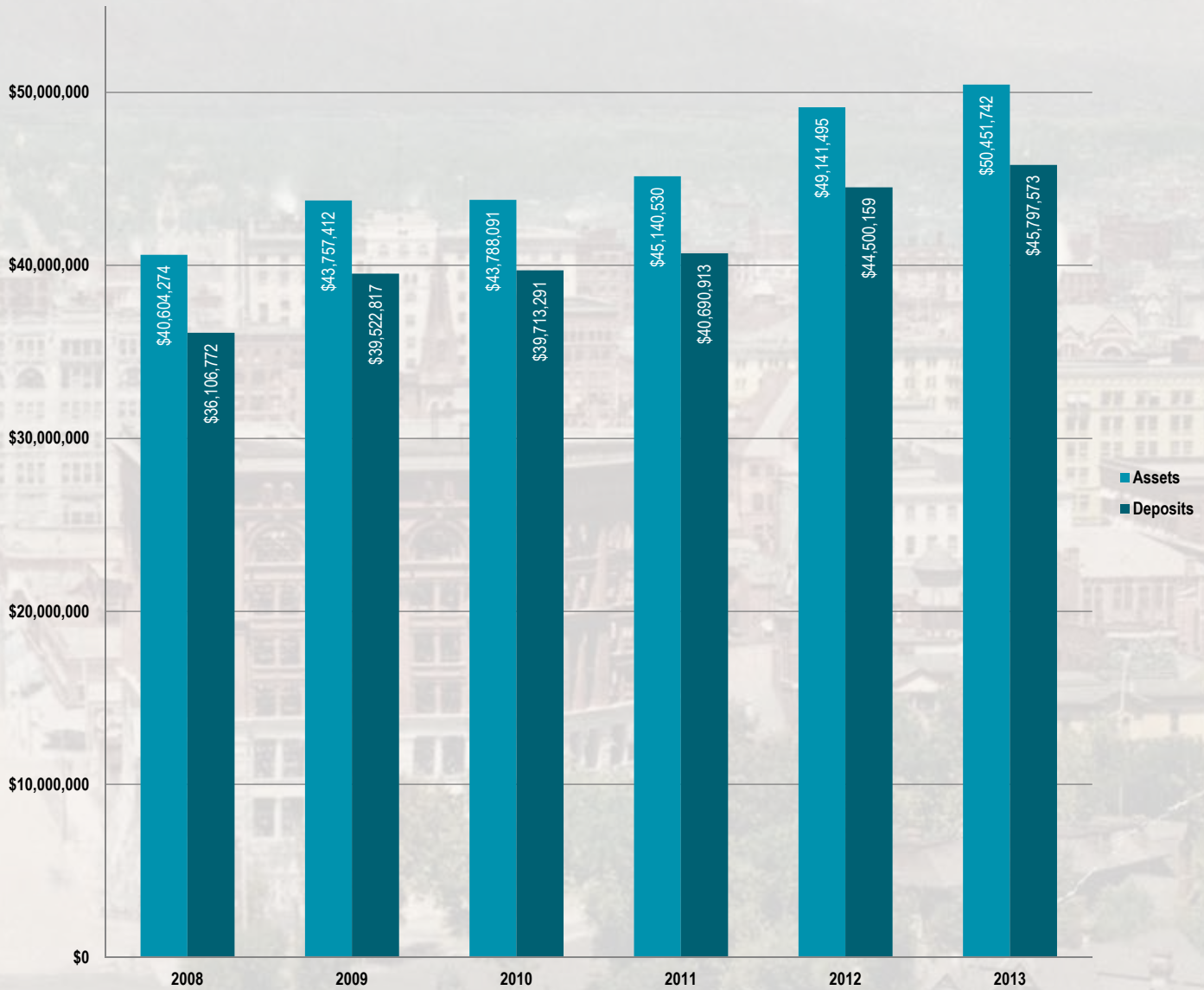
YTD Comparison

| OPERATING INCOME | 2013 | 2012 | 2011 |
|------------------------------------|--------------------|--------------------|--------------------|
| Interest on Loans | \$1,374,457 | \$1,312,081 | \$1,463,350 |
| Income from Investments | \$353,099 | \$387,236 | \$413,852 |
| Other Income | \$278,526 | \$299,951 | \$254,352 |
| Gross Income | \$2,006,083 | \$1,999,268 | \$2,131,554 |
| OPERATING EXPENSES | | | |
| Compensation & Benefits | \$801,457 | \$728,181 | \$606,714 |
| Association Dues | \$17,215 | \$17,614 | \$18,545 |
| Occupancy and Operations | \$258,851 | \$225,139 | \$227,790 |
| Loan Servicing Expense | \$49,621 | \$35,707 | \$37,470 |
| Professional & Outside Services | \$274,001 | \$238,389 | \$235,126 |
| NCUA Assessment | \$34,165 | \$36,992 | \$89,169 |
| Provision for Loan Losses | \$20,000 | \$103,000 | \$215,000 |
| Other | \$199,462 | \$137,071 | \$89,306 |
| Operating Expenses | \$1,654,772 | \$1,522,093 | \$1,519,120 |
| NET INCOME before Dividends | \$351,311 | \$477,175 | \$612,434 |
| DIVIDENDS | \$213,389 | \$235,574 | \$236,594 |
| OTHER GAIN (LOSS) | \$1,844 | \$9,313 | \$2,114 |
| NET INCOME | \$139,765 | \$250,914 | \$377,954 |

RATIOS:

| | | | |
|-----------------|--------|--------|--------|
| NET WORTH/ASSET | 9.30% | 9.27% | 9.53% |
| LOANS/SAVINGS | 53.50% | 47.33% | 53.30% |
| ASSET GROWTH | 2.67% | 8.86% | 3.09% |
| DEPOSIT GROWTH | 2.92% | 9.36% | 2.46% |

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Supervisory Committee Report for 2013

Columbine Federal Credit Union's Supervisory Committee, made up of four volunteer members, independently evaluates the strength and soundness of Columbine's operations and activities. The Committee, alongside the Board of Directors, the President, and the senior management team, with the assistance of independent auditors, ensures that the Credit Union's assets are safeguarded by upholding procedures that comply with Generally Accepted Accounting Principles. The Committee also assures that Columbine's financial statements provide a fair and accurate representation of the financial condition of the Credit Union.

Our independent auditor, Rebecca Clowers, CPA, conducted a comprehensive review of Columbine's financial statements for the period ending September 30, 2013 and the related statements of income, changes in retained earnings, and cash flows for the year utilizing agreed-upon procedures. She returned a detailed report to the Board of Directors that noted no significant issues with the areas of the Credit Union's financials that she evaluated during the review.

In addition to her annual agreed-upon procedures review, Columbine retained Rebecca Clowers, CPA, to perform three internal reviews throughout the year. These are ongoing reviews to ensure that the Credit Union's policies and procedures are being followed and quality internal controls are in place. After each review, Clowers provides a detailed report to the Supervisory Committee, the Board of Directors, and Management.

The National Credit Union Administration (NCUA), which is the regulatory agency for all federally chartered credit unions nationwide, performs periodic supervisory examinations and contacts. The last examination performed was as of December 31, 2012. Based on this examination, they provided a report confirming that Columbine is prudently managed and is a financially sound institution.

Based on the results of the agreed-upon procedures review, the internal reviews, and the NCUA supervisory examination, as well as the internal control work that the Committee performs on a regular basis, it is the opinion of the Supervisory Committee that Columbine Federal Credit Union continues to be financially strong and well managed, with sound policies and programs. Columbine Federal Credit Union is also in compliance with the Credit Union's bylaws and applicable federal laws and regulations.

The Supervisory Committee serves as your personal advocate determined to provide you with the highest quality member service and privileges. As committee members, we are proud to offer you a safe and sound environment to conduct your financial business. We look forward to serving you in the future.

Pauletta Kruger, Supervisory Committee Chairperson