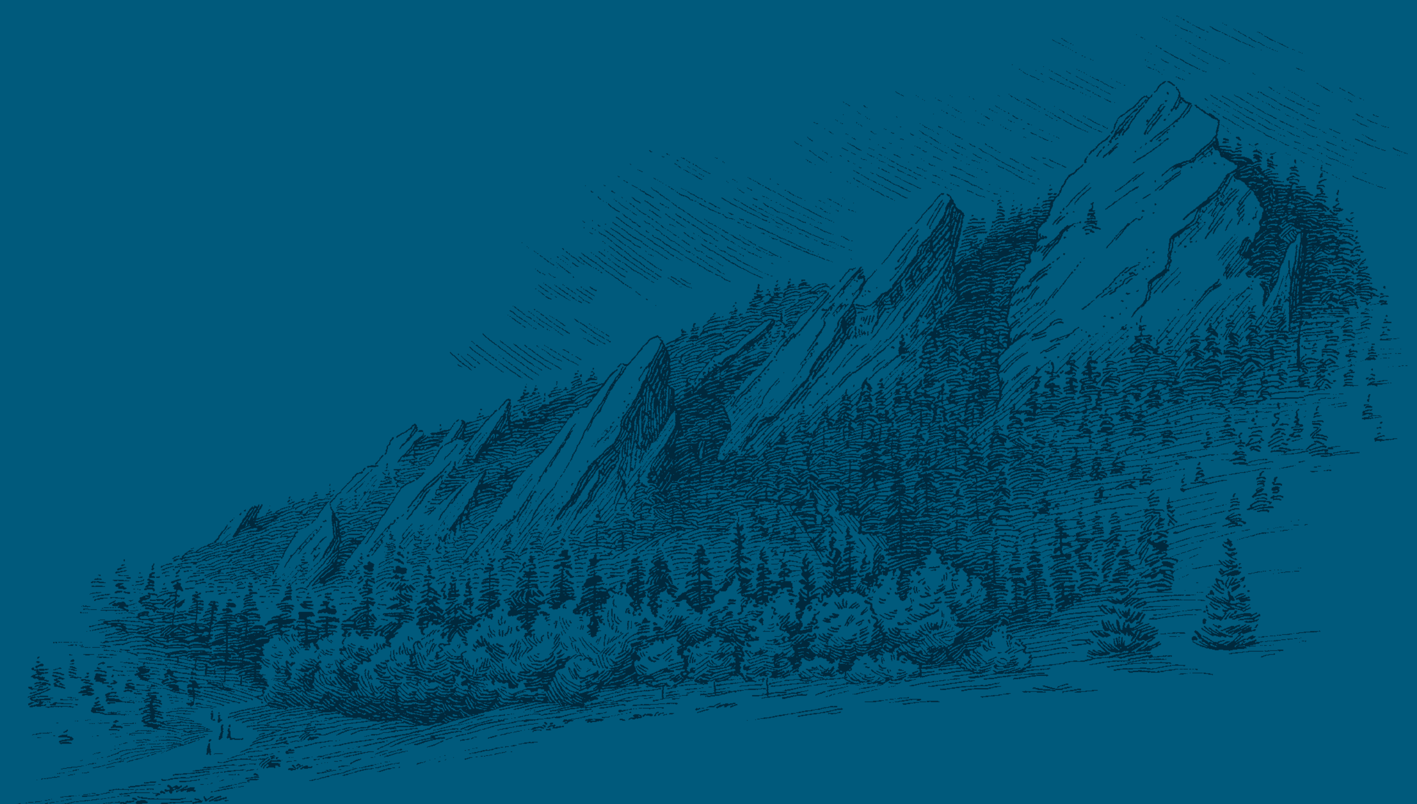
Elevations Credit Union

2019 Annual Report



ELEVATIONS CREDIT UNION | It matters where you bank.

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2019 Annual Report

LETTER FROM THE BOARD CHAIR

Kate Brown

Dear Members,

It is a true privilege to serve you and our entire membership as Chair of the Board of Directors. Thank you for your membership and support of Elevations Credit Union. Our credit union empowers members with financial solutions and education every day. This high level of service and care is reflected back through the trust of our members, which in turn creates organizational achievements and strong results.

In October 2019, we appointed local business leader Barbara Brohl to our Board of Directors. As Principal of B J Brohl Strategies, a government affairs consulting firm, Barbara brings a wealth of experience to our team. We thank her for making a commitment to Elevations. Additionally, the entire Board would like to acknowledge the tremendous contributions of Eric Jones and Jim Menghi, who are retiring from the Board of Directors in May 2020 after reaching their term limits of 12 years of service. We are deeply grateful to both Eric and Jim for their dedication and leadership.

As we work toward consideration for the Malcolm Baldrige National Quality Award for a second time, we achieved a key milestone in 2019 — the Peak Performance Award from Rocky Mountain Performance Excellence (RMPEx). As a prequalification for the national award, this recognition provides our team with valuable performance excellence feedback. We are only the third organization to receive the award twice in RMPEx's 20-year history — a true testament to our continuous efforts to improve our service for our membership and the community.

In 2019, we looked beyond regional and national programs for learning. We hosted Ireland-based Core Credit Union Ltd. for a three-day exchange focused on lending, growth, regulatory investment and finance, and governance. We're proud to be part of this ongoing, multi-year World Council of Credit Unions' Irish American Exchange Program.

Additionally, five of us from the Board of Directors attended the World Credit Union Conference in July 2019. We were honored to accept the Global Women's Leadership Network (GWLN) Athena Leadership Award on behalf of Elevations, recognizing outstanding contributions to women's leadership in the international credit union movement. Thank you to everyone on the Elevations team who developed GWLN's mobile app, linking members from around the globe to gain information, learn and network.

When we connect with and learn from organizations internationally, nationally and regionally, our true aim is always to bring our experiences and insights back home to deliver the best service to you, our members.

Sincerely,

Kate Brown
Chair of the Board of Directors

LETTER FROM THE PRESIDENT & CEO

Gerry Agnes

Dear Members,

As your financial cooperative, our success is directly related to your involvement with Elevations Credit Union. This Annual Report highlights an outstanding year, and we are deeply grateful for your membership.

In 2019, we focused primarily on improving the experience you have with Elevations. Because member experience is our No. 1 priority, we sought your feedback on how best to improve our service to you. And, we listened. We identified and made improvements through our people, processes and technology. This resulted in member service enhancements across all areas of our organization, including the launch of easy-to-use tools and features like an improved digital mortgage application and additional mobile wallet offerings, and even adding new products like Forever Buffs Banking.

This momentum continues into 2020, as we plan to expand our mortgage services into the greater Denver market, continue to grow and serve our Northern Colorado community, and much more.

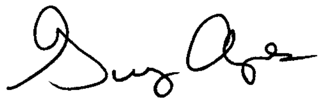
We can only provide the best experiences for our members and community with a high-performing team. In 2019, virtually everyone on our team of more than 550 employees participated in diversity and inclusion training, a key part of our strategic plan. We also bolstered our innovation program with the launch of an employee-led innovation portal. This allows anyone in our organization to share ideas on how to evolve our products, services and culture at Elevations.

We strengthened our executive team with the addition of Kendal Harris, who joined us as Senior Vice President, Retail Network. Kendal leads our team to provide exceptional service through our branches, contact center and retail operations, and she has already made enormous contributions to our success.

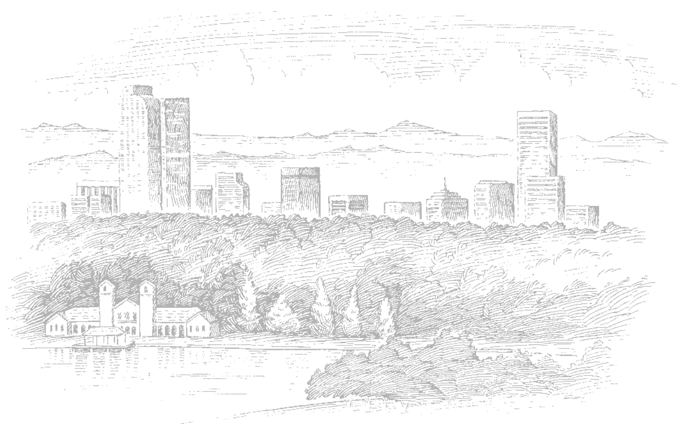
Additionally, Pete Reicks earned his promotion to Chief Strategy & Performance Officer. Pete's expertise with the Baldrige Excellence Framework inspires our entire team to continuously improve our service, as evidenced by the tremendous accomplishment of receiving the Peak Performance Award from Rocky Mountain Performance Excellence in 2019.

Not only did we accomplish a great deal in improving the member experience in 2019, but we also made a significant impact in our communities. In fact, we've devoted an entire section of this report to the ways we gave back in 2019. After all, we're a local organization invested in our members and community. Thank you for your support.

Very truly yours,



Gerry Agnes
President and Chief Executive Officer



YEAR IN REVIEW

It matters where you bank.

We offer the services you've come to expect from traditional financial institutions, but unlike others, our profits are reinvested back into our neighbors and local businesses.

When you choose to bank with Elevations, you choose a locally grounded credit union with national reach. You choose a Colorado team who's here to listen to your financial goals and help you reach them. Because, like you, we're invested in the future of our community.

Rosetta Marie Stevenson of Loveland, deaf professional pastry chef and owner of Zetta Marie's Patisserie. Member since 2013.

Craig Lamberty, co-owner of Conscious Coffees in Boulder, a boutique roastery dedicated to the ethical sourcing of coffees from small farm cooperatives. Business banking member since 2018.

Throughout 2019, we made improvements to our services and programs, and we launched new ones. Many of these updates were made in response to requests from you — our members.

Here are a few of our key accomplishments from 2019:

- **We added mobile wallet** offerings so our members can use their Elevations cards however they pay.
- **We launched Forever Buffs Banking**, a checking account for CU Boulder alumni or those who simply love the Buffs.
- **Our new website, revamped in late 2019, features simpler navigation**, and we will continue to add features throughout 2020.
- **Through Banking Unidos, our Hispanic Initiative, we continued to hire Spanish-speaking employees to serve our members**, launched homebuying seminars in Spanish and provided key member information in Spanish in our branches.
- **We furthered our support of Elevations Foundation** through the Elevations Local Change program, where members can opt to round up their debit card purchases and donate the extra change. Including programs like this, Elevations Credit Union donated a total of $539,489 to support Elevations Foundation in 2019.
- **We continued to help Coloradans finance energy efficiency and renewable energy projects**, hitting $10 million in funding in 2019 through the Colorado Residential Upgrade (RENU) loan program, a partnership launched with the Colorado Energy Office in 2018.
- **We were selected by Boulder Community Health to provide financial services to its employees as a value-added benefit in late 2018**, and we will open a unique branch on their campus at 4865 Riverbend Road in 2020.

Helping members grow into new homes.

In 2019, our mortgage team helped 2,414 Colorado families purchase new homes. We made the application process easier with the launch of a new digital mortgage application, and our team was also recognized for efficiency with a national award: the 2019 Ellie Mae Hall of Fame Award for Outstanding Improvement in Efficiency and Return on Investment.

We're proud to provide top-notch mortgage service to our members, and we continued to rank as the No. 1 credit union mortgage lender in Colorado throughout 2019. We also remained committed to our Realtor® partners, earning Affiliate of the Year awards from the Boulder Area Realtor® Association and Loveland-Berthoud Association of Realtors®, plus the Associate-Member of the Year award from the Northern Colorado Home Builders Association.

We look forward to helping more Coloradans achieve their homeownership dreams in 2020, and we'll continue to expand our services.

Our commitment to Northern Colorado.

In 2019, we grew our commitment to the Northern Colorado community:

- In July, we celebrated the groundbreaking of our Old Town Fort Collins branch at 221 E. Mountain Ave. to transform the property to meet the needs of this vibrant city. Work will continue throughout 2020, as we anticipate an early 2021 opening.
- We added two new leaders to our Northern Colorado Advisory Board in 2019: Kevin Unger and Troy Krenning. This board was established in 2018 to offer recommendations and feedback to the Elevations leadership team.
- We helped 452 families in Larimer County purchase homes in 2019, and we're ranked the No. 3 mortgage lender in Larimer County.
- We were recognized for the third year in a row as one of the Best Credit Unions in NOCO Style Magazine's "Best Of" awards.

Honored to be recognized in 2019.

PEAK PERFORMANCE AWARD

Recognized by Rocky Mountain Performance Excellence for continuous efforts to improve service.

READERS' CHOICE AWARDS

We proudly earned local awards along Colorado's Front Range for Best Bank, Best Mortgage Lender and Best Customer Service.

MORTGAGE EXCELLENCE

The only Colorado mortgage lender ranked nationally in the Top Mortgage Lenders by Scotsman Guide.

TRAINING TOP 125

Honored to be ranked among organizations with the most successful learning and development programs in the world.

ATHENA LEADERSHIP AWARD

Recognized for outstanding contributions to women's leadership in the international credit union movement.

Invested in you and our community.

When you **trust us** to manage and grow your **money**, it stays right here in the **community**, empowering you and **uplifting others** all at once.

50+

Front Range community partners supported through sponsorships

Our members received exclusive discounts through our support of the following local events and organizations:

- Elevations Credit Union Buffalo Bicycle Classic
- Colorado Shakespeare Festival
- Fort Collins Museum of Discovery
- Museum of Boulder
- Pearl Street Mile

Carol Krismann of Longmont, an Elevations Foundation Board Member, author and former head librarian at the William M. White Business Library at CU Boulder. Member since 1982.

99 Free educational seminars hosted in 2019

2,000+ Seminar attendees in 2019

84 Youth financial education presentations in 2018-19 school year

3,492 K-12 students reached

#1 credit union in Colorado for reaching the most students in classrooms with financial literacy presentations (ranked by the National Youth Involvement Board)

$80,000 Committed to support Intercambio's new curriculum, Confidence and Connections

From youth education programs to philanthropic support of local organizations,
we actively reinvest in the places we call home.

16 hours Volunteer time off provided to each full-time employee

4,580 hours Number of hours volunteered in 2019

$25,000 + 100 hours Estimated in-kind donations and volunteer hours provided to help **Healing Warriors Program** launch a new clinic in Fort Collins

Giving back during Prosperity Month.

1,490

In June, **we volunteered 1,490 hours in our Front Range communities,** exceeding our 1,000-hour goal!

Thank you to our 225 participants, including 149 Elevations employees and 76 Elevations members. We volunteered at:

- A Precious Child (Broomfield)
- Community Food Share (Louisville)
- Cultivate (Boulder)
- Food Bank of Larimer County (Fort Collins and Loveland)
- Poudre Education Association (Fort Collins and Loveland)

Peace of mind during the government shutdown.

During the partial government shutdown that started in late 2018 and lasted into early 2019, **we supported 89 furloughed government employees** through a program that included no-interest loans and skip-a-payment options.

89

Committed to our roots.

As a credit union founded on the campus of CU Boulder to serve its faculty and staff, **we continue to show our support for the CU Boulder community**.

$175,000+

Scholarship support for CU Boulder students from Elevations Credit Union

"The Elevations Scholarship has assisted me in advancing my education at CU Boulder, as a Latina, first-generation student. It gave me the assurance that not only my family believes in me, but the community of Elevations also believes in my goals. This scholarship has provided the financial support that is essential to attend the university so I can focus on what matters: getting the best education to not only advance my future but that of my community and family."

— Joanna Ortiz Meraz

Supporting the Office of Pre-College Outreach & Engagement

We're proud to help provide first generation and low-income youth in our communities with comprehensive college preparatory and social development skills.

Elevations Scholars at CU

Awarded annually, this scholarship program is designed for Colorado resident freshmen in the College of Arts and Sciences or the Leeds School of Business based on academic merit and significant demonstrated financial need.

Faculty and Staff Dependent Scholarships

We provide scholarships specifically for children and dependents of CU Boulder faculty and staff.

Colorado Shakespeare Festival

We are a leading sponsor of the Colorado Shakespeare Festival, a professional theatre company in association with the University of Colorado Boulder. Since 1958, the festival has celebrated and explored Shakespeare and his continuing influence and vitality through productions of superior artistic quality, education and community engagement.

Buffalo Bicycle Classic

We're proud to be the title sponsor of the Buffalo Bicycle Classic. This fundraising event provides scholarships for some of Colorado's brightest students — each entering CU Boulder with over a 4.0 high school GPA and strong financial need.

Since 2003, the BBC's support includes:

$3.6 million raised for scholarships

400+ CU Boulder students supported

1 Elevations Credit Union Buffalo Bicycle Classic Scholarship, **a full tuition scholarship** awarded annually

Proud to support Elevations Foundation.

Nolan Johan of Erie, a 2019 Elevations Foundation scholarship recipient and CU Boulder student. Member since 2010.

$1.5 M

At Elevations Credit Union, we proudly support Elevations Foundation. This independent 501(c)3 nonprofit has **provided over $1.5 million in community resources** since its inception in 2010.

Here are a few ways we showed our support in 2019.

$539,489

Donated from Elevations Credit Union to Elevations Foundation, including:

$13,953

Donated through Elevations Visa Signature Credit Cards, where each swipe equals 2¢ that Elevations Credit Union donates

$5,400

Donated through the Elevations Scholarship Challenge, where members opt to donate a $100 rebate from refinancing their personal or auto loan

$2,432

Donated through the new Elevations Local Change program, where members can opt to round up their debit card purchases and donate the extra change

1,600+

Credit union members voted in the first-ever Members' Choice Award, selecting a Foundation grantee to receive a $2,000 bonus grant — congratulations to Healing Warriors Program!

Elevations Foundation focus.

Elevations Foundation is an independent 501(c)3 nonprofit organization that was established in 2010. The Foundation's two primary responsibilities are awarding scholarships to graduating seniors for higher education and community grants to local nonprofit organizations.

33	Elevations Foundation scholarships provided in 2019
19	Total number of Elevations Foundation grants provided in 2019
$84,250	Total amount provided in scholarships in 2019
$66,400	Total amount granted in 2019

LETTER FROM THE CFO & TREASURER

Michael Calcote & Eric Jones

We are pleased to report that Elevations generated strong financial performance again in 2019 as a result of the trust you, our members, have placed in Elevations as your financial institution. This success enables us to better serve the financial needs of our membership, give back to the communities we serve, and reinvest in our neighbors and local businesses.

Our 2019 highlights:

- We continued to serve our members with loans customized for their needs, and our loan portfolio grew by $72 million.
- We helped more Colorado families purchase homes than any other credit union in Colorado, with over $1.4 billion originated in mortgage loans.
- Deposits from our members made a positive impact right here at home, and our total deposits grew by $85 million.
- We proudly served more than 143,000 members, welcoming 14,629 new members in 2019.
- We generated earnings of $27.6 million, strengthening our credit union and providing capital for further growth.

The following table compares our performance to our credit union peers on key industry metrics:

	Elevations	Peer Group Median
Core Return on Equity[1]	9.2%	10.3%
Loan Growth	5%	10%
First Mortgages Sold ($ Millions)	$1,131	$373
Deposit Growth	4.8%	11%
Delinquency Ratio	0.2%	0.6%
Efficiency (Costs/Revenues)[1, 2]	83%	75%

We remain financially strong and well positioned to provide solutions for your financial needs. Our capital position ended 2019 at 11.1%, well above the minimum threshold of 7% to be deemed well capitalized by the National Credit Union Association. Our credit performance remains healthy, with a delinquency ratio of only 0.2% at the end of 2019.

We've provided the complete financial report for you to review. Thank you to Elevations' Audit and Risk Committee for their diligence in selecting and working with Moss Adams as our auditor.

This year's financial success only helps to build on our promise to you. We look forward to continuing to serve you in 2020 and beyond.

Sincerely,

Michael Calcote, Chief Financial Officer
Eric Jones, Treasurer, Board of Directors

1 Excludes non-operating items, such as a gain from selling the building that previously housed our administrative staff

2 The efficiency ratio measures the extent to which a dollar of revenue is offset by costs (so the lower the ratio, the better). Our efficiency ratio is currently adverse relative to our peer group due primarily to significant investments we've recently made to enhance our members' convenience and experience (e.g., improved technology, expanded offering of business banking services). Longer term, we anticipate that the returns generated on these investments will improve our efficiency ratio to a level similar to our peer credit unions.

Audit & Risk Committee

Eric Jones
Chair

Don Cheyne
Vice Chair

Katie Cowan
Committee Member

Todd Gleeson
Committee Member

Jim Menghi
Committee Member

The Audit and Risk Committee's responsibility is to provide oversight of the financial reporting process, the system of internal controls, compliance with laws and regulations, and enterprise risk management. The Audit and Risk Committee is comprised of a subset of the Board of Directors. The members of the Audit and Risk Committee are:

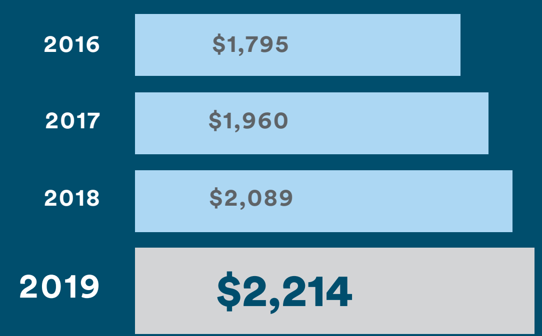
- Eric Jones, Chair
- Don Cheyne, Vice Chair
- Katie Cowan
- Todd Gleeson
- Jim Menghi

The Audit and Risk Committee selected Moss Adams to perform the annual audit of the Credit Union's financial statements as of December 31, 2019. The firm issued an unmodified opinion at the conclusion of their audit. The Audit and Risk Committee is unaware of any matter that would be considered a material weakness or significant deficiency in the internal controls over financial reporting.

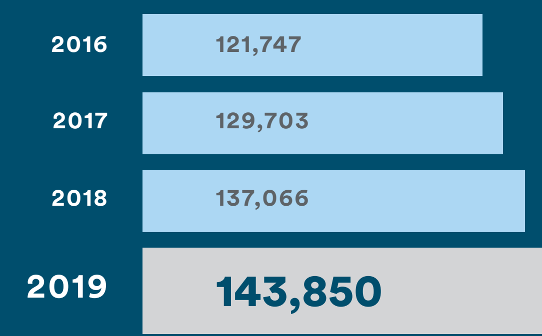
The Audit and Risk Committee is satisfied that the accounting records accurately reflect Elevations Credit Union's financial condition and that its operations are handled in accordance with Board policies and Credit Union procedures.

Financial Highlights

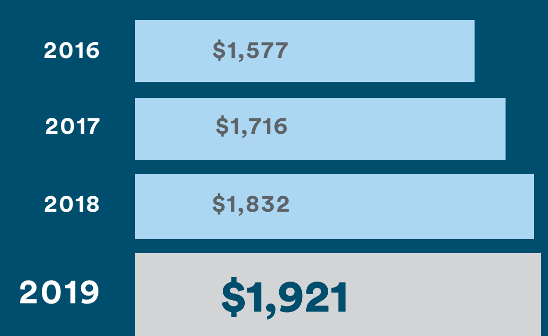
Assets (in millions)



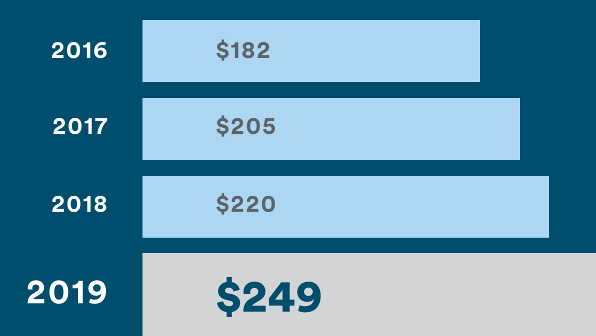
Total Members



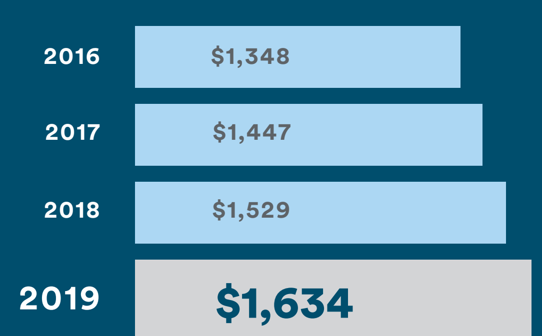
Total Shares (in millions)



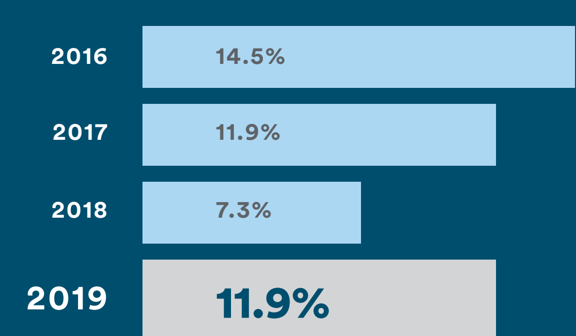
Capital (in millions)



Total Loans (in millions)



Return on Members' Equity



Elevations Credit Union
Statement of Financial Condition
December 31, 2019

ASSETS	
ASSETS	
Cash and cash equivalents	$ 261,912,214
Available-for-sale securities, at fair value	158,118,250
Loans held for sale	56,602,041
Loans to members, net	1,577,805,779
Accrued interest receivable	5,778,569
Property and equipment, net	66,594,016
Mortgage servicing rights	30,363,412
Life insurance policies	11,846,144
Prepaid and other assets	27,555,942
NCUSIF deposit	16,935,369
Total assets	$ 2,213,511,736
LIABILITIES AND MEMBERS' EQUITY	
LIABILITIES	
Members' shares and savings accounts	$ 1,920,880,003
Accrued expenses and other liabilities	43,494,674
Total liabilities	1,964,374,677
COMMITMENTS AND CONTINGENT LIABILITIES (Note 9)	
MEMBERS' EQUITY	
Regular reserve	11,879,721
Undivided earnings	224,571,146
Equity acquired in mergers	11,249,648
Accumulated other comprehensive income	1,436,544
Total members' equity	249,137,059
Total liabilities and members' equity	$ 2,213,511,736

Elevations Credit Union
Statement of Income
Year Ended December 31, 2019

INTEREST INCOME	
Loans to members	$ 77,475,997
Interest on investments and interest bearing deposits	8,184,076
Total interest income	85,660,073
INTEREST EXPENSE	
Members' shares and savings accounts	3,740,772
NET INTEREST INCOME	81,919,301
PROVISION FOR LOAN LOSSES	1,779,635
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	80,139,666
NON-INTEREST INCOME	
Gain on sale of loans, net	30,474,579
Interchange income, net	11,683,488
Fees and service charges	5,676,577
Gain on sale of property and equipment	4,524,177
Wealth management income	2,965,193
Mortgage servicing income, net	2,658,074
Other non-interest income	3,271,109
Total non-interest income	61,253,197
NON-INTEREST EXPENSES	
Compensation and benefits	66,715,118
Office operations	17,402,364
Office occupancy	11,625,941
Loan servicing expense	6,679,677
Education and promotion	5,522,423
Professional and outside services	5,118,265
Other non-interest expense	775,324
Total non-interest expenses	113,839,112
NET INCOME	$ 27,553,751

Elevations Credit Union
Statement of Comprehensive Income
Year Ended December 31, 2019

NET INCOME	$ 27,553,751
OTHER COMPREHENSIVE INCOME	
Net unrealized gains on avaible-for-sale securities	2,290,413
COMPREHENSIVE INCOME	$ 29,844,164

Elevations Credit Union
Statement of Members' Equity

	Regular Reserve	Undivided Earnings	Equity Acquired In Mergers	Accumulated Other Comprehensive (Loss) Income	Total
BALANCE, December 31, 2018 (As previously reported)	$ 11,879,721	$ 197,712,323	$ 11,249,648	$ (853,869)	$ 219,987,823
Impact of restatement to ending equity (Note 14)	-	(694,928)	-	-	(694,928)
BALANCE, December 31, 2018 (Restated)	11,879,721	197,017,395	11,249,648	(853,869)	219,292,895
Net income	-	27,553,751	-	-	27,553,751
Other comprehensive income	-	-	-	2,290,413	2,290,413
BALANCE, December 31, 2019	$ 11,879,721	$ 224,571,146	$ 11,249,648	$ 1,436,544	$ 249,137,059

Elevations Credit Union
Statement of Cash Flows
Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 27,553,751
Adjustments to reconcile net income to net cash from operating activities:	
Provision for loan losses	1,779,635
Depreciation and amortization	6,553,012
Amortization of investment premiums/discounts	1,369,349
Gain on sale of property and equipment	(4,524,177)
Gain on sale of loans, net, excluding capitalized mortgage servicing rights	(19,397,789)
Capitalization of mortgage servicing rights	(11,076,790)
Amortization of mortgage servicing rights	7,025,964
Originations of loans held for sale	(1,131,468,292)
Proceeds from sales of loans held for sale	1,118,465,708
Increase in life insurance policies	(285,056)
Decrease in accrued interest receivable	390,371
Increase in prepaid and other assets	(4,689,792)
Increase in accrued expenses and other liabilities	5,661,562
Net cash from operating activities	(2,642,544)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturities, calls, and repayments of available-for-sale securities	49,365,147
Purchase of available-for-sale securities	(8,754,312)
Net change in loans to members	(74,415,223)
Proceeds from sale of property and equipment	11,597,453
Purchases of property and equipment	(13,202,964)
Increase in NCUSIF deposit	(535,332)
Net cash from investing activities	(35,945,231)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net change in members' shares and savings accounts	89,019,554
Net cash from financing activities	89,019,554
NET CHANGE IN CASH AND CASH EQUIVALENTS	50,431,779
CASH AND CASH EQUIVALENTS, beginning of year	211,480,435
CASH AND CASH EQUIVALENTS, end of year	$ 261,912,214
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest on members' share savings accounts	$ 3,740,772
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Net change in fair value of available-for-sale securities	$ 2,290,413

Note 1 – Nature of Business and Significant Accounting Policies

Organization
Elevations Credit Union is a state-chartered credit union organized in accordance with the provisions of the Colorado Credit Union Act for the purpose of promoting thrift among, and creating a source of credit for, its members. Participation in the Credit Union is limited to those individuals who qualify for membership. The field of membership is defined by the Credit Union's Charter and Bylaws.

Use of estimates in the preparation of financial statements
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the allowance for loan losses, valuation of mortgage servicing rights, and fair value measurements.

Comprehensive income
Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the members' equity section in the statements of financial condition under the caption "accumulated other comprehensive income (loss)," and in the statements of comprehensive income.

Acquisition accounting
Credit Union acquisitions are accounted for using the acquisition method of accounting. Under the acquisition method of accounting, assets acquired, including identifiable intangibles and liabilities assumed, are recorded at estimated fair value at the date of acquisition. Any difference in purchase consideration over the fair value of assets acquired and liabilities assumed results in the recognition of goodwill, should purchase consideration exceed net estimated fair values. If estimated net fair values exceed purchase consideration, a bargain purchase gain is recognized. Expenses incurred in connection with an acquisition are expensed as incurred.

Cash, cash equivalents, and cash flows
Cash and cash equivalents consist of cash on hand and demand deposits in other financial institutions. For purposes of reporting cash flows, activities within loans receivable, certificates of deposit, members' shares and savings accounts, and borrowed funds are reported net.

Note 1 – Nature of Business and Significant Accounting Policies (continued)

Investment securities
Securities that the Credit Union intends to hold for an indefinite period of time, but not necessarily to maturity, are classified as available-for-sale and are carried at fair value. Trading securities are reported at fair value. Realized and unrealized gains and losses on trading securities are reported in the statement of income. Unrealized gains and losses on investments classified as available-for-sale are recorded within accumulated other comprehensive income (loss), a component of members' equity. Securities that the Credit Union has the positive intent and ability to hold to maturity are classified as "held-to-maturity" and recorded at amortized costs. Amortization of premiums and accretion of discounts, including fair value adjustments from business combinations, are recognized in interest income over the period to maturity. Gains and losses on the sale of investment securities are determined using the specific-identification method.

Investment securities are reviewed on an ongoing basis for the presence of other-than-temporary impairment (OTTI) or permanent impairment, taking into consideration current market conditions, fair value in relationship to cost, extent and nature of the change in fair value, issuer rating changes and trends, whether the Credit Union intends to sell a security or if it is likely that it will be required to sell the security before recovery of its amortized cost basis in the investment, which may be maturity, and other factors.

For debt securities, if the Credit Union intends to sell the security or it is likely that it will be required to sell the security before recovering its cost basis, the entire impairment loss would be recognized in earnings as an OTTI. If the Credit Union does not intend to sell the security and it is not likely that it will be required to sell the security but it does not expect to recover the entire amortized cost basis of the security, only the portion of the impairment loss representing credit losses would be recognized in earnings.

Loans held for sale
Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated market value in the aggregate. Typically, at the time of loan sale, representations and warranties are given regarding the validity and accuracy of the loan and loan documents that if breached would require the loan to be repurchased. At December 31, 2019, no loans were required or anticipated to be repurchased by the Credit Union.

Loans to members, net
Loans are stated at unpaid principal balances, less an allowance for loan losses, and net deferred loan origination fees and costs. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income using either the straight-line method or the interest method over the weighted-average life of the loans, adjusted for prepayments.

Note 1 – Nature of Business and Significant Accounting Policies (continued)

Accrual of interest on loans is discontinued when management believes that, after considering economic and business conditions and collection efforts, the borrower's financial condition is such that collection of interest is doubtful. All interest accrued but not collected for loans that are placed on non-accrual status or charged-off is reversed against interest income. Income is subsequently recognized on the cash basis until, in management's judgment, the borrower's ability to make periodic principal and interest payments returns and future payments are reasonably assured, in which case the loan is returned to accrual status.

The Credit Union evaluates individual loans for impairment when principal and interest is not expected to be collected in accordance with the contractual terms of the loan agreement. Loans that experience insignificant payment delays or payment shortfalls are generally not considered in the impairment assessment. For individually identified impaired loans, the Credit Union performs an analysis of impairment and assigns an appropriate reserve amount based on the facts and circumstances related to the impairment of the loan. For these loans, impairment is measured using either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral, if the loan is collateral dependent. Large groups of smaller-balance homogenous loans are collectively evaluated for impairment.

A troubled debt restructuring occurs when, due to a member's financial difficulty, the Credit Union grants a concession that it would not otherwise consider. The concession can take the form of an interest rate or principal reduction or an extension of payments of principal or interest, or both. Restructured loans performing in accordance with their new terms are not included among non-accrual loans unless there is uncertainty as to the ultimate collection of principal or interest. Loans considered to be troubled debt restructurings are evaluated under the Credit Union's impaired loan accounting policy.

The Credit Union's policy is that restructured loans placed on non-accrual status will typically remain on non-accrual status until all principal and interest payments are brought current and the prospects for future payment in accordance with the loan agreement appear reasonably assured. The Credit Union's policy generally refers to six months of payment performance as sufficient to warrant a return to accrual status.

The allowance for loan losses is increased by a provision for loan losses charged to expense and decreased by charge-offs (net of recoveries). Loans are charged against the allowance for loan losses when management believes that collectability of the principal is unlikely. The allowance is an amount management believes will be adequate to absorb estimated losses on existing loans. Management's periodic evaluation of the adequacy of the allowance is based on the Credit Union's past loan experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions. While management seeks the best information available to make its evaluations, further adjustments to the allowance may be necessary if there are significant changes in unforeseen conditions.

Note 1 – Nature of Business and Significant Accounting Policies (continued)

Property and equipment
Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation. Depreciation is computed principally by the straight-line method based upon the useful lives of the related assets. The cost of leasehold improvements is amortized using the straight-line method over the term of the lease, or the estimated life of the asset, whichever is less. The Credit Union reviews property and equipment (long-lived assets) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Maintenance, repairs, and minor alterations are charged to current operations as expenditures occur and major improvements are capitalized.

Mortgage servicing rights
Mortgage servicing assets are recognized as separate assets when rights are acquired through the sale of financial assets. Fair value is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Capitalized servicing rights are amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost.

Life insurance policies
The Credit Union holds life insurance contracts to fund future supplemental retirement obligations. The cash surrender value of fixed annuity contracts reflects the Credit Union's investment in the recorded asset. Surrender charges relating to the annuity contracts are recorded as a reduction in value through earnings. Unrealized holding gains and losses related to the annuity contract are included in earnings as gains or losses.

Foreclosed and repossessed assets
Foreclosed and repossessed assets are property acquired through foreclosure or other proceedings and are initially carried at fair value. Fair values of foreclosed and repossessed assets, primarily real estate and automobiles, are measured based on the assets' observable market price. For real estate, prices are derived from independent appraisals, while automobiles are based on observable market prices for comparable vehicles. When these assets are acquired, any excess of the loan balance over the estimated fair value is charged to the allowance for loan losses. Holding costs, subsequent write-downs to fair value, if any, or any disposition gains or losses are included in noninterest income and expense.

Federal Home Loan Bank (FHLB) Stock
As a member of the FHLB, the Credit Union is required to invest in stock of the FHLB. The FHLB stock is carried at cost and its disposition is restricted. Based on its restricted nature, no ready market exists for this investment and it has no quoted market value. The FHLB is included in prepaid and other assets in the statements of financial condition.

Note 1 – Nature of Business and Significant Accounting Policies (continued)

National Credit Union Share Insurance Fund (NCUSIF) deposit
The deposit in the NCUSIF is in accordance with National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to one percent of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the NCUA Board.

NCUA assessments
The Credit Union is subject to assessments by the NCUA which are expensed as assessed.

Members' shares and savings accounts
Members' shares are the savings deposit accounts of the owners of the Credit Union. Share ownership entitles the members to vote in annual elections of the Board of Directors. Irrespective of the number of shares owned, no member has more than one vote.

Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Interest on members' shares and savings accounts is based on available earnings at the end of an interest period and is not guaranteed by the Credit Union. Interest rates on members' share accounts are set by the Board of Directors, based on an evaluation of current and future market conditions.

Regular reserve
The Credit Union is required to maintain a statutory reserve (regular reserve) in accordance with the Colorado Credit Union Act. This statutory reserve represents a regulatory restriction and is not available for the payment of interest.

Income taxes
The Credit Union is state chartered and federally tax-exempt under the Internal Revenue Code 501(c)(14), except to the extent of unrelated business income. The Credit Union had no unrecognized tax benefits at December 31, 2019. The Credit Union recognizes the accrual of interest and penalties related to unrecognized tax benefits as a tax expense. During the year ended December 31, 2019, it recognized no material interest or penalties.

Fair value of assets and liabilities
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Accounting principles describe three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Note 1 – Nature of Business and Significant Accounting Policies (continued)

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The degree of judgment utilized in measuring fair value generally correlates to the level of pricing observability. Pricing observability is impacted by a number of factors, including the type of assets or liability, whether it is new to the market and not yet established, and the characteristics specific to the transaction. Assets and liabilities with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of pricing observability and a lesser degree of judgment utilized in measuring fair value. Conversely, assets and liabilities rarely traded or not quoted will generally have little or no pricing observability and a higher degree of judgment utilized in measuring fair value.

The Credit Union used the following methods and significant assumptions to estimate fair value for its assets and liabilities measured and carried at fair value in the financial statements on a recurring or nonrecurring basis:

Available-for-sale securities
For these securities, the Credit Union obtains fair value measurements from an independent pricing service. The fair value measurements consider both observable and unobservable data that may include active quotes, dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and bond terms and conditions, among other things. When market quotes are not readily accessible or available, alternative approaches are utilized, such as matrix or model pricing.

Impaired loans
Fair values of impaired loans are measured based on a loan's observable market price or the underlying collateral securing the loan. Collateral may be real estate or business assets including equipment. The value of collateral is determined based on independent appraisals.

Recent accounting pronouncements
As of December 31, 2019, the Credit Union adopted ASU 2014-09, Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "ASC 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as OREO. The majority of the Credit Union's revenues come from interest income and other sources, including loans and investments that are outside the scope of ASC 606. The Credit Union's services that fall within the scope of ASC 606 are presented within Non-Interest Income and are recognized as revenue as the Credit Union satisfies its obligation to the member. Services within the scope of ASC 606 include: share account service fees and interchange income.

Refer to Note 13
Revenue from Contracts with Customers for further discussion on the Credit Union's revenue sources within the scope of ASC 606.

Note 1 – Nature of Business and Significant Accounting Policies (continued)

The Credit Union adopted ASC 606 using the modified retrospective method. The adoption of ASC 606 did not result in any changes in either the timing or amount of recognized revenue. However, the classification of certain costs associated with debit and credit cards are now being offset (contra-revenue) against interchange income. The costs offset against interchange income totaled approximately $2.5 million for the year ended December 31, 2019.

Events subsequent to year end

Subsequent events are events or transactions that occur after the date of the statement of financial condition but before financial statements are issued. The Credit Union recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial condition, including the estimates inherent in the process of preparing the financial statements.

The Credit Union has evaluated subsequent events through March 27, 2020, which is the date the financial statements became available for issuance.

Note 2 – Investments

The following table presents the amortized cost and estimated fair value of investments as of December 31, 2019:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale				
Mortgage-backed securities	$ 100,221,431	$ 1,551,368	$ (133,267)	$ 101,639,532
SBA-backed securities	32,745,022	119,529	(449,660)	32,414,891
Collateralized mortgage obligations	23,715,253	449,392	(100,818)	24,063,827
Total	$ 156,681,706	$ 2,120,289	$ (683,745)	$ 158,118,250

Information pertaining to investments with gross unrealized losses as of December 31, 2019, aggregated by investment category and length of time that individual investments have been in a continuous loss position follows:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale						
Mortgage-backed securities	$ 573,769	$ (4,667)	$ 16,959,415	$ (128,600)	$ 17,533,184	$ (133,267)
SBA-backed securities	4,440,135	(13,320)	23,907,427	(436,340)	28,347,562	(449,660)
Collateralized mortgage obligations	719,454	(466)	5,123,783	(100,352)	5,843,237	(100,818)
Total	$ 5,733,358	$ (18,453)	$ 45,990,625	$ (665,292)	$ 51,723,983	$ (683,745)

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Notes to Financial Statements

Note 2 – Investments (continued)

There were 66 investments in a temporary unrealized loss position as of December 31, 2019. The unrealized losses on investments were caused by interest rate increases, or widening of market spreads, subsequent to the purchase of these securities. Because the Credit Union does not intend to sell these securities and it is not likely that the Credit Union will be required to sell them before recovery of their amortized cost basis, which may include holding each security until contractual maturity, the unrealized losses on these investments were not considered to be other-than-temporarily impaired as of December 31, 2019.

Investments by contractual maturity as of December 31, 2019 are summarized as follows. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay the obligations:

	Available-for-Sale	
	Amortized Cost	Fair Value
Due in less than one year	$ 3,168,004	$ 3,168,833
Due from one to three years	10,545,672	10,544,663
Due from three to five years	76,524,626	77,741,442
Due after five years	66,443,404	66,663,312
	$ 156,681,706	$ 158,118,250

Note 3 – Loans to Members

The following table presents total loans outstanding by portfolio segment and class of financing receivable:

	2019
Real estate	
First mortgage	$ 825,004,174
Second mortgage	331,311,322
	1,156,315,496
Consumer	
Auto	134,006,116
Other – primarily unsecured	115,108,581
	249,114,697
Member business	
Real estate	161,726,226
Other	9,187,516
	170,913,742
Total unpaid principal balance	1,576,343,935
Net deferred loan origination fees/costs	7,035,170
Total recorded investment	1,583,379,105
Less: allowance for loan losses	(5,573,326)
Loans to members, net	$ 1,577,805,779

Allowance for Loan Losses (ALL)
The ALL is management's estimate of probable credit losses inherent in the loan portfolio, at the date of the statement of financial condition. The Credit Union's ALL process involves procedures to appropriately consider the unique risk characteristics of its commercial and consumer loan portfolio segments. For each portfolio segment, impairment is measured collectively for groups of smaller loans with similar characteristics and individually for larger impaired loans.

Note 3 – Loans to Members (continued)

Commercial portfolio segment ALL methodology
Generally, commercial loans are assessed for estimated losses by grading each loan using various risk factors as identified through periodic reviews. For loans not identified as impaired, the Credit Union determines the allowance on a collective basis utilizing historical and forecasted losses to represent the best estimate of inherent loss at the measurement date. In the development of statistically derived loan loss factors, historical losses are observed over a relevant period for each loan type. These loss estimates are adjusted as appropriate based on additional analysis of long-term average loss experience compared to previously forecasted losses, external loss data, or other risks identified from current economic conditions and credit quality trends. The commercial ALL includes an amount for the estimated losses on individually evaluated impaired loans.

Consumer portfolio segment ALL methodology
For consumer loans, not identified as impaired, the Credit Union determines the allowance on a collective basis utilizing historical and forecasted losses to represent the best estimate of inherent loss at the measurement date. Loans are pooled, generally by loan types with similar risk characteristics, such as residential real estate mortgages and credit cards. The consumer ALL model primarily uses historic delinquency and default experience, loss severity, home price trends, unemployment trends, and other key economic variables that may influence the frequency and severity of losses for each class of loan within the consumer segment. The consumer allowance includes an amount for the estimated losses on individually evaluated impaired loans.

Allowance for loan losses
Activity in the ALL and recorded investment in loans, by portfolio segment, for the year ended December 31, 2019 is as follows:

	Real Estate	Consumer	Commercial	Total
Allowance for loan losses				
Beginning allowance	$ 1,201,361	$ 3,717,231	$ 1,055,614	$ 5,974,206
Charge-offs	(54,328)	(3,164,092)	(8,023)	(3,226,443)
Recoveries	13,404	1,032,524	-	1,045,928
Provision for loan losses	(382,573)	2,006,675	155,533	1,779,635
Ending allowance	$ 777,864	$ 3,592,338	$ 1,203,124	$ 5,573,326
Ending balance individually evaluated for impairment	$ -	$ 366,066	$ -	$ 366,066
Ending balance colletively evaluated for impairment	777,864	3,226,272	1,203,124	- 5,207,260
Ending allowance	$ 777,864	$ 3,592,338	$ 1,203,124	$ 5,573,326

Note 3 – Loans to Members (continued)

	Real Estate	Consumer	Commercial	Total
Loans				
Ending balance individually evaluated for impairment	$ 1,753,066	$ 706,797	$ -	$ 2,459,863
Ending balance collectively evaluated for impairment	1,161,804,822	249,083,221	170,031,199	1,580,919,242
Total loans	$ 1,163,557,888	$ 249,790,018	$ 170,031,199	$ 1,583,379,105

The table below summarizes key information for impaired loans as of and for the year ended December 31, 2019:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment
With no special allowance recorded:				
Real estate				
First mortgage	$ 1,309,082	$ 1,300,934	$ -	$ 1,313,542
Second mortgage	443,984	441,220	-	472,783
Consumer				
Auto	66,522	66,344	-	75,287
Other – primarily unsecured	209,030	208,469	-	195,126
With a specific allowance recorded:				
Consumer				
Auto	176,814	176,340	112,858	214,324
Other – primarily unsecured	254,431	253,748	253,748	251,838
Totals by loan segment				
Real estate	1,753,066	1,742,154	-	1,786,325
Consumer	706,797	704,901	366,606	736,575
	$ 2,459,863	$ 2,447,055	$ 366,606	$ 2,522,900

Interest income recognized on impaired loans during the year ended December 31, 2019 was not material to the financial statements.

Loans modified as troubled debt restructurings as of December 31, 2019, nor any that defaulted during the year ended December 31, 2019, were not significant to the financial statements.

Note 3 – Loans to Members (continued)

Age analysis of past due loans

The Credit Union has several classes of consumer and commercial loans which carry distinct credit risks. A significant variable in the loss estimation of the consumer and commercial ALL is delinquency levels. The following table presents the outstanding recorded investment from each class within the consumer and commercial portfolio by delinquency status:

	30–59 Days Past Due	60–89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Recorded Investment
Real estate						
First mortgage	$ 4,453,676	$ 892,206	$ 408,727	$ 5,754,609	$ 825,107,586	$ 830,862,195
Second mortgage	886,756	50,900	390,319	1,327,975	331,367,718	332,695,693
	5,340,432	943,106	799,046	7,082,584	1,156,475,304	1,163,557,888
Consumer						
Auto	1,119,397	108,085	134,598	134,598	132,966,800	133,101,398
Other – primarily unsecured	568,753	201,981	260,235	260,235	116,428,385	116,688,620
	1,688,150	310,066	394,833	394,833	249,395,185	249,790,018
Member business						
Real estate	-	-	-	-	160,843,683	160,843,683
Other	34,495	-	-	34,495	9,153,021	9,187,516
	34,495	-	-	34,495	169,996,704	170,031,199
	$ 7,063,077	$ 1,253,172	$ 1,193,879	$ 7,511,912	$ 1,575,867,193	$ 1,583,379,105

There were no loans 90 days or more past due and still accruing interest as of December 31, 2019.

Commercial credit quality indicators – In addition to monitoring commercial loan concentration risk, the Credit Union manages a consistent process for assessing commercial loan credit quality. Commercial loans are subject to individual risk assessment using internal borrower and collateral quality ratings. The Credit Union uses the following risk rating definitions to assess risk within the portfolio:

Pass – The borrower is considered creditworthy and has the ability to repay the debt in the normal course of business. The Credit Union uses four levels of grading within the pass category based on the underlying characteristics of the loan.

Watch – The Loan has the capacity to perform according to terms; however, elements of uncertainty (an uncharacteristic negative financial or other risk factor event) exist. Margins of debt service coverage are narrow, and historical patterns of financial performance may be erratic although the overall trends are positive. Often the operating assets of the company and/or real estate will secure these loans. If secured, collateral value and adequate sources of repayment currently protect the loan. Material adverse trends have not developed at this time.

Note 3 – Loans to Members (continued)

Special mention – The loan exhibits potential credit weaknesses or downward trends which, if not checked or corrected, will result in a weakened asset and/or an inadequately protected position. The borrower is marginally acceptable and asset quality, financial flexibility, leverage, and management are below average. Management and ownership may have limited depth and back-up support. Although these loans are performing, adverse trends have developed in the borrower's operations and/or balance sheet. Collectability of the loan is not yet in jeopardy, but there is concern about timely repayment.

Substandard – The loan is inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged. There are well defined weaknesses that are jeopardizing the repayment of the debt. The Credit Union will likely sustain some loss if the deficiencies are not corrected.

Doubtful – The loan has the weaknesses of those in the Substandard rating, one or more of which make collection or liquidation in full highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors which may work to the advantage and strengthening of the loan, its classification as a loss is deferred until a more exact status may be determined.

Loss – The loan is not considered collectible and is of such little value that continued classification as a bankable asset is not warranted. This classification does not mean the loan has absolutely no recovery or salvage value, but that it is neither practical nor desirable to defer writing off the loan.

Not Graded - Instances where no grade was assigned related to small dollar homogenous rental properties that are not subjected to traditional commercial rating

The following table presents the recorded investment for member business loans based on risk rating as of December 31, 2019:

	Real Estate	Other	Total
Pass	$ 134,262,969	$ 6,734,059	$ 140,997,028
Special Mention	-	91,226	91,226
Not graded	26,580,714	2,362,231	28,942,945
Total	$ 160,843,683	$ 9,187,516	$ 170,031,199

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Note 4 – Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation and amortization, and are summarized as of December 31, 2019 by major classification as follows:

	2019
Land and improvements	$ 10,876,832
Building and improvements	40,320,377
Furniture and equipment	39,218,340
Leasehold improvements	5,400,734
Work in process	8,902,781
	104,719,064
Less accumulated depreciation and amortization	(38,125,048)
	$ 66,594,016

Depreciation and amortization charged to expense was approximately $6,550,000 for the year ended December 31, 2019.

Note 5 – Members' Shares and Savings Accounts

Members' shares and savings accounts are summarized as follows as of December 31, 2019:

	2019
Share drafts accounts	$ 625,177,958
Share accounts	648,297,955
Money market accounts	501,466,191
Individual retirement accounts	18,763,143
Share and IRA certificates	127,174,756
	$ 1,920,880,003

As of December 31, 2019, scheduled maturities of share and IRA certificates are as follows:

Years ending December 31, 2020	$ 74,442,718
2021	25,393,265
2022	11,361,167
2023	7,892,665
2024	8,084,941
	$ 127,174,756

The aggregate amount of members' time deposit accounts in denominations of $250,000 or more as of December 31, 2019 was approximately $9,620,000, of which approximately $4,100,000 was uninsured.

Note 6 – Employee Benefits

Defined contribution 401(k) plan
All employees of the Credit Union are eligible to participate in a 401(k) retirement savings plan upon attaining the age of 18. Each pay period, eligible participants may make salary deferred contributions to the plan and the Credit Union matches a portion of the contributions. All contributions from the employee and the Credit Union are always 100% vested. The Credit Union's contributions to the plan were approximately $1,600,000 for the year ended December 31, 2019.

Deferred compensation
The Credit Union has a 457(b) non-qualified deferred compensation plan for certain members of senior management. The Credit Union does not contribute to this plan. The deferred compensation amounts are shown as both assets and liabilities in the Credit Union's statements of financial condition and are available to creditors in the event of the Credit Union's liquidation. The balance of the deferred compensation under this plan was approximately $2,950,000 as of December 31, 2019.

The Credit Union has also entered into 457(f) deferred compensation agreements with certain senior executives. The Credit Union has invested in certain investments and whole life insurance policies in order to partially defray the cost of these agreements. The Credit Union is the owner of the investments and policies, and a liability is separately established for the intended obligation to the executives. The assets under this arrangement was approximately $11,850,000 as of December 31, 2019. The liability under this arrangement was approximately $3,790,000 as of December 31, 2019.

Note 7 – Related Party Transactions

The Credit Union has had, and may be expected to have in the future, financial transactions in the ordinary course of business with directors, principal officers, and their immediate families (commonly referred to as related parties). Included in loans receivable at December 31, 2019 are loans of approximately $5,720,000. to directors and officers of the Credit Union. Deposits from directors and officers totaled approximately $1,350,000 December 31, 2019. Related party loans and deposits are on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others.

Note 8 – Borrowed Funds

Lines of credit
As a member of the FHLB, the Credit Union has access to a pre-approved secured line of credit with the capacity to borrow up to a certain percentage of its eligible collateral, as defined in the FHLB Statement of Credit Policy. The interest rate terms under this line-of-credit agreement are variable. The aggregate unused line of credit under this agreement was approximately $863,190,000 as of December 31, 2019. There were no borrowings outstanding as of December 31, 2019.

Note 8 – Borrowed Funds (continued)

The Credit Union has access to the Federal Reserve Bank of Kansas City's Discount Window. Under the terms of this secured line-of-credit agreement, the Credit Union has the ability to borrow up to a certain percentage of the balance of its pledged eligible investment securities. Borrowing capacity was approximately $62,990,000 as of December 31, 2019. The interest rate terms under this line-of-credit agreement are variable. There were no borrowings outstanding as of December 31, 2019.

Note 9 – Commitments and Contingent Liabilities

Concentration of credit risk
Most of the Credit Union's business activity is with its members who reside in 7 counties along the Front Range of Northern Colorado. Although the Credit Union has a diversified loan portfolio, borrowers' ability to repay loans may be affected by the economic climate of the overall geographic region in which borrowers reside.

The Credit Union places its cash with high credit quality financial institutions. The amount of its deposits fluctuates and at times exceeds insured regulatory limits, which potentially subjects the Credit Union to credit risk.

Legal contingencies
The Credit Union is a party to various legal actions normally associated with collections of loans and other business activities of financial institutions. The aggregate effect of litigation, in management's current opinion, will not have a material adverse effect on the statements of financial condition or results of operations of the Credit Union.

Off-balance sheet credit risk
In order to meet the financing needs of its members, the Credit Union is also a party to financial instruments with off-balance sheet credit risk. These financial instruments are commitments to extend credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statements of financial condition.

The Credit Union's exposure to credit loss, in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, is represented by the contractual notional amount of those instruments. The Credit Union uses the same credit policies in making commitments to lend as it does for on-balance sheet instruments.

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Credit Union upon extension of credit, is based on management's credit evaluation of the member.

Note 9 – Commitments and Contingent Liabilities (continued)

At December 31, 2019, the Credit Union had outstanding commitments for unused lines of credit and origination of loans that are not reflected in the accompanying financial statements as follows:

Home Equity	$	414,687,014
Consumer - credit card		316,867,477
Consumer - other		281,458,131
Commercial		55,937,963
	$	1,068,950,585

Commitments may expire without being drawn upon. Therefore, the total commitment amount does not necessarily represent future cash requirements of the Credit Union.

Lease commitments
The Credit Union leases several branch locations. The minimum noncancellable lease obligations approximate the following as of December 31, 2019:

Year ending December 31,	2020	$	811,364
	2021		605,649
	2022		399,046
	2023		238,914
	2024		131,390
	Thereafter		244,428
		$	2,430,791

Net rent expense under operating leases, included in expenses, was approximately $1,200,000 for the year ended December 31, 2019.

Note 10 – Regulatory Capital

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory – and possibly additional discretionary – actions by regulators that, if undertaken, could have a direct material effect on the Credit Union’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital guidelines that involve quantitative measures of the Credit Union’s assets, liabilities, and certain off-balance sheet items as calculated under generally accepted accounting principles. The Credit Union’s capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures, established by regulation to ensure capital adequacy, require the Credit Union to maintain minimum amounts and ratios (set forth in the table below) of net worth to total assets. Further, credit unions over $50,000,000 in assets are also required to calculate a Risk-Based Net Worth (RBNW) requirement, which establishes whether or not the Credit Union will be considered “complex” under the regulatory framework. The Credit Union’s RBNW requirements as of December 31, 2019 was 5.76%. The minimum requirement to be considered “complex” under the regulatory framework is 6.00%. Management believes, as of December 31, 2019, that the Credit Union meets all capital adequacy requirements to which it is subject.

As of December 31, 2019, the most recent regulatory reporting period, the NCUA categorized the Credit Union as “well capitalized” under the regulatory framework for prompt corrective action. To be categorized as “well capitalized,” the Credit Union must maintain a minimum net worth ratio of 7% of assets and also meet any applicable RBNW requirement. There are no conditions or events since that notification that management believes have changed the institution’s category.

The Credit Union’s actual and required net worth amounts and ratios are as follows:

	As of December 31, 2019		As of December 31, 2018	
	Amount	Ratio/ Requirement	Amount	Ratio/ Requirement
Actual net worth	$ 246,065,724	11.12%	$ 219,206,901	10.49%
Amount needed to be classified as "well capitalized"	$ 154,945,822	7.00%	$ 146,229,052	7.00%
Amount needed to be classified as "adequately capitalized"	$ 132,810,704	6.00%	$ 125,339,187	6.00%

Because the RBNW requirement is less than the net worth ratio, the Credit Union retains its original category. Further, in performing its calculation of total assets, the Credit Union used the quarter-end balance option, as permitted by regulation.

Note 10 – Regulatory Capital (continued)

The following table presents a reconciliation of the Credit Union's total members' equity to regulatory net worth as summarized above:

	December 31, 2019
Members' equity per statement of financial condition	$ 249,137,059
Acquisition date retained earnings of acquirees	9,614,857
Acquisition date enterprise fair values of acquirees	(11,249,648)
Accumulated other comprehensive income	(1,436,544)
Regulatory net worth	$ 246,065,724

Note 11 – Fair Values Measurements

The following table presents information about the Credit Union's assets measured at fair value on a recurring basis as of December 31, 2019 and indicates the fair value hierarchy of the valuation techniques utilized by the Credit Union to determine such fair value:

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Available-for-sale				
Mortgage-backed securities	$ -	$ 101,639,532	$ -	$ 101,639,532
SBA-backed securities	-	32,414,891	-	32,414,891
Collateralized mortgage obligations	-	24,063,827	-	24,063,827
	$ -	$ 158,118,250	$ -	$ 158,118,250

The following table presents information about the Credit Union's assets measured at fair value on a nonrecurring basis as of December 31, 2019 and indicates the fair value hierarchy of the valuation techniques utilized by the Credit Union to determine such fair value:

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Impaired loans	$ -	$ -	$ 2,093,257	$ 2,093,257

Note 12 – Loan Servicing

Mortgage loans serviced for others are not included in the accompanying statements of financial condition. The following table presents the unpaid principal balances and the related custodial escrow balances in connection with the servicing of these loans at December 31:

	2019
Mortgage loan portfolio serviced for	
Federal National Mortgage Association	$ 2,662,213,554
Federal Home Loan Mortgage Corporation	1,180,065,289
Other	195,546,808
Total loans serviced	$ 4,037,825,651
Custodial escrow balances	$ 39,759,271

The following table presents mortgage servicing rights activity and fair value as of and for the year ended December 31, 2019:

	2019
Mortgage servicing rights	
Balance, beginning of year	$ 26,312,586
Capitalization	11,076,790
Amortization	(7,025,964)
	30,363,412
Market value adjustment	-
Balance, end of year	$ 30,363,412
Fair value of mortgage servicing rights	$ 37,551,779

The fair value of servicing rights was determined by an independent third party using market value discount rates ranging from 10.5% to 14% as of December 31, 2019 and prepayment speeds ranging from 6.6% to 34.2% as of December 31, 2019, based on the specific characteristics of each pool of loans.

Note 13 – Revenue from Contracts with Customers

The Credit Union's non-interest income, including revenue from contracts with customers in the scope of ASC 606, is presented for the years ended December 31, 2019:

	2019
Non-interest income	
Fees and service charges:	
Share account service fees (1)	$ 5,211,229
Loan service fees (2)	465,348
Total fees and service charges	5,676,577
Gain on sale of loans, net (2)	30,474,579
Interchange income (1)	11,683,488
Gain on sale of assets, net (2)	4,524,177
Miscellaneous operating income (2)	3,271,109
Wealth management income (2)	2,965,193
Mortgage servicing income (2)	2,658,074
Total non-interest income	$ 61,253,197

(1) Within the scope of ASC 606
(2) Outside the scope of ASC 606

Share account service fees
The Credit Union earns fees from its customers for account maintenance and transaction-based activity. Account maintenance fees consist primarily of account fees and analyzed account fees charged on deposit accounts on a monthly basis. The performance obligation is satisfied and the fees are recognized on a monthly basis as the service period is completed. Transaction-based fees are charged for specific services provided including non-sufficient funds, overdraft transfers, and wire services. The performance obligation is satisfied as the transaction completes resulting in the immediate recognition of the income.

Interchange income
Interchange income is earned when a debit or credit card issued by the Credit Union is used to purchase goods or services at a merchant. The income earned on each transaction is determined by a combination of the transaction amount, merchant type, and other factors. The performance obligation is satisfied and the resulting income is earned when the transaction completes and is charged to the cardholders' card. Accordingly, the income is recognized in the period in which the performance obligation is satisfied. Certain expenses directly associated with credit and debit cards including transaction processing and reward program costs are netted against interchange income

Elevations Credit Union
Notes to Financial Statements

Note 14 – Prior Period Adjustment

In March of 2019 the Credit Union discovered that a computer system issue resulted in service charges being charged in certain situations where the credit union does not charge a fee. The credit union remediated the system issue and voluntarily refunded those charges to each of the members impacted by the system issue. The effect of this has resulted in the retroactive restatement to previously reported members' equity to correct the misstatement. The impact of this adjustment is reflected in the statement of changes in members' equity as a $694,928 reduction to the balance as of December 31, 2018 and a corresponding increase to accrued liabilities.

Note 15 – Subsequent Events

Subsequent to year end, an outbreak of a novel coronavirus (COVID-19) occurred in the United States, along with various other countries globally. On March 11, 2020, the World Health Organization assessed the novel coronavirus outbreak and characterized it as a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, but are generally expected to result in a variety of negative economic consequences, the scope of which are not currently known or quantifiable. In addition, the Federal Open Market Committee of the United States Federal Reserve System lowered the federal funds target rate by 1.50%, reduced the rate for discount window loans, and took other actions to promote the stability of the financial system.

The duration and intensity of the impact of the coronavirus and resulting impact to the Credit Union is unknown. A broad-based reduction in interest rates may reduce the Credit Union's interest income and/or net interest margin, may result in increased prepayments of mortgage loans, negatively impacting the value of the Credit Union's mortgage servicing rights, and may cause members to withdraw deposits, impacting the Credit Union's liquidity. A reduction in economic output or a recession in the U.S. economy, both of which appear probable as a result of the pandemic, may also result in a decreased valuation of many of the Credit Union's assets.

Board of Directors

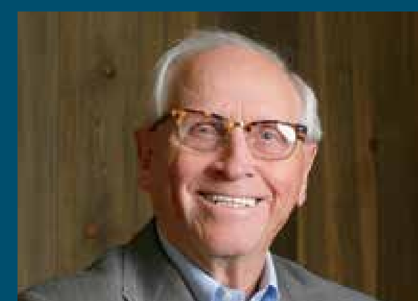
Kate Brown
Board Chair

Don Cheyne
Board Vice Chair

Ray Martinez
Board Secretary

Eric Jones
Board Treasurer

Natalie Baumgartner
Board Member



Carroll Beach
Board Member

Barbara Brohl
Board Member

Katie Cowan
Board Member

Todd Gleeson
Board Member

Nancy Herbert
Board Member

Jim Menghi
Board Member

BOARD CHAIR

Kate Brown

Kate Brown was appointed to the Elevations Board in November 2015 and elected in 2016.

Kate is the Founder and President of Boulder Organic Foods LLC and has been developing the brand Boulder Organic! since 2006. Having grown a consumer brand with help from the local industry, Kate is a member and sponsor of Naturally Boulder, and board member of the Boulder Chamber of Commerce. She also has a passion for education and sits on the advisory boards of the Center for Women's Health Research and the Benson Center for Western Civilization, Thought & Policy, both affiliates of the University of Colorado. Kate earned a master's degree in counseling psychology from Naropa University as well as a bachelor's degree in technical journalism from Colorado State University. A Colorado native, Kate and her family live in Boulder and enjoy the community of natural product entrepreneurs and a variety of activities like hiking, snow sports and running.

BOARD VICE CHAIR

Don Cheyne

Don Cheyne joined the Elevations Board in 2011 following its merger with St. Vrain Valley Credit Union, where he served as a board member for three years. Don also serves as vice chair of the Audit and Risk Committee.

Don has spent his career in manufacturing management and was an owner of Mountain Molding, a Longmont-based plastic injection molding business. After selling the company to Tenere, Inc., Don is now a manufacturing business consultant. He holds a bachelor's degree in electrical and computer engineering and a master's degree in business administration, both from the University of Colorado Boulder. He lives in Broomfield with his wife and daughter, and he enjoys spending his time playing ice hockey and traveling.

BOARD SECRETARY

Ray Martinez

Ray Martinez was appointed to the Elevations Board in August 2014 and elected in April 2015. He also serves as chair of the Governance and Nominating Committee.

Ray is a retired Fort Collins police sergeant, as well as a former three-term mayor of Fort Collins. He most recently served as City Councilmember for District 2 in Fort Collins from 2015 to 2019. He is a U.S. Army veteran, having received the Army Commendation Medal. Ray has dedicated significant time working closely with Hispanic community leaders, youth and athletes to improve the relationship between the community and law enforcement. He co-founded an organization that works directly with at-risk youth to provide them with positive educational and recreational experiences while keeping them active within their neighborhoods and communities. He was a member of the National League of Cities Public Safety and Crime Prevention Committee until 2019 and has been a member of several boards and organizations over the years, including the chair of Colorado's Minority Business Advisory Council under Governor Owens and Governor Ritter, a member of the Colorado Mesa University board of trustees, and a White House appointee on the Defense Advisory Board for Employer Support of the Guard and Reserve. Ray lives in Fort Collins, enjoys writing and has published several books.

BOARD TREASURER

Eric Jones

Eric Jones was appointed to the Elevations Board in 2007 and elected in 2008. He served as board chair from 2008 to 2011. Eric currently serves as chair of the Audit and Risk Committee, and as treasurer of the Elevations Foundation Board of Directors.

Eric is President of Jones Mertsching CPAs, PC, a Colorado-based firm specializing in the credit union industry. He holds a bachelor's degree from the University of Colorado Boulder and was inducted into the Credit Union Executive Society's Volunteer Hall of Fame in December 2011. Eric lives with his wife and two dogs in Evergreen, where he enjoys playing classical piano, skiing, golfing and all Colorado activities including cheering on the CU Buffs.

BOARD MEMBER

Natalie Baumgartner

Natalie Baumgartner was appointed to the Elevations Board in November 2015 and elected in April 2016. She also serves on the Governance and Nominating Committee.

Natalie is the Chief Workforce Scientist at Achievers, an international Employee Engagement Platform, where she directs the Achievers Workforce Institute, working to translate engagement research into SaaS-based software. Prior to joining Achievers, she co-founded and served as Chief Psychologist at RoundPegg. She has spent over a decade consulting on engagement and corporate culture with C-suite executives, boards of directors and private equity investors. She holds a Ph.D. in clinical psychology from the University of Denver, a master's degree in clinical psychology from UCLA and a bachelor's degree in psychology from the University of Wisconsin-Madison. In addition to her work at Achievers, Natalie serves on the board of the Consulting Psychology Division of the American Psychological Association and is a popular speaker on culture, engagement, mergers and acquisitions, and change management, as well as a TEDx speaker on culture fit. Natalie and her family reside in Boulder.

BOARD MEMBER

Carroll Beach

Carroll Beach was elected to the Elevations Board in 2010 and served as chair from 2011 to 2014. He also serves on the Governance and Nominating Committee.

Carroll retired as president and COO of CO-OP Shared Branching in 2011, following a three-year tenure as president of the Credit Union Service Corporation. He was previously president and CEO of the Colorado Credit Union System for 30 years. Carroll holds a bachelor's degree from the University of Kansas and a master's degree from Emporia State University. He served on boards and committees for the Credit Union National Association, the Association of American Credit Union Leagues – from which he received the "Eagle Award" – and the Credit Union House LLC, for which he was chairman of the board. He also received the "Herb Wegner Lifetime Achievement Award," the most recognized award given in the credit union industry. Carroll currently serves on the boards of the Westminster Legacy Foundation and the Mountain Sky Methodist Foundation. He lives in Westminster with his wife, and they enjoy spending time with their two children, five grandchildren and great-granddaughter. Carroll is an avid golfer and also enjoys reading and participating in activities at his church.

BOARD MEMBER

Barbara Brohl

Barbara Brohl was appointed to the Elevations Board in October 2019.

Barbara has served on several boards including the Regional Transportation District (RTD), Statewide Internet Portal Authority and Denver Employee Retirement Program. She currently serves on the Denver School for Science & Technologies and Latinas First Foundation boards. She is Principal of B J Brohl Strategies, a government affairs consulting firm for the legal cannabis industry and implementing governments. Prior, she served as the Executive Director and State Licensing Authority for the Department of Revenue and spent 33 years with Qwest Communications International in various roles. She graduated from Regis University with a degree in business management and received her Juris Doctor degree from the University of Denver, Strum College of Law. A Colorado native, Barbara lives in Lakewood with her husband, and they enjoy traveling around the country in their RV when they're not spending time with their children and grandchildren.

BOARD MEMBER

Katie Cowan

Katie Cowan was appointed to the Elevations Board in 2008 and elected in 2009. She also serves on the Audit and Risk Committee. She served as board chair from 2014 to 2017. Before joining the board, she served on the Finance and Supervisory Committees at Elevations.

Katie works as a Treasury Manager for Arrow Electronics, a Fortune 500 company headquartered in Centennial, where she manages Arrow's global Middle & Back Office Treasury team. She holds a bachelor's degree in economics with an emphasis in finance from St. Olaf College and has served on the boards of directors for the St. Olaf Alumni Association and the Colorado Treasury Management Association (now RMAFP). Katie lives in Denver with her husband and daughter, and enjoys running, biking and spending time in the mountains.

BOARD MEMBER

Todd Gleeson

Todd Gleeson joined the Elevations Board in 2012. He has been an Elevations Credit Union member since 1981. Todd also serves as a member of the Audit and Risk Committee.

Todd has been a member of the faculty at the University of Colorado Boulder for more than 30 years and is a professor in the Department of Integrative Physiology. He also served as the university's dean of the College of Arts and Sciences, and associate vice chancellor for faculty affairs. Todd holds a Ph.D. in developmental and cell biology from the University of California at Irvine. He lives with his wife in Louisville, where they enjoy live theater and all that the Colorado outdoor recreation scene has to offer.

BOARD MEMBER

Nancy Herbert

Nancy Herbert has been a member of the Elevations Board since 2011 and served as chair from 2017 to 2019. She previously served as the chair of the St. Vrain Valley Credit Union Board until its merger with Elevations that same year. She currently serves as a member of the Governance and Nominating Committee.

Nancy is the CEO and founder of Boardroom Sage LLC, a coaching and consulting business with a focus on gender diversity, board succession, board recruitment, leadership and teambuilding. A former school district administrator and municipal elected official, she has served on more than 24 community boards of directors. Nancy holds a Ph.D. in organizational development and leadership specializing in innovation and entrepreneurism, a master's degree in education and a bachelor's degree in organizational management. She resides in Longmont with her husband and enjoys travel to learn about different cultures.

BOARD MEMBER

Jim Menghi

Jim Menghi was elected to the Elevations Board in 2008. He has been a member of Elevations Credit Union since 1985 and served on the Supervisory Committee 18 years in total, including several times as chair. He currently serves as a member of the Audit and Risk Committee.

Jim was the finance officer of the Joint Office for Science Support with the University Corporation for Atmospheric Research from 2002 until 2016. He holds a bachelor's degree in accounting from the University of Delaware. Jim and his wife live in Frederick and have three grown daughters who bring them much pride and joy. When possible, he runs, bikes and hikes, taking advantage of the great Colorado outdoor lifestyle.

Senior Leadership Team

Gerry Agnes
President & Chief Executive Officer

Tammy Taylor
Chief People Officer

Brian Holst
General Counsel

Michael Calcote
Chief Financial Officer

Pete DuPré
Chief Information Officer

Ray Lindley
Chief Operating Officer

Pete Reicks
Chief Strategy & Performance Officer

Stephanie Camara-Ray
SVP Credit Risk Management

Kendal Harris
SVP Retail Network

Gary Kindle
SVP Operations

PRESIDENT & CHIEF EXECUTIVE OFFICER

Gerry Agnes

Gerry joined Elevations as its CEO in 2008. He directs the credit union's strategic objectives, which focus on employee engagement, a loyal membership and superior financial performance. In the midst of the financial crisis of 2008, he led the charge to pursue the Malcolm Baldrige National Quality Award, a highly competitive U.S. Presidential award that recognizes organizations for performance excellence. The Baldrige effort rallied the Elevations team to outperform both in-market competitors and credit unions nationwide, and in 2014, Elevations was named a Baldrige Award recipient by U.S. Secretary of Commerce Penny Pritzker. In 2015, Gerry was named CUES Outstanding Chief Executive, and in 2016, Gerry was named Mountain West Credit Union Association's Credit Union Professional of the Year and Boulder Chamber's Business Person of the Year. In 2020, Gerry received the Baldrige Foundation Award for Leadership Excellence.

Gerry is a CPA with 35 years of professional experience and held positions as president, COO and CFO at various community financial institutions in California. He holds a bachelor's degree in business administration and accounting from California State Polytechnic University, Pomona. Governor Hickenlooper appointed Gerry to Colorado's Financial Services Board in August 2015, on which he continues to serve. In 2019, Secretary of Commerce Wilbur Ross appointed Gerry to the Board of Overseers for the Malcolm Baldrige National Quality Award. Also in 2019, he was appointed to the Federal Reserve Bank of Kansas City's Community Depository Institutions Advisory Council, the Credit Union National Association's CEO Council Executive Committee and the CUES® Board of Directors. Gerry is also a board member of Elevations Foundation.

CHIEF PEOPLE OFFICER

Tammy Taylor

As chief people officer, Tammy leads the "people" strategy for Elevations Credit Union. She is responsible for aligning the current and future workforce to meet the business objectives of Elevations through leadership, talent, communication, workforce analytics and rewards. She plays an important role in shaping the organization's culture and is an ambassador for employee engagement, diversity and inclusion.

Before joining Elevations in 2018, Tammy had over 20 years of experience in the Denver area spanning strategy, employer brand, operations, product development and talent. She has served in leadership roles in the healthcare, utilities and telecom industries. She holds a bachelor's degree from The College of Human Ecology at Cornell University, an institution that prides itself on exploring the complex relationships between human beings and their natural, social and built environments. Tammy is certified as a Senior Professional in Human Resources (SPHR). She also serves as a board member of Elevations Foundation.

GENERAL COUNSEL

Brian Holst

As general counsel for Elevations Credit Union and its Board of Directors, Brian leads the credit union's strategic and tactical legal initiatives that create value for its members.

Brian is a uniquely experienced legal and credit union industry veteran. Prior to joining Elevations in 2017, Brian was a partner at Holst, Boettcher & Tehrani LLP, and was engaged in the private practice of law in Colorado for more than 30 years. Brian's legal practice has focused on credit union representation, which has allowed him to develop expertise in the industry, advising and representing many credit unions from around the country in matters pertaining to policy, governance, mergers, regulation, contractual matters, real estate matters, loan enforcement, litigation and arbitration. Brian holds a law degree from Washburn Law School and a bachelor's degree in accounting from Colorado State University. In 2019, Brian was appointed to the Consumer Financial Protection Bureau's Credit Union Advisory Committee. He also serves as a board member of Longmont Meals on Wheels.

CHIEF FINANCIAL OFFICER

Michael Calcote

Michael serves as chief financial officer and is responsible for ensuring Elevations' long-term financial sustainability. He oversees accounting and finance, secondary marketing, internal audit, enterprise fraud management, credit risk management, enterprise transformation, operations and corporate real estate.

Prior to joining Elevations in 2010, Michael served as chief financial officer and treasurer for Guaranty Bank, a large, publicly held financial institution headquartered in Austin, Texas. Michael also served for five years as a regulatory examiner and capital markets specialist for the U.S. Office of Thrift Supervision. He holds a bachelor's degree in finance and accounting from Stephen F. Austin State University in Texas and is a Chartered Financial Analyst. Michael also serves as treasurer and member of the board for Mental Health Partners.

CHIEF INFORMATION OFFICER

Pete DuPré

As chief information officer, Pete is responsible for developing and driving the implementation of Elevations' technology strategy, and leading its IT operations and business applications teams.

Prior to joining Elevations in 2017, Pete was CIO, Latin America Region, for First Data Corporation and CIO of JetPay Corporation. Pete also held IT leadership roles at Amazon Web Services, Vantiv and Micro Focus. He received a bachelor's degree in electrical and computer engineering from State University of New York in Buffalo, NY. Pete serves as a board member of Elevations Foundation and of Healing Warriors Program, helping advance the individual well-being of veterans.

CHIEF OPERATING OFFICER

Ray Lindley

As chief operating officer, Ray directs all aspects of the credit union's consumer, mortgage and business lending programs plus wealth management. He oversees Elevations' retail delivery channels — including all branches and the contact center. He has been instrumental in making Elevations the No. 1 credit union mortgage lender in Colorado, the No. 1 mortgage lender in Boulder County and a top three mortgage lender in Broomfield and Larimer counties.

Ray held leadership roles with Washington Mutual and Chase before joining Elevations in 2013. A graduate of Northwest Nazarene University, he holds a bachelor's degree in accounting and a master's of business administration in economics. In 2016, he graduated from the CUES Institute of Executive Leadership as a Certified Credit Union Executive. Ray serves on the executive committee of the CUNA Lending Council, a group that supports and develops the lending practices of credit unions across the country. He also serves as a board member of the Broomfield Chamber of Commerce.

CHIEF STRATEGY & PERFORMANCE OFFICER

Pete Reicks

Pete is responsible for directing Elevations' strategic planning process, advancing enterprise business intelligence capabilities, championing a culture of innovation and directing deployment of the Baldrige Performance Excellence Program in pursuit of the credit union's BHAG: "Audacious Excellence! P.S. We will win the Baldrige again."

Prior to joining Elevations in 2008, Pete held a variety of analyst and leadership roles at the Federal Reserve Bank of Kansas City. He holds a bachelor's degree in economics and finance from Colorado State University Pueblo and a master's of business administration from Benedictine College. In 2017, he achieved Certified Innovation Executive (CIE) status from the CUES Strategic Innovation Institute. Pete also serves as a member of the Board of Examiners for the Malcolm Baldrige National Quality Award and as a board member of Rocky Mountain Performance Excellence.

SVP CREDIT RISK MANAGEMENT

Stephanie Camara-Ray

Stephanie leads Elevations' credit risk management teams, including residential, consumer and business underwriting, credit risk policy and quality control.

Prior to joining Elevations in 2018, Stephanie served for 25 years in senior credit and risk management roles at firms including Lehman Brothers, Deutsche Bank and CitiMortgage. Stephanie holds a bachelor's degree in business from Marist College and a master's degree in finance from Northeastern University.

SVP RETAIL NETWORK

Kendal Harris

Kendal leads Elevations' retail team, including all branches, the contact center and retail operations. She is responsible for driving member service excellence, achieving financial results and aligning the retail network with Elevations' core purpose, vision and values. Kendal's goal is to make Elevations the No. 1 banking choice in the area by creating raving fans through personable service with audacious excellence.

Prior to joining Elevations in 2019, Kendal held various leadership roles over 23 years at Sandia Laboratory Federal Credit Union in Albuquerque, New Mexico. While there, she also served as a board member of Albuquerque Quality Network and as a Quality Examiner for Quality New Mexico. Kendal received her bachelor's degree from the University of Arizona and graduated with high honors from Western CUNA Management School – Pomona College.

SVP OPERATIONS

Gary Kindle

Gary leads Elevations' operations department. With his team, he manages the credit union's functions and services, including payments, imaging, cards, mortgage servicing, vendor management, ATMs and record retention. Gary's aim is to make sure processes run smoothly for both members and employees at all times.

Prior to joining Elevations in 2011, Gary held various leadership roles with First National of Nebraska. He is a graduate of Northern State University and the BAI Graduate School of Bank Financial Management at Vanderbilt University. Gary served 20 years in the U.S. Army before retiring as a platoon sergeant and ammunition instructor.

Northern Colorado Advisory Board

As part of our commitment to Fort Collins, our Northern Colorado Advisory Board offers recommendations and feedback to the Elevations leadership team as we bring our passion for great service and steadfast commitment to the power of localism to Fort Collins.

This group of nine community leaders hails from a variety of industries and backgrounds, sharing a common stewardship for the Northern Colorado community.

Denise Juliana

Peter Kelly

Tim Kenney

Troy Krenning

Yvonne Myers

Andrew Romero

Andrea Schaefer

Molly Skold

Kevin Unger

Denise Juliana

Denise Juliana is a Certified Public Accountant and Partner at firm EideBailly in Fort Collins. Denise provides consulting services to start-ups, closely-held and family businesses, clean energy companies, dealerships and international enterprises. Denise makes connections between clients and what they want to know about their business or tax situation, and between her clientele and others who may help them. Denise makes things as easy as possible—in the working relationship, in understanding a business or tax situation and in any issues that may arise. She treats clients with respect and without judgment.

Denise is a member of the American Institute of Certified Public Accountants and the Colorado Society of Certified Public Accountants. Denise volunteers her time in the Northern Colorado community with Foothills Rotary Club, Women Give, United Way Planned Giving Committee, Give Next and Community Foundation of Northern Colorado.

Peter Kelly

Peter Kelly is Vice President with CBRE's Northern Colorado office, specializing in leasing and sales transactions across multiple property types. His expertise includes site selection, pre-development services and land use entitlement. With 15 years of experience in commercial real estate, Peter generates value for his clients through strategy, problem solving and creation. Planning ahead through each transaction and maintaining the focus of the clients' interests has been the emphasis of his business.

Peter is a Certified Commercial Investment Member, a member of the Northern Colorado Commercial Association of Realtors® and a member of the International Council of Shopping Centers. Peter gives back to the community as a board member of the Larimer County Open Lands Advisory Board, past president of Larimer County Partners mentoring organization, founder and past president of NoCo Active 2030, past director of Larimer Commerce Bank and past president of Fort Collins Youth Lacrosse.

Tim Kenney

Tim Kenney is the President and Chairman of Ace Hardware of Fort Collins, Inc.

Tim was a career professional in the financial services industry from 1986 to 2015 and has experience in consumer and commercial banking. He started and managed commercial banking and business banking teams in the Midwest, Southwest and Rocky Mountain regions of the U.S. In early 2015, he formed Gerard Management Company to acquire and operate an Ace Hardware location in Fort Collins. Tim has also served as a volunteer, committee member and committee chairman on numerous advisory committees and councils. He is currently active in the following organizations: City of Fort Collins Citizens Advisory Group; North Fort Collins Business Association; South Fort Collins Business Association; Foothills Rotary Club; Rocky Mountain Ace Stores Association; and a board member of the Catholic Board of Directors.

Troy Krenning

Troy Krenning is a practicing trial lawyer who owns a law firm in downtown Loveland. Troy's legal practice focuses on criminal defense, consumer and civil rights, personal injury and general litigation. Prior to that, he worked in law enforcement for a total of 15 years in Fort Collins, Denver and Kansas, including positions as a police chief. He also served in the United States Department of Justice in Washington, D.C.

Troy often lectures on various aspects of the law and is an adjunct professor of criminal law at Front Range Community College and lecturer at the University of Denver. Born and raised in Loveland, Troy served as a member of the Loveland Planning Commission for over a decade before serving on Loveland City Council from 2013 to 2017.

Yvonne Myers

Yvonne Myers has been employed in various roles at Columbine Health Systems over the past 28 years. Since 1998, Yvonne has served as the Health Systems Director.

Columbine Health Systems has led innovative community and workforce issues under Yvonne's leadership. They were the pilot business working with Bohemian Foundation and the Larimer County Workforce Center to bring a work/life navigator program to their community. Moving from pilot to a sustainable model, they were the first to partner with the WorkLife Partnership in Larimer County. Yvonne is currently a board member of the Fort Collins Area Chamber of Commerce, chair of the PVH and MCR Foundation Board, co-chair of the Northern Colorado Health Sector Partnership, and vice chair of SAINT – Senior Alternatives in Transportation. Over the past 34 years, she has been involved in numerous boards and committees, including the Larimer County Workforce Investment Board, Workforce Committee of the Fort Collins Area Chamber of Commerce and the Northern Colorado Health Sector Partnership.

Andrew Romero

Andrew (Andy) Romero held prominent positions prior to his retirement in 2016, including Finance Director with the High Plains Library District in Greeley, CO, a position he held for 10 years. Prior to that, he worked as the Comptroller with the City of Greeley for 12 years.

Giving back to the community is a priority for Andy. He is a board member and treasurer of Jobs of Hope, a volunteer teaching citizenship classes at the Immigrant & Refugee Center of Northern Colorado, and a member and treasurer of Trinity Episcopal Church. In addition, Andy has used his talents to better the community through the following positions: board member and treasurer of the Northern Colorado Hispanic Chamber of Commerce; board member and treasurer for Northern Colorado Medical Center Foundation; president, treasurer and board member at AIMS Community College Foundation; and president, board member and current member of the Greeley Rotary Club, among other positions.

Andrea Schaefer

Andrea Schaefer has been involved in every aspect of real estate since 2001 and is currently a Broker Associate/Partner at The Group, Inc. For the last 13 years, she has worked with some of the top builders in Northern Colorado, selling in some of the most successful subdivisions.

Andrea's knowledge includes new home sales training and selling, marketing for residential and commercial properties, escrow and assistance to top commercial and residential Realtors®, and investments from kiddie condos to multi-family and single-family investments. Giving back to the community is important to Andrea. She is currently a committee member for Dream Makers, an organization in Northern Colorado that supports older youth aging out of the foster care system. She also serves as a board member of Neighbor 2 Neighbor. Andrea has volunteered in the past as treasurer and board member of Mountain View Rotary Club, a member of The Group, Inc. Scholarship Selection Committee and a member of the Schaefer Family Scholarship Selection Committee.

Molly Skold

Highly regarded as a thoughtful and versatile leader, Molly Skold draws on a deep and diverse bank of marketing, communications, public relations, sales and writing experience to conceptualize and create high-profile, image-centered marketing programs.

Molly lives in Fort Collins and serves as Vice President-Marketing and Communications for East Campus Realty LLC, a Mutual of Omaha subsidiary. She oversees marketing, public relations and communications for Mutual's $365 million Midtown Crossing at Turner Park development. She further supports development success by offering input on residential and retail leasing decisions and by leading the vision of Midtown Crossing's year-round calendar of special events. Molly was recently named Executive Director of Omaha's Midtown 2050 Corporation and is involved with various public/private partnerships, including a comprehensive strategy to accelerate midtown Omaha's progression into a transit-oriented urban community. Prior to joining East Campus Realty, Molly served as marketing director for the $75 million Salvation Army Kroc Center in South Omaha. Molly attended Colorado State University and is a Fort Collins native.

Kevin Unger

Kevin Unger is the President/CEO of Poudre Valley Hospital and Medical Center of the Rockies, and Executive Leadership over Yampa Valley Medical Center and Greeley Hospital. In addition, he oversees management agreements with Sidney Regional Medical Center, Ivinson Memorial Hospital and Cheyenne Regional Medical Center.

With Poudre Valley Hospital since 2001, Kevin's focus on quality excellence is reflected in the numerous national awards received by Poudre Valley Hospital, Medical Center of the Rockies and Poudre Valley Health System, including the Malcolm Baldrige National Quality Award in 2008. A native of Fort Collins, Kevin was selected as the recipient of the Robert S. Hudgens Young Healthcare Executive of the Year through the American College of Healthcare Executives in 2009.