

ON TAP CREDIT UNION™
2020 ANNUAL REPORT

Pay it forward
from
On Tap Credit Union

COLORADO
STRONG
DRINK LOCAL CRAFT BEER

Pieces Wild Brewery



WELCOME
CRAFTING
BANKING SOLUTIONS
FOR YOU!



CRAFTING BANKING SOLUTIONS FOR YOU™

One thing we can all agree on is that 2020 was more challenging than most years and with every day that passed, we were moved to see our teams, as well as our communities, come together in new ways to support each other. Over the course of 2020, thanks to a strong and stable foundation, our credit union quickly pivoted in response to a series of shattering events that few could have foreseen. When the impact of COVID-19 caused disruptions to daily life as well as economic upheaval, On Tap Credit Union relied heavily on the resilient staff and technology already in place to make it as easy as possible for our members to continue doing business with us while keeping everyone safe. We took critical measures to support our members and the community.



Toni Houck
Board of Directors,
Chairperson



Tracie Wilcox
President and
CEO

- First, we implemented safety protocols to protect the health and well-being of our members and staff. Within 72 hours, we adopted new safety procedures and refitted branches with reconfigured spacing, plexiglass partitions, social distancing signage, enhanced cleaning, and other precautions.

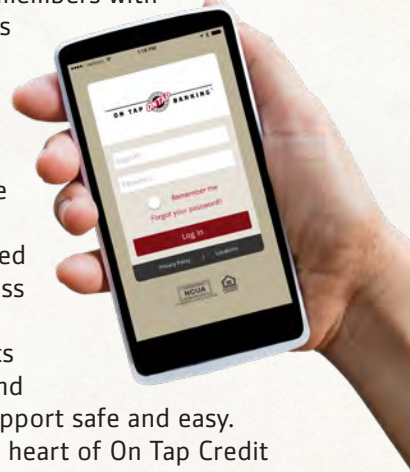
- Throughout the year, we continued to serve our members with minimal branch closures and ongoing communications regarding scheduled changes and member support options. Our members' well-being is so important to us that we called as many members as we could to check in on them during this challenging time.

- On Tap Credit Union's "Anytime Anywhere" Online and Mobile Banking platform, which we have had for years, became the staple tool many members leveraged to continue to support their financial needs and access remote solutions. We immediately made deposit enhancements to help our members get their deposits sooner. Our online applications increased by 393% and contactless loan closings made providing financial support safe and easy.

- Financial assistance through times of crisis is the heart of On Tap Credit Union. We supported over \$25 million in loan deferments and gave back \$1.8 million in dividends to our membership, helping reach savings goals and maintain financial security.

- The On Tap mission includes the community and our select employee group partners. We supported them by donating over \$15,000 to local businesses, partnering with the City of Golden to service 22 local business that are part of their funding assistance program. Additionally, we sponsored the Colorado Strong project that supported over 125 breweries. We also provided financial guidance to our select employee groups: Coors, CoorsTek, Coors Distributing Company, Pink Boots Society, and the Colorado Brewers Guild.

- For our business account members, we worked with them to provide or find unique solutions to fit their changing needs. On Tap additionally supported





them beyond the financials with an expanded suite of business solutions such as merchant services, payroll and HR management tools, and an even easier Fast-Craft loan process.

Through it all, On Tap welcomed 1,355 new members, launched a new Peak Tiered Savings Account, gave away 120 gift cards, and for the tenth year in a row, was named Best of Best Bank/Credit Union in Golden. For the first time, On Tap was named Best of the Best in Arvada!

Our goals remain unwavering in looking forward to 2021, as we continue to put our members and employees first. We value people over profit and will continue to do what is right for our members by crafting solutions. We are thrilled that we changed our minimum membership savings balance requirement from \$25 to \$5, making over \$400,000 accessible to our collective membership. This is just one way we have continued our positive momentum of helping our membership into 2021. We are also looking for more ways to connect with our members and make every connection as convenient as possible. In addition, we're striving for more real-time feedback from our membership. While the twice-a-year member survey is a vital way to hear from our members, we have also implemented a more formalized process for getting back to our members who take our day-to-day surveys or reach out to us via social media.

Next, going through 2020 has taught us that technology combined with a personal touch is more important than ever, so we are committed to continually optimizing technology to make the experience the best it can be for our members. We are making enhancements to our membership and loan application platform as well as exploring how we can further modify deposit hold limits to better align with members' deposit availability needs.

Lastly, we look forward to easing into more in-person community events and engagement. While our annual meeting was virtual this year, we anticipate more opportunities to see everyone's smiling faces in the near future such as when we celebrate Member Appreciation Day.

Your credit union has grown significantly over the last year, remains very strong financially, and received excellent reports from both State and Federal regulators. Additionally, I would like to thank our employees for their unwavering support during the past year. Our success was undoubtedly a team effort. Most importantly, On Tap Credit Union appreciates your membership and support. Our not-for-profit, financial cooperative model remains resilient and viable not only today but well into the future.

Cheers,

Toni Houck
Toni Houck
Board of Directors, Chairperson

Tracie Wilcox
Tracie Wilcox
President and CEO



LENDING REPORT AND FINANCIAL SUMMARY

RIISING TO OUR MEMBERS' NEEDS BY CRAFTING MEANINGFUL SOLUTIONS

On Tap Credit Union is proud of the support we were able to provide our membership and the community during the pandemic. We always craft solutions for our unique members' needs, but 2020 required even more new ways of thinking. We were ready to help our members who were hit with financial hardships from business shutdowns and quarantines. We removed savings account transaction limits and provided emergency assistance loans, \$350,000 in financial relief via fee refunds, over \$25 million in loan deferrals, and low-interest-rate refinancing and debt restructuring solutions. We also increased our safety net of reserve to allow for unexpected delinquency given the economic uncertainty brought on by the pandemic. We are pleased to note that nearly 100% who received loan deferrals have honored their commitment and resumed payment, leaving our delinquency level at or below peers.



\$1.6 MILLION IN LOWER INTEREST RATES ON LOANS

MEMBERS SAVED \$321,609 IN FEWER & LOWER FEES



\$351,898 SAVED PER HOUSEHOLD ON HIGHER YIELD SAVINGS ACCOUNTS



PROVIDED \$922,397 IN NONMEMBER BENEFITS

Home Loans Hit Record Growth

In 2020, people began to see their homes as more than just a place to live – it became their office, schoolroom, entertainment venue, and shelter during a national health crisis. Fueled by incredibly low interest rates, home sales spiked across the U.S. and Colorado as families realized they needed more space or simply wanted to take advantage of lowering day-to-day household expenses.

Following these national trends, On Tap Credit Union members financed new homes with us or refinanced their current loans in record numbers. We recorded more than \$80 million in new home loan originations in 2020.

Our mortgage team worked tirelessly crafting financial solutions to assist members in their pursuit of the American dream. On Tap's low rates and low fees helped provide a range of solutions which also included:

- Guiding many renters to open the door to homeownership
- A first-time buyer's program that offers a low 3% down payment
- Home Equity and HELOC solutions to help members make their homes more enjoyable and functional (maybe to get that home office or gym into shape)
- Cash-out loan refinance to have cash in hand for the unexpected

Although 2020 was a year of change and challenges for many, our members have taken great advantage of their resources as they looked to the credit union for solid solutions.

Record Asset Growth Supported by a Sound Base

Another key milestone in 2020 was that our credit union surpassed \$300 million in assets. This growth was largely due to our members' unwavering trust in the safety and soundness of our credit union during a time of economic uncertainty, resulting in a large increase in our deposit base. While this influx of deposits impacted financial institutions nationwide, On Tap Credit Union ended the year with a robust net worth ratio of nine percent (recognized by regulators as well-capitalized). A strong net worth ratio is a clear indicator that management is effectively using its resources to generate healthy returns that are reinvested in the credit union for the benefit of its members and the community.

Year-End Summary

As we look through our final 2020 numbers, we are proud of taking the right steps to help our members first and doing the right thing by focusing on people over profit. On Tap Credit Union ended 2020 with a net income of **\$529 thousand**. This reduction in net income is a result of the givebacks, increased levels of dividends, waived and refunded fees, lower interest rates, and a slower lending market. 2020 ended with a 22.7% growth in assets to **\$348 million**. Member deposits increased to **\$305 million**, a **27.5% increase**, driven by pandemic lockdowns and members' decisions to set aside money for a rainy day. Loans decreased by **6.3% to \$214.6 million**. Loan production was steady, but the memberships' drive to reduce, refinance, and consolidate debt led to a reduction in loan balances. Our capital position remains strong at 9.14%, as measured by net worth as a percent of assets.

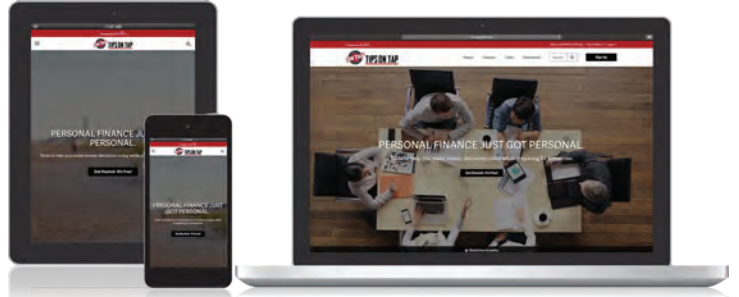
Though 2020 was a unique year, On Tap Credit Union has always been about crafting solutions for our members, so please take a moment to look at the savings and growth we provide our members each and every year.

Tracie Wilcox
CEO/President

DID YOU KNOW?

• Financial Education Opportunities:

Your situation and goals are unique to you. Because of that, getting to your next adventure takes crafted guidance and resources. That's why the Tips on Tap financial skill-building portal that launched in August 2019 was designed to help with your path forward. The platform has personalized courses, dynamic videos, and fun games. Start today at <https://ontap.enrich.org/>



• Free Credit Monitoring

Your FICO score is readily visible in mobile and online banking, letting you know where you stand. Our financial advocates offer free consultations on how to improve your credit score, or you can find more information in our Tips on Tap financial education platform.

• 2 On Tap Branch Locations, over 5,000 Shared Branches, and over 30,000 ATM Locations

Until we find the right time and right location for the next On Tap Credit Union branch, we continue to make our online banking system better and better so that you can conduct most of your banking needs online anytime, anywhere. Through the Co-Op Shared Branch network, our members can also bank at any of more than 5,000 participating credit union locations. We also have over 30,000 surcharge-free ATMs across the country. This includes 7-Eleven ATMs, all of them surcharge-free for our members. So while we don't have any announcements on new locations at this time, we are always searching for the next best move we can make for our members.



• Our Service Isn't Outsourced

When you call On Tap Credit Union, you are not talking to a third-party outsourced company, you are talking to our contact center, right here in Golden, CO. Staying local is what allows us to know you and craft unique solutions to fit your needs.

• Credit Card Rewards Program

Did you know that in addition to our Summit credit card we have a Rewards credit card? \$1 spent = 1 reward point. Reward points are available for 3 years so make sure you redeem

them for cash back, gift cards, merchandise, travel, charitable donations, and more. We continue to evaluate our credit card program to see if there are other opportunities to enhance our rewards.



• Free Scam Alerts

Your financial security is important to us, and educating our members is one way that we can help make sure you protect yourself from fraud or scam situations. We regularly post information on things you should be on the look out for from on our social media and our website at ontapcu.org/fraud-alert



THE FINANCIALS

COMPARATIVE FINANCIAL STATEMENT

For the years ended December 31, 2020 and 2019.

in ('000s)

	2020	2019
ASSETS		
Loans Outstanding	\$ 213,478	\$ 228,294
Investments	125,252	45,625
Land, Building and Other Fixed Assets	4,368	4,999
Other Assets	5,662	5,319
TOTAL ASSETS	\$ 348,760	\$ 284,237
LIABILITIES AND CAPITAL		
Member Shares and Deposits	305,053	239,210
Total Borrowings	10,071	12,071
Other Liabilities	2,598	2,773
TOTAL LIABILITIES	\$ 317,722	\$ 254,054
TOTAL CAPITAL	\$ 31,038	\$ 30,183
TOTAL LIABILITIES AND CAPITAL	\$ 348,760	\$ 284,237
INCOME		
Interest on Loans	10,599	10,627
Interest on Investments	410	634
Other Income	4,095	4,231
TOTAL INCOME	\$ 15,104	\$ 15,492
PROVISION FOR LOAN LOSSES	\$ 914	\$ 314
INTEREST EXPENSE		
Member Shares and Deposits	1,796	1,342
Interest on Borrowed Money	277	184
TOTAL INTEREST EXPENSE	\$ 2,073	\$ 1,526
OPERATING EXPENSES		
Compensation and Benefits	5,683	5,530
Operating Expenses	4,064	4,510
Other Expense Including Occup and Depr	1,841	1,828
TOTAL NON-INTEREST EXPENSES	\$ 11,588	\$ 11,868
NET INCOME	\$ 529	\$ 1,784

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

AUDIT COMMITTEE ANNUAL REPORT

The Audit Committee works to guarantee the financial safety and soundness of On Tap Credit Union and to protect the assets of the credit union's membership. The Audit Committee is a subcommittee of the Board of Directors and ensures that On Tap Credit Union adheres to established policies and procedures and conducts business in the members' best interests. The Audit Committee's responsibilities are to verify that records are accurately maintained and to review Credit Union's internal controls. The Committee members also attend training sessions regarding auditor roles and their fiduciary responsibilities. This allows the Committee to determine that management's activities are carried out in accordance with Credit Union policies and procedures, as well as Federal and State regulations.

• **Opinion Audit of Financial Statements and Member Verification**

To meet the requirements of the National Credit Union Administration and State of Colorado Department of Regulatory Agencies, the committee retains CliftonLarsonAllen LLP (CLA) to perform annual opinion audits of the Credit Union's financial statements and member account verifications. CLA issued a clean audit opinion and identified no material weaknesses in controls. The Audit Committee also reviewed the examination performed by the State of Colorado Division of Financial Services. There were no required board actions as the result of the examination.

• **Internal Audit of Agreed Upon Procedures**

In 2020 the Audit Committee engaged Holben Hay Lake Balzer (a division of SingerLewak) to perform an internal audit on high-risk areas of the credit union's operation and accounting processes, including the Bank Secrecy Act audits. No significant control issues were noted.



2020 BOARD OF DIRECTORS

Toni Houck, *Chairperson*
Kirsten Johnson, *Vice Chair*
David Engle, *Secretary/Treasurer*
Norm Cramer, *Board Member at Large*
Ken Hehir, *Board Member at Large*
Dan Sung, *Board Member at Large*
Dean Valdez, *Board Member at Large*

2020 SENIOR MANAGEMENT

Tracie Wilcox, *President/Chief Executive Officer*
Amy Phillips, *Chief Financial Officer*
Chris Bokovitz, *Chief Information Officer*
Janelle Herrera, *VP of Marketing and
Business Development*
Laurie Jensen, *Snr. Director of Member Engagement
& Retail Delivery*



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Arvada, CO 80002
Fax: 303.423.8123

Connect with us on



Tell us how we did at
www.ontapcu.org/reviews



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