

Congratulations TOPCU members. You are part of an institution that has been in place in the Old Pueblo since 1935. Over the past 80 years, many financial institutions, including credit unions, have dissolved or merged into larger conglomerates. TOPCU has weathered many economic downturns through the years, including the 2008 recession, which was driven by irresponsible mortgage lenders. At TOPCU, loans are provided to members to benefit the member, and not put anyone in debt that they cannot afford. New regulations with burdensome reporting requirements have been enacted to force other lenders to follow the lending practices TOPCU has always adhered to.

TOPCU has three years of steady financial improvement with a positive three year return on average assets, increases in average loan yields, increase in average investment yield, increased borrower to member ratio, and positive net worth growth. All somewhat technical terms, but basically your credit union has grown in membership in the last two years and has assisted more members by making loans available. This would not have happened without you and all the other loyal TOPCU members that promote and market TOPCU by word of mouth. You engage your family and friends and tell them about TOPCU:

- TOPCU is locally owned and operated. You have some-one local looking for every way:
  - for you to qualify to buy that special automobile
  - open that new small business
  - direct you on how to get the best mortgage for the dream home
  - get a line of credit on your current dream home
- TOPCU has Youth accounts that teach kids about finances and thrift while allowing them to begin to save and get ready to have debit cards.
- TOPCU has many new types of loans such as solar loans, bicycle loans, and small business loans.

You as a member of TOPCU are part of something special. Tell your family, tell your friends and tell your coworkers.

Yes, this is your credit union. Congratulations.



Mike McKendrick  
Board of Directors Chair

### Board of Directors

Mike McKendrick, Chair  
David Fregonese, Vice Chair  
Richard Prater, Treasurer  
John Leavitt, Secretary  
John Brady  
Fred Cushman  
Bill Richards

### Supervisory Committee

James Knoff, Chair  
Linda Dhaemers  
Rudy Ingersoll  
Priscilla Lane



# 2015 Annual Report

## Tucson Old Pueblo Credit Union

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[www.TOPCU.org](http://www.TOPCU.org)

Federally insured by NCUA

## Report from the President and CEO

As you may have witnessed, 2015 was another year of progressive changes at TOPCU—changes that continue to lay the foundation of a plan for TOPCU to thrive and ultimately enjoy many successful years going forward. During 2016, that plan will be continued with enthusiasm.

TOPCU management is constantly striving to add value to your membership and enhance your member experience. To recap, 2015 brought about these membership benefits:

- Small business loans including loans for rental properties
- Unique Youth Accounts with Debit and Credit Card options
- Solar Panel Loan program – the only Tucson Credit Union offering this
- Bicycle Loan program – the only Tucson Credit Union offering this
- Quicken download capability
- EMV chipped Credit Cards
- Enhanced Multi Factor Authentication for on-line banking security

The management team has been successful in making great strides in improving TOPCU's financial position as well. For 2015, loan growth was close to 5%—the first positive annual loan growth since 2007.

The number of members grew 1.22% in 2014 and 4% in 2015—the first positive membership growth since 2007. Membership is now over 12,300 members.

The momentum continues with a full slate of improvements in the works for 2016 including:

- Mobile Banking
- EMV chipped Debit Cards
- More convenient Debit Card PIN selection
- E-statement access improvements for multiple account on-line banking
- Upgrading IT security features to further protect member data
- Remote Deposit Capture for Mobile Banking

Efforts to increase TOPCU's brand through community support are ongoing as well. In 2015, TOPCU staff members dedicated over 738 hours to community and local school events. As in previous years, many of TOPCU's staff will commit their time and talents to various non-profit events around Tucson in 2016. If you see them at an event, please stop by and say hello.

TOPCU has a bright future thanks to you, our devoted members. The TOPCU staff thanks you—and will continue to do so by working diligently to bring you the services you want and need in your primary financial institution. We want to be your first choice—always!

Warm Regards,



G. Vernon Babilon

CEO/President

## Report from the Supervisory Committee

The Supervisory Committee is composed of four members appointed annually by the Board of Directors. Its purpose is to ensure that all Board-approved policies and procedures are being adhered to, and that the credit union is operated in a fiscally responsible manner. To accomplish these goals, the following Audit Program is in place:

- A CPA firm performs the State mandated Annual Audit and Bi-Annual Verification Program. The committee has chosen to contract with McGladrey for a Certified Audit, the most thorough audit available.
- The committee utilizes a second CPA firm, CliftonLarsonAllen (CLA), to oversee the internal audit function. Among numerous general control reviews, CLA also completed the following audits in 2014: Bank Secrecy Act; SAFE Act; FACA/FACTA/Red Flag Act, and ACH Rules.
- The CPA firms report directly to the Supervisory Committee, which in turn reports to the Board of Directors.

The Supervisory Committee is pleased to report that the 2015 audits did not disclose any material violations of law or unsound business practices. Additionally, McGladrey issued an "Unqualified Opinion" of TOPCU's financial records, the best report that can be assigned by a CPA firm.

In closing, we want to thank the Board of Directors, management and staff for their continued assistance and cooperation throughout the years.



Mr. James Knoff, Supervisory Committee Chair

## 2015 Financial Statement \*

Assets	2015	2014
Loans	\$65,187,505	\$61,425,198
Loan Loss Allowance	(836,352)	(1,076,460)
Cash and Cash Equivalent	1,691,677	1,855,637
Investments	63,878,932	62,501,401
Property and Equipment	4,026,427	4,280,570
Other Assets	5,595,606	5,317,386
<b>Total Assets</b>	<b>\$139,543,795</b>	<b>134,303,732</b>

Liabilities & Equity	2015	2014
Borrowed Funds	\$0	\$0
Liabilities	1,146,753	1,180,387
Savings Accounts	55,720,137	53,197,537
Checking Accounts	27,603,798	24,768,672
Money Market Accounts	24,612,142	22,995,411
Certificate Accounts	11,911,321	13,359,210
IRAs	9,061,731	9,504,206
Capital	9,487,913	9,298,309
<b>Total Liabilities</b>	<b>\$139,543,795</b>	<b>134,303,732</b>

Sources of Funds	2015	2014
Loans	\$3,424,889	\$3,227,550
Investments	786,222	781,156
Investment Services	242,635	227,777
Fees/Other Income	1,364,952	1,359,957
<b>Total Income</b>	<b>\$5,818,698</b>	<b>\$5,596,440</b>

Allocation of Funds	2015	2014
Dividends	\$115,742	\$173,506
Interest on Borrowed Funds	23	96
Operating Expenses	5,225,452	5,099,674
Provision for Loan Loss	215,930	24,912
Net Income (loss)	222,469	418,380
Non-Operating Expense	39,082	(120,128)
<b>Total Allocations</b>	<b>\$5,818,698</b>	<b>\$5,596,440</b>

\*Unaudited financial statement as prepared by Tucson Old Pueblo Credit Union