

## 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 Scope took place:

- A CPA firm, RSM, performed the State mandated Annual Audit and Bi-Annual Verification Program. The firm completed a Financial Audit and issued an “Unqualified Opinion” on the records, the best report that can be assigned by a CPA firm.
- The committee utilized a second CPA firm, CliftonLarsonAllen (CLA), to oversee the internal audit function. Among several general control reviews, CLA also completed the following audits in 2018: Bank Secrecy Act/Money Laundering; File Maintenance; Vendor Management; Dormant Accounts; ACH Risk Assessment; an Enterprise Risk Assessment; SAFE Act; Employee Review; Real Estate, Home Equity and Mortgage Lending; and follow-up on corrective action of any findings or recommendations that were offered.
- A Website Compliance Review was performed by Affirm Risk Intelligence.
- An Information Technology Assessment was performed by e3 Technology.
- The two regulatory agencies---The Arizona Department of Financial Institutions and the National Credit Union Administration---also performed an annual examination of the credit union.

The Supervisory Committee is pleased to report that Management is actively addressing any deficiencies that the audits disclosed.

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*

## Volunteers

### Board of Directors

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

### Supervisory Committee

James Knoff, *Chair*  
Linda Dhaemers  
Rudy Ingersoll  
Sandra Seitzinger



# 2018 Annual Report

## Tucson Old Pueblo Credit Union

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

*Federally insured by NCUA*

Dear TOPCU Member,

It is indeed our pleasure to recap 2018 and report that it was another year of significant evolution positively impacting our members' lives. When TOPCU succeeds, our members succeed as well.

TOPCU's management team is committed to making managing your money easier, more effective and more fun. That means banking—on your time and your terms. TOPCU's mobile app users continued to increase in 2018. Making money management easier also means providing great tools that put you in control of your money. In 2018, we made our website easier to use with a cleaner appearance and easier navigation.

So many people have put their trust and confidence in TOPCU. Here are just three reasons why:

- As a driving force that helps strengthen and grow the Tucson community, TOPCU provides lucrative account options and financing to new and expanding businesses. We have increased our business accounts by 22%.
- Consumers find TOPCU a great choice for auto loans. In 2018, auto lending increased by 9%—the fourth year in a row of positive loan growth.
- By utilizing the cost-effective TOPCU Solar Loan, many businesses and consumers have dramatically reduced their electric bills while taking control of their future energy costs. In 2018, TOPCU remained the #1 Tucson Credit Union for Solar Loans with a portfolio increase of 62%.

Since TOPCU's field of membership encompasses Tucson only, community participation is very important to us. In 2018, TOPCU employees dedicated over 487 hours to volunteer at local community and non-profit events. As in previous years, many of TOPCU's staff continue to commit

their time and talents to various non-profit events around Tucson. If you see them at an event, please stop by and say hello.

TOPCU's management is constantly striving to add value to your membership and improve your member experience. The number of members grew over 6.2% in 2018—the fourth year in a row of positive membership growth of 1,840 new members. Membership is now over 14,700 members. The momentum continues with a full slate of enhancements in the works for 2019.

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

Warm Regards,



G. Vernon Babilon  
CEO/President



David Fregonese  
Board Chair

Assets	2018	2017
Loans	\$86,921,713	\$86,582,152
Loan Loss Allowance	(1,016,228)	(996,113)
Cash and Cash Equivalent	1,482,246	1,290,796
Investments	51,768,405	50,731,004
Property and Equipment	3,696,938	3,818,271
Other Assets	6,527,374	6,097,556
<b>Total Assets</b>	<b>\$149,380,448</b>	<b>\$147,523,666</b>

Liabilities & Equity	2018	2017
Borrowed Funds	\$0	\$0
Liabilities	1,295,697	1,919,650
Savings Accounts	62,950,790	63,520,946
Checking Accounts	33,769,887	30,400,878
Money Market Accounts	24,586,316	24,589,966
Certificate Accounts	8,215,931	9,577,679
IRAs	7,826,052	7,536,934
Capital	10,735,775	9,977,613
<b>Total Liabilities</b>	<b>\$149,380,448</b>	<b>\$147,523,666</b>

Sources of Funds	2018	2017
Loans	\$4,605,303	\$4,344,506
Investments	941,439	824,553
Investment Services	191,275	251,327
Fees/Other Income	1,631,061	1,427,900
<b>Total Income</b>	<b>\$7,369,078</b>	<b>\$6,848,286</b>

Allocation of Funds	2018	2017
Dividends	\$89,358	\$84,143
Interest on Borrowed Funds	3,467	6,934
Operating Expenses	5,600,354	5,772,815
Provision for Loan Loss	920,020	708,019
Net Income (loss)	728,446	258,380
Non-Operating Expense	27,433	17,995
<b>Total Allocations</b>	<b>\$7,369,078</b>	<b>\$6,848,286</b>

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