

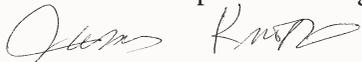
## Report from the Supervisory Committee

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, CliftonLarsonAllen (CLA) 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 also contracts with CLA to oversee the internal audit function. Among several general control reviews, CLA also audited the following functions in 2019: Credit cards; Investments; Wire Transfers; Indirect Loans; File Maintenance; Dormant Accounts; Bank Secrecy Act/Money Laundering; Automated Clearing House (ACH); Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act; Human Resources; Employee and Related Party Accounts; Real Estate and Solar Lending; Member Business Loans; and follow-up on corrective action of any findings or recommendations that were offered.
- 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

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

### Supervisory Committee

James Knoff, Chair  
Linda Dhaemers  
Rudy Ingersoll  
Sandra Seitzinger



# 2019 Annual Report

## Tucson Old Pueblo Credit Union

2500 E 22nd Street  
Tucson, Arizona 85713  
(520) 881-6262  
[www.TOPCU.org](http://www.TOPCU.org)

*Federally insured by NCUA*

Dear Member,

A review of 2019 confirms yet another year of significant upgrades positively benefiting TOPCU's members and beyond. It is a pleasure to share the following highlights and ongoing improvements.

**Walking our talk:** Here at TOPCU we are all about minimizing our carbon footprint and helping to steward our city's natural resources. In 2019, the headquarters and main branch of TOPCU—the only Arizona credit union offering a solar loan program—was completely powered by solar generated electric, while the membership and employees enjoyed the added bonus of covered parking. In 2020, solar panels will be installed at the East Broadway branch. In addition, both locations have recently been Xeriscaped—which eliminates the need for using water on the landscaping.

**Making it easier and simpler:** Prior to 2019, only members that are signed up for on-line banking could apply for a loan on-line, and it was a cumbersome process. Now everyone can apply for a TOPCU loan, day or night and even on holidays, and the process is very user-friendly.

In the continuing effort to make communicating with TOPCU easier, faster and more cost effective, a new phone system was installed. Some key features of the new system allow callers to opt for a call back instead of waiting on-hold, permit texting capabilities for members and staff, add enhanced security features, and a more streamlined menu.

**Helping the Tucson community through their employer partners:** Did you know that 40% of Americans cannot afford a \$400 unforeseen expense such as a refrigerator or water heater replacement? To assist with just such a need, we developed an affordable loan program for employees of Tucson businesses that partner with TOPCU. The Employer Sponsored Small Dollar Loan program works with employers to provide emergency funds for their employees' unexpect-

ed life events. The benefit to the business is lower stress-induced absenteeism and increased loyalty and productivity of its employees.

By the numbers: How YOUR credit union is doing in comparison to other credit unions nationwide.

	TOPCU	Similar Sized Credit Unions
Net Worth	8.10%	8.53%
Net Worth Growth	11.73%	7.41%
Return on Assets	.82%	.75%
Loan Growth	9.2%	4.71%
Loan to Shares	62%	77%
Past Due Loans	.44%	.74%
Membership Growth	2.01%	1.77%
Operating Expense	3.99%	3.88%

TOPCU's management is constantly striving to add value to your membership, to improve your member experience, and to be a competitive banking choice. 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

  
Britt Simmons  
Board Chair

Assets	2019	2018
Loans	\$86,590,613	\$87,299,772
Loan Loss Allowance	(1,000,715)	(1,016,228)
Cash and Cash Equivalent	8,431,120	9,983,974
Investments	47,768,063	43,330,762
Property and Equipment	3,858,379	3,696,938
Other Assets	6,554,354	5,472,636
<b>Total Assets</b>	<b>\$152,201,814</b>	<b>\$148,767,854</b>

Liabilities & Equity	2019	2018
Borrowed Funds	\$0	\$0
Liabilities	955,599	683,103
Savings Accounts	63,576,257	62,950,790
Checking Accounts	35,040,149	33,769,887
Money Market Accounts	25,013,014	24,586,316
Certificate Accounts	7,546,424	8,215,931
IRAs	7,431,625	7,826,052
Capital	12,638,746	10,735,775
<b>Total Liabilities</b>	<b>\$152,201,814</b>	<b>\$148,767,854</b>

Sources of Funds	2019	2018
Loans	\$4,663,850	\$4,605,303
Investments	1,225,735	941,439
Investment Services	175,208	191,275
Fees/Other Income	2,227,011	1,628,628
<b>Total Income</b>	<b>\$8,291,804</b>	<b>\$7,366,645</b>

Allocation of Funds	2019	2018
Dividends	\$179,727	\$89,358
Interest on Borrowed Funds	799	3,467
Operating Expenses	6,417,469	5,600,354
Provision for Loan Loss	455,798	920,020
Non-Operating Expense		25,000
Net Income (Loss)	1,238,011	728,446
<b>Total Allocations</b>	<b>\$8,291,804</b>	<b>\$7,366,645</b>

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