



TUCSON OLD PUEBLO CREDIT UNION



Annual Report 2020

MISSION STATEMENT

Meeting the financial needs of individuals and small businesses.

Federally insured by NCUA. Equal Housing Opportunity.



Report from the CEO and Chair

To Our Valued Members,

2020 has been a year like no other. A global pandemic and ongoing civil unrest have yielded unprecedented challenges that seem certain to alter our country's collective future. In a year in which the credit union philosophy of "people helping people" has taken on an even deeper meaning, our commitment to the success of TOPCU, your credit union, has not wavered.

Despite the economic impact of COVID-19, I am pleased to report that TOPCU completed its 2020 fiscal year with strong top- and bottom-line growth. TOPCU is financially healthy and continues to get considerably stronger, assembling an industry-leading combination of talent, resources and solutions. More importantly, we were well-prepared to support our members and employees during these difficult times – while continuing to invest in innovation and tools to enable our sustained growth and success. Our digital strategies and lending initiatives such as emergency loan payment deferrals and the Paycheck Protection Plan (PPP) business loans, are successfully delivering value to our members and allowing businesses to pay their employees. As we reflect on TOPCU's 2020 fiscal year, two words come to mind: resilience and momentum.

Resilience

TOPCU effectively shifted more than 24% of our 59 employees, including contact center, member service reps, lenders and IT, to a remote environment to safely and effectively serve our members. In addition to the increased implementation of remote access, with the guidance of government initiatives, we added health and safety measures throughout the credit union so that our lobbies and drive up remained open. We safely provided in-person services to meet members' needs.

Over the course of the year, we have worked with our members to provide emergency lending. Our contact center performance remained above our normal service levels despite the increase in volume brought on by the pandemic. We continue to invest in resources and innovative tools that will enable us to deliver the service levels that our members expect.

Momentum

The year 2020 saw substantial growth for TOPCU, including a record number of new deposits. We continue to see success and increased adoption of the complementary remote solutions and services including:

- Remote check deposit
- On-line chat
- Text messaging
- Electronic document signing
- On-line loan application
- We continue to focus on building and leveraging a diverse, agile and educated workforce.
- » Over 50% of our current employees have now completed the "The Certified Credit Union Financial Counselor" certification which was developed by the Credit Union National Association (CUNA).
- » TOPCU partnered with Credit Union Financial Network (CUFN) to provide affordable simple Wills and Trusts for members that need a Will and do not need complex estate planning.

In reporting a record level of revenue for fiscal year 2020, including growth across many of our solutions, we are pleased to report that TOPCU remains financially healthy and continues to strengthen. In addition to our substantial investments in service enhancements, data security and human resources, we continue to invest a significant portion of our top-line revenue in capital expenditures to fuel future enhancements. While 2021 will bring uncertainty, TOPCU is uniquely positioned to continue its growth trajectory and consistently deliver for our members. We are confident that the strategic investments we have made over the last several years have created a strong, diverse portfolio of solutions that address the evolving needs of our members and staff. We remain committed to providing you with state-of-the-heart service.

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



Volunteers

Board of Directors

Britt Simmons, Chair
Richard Prater, Vice Chair
David Fregonese, Secretary
Mike McKendrick, Treasurer
Fred Cushman
William Richards
Ross Underwood

Supervisory Committee

James Knoff, Chair
Linda Dhaemers
Rudy Ingersoll
Sandra Seitzinger

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 committee also contracts with CLA to oversee the internal audit function. Among several general control reviews, CLA also audited the following functions in 2020: Credit Cards; Wire Transfers; Indirect Loans; File Maintenance; Dormant Accounts; Bank Secrecy Act/Money Laundering; Automated Clearing House (ACH); Secure and Fair Enforcement for Mortgage Licensing Act (SAFE); Real Estate and Solar Lending; Member Business Loans; and follow-up on corrective action of any findings or recommendations that were offered.
- A Web site compliance audit was completed by AffirmX.
- A detailed Information Technology audit was completed by E-3 Technology, Inc.
- The two regulatory agencies-- the Arizona Department of Financial Institutions (ADFI) and the National Credit Union Administration (NCUA)---performed a follow up review from its 2019 Examination.

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

Community Impact

386 hrs

Volunteered

TOPCU employees making an impact in the Tucson community despite many cancelled events.

4,004

Meals

Donated to further COVID-19 hunger relief efforts for the southern Arizona community.

\$38,000

Fees Forgiven

TOPCU forgave over \$38,000 in fees to assist members affected by COVID-19.

2020 Financial Statement*

Assets	2020	2019	Liabilities & Equity	2020	2019
Loans	\$94,636,305	\$86,590,613	Liabilities	\$824,801	\$955,599
Loan Loss Allowance	(1,253,429)	(1,000,715)	Savings Accounts	75,332,177	63,576,257
Cash and Cash Equivalent	10,187,316	8,431,120	Checking Accounts	45,630,668	35,040,149
Investments	61,322,755	47,768,063	Money Market Accounts	26,263,580	25,013,014
Property & Equipment	4,052,069	3,858,379	Certificate Accounts	6,827,395	7,546,424
Other Assets	7,265,382	6,554,354	IRAs	7,181,541	7,431,625
			Capital	14,150,236	12,638,746
Total Assets	\$176,210,398	\$152,201,814	Total Liabilities	\$176,210,398	\$152,201,814

Sources of Funds	2020	2019	Allocation of Funds	2020	2019
Loans	\$5,267,933	\$4,663,850	Dividends	\$186,191	\$179,727
Investments	1,073,676	1,225,735	Interest on Borrowed Funds	113	799
Investment Services	159,943	175,208	Operating Expenses	6,543,419	6,417,469
Fees/Other Income	1,883,077	2,227,011	Provision for Loan Loss	754,738	455,798
			Non-Operating Expense	0	0
			Net Income (Loss)	900,168	1,238,011
Total Income	\$8,384,629	\$8,291,804	Total Allocations	\$8,384,629	\$8,291,804

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



TOPCU
Tucson Old Pueblo Credit Union



Locations



Main Branch

2500 E 22nd Street
Tucson, Arizona 85713



East

9725 E Broadway Blvd
Tucson, Arizona 85748



(520) 881-6262

www.topcu.org