



TUCSON OLD PUEBLO CREDIT UNION



Annual Report 2021

MISSION STATEMENT

To meet the financial needs of individuals and local businesses.



Report from the CEO

Dear Valued TOPCU Member:

Even though the events of the past year continued to challenge our community, our nation and the world, 2021 was another very successful year for your credit union, TOPCU.

Significant financial highlights:

- 18% increase in Assets to over \$207.6 million
- 19% increase in Saving deposits to over \$192 million
- 16% increase in Loans to over \$109.7 million
- 13% increase in Capital to over \$15 million

Along with the significant asset growth, TOPCU remains a Well Capitalized credit union—which is the highest rating given by the National Credit Union Administration (NCUA). NCUA is the Federal Agency that insures your TOPCU deposits to at least \$250,000.

Loyalty Rewards:

Success for TOPCU equates to success for the entire membership. If you haven't yet joined one of TOPCU's loyalty reward programs, please consider them as a way for you to further enjoy the successes of your credit union. In 2021, participating loyalty reward members received over \$160,700 in debit and credit card cash rewards, as well as a variety of fee reversals.

Ongoing Green Initiatives:

The TOPCU Board and Management fully realize and support the myriad of ways TOPCU can help reduce the global greenhouse effect for our community. Implemented so far, each of the following green initiatives reduces TOPCU's carbon footprint as well as the credit union's operating expenses. They are:

- Solar power on covered parking pavilions
- Xeriscape landscaping that does not require irrigation
- LED replacement bulbs installed in fluorescent light fixtures
- Employees working from home—which reduces the environmental impact of commuting

Go Solar!

TOPCU's specific green initiatives extend well beyond its facilities. We help members and member businesses achieve these same initiatives.

According to visittucson.org, Tucson is one of the sunniest cities in the U.S. with an average of 350+ days of sunshine a year. Yet, approximately 90% of the electricity to power Tucson comes from burning coal and natural gas—which have serious impacts on the environment and local air quality. Sunshine is a much cleaner, more cost-effective resource. Consider this:

With the installation of solar power, the average home with a 7kW system can annually (*Averages obtained from the TFS website):

- Prevent about 12,180 lbs. of coal from being mined and burned
 - Prevent about 27,300 lbs. of CO2 emissions
 - Save over 5,880 gallons of water from being used
 - Offset an average of \$1,440 in electric costs
-

In 2021, TOPCU helped 491 members install solar on their home or business, thus annually saving the planet an estimated:

- 5,980,380 lbs of coal being mined and burned
- 13,404,300 lbs of CO2 emissions
- 2,887,080 gallons of water being used
- \$707,040 offset in electric costs

Consider going solar! Contact us today to find out how your average monthly electric payment can be reworked into a solar loan.

Helping Area Businesses to Thrive during Challenging Economic Times:

In 2021, TOPCU's Business Lending program provided over \$5,000,000 in financing for apartment complexes, rental homes, and mobile home parks in Tucson—many of which are in lower-income communities that rely on the availability of affordable places to live. This investment of time and resources has positively impacted individuals living in 62 apartments, 11 single family homes, and 47 mobile home sites.

In addition to residential lending, TOPCU participated once again in year two of the Payment Protection Plan Act lending program designed to keep employees on a company's payroll. In 2021, 493 employees were positively impacted at 139 separate businesses. Through TOPCU, an infusion of over \$3,360,000 enabled Tucson businesses to help employees get paid and businesses to stay open.

Sustainable Success and Exciting 2022:

Though TOPCU enjoys financial success from facilitating all types of loans, the bulk of our success has been through the Solar lending and Business lending programs. When compared with other credit unions—and even banks—our success with these two programs reflects TOPCU's unique and assured niche in Tucson as well as Nationally.

Looking ahead to what's happening in 2022, excitement is building with regard to more expanded services for TOPCU's members. We are working on significantly expanding our digital branch with additions such as:

- more convenient P2P transfers
- credit score availability
- cryptocurrency transactions
- expanded alert and account control capabilities
- more end-user friendly features, and
- increased security levels to protect your personal information.

Thank you for another outstanding year of success, and we appreciate the opportunity to serve you for many years to come.

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 Scope took place:

- A CPA firm, CliftonLarsonAllen (CLA) performed the State mandated Annual Audit and Bi-Annual Verification Program.
- The committee contracts with CLA to oversee the internal audit function. Among several general control reviews, CLA also audited the following functions in 2021: Wire Transfers; 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; Employee and Related Accounts; and follow-up on corrective action of any findings or recommendations that were offered.
- A detailed Information Technology audit was completed by E-3 Technology, Inc.
- The Arizona state regulatory agency --- the Arizona Department of Insurance and Financial Institutions (ADIFI)---performed its annual examination of the credit union.
- “Deep Dive” business lending audit was completed by the Credit Union Business Group.

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.

James Knoff

Supervisory Committee Chair



Volunteers

Board of Directors

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

Supervisory Committee

James Knoff, Chair
Linda Dhaemers
Rudy Ingersoll
Sandra Seitzinger



Report from the Board Chair

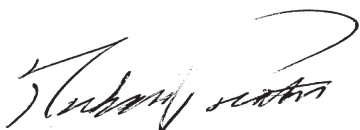
According to Aristotle, “We are what we repeatedly do. Excellence then is not an act, but a habit.” As is demonstrated by the accomplishments that Vern has listed, it’s readily apparent that, during the last two years of very challenging times for society, he and the entire staff at TOPCU worked diligently to ensure member services are focused on you, the members. This focus ensures TOPCU can continue providing the latest in financial processes to meet not only the needs of today but what you’ll need tomorrow.

One of the most sincere demonstrations of this excellence is recognition by our peers. Vern was recognized once again as a Banking and Finance Arizona Business Leader in the 2022 Arizona Business Leaders Annual Publication. In addition, our own Jim Knoff, Supervisory Committee Chairman, received the Distinguished Leadership Award from The Mountain West Credit Union Association composed of 119 member credit unions representing 4 million credit union members.

Another significant accomplishment is TOPCU’s certification by the US Department of the Treasury as a Community Development Financial Institution (CDFI). As a CDFI, TOPCU is dedicated to investing in the Tucson community and the residents that live here to provide critically needed financial services and financing. Only 12% of the 9,541 financial institutions in the United States have been certified by the US Department of the Treasury to be a CDFI.

Along with the rest of the Board, I continue to be extremely proud of the accomplishments of Vern and the entire staff. To you, our members, we pledge to remain on this path of excellence, continuing our mission to meet the financial needs of individuals and small businesses throughout the Tucson community.

Richard Prater
Board Chair



Community Impact

413.5 hrs

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

2021 Financial Statement*

Assets	2021	2020	Liabilities & Equity	2021	2020
Loans	\$109,719,139	\$94,636,305	Liabilities	\$1,237,178	\$824,801
Loan Loss Allowance	(1,189,804)	(1,253,429)	Savings Accounts	91,278,468	75,332,177
Cash and Cash Equivalent	20,192,355	10,187,316	Checking Accounts	54,450,015	45,630,668
Investments	69,853,199	61,322,755	Money Market Accounts	33,266,825	26,263,580
Property & Equipment	3,954,433	4,052,069	Certificate Accounts	6,315,773	6,827,395
Other Assets	5,125,384	7,265,382	IRAs	6,785,707	7,181,541
			Capital	14,320,740	14,150,236
Total Assets	\$207,654,706	\$176,210,398	Total Liabilities	\$207,654,706	\$176,210,398

Sources of Funds	2021	2020	Allocation of Funds	2021	2020
Loans	\$5,728,812	\$5,267,933	Dividends	\$140,655	\$186,191
Investments	829,562	1,073,676	Interest on Borrowed Funds	51	113
Investment Services	117,221	159,943	Operating Expenses	6,981,396	6,543,419
Fees/Other Income	2,435,959	1,883,077	Provision for Loan Loss	201,054	754,738
			Net Income (Loss)	1,788,398	900,168
Total Income	\$9,111,554	\$ 8,384,629	Total Allocations	\$9,111,554	\$8,384,629

**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