



2019 IMPACT REPORT



A Culture of Caring, a Culture of Giving

Year in Review: Looking back to assure the future is bright and prosperous.

In 2019, Tucson Federal Credit Union grew financially stronger and continued implementation of our Strategic Plan to introduce innovative technology while maintaining exceptional in person member experiences. Two examples are transforming our branches to consultation based service and redesigning our Sahuarita branch to bring our Interactive Video Teller technology inside. Each of these strategies are a part of an over-arching plan to provide our members with the ability to manage their accounts and engage with our staff in whichever format that provides the most convenience. Our goal to meet our members where they are simply means whether in person, over the phone, online or on mobile, we are here for you and ready to serve.

TFCU has been a part of the community for over 82 years and we are driven to improve the lives in our community by supporting and participating in myriad of worthy causes with a focus on children and the health and well-being of people with greater needs and less resources. In 2019 we were honored by several Non-Profits with recognition for work done in the community helping to improve the lives of those in need. We are humbled by that recognition and grateful for the support of our membership as we invest in the community in which we all live. Our strategic initiative to ensure we are actively involved/embedded in our community long-term provides us guidance throughout the year and is motivation for our team to volunteer their time and talents. Our brand promise is to be a company with purpose, connecting and transforming our community through passionate giving.

Philanthropy

+

Financial
Education

+

Community
Learning
Tours

+

Volunteers





Susan Stansberry | Chief Executive Officer

Dear TFCU Members,

Another year has come and gone. Thanks to your support, I am pleased to report that TFCU hit some financial milestones in 2019:

- Net Worth increased from 9.89% to 10.66%
- Return on Assets increased from .93% to 1.11%
- Record-breaking Net Income in excess of \$5M

A big point of differentiation between credit unions and other financial institutions is the culture of trust and member service. Credit unions tend to be more involved in their community and can connect with members and their needs on a personal level. In 2019, TFCU paid it forward by providing financial and volunteer support with 160 local non-profits. Our employees demonstrated their love for the community we serve by performing 4,483 hours of community service.

In 2019, we introduced new products and services designed to make doing business with TFCU more convenient. These products and services include our Interactive Teller Machines (ITMs), Zelle, the launch of Tucson Federal Insurance Agency, online appointment scheduling, and many more. With that in mind, here are some of the ways our members benefitted from TFCU membership in 2019:

- 5,196 of you bought a new (or new to you) car with a TFCU auto loan. You took advantage of great loan interest rates and convenient loan terms.
- 3,135 of you saved money when you refinanced an auto loan with TFCU.
- 81,138 checks were deposited using our remote deposit service. This is the best way to save a trip to the branch and give yourself the gift of time.
- 24,255,660 rewards points were earned by those of you with a TFCU Platinum Preferred VISA. Cash back? Yes, please!
- 33,800 of you did banking on YOUR schedule 24x7 by using online banking. No more “banker’s hours”!

Thank you for standing alongside us as we continue to bring our positive values and superior credit union services to our fellow citizens in Pima County. With your ongoing support we will become the best we can be. Your financial success and creating exceptional opportunities and experiences for you will continue to be our mission every day.

Warm Regards,
Susan R. Stansberry
President/CEO

Board of Directors



Bryan J. Benz
Chair

Lucas Conway
Vice Chair

Edward Smith
Treasurer

Emily Rodriguez
Secretary

Becky O'Hara
Director

James Marr
Director

Cori Rodriguez
Director

As we enter 2020, the Board of Directors along with Leadership Team have a lot of positive momentum to carry forward from the end of 2019. It was another record-breaking year with a multitude of successful and strategic initiatives that we feel will help springboard the organization into 2020 and continue the exceptional performance we have come to expect.

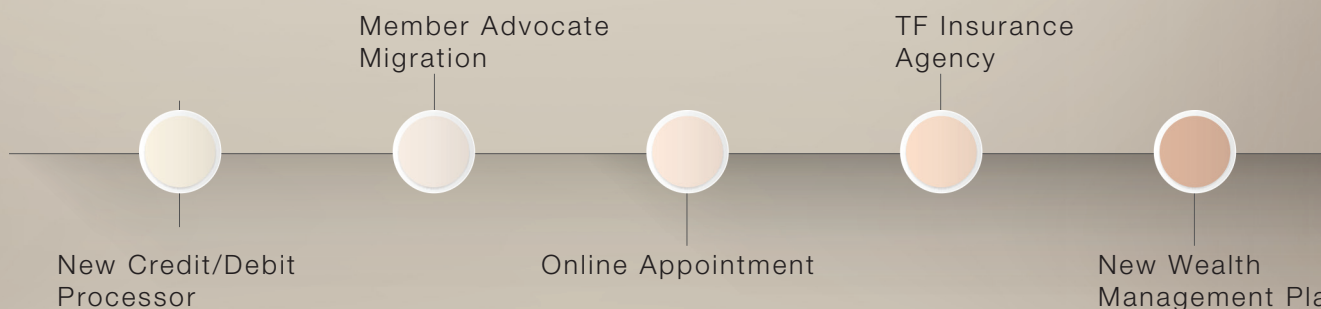
Starting in 2019, collectively and as a community, we were faced with the challenge of the longest government shutdown in history which impacted many of our members and their families. In an effort to aid those who were impacted, Leadership took the decisive action to offer assistance with a temporary relief program aimed at easing the financial burden that our members faced. As a board, we feel this is important to showcase because it highlights just how embedded and involved TFCU is in our community and the long-term commitment we have to the members that we serve.

Even though 2019 got off to a rocky start, there were several key accomplishments that were a direct result of the leadership and alignment that both the board and management share. For instance, our Hometopia initiative has become a hallmark of late as we further our presence into the mortgage industry. But as proud as we are with the success for our members, it's important to also highlight that we rolled out our first HELOC promo, were a founding partner of the Tucson Sugar Skulls indoor football team, and uniquely decided to introduce an insurance platform to our members. These were strategic initiatives that both the board and executive leadership felt better aligned us with the needs of the members, as well as promoted the credit unions culture of community involvement.

What has become a standing tradition for several years once again was one of the hallmarks of the organization, TFCU's annual Community Partnership Awards. This year's recipients were Old Pueblo Community Services, which provides counseling, housing, and other support services to those re-entering society from military service, incarceration, substance abuse, and homelessness. Along with OPCS was The Ronald McDonald House of Southern AZ, which takes in families travelling to Tucson to receive medical services, and Mobile Meals of Southern AZ, which delivers more than 10,000 meals annually to homebound seniors and adults with disabilities. As a board, we couldn't be prouder that the organization we represent has such a strong sense of community and are always humbled by the generosity we routinely witness amongst all levels of personnel.

TFCU is once again well poised for the future, 2020, and beyond. All board members proudly serve to advocate for the community and we thank all members for their continued support. Management, along with the Board, have continued to strive for a strategic blend of human interaction and technology aimed at providing members with the services most convenient for them. We expect nothing less entering 2020 and are excited for what the future brings for TFCU!

Major Projects Timeline



Supervisory Committee

The Supervisory Committee's primary function is to oversee the audit functions to assure corporate records are prepared accurately and internal controls, policies, and procedures are maintained and followed to provide safety and soundness for the organization and members' assets. The Supervisory Committee reviews and evaluates the overall financial performance of the credit union and delivers recommendations for improvement or development. Tucson Federal Credit Union's Supervisory Committee consists of five persons appointed by the Board of Directors from among the members of this credit union.

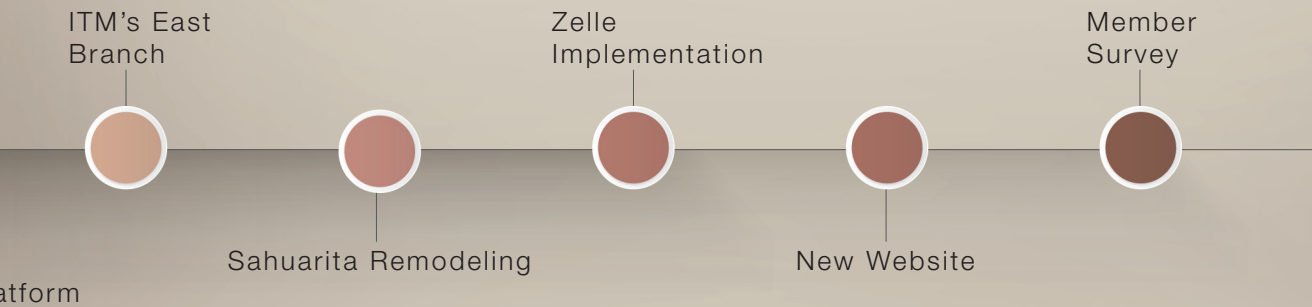
Although the Supervisory Committee (SC) is not directly involved in the management of Tucson Federal Credit Union, the SC considers the best interest of the credit union. The committee takes steps to assure the credit union remains strong and healthy in order to meet the organization's goals and accommodate membership's needs. Our task is to stay informed of the credit unions goals, strategic plans, and implementation of their motto "Tucson Matters" while maintaining our independent role as the "watchdog" of the credit union!

We accomplish this by having a SC representative attend regular board meetings, strategic planning sessions, and various credit union committees. The Supervisory Committee meets monthly and members participate in various educational opportunities. Additionally, we oversee the audit process for the organization which includes an annual financial statement audit performed by an independent CPA firm, a third-party vendor Annual IT Security Assessment, and various internal audits currently engaged with a separate CPA firm. These Supervisory Committee actions help to ensure TFCU's strategic initiative of being actively involved and embedded in our community long-term.

Deborah Alter
Supervisory Committee Chair

Passion to do the right thing.

Tucson Federal Credit Union looks different now than in previous years. All our branches have successfully deployed the Video Teller Service (V-Tel Network), and staff in three branches became Member Advocates, whose responsibility is to assist our members in a more effective and consultative way by personalizing the member experience. Next, the implementation of several technology-based processes will assist our members to become more effective and efficient in managing their financial well-being. Additionally, 2019 was the year TFCU decided to launch Tucson Federal Insurance Agency which provides a full array of services that significantly reduces members' premiums.



Tucson Gives (formerly known as Community Partnership Awards)



Old Pueblo Community Services



Ronald McDonald House of Southern Arizona



Mobile Meals of Southern Arizona

TFCU gives

As a part of its philanthropic efforts, TFCU awarded three charities a total of \$45,000 on March 12th, 2019. Old Pueblo Community Services received the largest donation of \$25,000. Ronald McDonald House of Southern Arizona and Mobile Meals of Southern Arizona each received \$10,000. It's always an honor supporting Tucson's finest local charitable missions and making the community more aware of their causes through TFCU's donations.

\$45,000

Love what we do, doing what we love.

Volunteerism

99% Employees Engaged



160
Charitable Causes

4,483
Hours

Total Cash Donations

\$189,300

53 Non-Profits

Community – The Heart of What We Do

Tucson Matters!

Partnerships – Engaging Community with Fun and Entertainment

Tucson Federal Credit Union connected with several local business in the community who have demonstrated a genuine interest in improving people lives by offering a series of events free to everyone. TFCU is a proudly partnered with Cox Communications to present to the community Movies in the Park. This event brings hundreds of people to Reid Park during the summer.



Tucson Matters = Concert Connection + Sports

TFCU continued its successful Boots on the Ground strategy by engaging members and community to get free tickets to several music concerts presented in different venues around Tucson. TFCU became the Arts Partner for the 2019 Dusk Music Festival, which is becoming the best Electronic Dance Music Concert in Southern Arizona, and soon, in the whole state. Since its inception in 2016, TFCU has sponsored DMF. The audience attending Dusk is predominately Millennials, a coveted audience for future growth.

An additional segment of engagement TFCU promoted and expanded during 2019 was sports. The opportunity to establish a direct connection with Tucson's downtown revitalization efforts was determined by sponsoring a series of professional sport teams who played at the Tucson Convention Center. During 2019 TFCU sponsored the Sugar Skulls, Tucson Roadrunners, and the inaugural year in which TFCU became the Official Fireworks Sponsor for the NOVA Home Loans Arizona Bowl.



Financial Education

270 Participants
30 Classes



COMMUNITY
FOOD BANK
OF SOUTHERN ARIZONA



TFCU was considered a subject-matter expert and staff served on a panel of community members interviewed by Southern Arizona Children's Advocacy Center. The Community Food Bank of Southern Arizona (CFB) and TFCU collaborated on the CFB's Mobile Meal Project. The event was a team-bonding experience at TFCU's annual retreat where employees packed 1,800 bags of food for the CFB.

DECA and FBLA, two programs that provide high school students with the opportunity to learn about business and entrepreneurship, engaged TFCU as a judge for their annual events.



Recognized for our passion to serve

TFCU was recognized by several organizations which includes the Metropolitan Education Commission, Mountain West Credit Union Association and The Association of Fundraising Professionals (AFP).

The awards received were the Crystal Apple Corporate Honoree Award; TFCU obtained the 1st place 2019 Dora Maxwell Social Responsibility Award; and the Outstanding Corporate Philanthropist Award, respectively.



Creative Branding, Connecting To Engage.

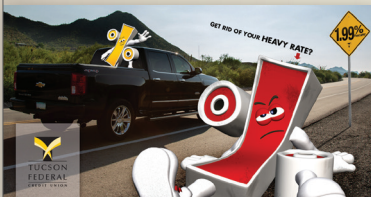
2019 marked an exceptional time for TFCU's branding. The introduction of a one minute branded content video titled "Date Night" gave TFCU the opportunity to continue exploring storytelling to emotionally connect our brand, culture and mission. Additionally, TFCU's culture video was portrayed by using animated infographic techniques combined with emotive writing and inspirational music.

After five years, our website www.tucsonfcu.com was redesigned to provide our members and visitors an user-friendly easier way to navigate and access information about our products, services, promotions and other valuable news. The modern look reflects a more visually rich contrast with uncluttered content design using video and/or animation in all its pages. Amongst the new features the site contains fast and secure access to online banking, scheduling appointments, apply for loans, etc.



Promotional Campaigns

As for all promotional campaigns, 2019 brought an unprecedented 18.9% year-over-year growth of the number of direct applications! The promotional campaigns launched during this year demonstrated our continuous effort to support our members and the community at large. The success of our campaigns is due predominantly because we care about providing the best rates coupled with exceptional service to our members and the community at large.



Auto Loan Purchase & Refinance PR Cent's last campaign!
This campaign brought 2,469 applications with a total of \$52M.



HELOC Launch

First HELOC introductory rate promotion. Members took advantage of rates as low as 3.99% for the first year!



Auto Loan Purchase & Refinance Road Trip & Sing Along Campaign
We help[ed] our members by funding close to \$34M with an average rate of 4.27% APR!



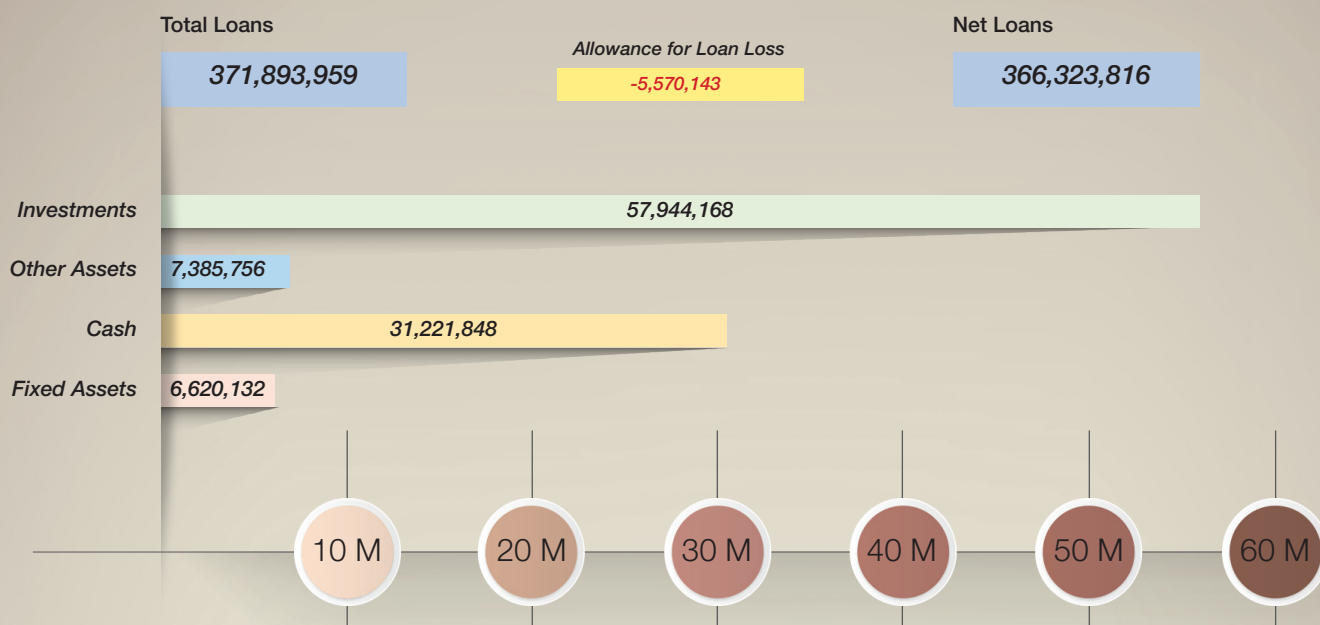
Balance Transfer during the holidays!

By the end of December, 174 new cards with over \$ 1.2M on balances were transferred to help our members to reduce their credit card payments by offering a rate as low as 2.99 APR.

Financial Results

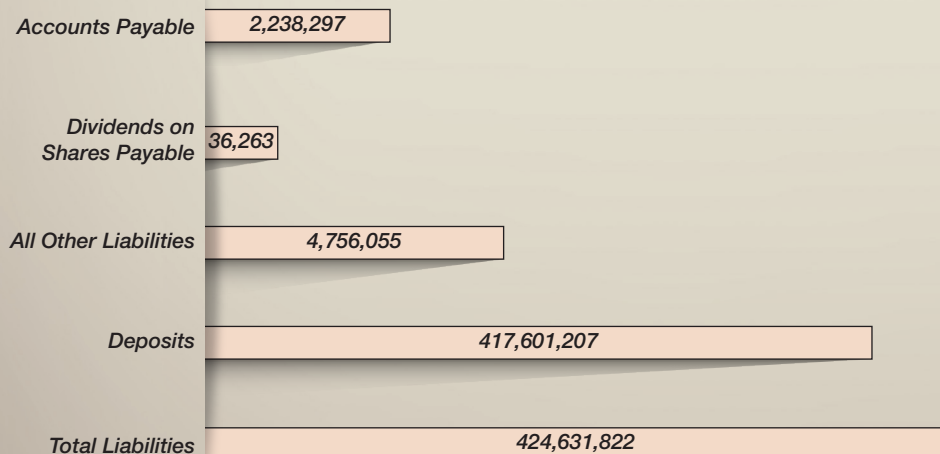
Balance Sheet 2019

ASSETS



Total Assets 469,495,720

LIABILITIES

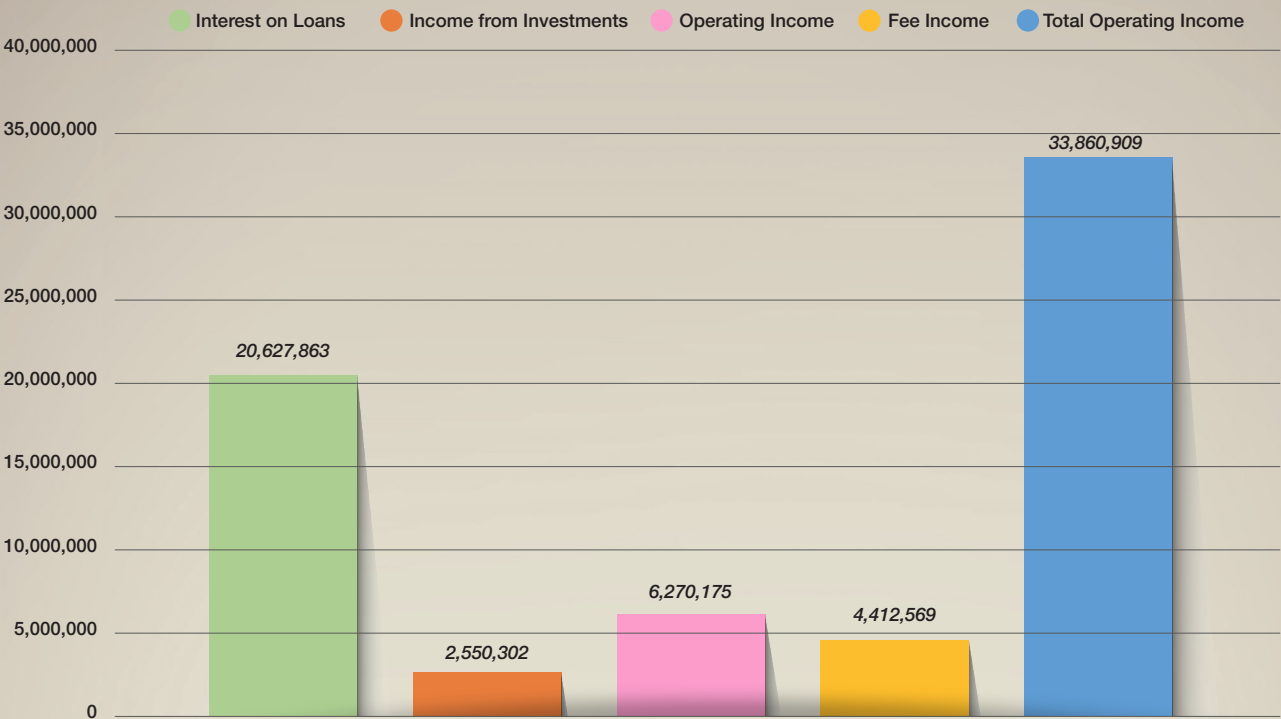


CAPITAL

44,863,898

Total Liability, Deposits & Capital 469,495,720

2019 Income Statement



Total Operating Income	\$33,860,909
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Total Operating Expenses	\$22,497,497
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Total Other Operating Expenses	\$6,222,817
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Net Income	\$5,140,613
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TUCSON
FEDERAL

CREDIT UNION