

2018 ANNUAL REPORT

PRESIDENT'S REPORT



STEVE PICKLE

Teamsters Council #37 Federal Credit Union had a great year, with net income reaching its highest level in ten years. In this ongoing era of low interest rates across the economy, TCU has reached a balance of paying good dividends to savers and offering competitive loan rates to fellow Teamsters and their families, while also generating more equity to secure our financial institution.

As our financial statements show, TCU grew in the key measures of loans to members, total assets, net income, and capitalization. Marilyn Coomber, TCU Manager, describes our financial performance in more detail in her report.

As the only financial institution committed to serving Oregon's Teamster community, TCU is always looking for ways to maximize the value of our services. In 2018, that commitment resulted in selling CU Insurance Agency to Mount Hood Insurance in order to offer members a greater range of insurance products with competitive premiums. Ryan Richter, the independent agent from CU Insurance Agency and owner of Mount Hood Insurance, is now a Teamsters employer!

The TCU Board saw some changes, too, with long-time president Darel Aker retiring and the number of board members reduced from nine to seven for a more efficient directorial process.

As we look ahead, the TCU Board wants to make banking with your credit union as easy and convenient as possible. This includes introducing and improving services that help Teamsters do their banking wherever they work and live. Offering greater convenience and value is how we are encouraging more Teamsters to bank with TCU, and that helps us serve all members better.

The friendly and professional staff of TCU have earned a heartfelt "thank you" from everyone on the Board for all they do for members. The volunteer Teamsters serving on our Supervisory Committee also deserve kudos for their diligent efforts through the year. And, of course, we all thank you, the members, for choosing to use TCU!

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee acts as a "watchdog" on behalf of all Credit Union members, making sure that all regulations, procedures, and policies are properly followed as defined by the National Credit Union Administration (NCUA). The committee is appointed by the Board of Directors and is comprised entirely of volunteers from the membership.

One of the most important functions of the Supervisory Committee is to arrange and oversee an annual audit of the Credit Union's financial condition and internal accounting procedures. Stephanie S. Willis, CPA, CFE of Aloha, Oregon was retained to conduct the 2018 audit.

The Supervisory Committee has carefully reviewed the auditors' report and found Teamsters Council #37 Federal Credit Union to be in compliance with the requirements and regulations of the Federal Credit Union Act, with no exceptions or adverse findings. Any

MANAGER'S REPORT



MARILYN COOMBER

2018 was a successful year for Teamsters Credit Union. We saw growth in key financial measures, and your Credit Union is financially stronger than ever.

- Loans outstanding grew by over \$1.3 million to end the year above \$23.6 million. A large part of that came from auto loans that members obtained directly at auto dealers. CUDL (Credit Union Direct Lending) grew by over \$1.8 million in 2018. TCU members

also took advantage of competitive home loans available through our referral program with Consolidated FCU.

- Growth in loans led to a similar increase in total assets, which ended 2018 at just under \$58 million, a new high for TCU.

- Members' savings also grew, reaching near \$50 million in 2018. TCU not only offers secure, federally insured savings at competitive rates, we paid bonus dividends several times during 2018, and we plan on increasing what we pay to savers in 2019.

- Net income grew 15.8% to reach \$296,423 at year end. This went directly to Members' Equity, which reached \$8 million and put our capital-to-assets ratio at 13.82%. TCU is strong and secure!

We would love to help more Teamsters save money with our low cost services, so during 2019 and beyond we will be actively seeking new members from the Teamsters community. The more that Teamsters choose to bank with us, the stronger we become and the better we can serve them!

Convenience is essential to attracting new members, so TCU is evaluating shared network systems and expanded ATM access. To support this, we will make a major upgrade to our core data processing system on June 1, 2019. Loans will be faster, while online banking and bill pay will gain capabilities, including transfers to and from other financial institutions.

Your volunteer Board of Directors did an outstanding job of guiding TCU through 2018. The TCU staff thanks them, as well as our fellow Teamsters who do their banking with us, for their support.

member can view a complete copy of the report at the Credit Union's Main Office in Portland.

It continues to be the opinion of the Supervisory Committee that the policies established by the Board of Directors contribute to sound management practices, and that Credit Union staff and management are operating effectively, efficiently, and in a manner consistent with safeguarding the membership's interests.

The Supervisory Committee acknowledges and thanks all members and others who have devoted time and effort to the welfare of the Credit Union. Any member with concerns about the Credit Union is encouraged to contact anyone on the Supervisory Committee.

Rob Burke, Chairperson

Ben Vedus

Karen O'Neal



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CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2018 & 2017

	2018	2017
ASSETS		
Loans receivable, net of allowance for losses	\$23,640,882	\$22,325,756
Cash & cash equivalents	4,778,729	6,427,242
Investments held to maturity	28,604,000	27,851,000
Accrued interest receivable	39,978	45,869
Property and equipment, net	1,419	8,919
National Credit Union Share Insurance Fund deposit	467,307	461,854
All other assets	423,616	160,513
Total assets	\$ 57,955,931	\$ 57,281,153
LIABILITIES & MEMBERS' EQUITY		
Members' share & savings accounts	\$49,820,913	\$49,544,978
Accounts payable & other liabilities	127,491	68,302
Total liabilities	49,948,404	49,613,280
Commitments & contingent liabilities	—	—
Members' equity, substantially restricted	8,007,527	7,667,873
Total liabilities & members' equity	\$ 57,955,931	\$ 57,281,153

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

Years ended December 31, 2018 & 2017

	Appropriated Regular Reserve	Unappropriated Earnings	Total
Balance December 31, 2016	\$ 856,938	\$6,555,051	\$7,411,989
Net income	—	255,884	255,884
Transfers, net	—	—	—
Balance December 31, 2017	\$ 856,938	\$6,810,935	\$7,667,873
Prior Period CUSO Investment	—	43,321	43,231
Net income	—	296,423	296,423
Transfers, net	—	—	—
Balance December 31, 2018	<u>\$ 856,938</u>	<u>\$7,150,589</u>	<u>\$8,007,527</u>

Any member of Teamsters Council #37 Federal Credit Union can view a complete copy of the financial report at the Credit Union's Main Office in Portland.

CONSOLIDATED STATEMENT OF OPERATION

Years ended December 31, 2018 & 2017

	2018	2017
INTEREST INCOME		
Loans	\$1,029,021	\$1,159,427
Investments	625,800	398,502
Total interest income	<u>1,654,821</u>	<u>1,557,929</u>
INTEREST EXPENSE ON MEMBERS' DEPOSITS		
Net interest income	110,597	104,900
PROVISION FOR LOAN LOSSES	<u>72,816</u>	<u>16,971</u>
Net interest income after provision for loan losses	1,471,408	1,436,058
NON-INTEREST INCOME		
NCUSIF Reimbursement	—	—
Service charges & fees	366,147	324,362
Operating income	<u>1,837,555</u>	<u>1,760,420</u>
NON-INTEREST EXPENSE		
Compensation & benefits	822,050	808,688
General & administrative	719,082	695,848
Total non-interest expense	<u>1,541,132</u>	<u>1,504,536</u>
Net income from operations	<u>\$ 296,423</u>	<u>\$ 255,884</u>



**TEAMSTERS COUNCIL #37
FEDERAL CREDIT UNION**

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