



Vantage West  
CREDIT UNION

Annual Report **2019**



**Vantage West**  
CREDIT UNION

## **OUR MISSION**

Igniting collaborative relationships with our Members and the communities we serve so we can thrive together.

## **CONTENTS**

<b>Chairman's Message</b>	<b>2</b>	<b>Statements of Financial Condition</b>	<b>6</b>
<b>Chief Executive Officer's Message</b>	<b>3</b>	<b>Statements of Income</b>	<b>7</b>
<b>Treasurer's Message</b>	<b>4</b>	<b>Leadership/Contact Information</b>	<b>8</b>
<b>Supervisory Committee's Message</b>	<b>5</b>	<b>Community Impact</b>	<b>Inside Back Cover</b>

# OSCAR LIZARDI

Chairman, Board of Directors



Dear Members,

As we celebrate Vantage West Credit Union's 65th Anniversary milestone, I am pleased to share the Chairman's message on behalf of the entire Board of Directors.

I am proud of the work the Board has done in partnership with Credit Union leadership over the past year. Together, we have successfully established a solid direction and introduced several initiatives that will support our financially secure and thriving Credit Union, now and in the future, so we can continue to effectively serve you, our Member-Owners.

Maintaining a solid strategic foundation and strong financial position has allowed us to introduce opportunities that add value to your Membership. One way we measure that value is through the Member Benefits Report from Credit Union National Association (CUNA). I'm pleased to share the 2019 results which revealed that Vantage West provided \$26.9 million more in direct financial benefits, compared to local banks. That number is up from \$14.6 million in 2018. Those savings are calculated by money saved on lower loan rates and fees and earnings from higher dividends.

The savings not only help Members directly, but also indirectly, by creating the opportunity for dollars to be re-invested in the communities we serve. That is especially important during times like those we've recently experienced in the wake of COVID-19. As we move forward to emerge from this unprecedented time, we stand together with our Members and we remain committed to our purpose of Investing in people today to achieve a more prosperous tomorrow.

Because your ongoing participation in the Credit Union has kept us financially strong, we have been able to help many of our Members during the times when it has mattered most.

On behalf of the Board, I thank you for your continued investment in the Credit Union. Working together, we have been able to accomplish a lot. This shows that your Membership truly makes a difference for so many.

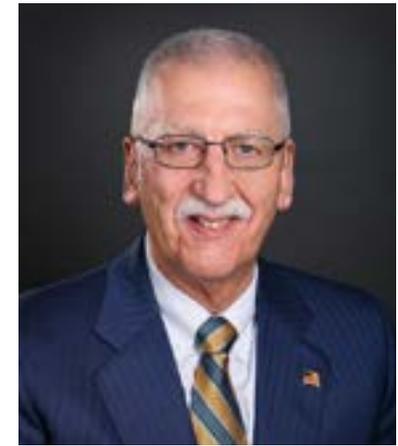
In closing, you have my word that the Board is fully committed to the Membership and dedicated to continuing to pursue strategies that will strengthen the Credit Union and add value to your Membership.

**\$26.9M**

**IN FINANCIAL BENEFITS  
TO OUR MEMBERS**

# FRANK TREMBULAK

Chief Executive Officer



Dear Members,

The progress the Credit Union has made since its inception in 1955 and our commitment to those we serve during the recent COVID-19 pandemic are a testament to the people who have made Vantage West what is today. Our Members, Associates, elected officials, and community partners have shown what the power of collaboration can do.

We began 2019 with a focus on modernizing our Credit Union governance, and strengthening our commitment to you, our Members. This strategic repositioning set the stage for the many Member-centric initiatives we launched in 2019 and early this year.

As part of our re-commitment to the Membership, we introduced Relationship Rates, a program that offers the greatest value to Members who bring to the Credit Union more of their key relationships. This type of collaboration has many benefits as evidenced in the CUNA Member Benefits Report, also referenced in the Chairman's message. According to the report, the annual benefits for a Member household is an average of \$358 per year. That number goes up to \$1,982 in direct financial benefits for "high-use Member households." We are proud of these numbers and I am pleased to share that over the past year, we saw an 80% increase in the value of Member benefits we offer. Additional highlights from the CUNA report showed we saved Members an average of \$18,791,576 in lower loan rates, and we paid \$7,104,732 in higher savings dividends, when compared to banks.

Another area where we made a significant positive impact on the Membership is in the area of lower fees. This amounted to total annual savings of \$1,055,552 for our Members in 2019 compared to local banks, according to the CUNA report. In support of our commitment to continually delivering the best possible Member experience, we also eliminated 21 fees in February of this year.

A final example of our Member-centric focus is our Phoenix expansion, which brought forth two new additional branch locations in Mesa, with a third on the way soon, to serve the more than 40,000 Members living in the area.

Beyond these financially noteworthy examples, it is the people who make the difference. From our Associates who interact with the Members in our branches, and over the phone, to the team of Associates supporting operations from back office, we are all in this together for a common purpose. Together, we continue to, above all else, strive to deliver world-class Member service. Caring about our Member-Owners and taking pride in what we do is our passion.

You have my commitment that the family of Vantage West Associates will continuously strive to make you proud of being a Vantage West Member-Owner.

Thank you for your continued trust in Vantage West and for your loyal Membership.

**2.9%**

**TOTAL MEMBERSHIP  
GROWTH IN 2019**

# DOUG ZIMMERMAN

Treasurer, Board of Directors



Thank you again for selecting Vantage West Credit Union as your financial partner. Your Membership, your engagement with our products and services, and your continued trust has provided the Credit Union with another year of positive results. We ended the 2019 year strong and grew the Credit Union in several aspects:

## **Membership in Arizona now exceeds 160,000.**

Our Membership increased by more than 4,000 new Members last year, giving us greater strength. In unprecedented times like those we've experienced recently, our Membership is top of mind. It's more important than ever that we rely on one another and rally together as a community. When communities stand together, they thrive together. We stand with you, and thank you for standing with us, for more than 65 years.

## **We crossed over the \$2 billion threshold in total assets.**

This gives our organization the ability to stay current with the financial products you want at competitive rates. It also gives us the ability to meet your technology and security needs when relying on our services. In addition, we added two new branches in 2019 to serve you better.

## **Our net worth ratio increased to 12.40%.**

Under NCUA regulations, a credit union's net worth must exceed the 7.00% level in order to be classified as "well capitalized." With a net worth ratio of 12.40% we are indeed well capitalized. What this means to you, our Members, is that the Credit Union can sustain financial losses and weather the storm with you.

During these challenging and unprecedented times, you can rest assured that your financial institution is strong and capable. We are cognizant that when our Members and communities thrive, we all thrive, and that motivates us every day!

**\$2.02B**

**TOTAL ASSETS**

# STEPHEN PEARY

Chairman, Supervisory Committee



*Functioning independently of the Board of Directors and management, Vantage West Credit Union's Supervisory Committee provides oversight to our operations through independent audits of financial statements, internal controls, and risk analysis.*

Reporting on behalf of the Supervisory Committee, I am pleased to see the organizational restructuring of Vantage West that began in August 2019 has shown quick and positive effects. The benefits of the restructuring are evident in the everyday operations of the Credit Union, and the Committee remains confident that the changes are in the best interest of the Membership.

The Supervisory Committee maintains open and clear communication throughout the organization and external partners. This includes the National Credit Union Administration (NCUA), the Arizona Department of Financial Institutions (AZFDI), and most importantly – you, the Credit Union Membership.

The Agenda for our Supervisory Committee meetings regularly includes discussions with members of the Internal Audit Department who review critical financial risk performance and the effectiveness of governance, risk management, and control processes. The Credit Union Board of Directors and senior managers also report on their activities and projects at appropriate times.

The Supervisory Committee is statutorily charged with ensuring the Credit Union maintains sound internal controls and practices and procedures that comply with applicable laws and regulations. We are also charged with engaging independent outside auditors to report on the financial condition of the organization.

The audited Statements of Financial Condition and the Statements of Income are included in this annual report. Vantage West's financial performance indicates the Credit Union is a well-capitalized and sound institution with strong financial controls. Still, we remain vigilant as to Vantage West's financial stature during the uncharted waters of COVID-19.

We also review and monitor Member feedback, ensuring your comments regardless of opinion are properly and expediently handled. As always, your comments and suggestions are most welcome.

As a final note, I want to personally thank each of the organization's Board members and my fellow Supervisory Committee members, Kathleen Ortega and John Zatarski, for their unfailing commitment to the Credit Union. Each Supervisory Committee member contributes significant hours to the organization because we believe in the Credit Union's mission.

# STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31,

ASSETS	2019	2018
Cash & cash equivalents	\$152,598,483	\$211,604,997
Investments	197,164,871	166,908,216
Federal Home Loan Bank Stock	5,387,000	4,662,000
Loans to Members, net of allowance for loan losses	1,544,548,124	1,502,111,685
Accrued interest receivable	5,336,901	5,143,898
Loans held for sale	4,821,185	907,330
Prepaid and other assets	27,904,794	24,923,299
Other real estate owned	-	2,558,288
Goodwill	1,193,286	1,431,943
Property and equipment, net	38,999,500	38,243,941
ACH Payments receivable	21,362,574	-
NCUSIF deposit	16,246,647	15,453,396
<b>TOTAL ASSETS</b>	<b>\$2,015,563,365</b>	<b>\$1,973,948,993</b>

## LIABILITIES

Shares and savings accounts	\$1,731,971,600	\$1,660,657,271
Interest payable	445,086	413,118
Accrued expenses and other liabilities	31,883,694	26,631,801
Borrowed funds	-	55,000,000
<b>TOTAL LIABILITIES</b>	<b>\$1,764,300,380</b>	<b>\$1,742,702,190</b>

## EQUITY

Regular reserves	\$14,105,367	\$14,105,367
Undivided earnings	232,907,399	214,381,283
Accumulated other comprehensive loss	1,450,219	(39,847)
Equity acquired through acquisition	2,800,000	2,800,000
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$251,262,985</b>	<b>\$231,246,803</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$2,015,563,365</b>	<b>\$1,973,948,993</b>

# STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31,

INTEREST INCOME	2019	2018
Loans to Members	\$78,357,257	\$71,497,586
Investments	5,671,694	3,439,180
Cash and cash equivalents	3,167,553	5,319,152
<b>TOTAL INTEREST INCOME</b>	<b>\$87,196,504</b>	<b>\$80,255,918</b>

## DIVIDEND AND INTEREST EXPENSE

Shares and savings accounts	\$16,327,073	\$11,846,237
Borrowed funds	283,535	2,043,824
Other interest	100,504	125,363
<b>Total interest expense</b>	<b>\$16,711,112</b>	<b>\$14,015,424</b>

Net interest income	\$70,485,392	\$66,240,494
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Provision for loan losses	\$8,281,658	\$11,219,003
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<b>NET INTEREST INCOME AFTER PROVISION</b>	<b>\$62,203,734</b>	<b>\$55,021,491</b>
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## NON-INTEREST INCOME

Fees and service charges	\$13,964,422	\$14,421,731
Interchange income	11,377,298	10,115,927
Gain on equity investments	2,921,653	-
Gain on sale of loans	1,468,380	948,469
Miscellaneous non-interest income	1,241,206	907,337
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$30,972,959</b>	<b>\$26,393,464</b>

## NON-INTEREST EXPENSE

Salaries and benefits	\$40,258,186	\$35,412,785
Office operations	27,284,835	25,362,762
Office occupancy	3,737,773	3,103,487
Other expense	3,369,783	3,100,439
Loss on equity investments	-	1,223,153
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>\$74,650,577</b>	<b>\$68,202,626</b>

<b>NET INCOME</b>	<b>\$18,526,116</b>	<b>\$13,212,329</b>
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# LEADERSHIP

as of March 31, 2020

## BOARD OF DIRECTORS

Oscar Lizardi	Chair
Maricela Meza	Vice-Chair
Doug Zimmerman	Treasurer
Manuel Lucero	Director
Jose Rincon	Director
Olivia Smith	Director
Frank Trembulak	Director
Thomas Wolfe	Director
Matthew Woods	Director

## SUPERVISORY COMMITTEE

Stephen Peary	Chair
Kathleen Ortega	Member
John Zatarski	Member

## CONTACT INFORMATION

### PHONE

800.888.7882

### ONLINE

VantageWest.org  
Info@VantageWest.org

### CORPORATE ADDRESS

2480 N. Arcadia Ave.  
Tucson, AZ 85712

### MAILING ADDRESS

P.O. Box 15115  
Tucson, AZ 85708

# 2019 COMMUNITY IMPACT



## MEMBER BENEFITS\*

LOWER LOAN RATES \$18,791,576

HIGHER SAVINGS DIVIDENDS \$7,104,732

LOWER FEES \$1,055,552

+

**\$26,951,860**

**\$182,260**  
INVESTMENT IN  
COMMUNITY ORGANIZATIONS



**2,620**

HOURS PAID TO ASSOCIATES TO  
VOLUNTEER IN THE COMMUNITY

**30**



EVENTS HOSTED/ATTENDED  
TO SUPPORT MILITARY

## EDUCATIONAL SUPPORT

**\$10,500**

SCHOLARSHIPS AWARDED

**62**



EDUCATIONAL CLASSES  
TO PROMOTE FINANCIAL  
WELLNESS

**\$48,000**

INTERN TUITION REIMBURSEMENT

**69**



PCs DONATED TO GIVE LOW INCOME  
STUDENTS ACCESS TO TECHNOLOGY

**11**



INTERNSHIPS WITH LOCAL  
SCHOOLS AND UNIVERSITIES

**VantageWest.org**



NMLS# 485751  
Federally insured by NCUA.