



PYRAMID

FEDERAL CREDIT UNION

ANNUAL REPORT 2018



SPANNING
GENERATIONS &
CULTURES WITH THE
GOAL OF FINANCIAL SUCCESS



Improve your financial life!



"It is not more bigness
that should be our goal.
We must attempt, rather,
to bring people back to
the warmth of community,
to the worth of individual
effort and responsibility...
and of individuals working
together as a community,
to better their lives
and their children's future."

Robert F. Kennedy



THE PYRAMID FOUNDATION

Tucson in the 1920s was coming into its own as a thriving city. Transportation, commerce and entertainment, the University of Arizona, and the opening of the Tucson Airport all contributed to an influx of visitors and transplants to the warm, dry desert southwest.

And despite the looming crisis that pulled the United States economy into what became known as The Great Depression of 1929, a few enterprising Tucson Postal employees joined the cooperative credit union movement to help each other during these challenging financial times. Today, those guiding principles remain the solid bedrock of credit unions across the globe.

Since 1929, our member-owners have chosen Pyramid to meet their financial needs. We're people helping people like you achieve success throughout your financial journey. This year marks our 90th anniversary of delivering upon our founding fathers' vision of helping each member achieve financial success.

OUR MISSION

Helping Members Improve Their Financial Lives

OUR VISION

Be known as the Credit Union that cares about our members' financial well-being
and about our community

GUIDING PRINCIPLES

- ▲ We will employ good business practices to ensure the financial strength of the credit union
- ▲ We will treat everyone with dignity and respect
- ▲ We will promote the value of the credit union as a cooperative and encourage participation
- ▲ We will promote an environment of teamwork among all staff members
- ▲ We will be positive and forward-thinking and work to improve everything we do

CHAIRMAN'S REPORT

In 2018, Pyramid FCU had another good year of growth. Our deposits increased 1% and our loans increased 5%. During this time, Pyramid continued to show its financial strength by growing credit union assets while remaining well capitalized. We believe what sets us apart is making you, our members, the top priority.

We continue to roll out new features to our online and mobile banking applications in an ongoing effort to make doing business with us more convenient than ever. We hope you are taking advantage of these new technologies.

It is important to remind you that we are a financial cooperative. Pyramid FCU is owned by every one of our 16,596 members, not just the ones with large deposits or loans. As you give us more of your financial business, we are able to give back to you in the form of lower loan rates, higher savings rates, and better products with lower fees. Please recommend us to your friends and family so they can enjoy these great benefits as well.

Thank you for allowing me to be your Board Chairman.

Aron Meyer, Chairman
Pyramid FCU Board of Directors



"The broadest,
and maybe the most meaningful
definition of volunteering:
Doing more than you have to
because you want to,
in a cause you consider good."

Ivan Scheier

BOARD OF DIRECTORS

Aron Meyer, Chairman
Caleb Tennenbaum, Vice Chairman
Arnie Aros, Secretary/Treasurer
Pamela Maloney
Dana Rawlings
Cecilia Valdez
Larry Youdelman

SUPERVISORY COMMITTEE

Dave Deschamp, Chairman
John Spangler, Secretary
Dana Rawlings

STATEMENTS OF FINANCIAL CONDITION

December 31, 2018, 2017 and 2016

(Federally insured by NCUA)

ASSETS	12/31/2018	12/31/2017	12/31/2016
FIRST MORTGAGE LOANS	\$ 39,002,571	\$ 34,527,438	\$ 31,384,075
SECOND MORTGAGE LOANS	1,134,376	565,586	413,763
HOME EQUITY LOANS	5,509,488	4,872,677	5,091,116
AUTO LOANS	67,837,353	68,234,148	67,651,553
VISA CREDIT CARD	7,354,573	6,340,828	5,512,070
UNSECURED LOANS	5,110,359	5,256,000	4,147,313
SHARE SECURED LOANS	306,585	440,155	436,625
ALL OTHER LOANS	887,645	845,172	830,846
PREPAID: HELOCS & AUTO INDIRECT	534,699	545,172	532,098
MERGER LOAN VALUATIONS	(27,011)	(33,806)	(53,907)
TOTAL MEMBER LOANS	127,650,638	121,593,370	115,947,552
ALLOWANCE FOR LOAN & ODP LOSSES	(885,664)	(980,035)	(712,520)
NET MEMBER LOANS	126,764,974	120,613,335	115,235,032
CASH AND EQUIVALENTS	5,692,503	5,196,104	14,181,243
INVESTMENTS	18,228,318	22,085,323	11,236,008
PREMISES AND EQUIPMENT, NET	3,102,711	2,675,687	2,848,596
OTHER ASSETS	6,395,225	7,268,635	7,302,841
TOTAL ASSETS	\$160,183,731	\$ 157,839,084	\$ 150,803,720

LIABILITIES & MEMBERS' EQUITY			
LIABILITIES	\$ 738,567	\$ 927,567	\$ 1,999,254
SHARE DRAFTS	24,529,783	24,357,450	23,711,017
REGULAR SHARES	51,401,317	53,377,613	52,799,693
MONEY MARKET SHARES	37,257,960	34,387,228	29,062,931
IRA SHARES	6,722,400	7,172,347	7,444,380
CERTIFICATES	23,604,492	23,038,398	21,383,919
TOTAL SHARES & CERTIFICATES	143,515,952	142,333,036	134,401,940
REGULAR RESERVES	2,389,629	2,389,629	2,389,629
UNDIVIDED EARNINGS	6,428,618	6,190,007	5,189,345
EQUITY FROM MERGERS	4,778,231	4,778,231	4,778,231
UNREALIZED GAIN/LOSS - INVESTMENTS	(80,148)	(17,997)	44,659
UNINSURED SECONDARY CAPITAL	800,000	1,000,000	1,000,000
NET INCOME YEAR TO DATE	1,612,882	238,611	1,000,662
TOTAL MEMBERS' EQUITY	15,929,212	14,578,481	14,402,526
TOTAL LIABILITIES & MEMBERS' EQUITY	\$160,183,731	\$ 157,839,084	\$ 150,803,720

We certify, to the best of our knowledge and belief, this statement and the related statements are true and correct and presents fairly the financial position and the results of operations for the periods covered.

TREASURER'S REPORT

2018 was another good year for Pyramid FCU as our local economy continued to recover. And while we continue to work through a slower economy in Southern Arizona, we are also seeing property values increase somewhat. During 2018 we added 2,312 new members with net overall membership increasing by 520 members bringing total membership to 16,596.

Our assets grew from \$157,839,084 to \$160,183,731

Our loans grew from \$121,593,370 to \$127,650,738

Our net income was \$1,612,881

Dividends for 2018 were distributed as follows:

Regular Shares	\$ 26,298
IRA's	\$ 35,689
Certificates	\$ 264,985
Money Market	\$ 79,823

Distribution of 2017 income was as follows:

Dividends	\$ 464,947
Expenses	\$ 7,877,944
Reserves	\$ 1,612,881

Arnie Aros, Secretary/Treasurer

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee oversees the management of the credit union to make sure that credit union staff is following policies and procedures. The Pyramid Supervisory Committee is comprised of members who volunteer their time once a month to meet and work. The committee has an agenda that reviews the Board of Directors meetings, collection activities, loan files, new and closed accounts, cash audits, dividends, statement of accounts and dormant accounts. In 2018 the CPA firm of Clifton Larson Allen completed our annual financial statement audit with no major findings.

Any Pyramid FCU member can be on the Supervisory Committee. We are looking for new volunteers. If you are interested, you can call Ray Lancaster and leave a message. This committee will continue to support the Credit Union and encourage all members to bring in new accounts. We are looking forward to another great year!

Dave Deschamps, Chairman, Supervisory Committee

\$67.8
4,475

Auto Loans (Millions)

\$45.6
608

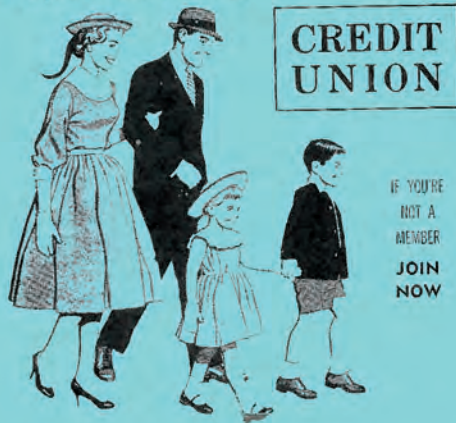
Real Estate Loans
(Millions)

+ 1 Tiny Home Loan

\$1.6
+\$600K

Net Income (Millions)
Best Year Ever!

It Pays to do all of your saving and borrowing at the . . .



**ALL THE
MONEY
YOU
NEED
!**

One stop at this
Credit Union sends
you on your way.
There's no need to
delay . . . get the
cash you need, and
save, too.

Borrow At Low Rates

Compare costs, and see
for yourself. It costs less to
finance with us.

**FAST, CONFIDENTIAL
SERVICE**

THE CREDIT UNION DIFFERENCE

As part of a centuries old tradition, Pyramid Members have access to a variety of financial products and services: checking and money market accounts, loans of many kinds, credit and debit cards, online and mobile banking - the list goes on. But the real difference lies in the nature of our organization. We're a not-for-profit, member-owned financial cooperative. That means the people who own Pyramid are the people who make deposits, take out loans, and keep their savings safe and secure here at Pyramid.

That's YOU! You are more than a member, you are an owner!

Credit unions have members, not shareholders. After expenses are paid and reserves set aside, earnings are returned to members through lower loan rates, higher savings yields and free or low-cost services. Our goal is to maximize the service and value for our member-owners while building and maintaining the strength of the Credit Union so we are here to serve future generations.

THE 7 CREDIT UNION COOPERATIVE PRINCIPLES

1 Voluntary and Open Membership

No matter your financial situation, the door is open, without gender, social, racial, political or religious discrimination.

2 Democratic Member Control

You help call the shots by electing a board of directors. One member equals one vote. This is local democracy in action.

3 Member Economic Participation

Better rates, lower fees and services that benefit the entire credit union. The more that members participate, the more there is to go around.

4 Autonomy and Independence

As a financial cooperative, your credit union is controlled by real members like you, instead of outside shareholders.

5 Education, Training and Information

Access to financial literacy tools and resources. Credit unions believe that education contributes to personal growth.

6 Cooperation among Cooperatives

Your credit union strengthens the cooperative movement by partnering with organizations that share the same values.

7 Concern for Community

Knowing that your day-to-day banking translates into benefits for charities, local businesses and the entire community.

PRESIDENT'S REPORT

It has been another good year for Pyramid Federal Credit Union and we have a lot of exciting changes taking place. In November of 2018, we celebrated our 89th anniversary as the oldest credit union in the state of Arizona. Over the last year, we have focused on improving our services and adding benefits for our members including:

- ▲ Upgrades to our online banking systems and improvements to our branch communications including our expanded contact center. In 2019, we will be adding more online services and finding better and more efficient ways to serve our members through our contact center.
- ▲ Adding "instant issue" debit cards at each branch location. Now, when you need a new debit card for any reason, you can stop by one of our locations and leave with your new debit card in hand.
- ▲ Providing access for members to the largest no-surcharge ATM networks (CO-OP and Allpoint), offering more than 85,000 fee-free ATMs around the country. I encourage you to check our website for updates before traveling and find locations near where you going for convenient access your account. You can also use these network locators directly from your mobile device. We continue to try to make more access available to you and your account wherever you may be.
- ▲ Continuing to improve and enhance our low-cost alternative to mortgage refinance through our *FASTRACK* program. During 2018, we closed a record number of mortgages in this program. For one low fee, you can refinance your mortgage for a shorter time period and get it paid off before you retire. This program will work for you even if you only have 5-10 years remaining on your mortgage.

In 2018 we awarded three scholarships to our graduating senior high school members, and are awarding five more in 2019. We began our Munday Curd Scholarship program in 2005 and have awarded 43 \$1,000 scholarships since its inception. As well, in partnership with Empire High School in the Vail School district we have awarded more than \$90,000 in college scholarships.

As a financial cooperative, when members use **more** of our services, we are able to give back **more** to our members in the form of lower loan rates. During 2019, we will be asking for more of your business. If we can ever be of assistance in helping you manage your financial life, I hope you will think of us first.

Finally, I would like to thank all of our volunteers and employees for all of their efforts throughout the year which made 2018 one of our best years ever. Please let us know how we can be of better service to you. Thank you for being a member. We appreciate your loyalty and your confidence in Pyramid.

Ray Lancaster, President

16,596

+3.2%

Total Members

\$143.5

+1.0%

Total Deposits (Millions)

\$127.7

+5.0%

Total Loans (Millions)

BEST YEAR EVER!

MUNDAY CURD

SCHOLARSHIP



2019 SCHOLARSHIP RECIPIENTS



Natalie N.

Cienega High School
University of Utah
Major: Biochemistry & Ballet



Peter K.

Empire High School
Gonzaga University
Major: History/Political Science



Katelyn G.

Academy of Tucson High School
Northern Arizona University
Major: Elementary Education



Lauren H.

Salpointe Catholic High School
Arizona State University
Major: Nursing



Sophia T.

Cienega High School
Barrett the Honors College
at Arizona State University
Major: Earth & Environmental Studies



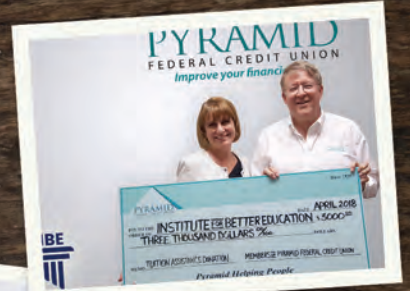
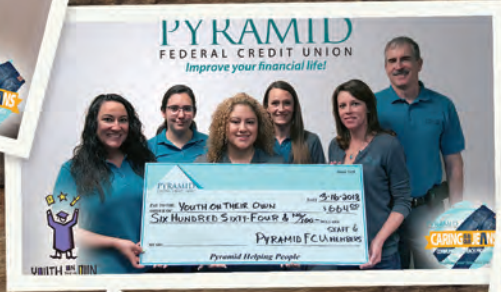
To honor the legacy of the credit union's first manager, Pyramid began offering the ***Munday Curd Scholarship*** for deserving young members in **2005**.

Offered each year, the scholarship is open to graduating high school seniors to further their educational goals. ***Congratulations to all the 2019 recipients!***

PYRAMID
FEDERAL CREDIT UNION

CARING IS IN OUR JEANS

COMMUNITY OUTREACH PROGRAM



Twitter Facebook YouTube
@PyramidFCU

#CARINGISINOURJEANS #PYRAMIDHELPINGPEOPLE

Did you **KNOW** if you open a
Pyramid Federal Credit Union
Checking Account, **YOU** and **I** get

\$25!*

Get Your Cards Today &

▶▶▶▶ **Start Earning** ◀◀◀◀

Open a **Pyramid Federal Credit Union**
Checking Account, **YOU** and **I** get **\$25!***

It's quick and easy, come in
▶▶▶ **Join Today!** ◀◀◀

PYRAMID
FEDERAL CREDIT UNION

#RAF25

*Account requirements apply. Visit any PFCU branch for details or visit www.pyramidfcu.com/RAF25

Twitter Facebook YouTube
@PyramidFCU

PYRAMID
FEDERAL CREDIT UNION

Thank You

TO ALL OF OUR

MEMBERS



Celebrating 90 years helping
Improve your financial life!

COMMITMENT TO COMMUNITY

We understand that Pyramid Federal Credit Union is only as strong as the members and communities we serve. In 2018, Pyramid strengthened our commitment by partnering with schools, charities, and organizations that make our community a great place to live and work.



PYRAMID
HELPING
PEOPLE

Improve your financial life!

Pyramid Federal Credit Union

PO Box 12100 • Tucson, AZ 85732-2100

520.795.7950

www.pyramidfcu.com

