

SUNWEST FEDERAL CREDIT UNION

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2019 ANNUAL REPORT



THROUGH OUR EMPOWERED STAFF,



SunWest's mission is to provide exceptional service focused on dedication, integrity and compassion to help our members grow and thrive. SunWest Federal Credit Union will improve the financial health of our members while enriching the communities we serve. We will accomplish this by sticking to our core values:

INTEGRITY

WE TREAT OTHERS WITH
HONESTY, SINCERITY + RESPECT.

COMMITMENT

WE HONOR OUR COMMITMENTS BY BEING
EMPOWERED, RESOURCEFUL + ACCOUNTABLE.

SERVICE

WE PROVIDE EXCEPTIONAL
SERVICE WITH COMPASSION + EMPATHY.

COMMUNITY

WE ARE PASSIONATE ABOUT SERVING OUR
COMMUNITIES + CREATING A POSITIVE IMPACT.

BOARD OF DIRECTORS

FRANCES BARREY
CHAIRPERSON

THOMAS MCCARTY
DIRECTOR

JOSEPH DEAN
VICE-CHAIRMAN

WILLIAM MILLER
DIRECTOR

THOMAS SHERIDAN
TREASURER

RANDALL NELSON
DIRECTOR

LOUISE BLEVINS
SECRETARY

D. LEE ROBERTS
DIRECTOR

BRIAN RIGGAN
DIRECTOR

SUPERVISORY COMMITTEE

ROY WISE
CHAIRMAN

AARON MARCUS
MEMBER

ALLISEN REESE
MEMBER

THOMAS HANEY
MEMBER

EXECUTIVE STAFF

WALTER SYNOWIECKI
PRESIDENT/CEO

BRIAN GORMAN
VICE PRESIDENT/COO

LORI SMITH
VICE PRESIDENT/CFO

AS PRESIDENT AND CEO...

I am honored to represent one of Arizona's strongest credit unions and am incredibly proud of the year we had in 2019. We remained committed to enriching the lives of our members, employees, and community partners by focusing on our core values: integrity, commitment, service, and community. We also developed the foundation necessary to improve our current product offerings and enhance the overall experience our members have come to expect when they walk through our doors or visit us online.

One way we enriched lives in 2019 was through our SunWest Cares initiative, which expanded our footprint within the community and engaged our employees on a level beyond their everyday duties. The purpose of this program is to make a difference in our local communities and play an active role in creating lasting relationships with nonprofit organizations and the causes we care about the most. I am happy to share that our staff volunteered 600 hours of their time to help organizations such as the Andre House, Phoenix Children's Hospital, Phoenix Zoo, Lake Pleasant, House of Refuge, and UMOM. SunWest Cares is a rewarding program that has the added benefit of increasing our recognition in the community as an organization that transcends typical banking. Equally as important, the work we do enriches our staff's lives, providing a greater sense of purpose and inciting pride in our credit union's humanitarianism.

Another initiative that spurred our growth was the creation of Youth Accounts. As we rolled out the programs, we received a lot of excitement from both members and staff when they heard about the attention that would be given to the younger age groups. The successful implementation of our new kids' accounts led to 647 Pounce Accounts, 432 Future Funders, and 76 Journey Accounts. By providing an engaging base for youth to start learning about banking, we are laying the groundwork for financial savviness that they might not obtain anywhere else in their education.

We have so much more in store for 2020. We plan to increase our community involvement, create robust financial education programs, strengthen our digital presence with website and mobile app improvements, and expand upon our youth account programs. Thanks to our astute Board of Directors, compassionate staff, and loyal members, SunWest was outstanding in 2019. As we approach 2020, I am confident that the next twelve months will be our best yet.

WALTER SYNOWIECKI
PRESIDENT/CEO

AS WE REFLECT ON 2019...

I would like to express my gratitude for another successful year for our credit union. SunWest Federal Credit Union continues to be a driving force in our community thanks to the ambitious goals we set. We have stayed true to our mission of providing members the best option for their financial growth through our high standards of respect for and commitment to the community. Our dedication to creating a more personable banking experience keeps us relevant in a time when members have many options.

Our Pay It Forward program, which was designed to give back to members in need, was once again an effective way to demonstrate our commitment to helping our members grow and thrive. Each of our eight branches received \$1,500 and were empowered to assist members who were going through difficult times. One story that touched my heart was a member who did not have the funds to fly to Florida to see her sister before she passed. A SunWest team member overheard her conversation with the airline company and her struggle in finding an affordable flight and knew she could help. The member was grateful to receive enough funds to allow her to spend time with her sister. Overall, SunWest helped more than 25 members during their time of need, and I look forward to seeing our impact in 2020.

SunWest is also continuously working to improve the banking experience to ensure that our members always receive the high level of service they expect. As part of this plan, we will be remodeling our Mesa and Campbell branches and intend to build new locations in Goodyear and Laveen. Website and mobile app enhancements, along with our newly created Digital Services Department, will also strengthen our digital presence. All of these developments will enable SunWest to maintain a competitive edge, attract new members, and better serve our communities in the future.

Thanks to the support from our members, the commitment from our Board of Directors, and our staff's exceptional service, SunWest will continue to excel throughout 2020. I look forward to the evolution of our brand with the upcoming new branch locations as well as our ongoing volunteer and youth programs. It is my privilege as Chairperson to be part of the exemplary work we have done, and will continue to do, here at SunWest Federal Credit Union.

FRANCES BARREY
CHAIRPERSON

SUNWEST COMPLETED...

an incredible year yet again.

BauerFinancial, an independent ratings group that analyzes banks and credit unions nationwide, has given us another 5-star rating. This shows our strength as a financial institution, reinforcing our belief in the work we do as we achieve the highest rating year after year. In addition, SunWest is one of only four Arizona credit unions featured on the list of the top 200 healthiest credit unions in the country published by Lending Tree's DepositAccounts.com.

I am happy to announce that we ended 2019 with a net worth of 12.89% of total assets. This means that our net worth ratio is above that of the NCUA standard of 7%, which is the credit union standard in order to be considered well-capitalized. We are preparing for another year of tremendous growth as we move into 2020. I continue to be amazed by our leadership team and appreciate the enthusiasm our team demonstrates every day. I am grateful to have the privilege to work on the board of such an extraordinary organization. I am confident that SunWest will keep operating at the highest level for our members, now and for many years to come.

THOMAS SHERIDAN
TREASURER

AS THE CHAIRMAN...

of the Supervisory Committee, I would like to personally thank our members for entrusting us with their finances.

We make it our top priority to provide our members with a banking experience that surpasses their expectations. This requires each member of the Supervisory Committee to be well-versed in matters of financial safety and security and I am happy to report that SunWest has an incredible group of volunteers ready to serve the members.

Each year, the National Credit Union Administration conducts a thorough examination of SunWest to ensure that our policies, procedures, and security controls are in place and designed to successfully guide you on your financial journey. As has been the case in years past, SunWest continues to meet the requirements set forth to secure insurance through the National Credit Union Share Insurance Fund. In addition to this examination, the Supervisory Committee also partnered with CliftonLarsonAllen, LLP to complete the annual audit of our financial statements. I am happy to report that SunWest was once again granted an "unmodified opinion" as determined by the American Institute of Certified Public Accountants (AICPA).

SunWest Federal Credit Union has always worked diligently to provide the best possible experience for our members. The Supervisory Committee is pleased with the results of 2019, and we do not take our responsibilities lightly. Representing you, our loyal members, as the Chairman of the Supervisory Committee at SunWest is one of my greatest achievements. We look forward to serving our members' interests in the coming year and to providing you with excellent services in a financially safe and secure environment.

ROY WISE
CHAIRMAN

ASSETS

Total Loans	\$275,018,202
Allowance for Loan Loss	(\$1,766,704)
Net Loans Outstanding	\$273,251,498
Cash	\$3,666,969
Investments:	
Federal Agency Securities	\$49,562,282
Certificate of Deposit	\$33,780,028
Other Investments	\$9,472,906
Total Investments	\$92,815,216
Other Assests:	
Accrued Interest on Loans	\$1,071,486
Accrued Interest on Investments	\$182,264
Prepaid Expenses	\$460,071
Net Fixed Assets	\$12,389,255
NCUSIF Deposit	\$3,292,527
Other Assets	\$6,933,341
Total Other Assests	\$24,328,944
TOTAL ALL ASSETS:	\$394,062,627

LIABILITIES

Accounts Payable	\$3,379,928
Dividends Payable	0
Pension Liability	0
Other Liabilities	\$966,495
Total Liabilities	\$4,346,423
Equity:	
Member Share Accounts	\$343,863,028
Equity Reserves:	
Regular Reserves	\$7,687,578
Other Revocable Reserves	\$3,430,000

Maricopa Santa Fe FCU Merged Equity	\$85,800
Undivided Earnings	\$39,605,276
Total Equity Reserves	\$50,808,654
Other Comprehensive Income	(\$4,955,478)
TOTAL ALL LIABILITIES & MEMBERS EQUITY:	\$394,062,627

OPERATING INCOME

Interest on Loans	\$14,512,055
Interest on Investments	\$1,832,628
Other Income	\$5,738,457
TOTAL GROSS INCOME:	\$22,083,140

OPERATING EXPENSES

Compensation + Employee Benefits	\$7,666,625
Travel + Conferences	\$94,879
Association Dues	\$65,444
Office Occupancy Expense	\$1,507,661
Office Operations Expense	\$3,235,709
Marketing Expense	\$532,271
Loan Servicing Expense	\$282,263
Professional Services	\$1,900,672
Provision for Loan Loss	\$997,600
NCUA Premium	\$0
Other Expenses	\$388,730
TOTAL OPERATING EXPENSES:	\$16,671,854
CU Operating Income (Loss):	\$5,411,286
Other Gains/Losses:	(\$21,077)
Total Dividends:	\$2,414,195
NET INCOME (Loss):	\$2,976,014

The image features a light beige background with several large, colorful, abstract shapes. These shapes are thick, curved lines in shades of orange, yellow, blue, and pink, some forming partial loops or spirals. The SunWest Credit Union logo is centered in the lower half of the image. It consists of a stylized icon of three curved lines above the text "SUNWEST" in a bold, black, sans-serif font, with "CREDIT UNION" in a smaller, black, sans-serif font below it.

SUNWEST
CREDIT UNION