

# just for you...

# 2014 ANNUAL REPORT



## TruGrocer

FEDERAL CREDIT UNION

The ONLY Federal Credit Union in the United States chartered to serve grocery industry employees and their families

## 2014 Management Report

On behalf of the Board of Directors and leadership team of TruGrocer Federal Credit Union, we would like to thank you for taking the time to review your credit union's Annual Report. As a member of TruGrocer you are an owner, and can be proud that your credit union is one of the top ranking credit unions in the United States – one that's been on the BauerFinancial 5-Star Superior Rating List for the past 23 consecutive years! TruGrocer remains strong and safe; 100% committed to the grocery industry and the **ONLY** Federal Credit Union in the United States chartered specifically to serve the financial needs of grocery industry employees and their families.

Despite a sluggish economic environment, TruGrocer demonstrated strong performance in 2014. The Credit Union ended the year with \$233 million in Assets, the highest level ever achieved and a 4.1% increase over 2013. Member Share Accounts increased to \$181 million, a 3.6% increase over 2013, and Capital and Reserves, including the Allowance for Loan Losses, increased to nearly \$49 million.

Your credit union has a long history as a thoughtful lender, with a strong credit culture and sound lending practices. After struggling to increase the Loan-to-Share Ratio over the past few years, strong marketing efforts and competitive lending rates helped grow Loans to \$72 million in 2014, a 5.3% increase over 2013, while Delinquent Loans-to-Total Loans, at 0.25%, remained well below the peer group average of 0.94%. TruGrocer's strong Capital and Reserves allows for competitive lending rates that save Members a tremendous amount of money! With economic factors improving, and the Credit Union's favorable lending rates, progress should continue in this area.

Fueled by a reduction in employee health insurance costs, low Loan losses and solid recoveries on prior charged off Loans, the Credit Union had strong Net Income for 2014. Affecting Net Income in a negative way was approximately \$50 thousand in losses attributed to data security breaches at retailers. The Credit Union ended 2014 with \$369,545 in Net Income; up \$157,352 from 2013 and \$103,683 more than the 2014 budgeted amount. Net Income improvement allowed for increases in dividend rates on many TruGrocer Share Account types.

Making it easier to do business with TruGrocer is key to fulfilling the Credit Union's mission of distinguishing itself as the preferred provider of financial services to grocery industry employees, retirees and family members. We are constantly working to provide products and services that meet Member needs, improve Member access to the Credit Union and become more competitive. In 2014, the Credit Union rolled out **Mobile Banking and Deposit**, which includes the ability to make deposits by taking a picture of a check with Android, iPhone and iPad technology. We are committed to enhancing mobile banking services to make them more convenient and versatile – Apple Pay is coming soon.

Whether you embrace the electronic service tools that deliver convenience or the more traditional service channels with human interaction, your positive Member experience is our top priority. Our growth and success over the past year is not limited to our Balance Sheet and Income Statement. While we must keep up with the latest technology, we are also committed to being there in person and on the phone, providing the personalized service many of our Members appreciate and enjoy. Our goal is to exceed your service expectations!

The Credit Union has had great success in reaching out to Independent Grocers this past year due to its participation in grocery industry events and through its partnership with a company providing many back-office processing solutions for Independent Grocers. We continue to strengthen relationships with existing Grocery Partners and installed new and/or replaced ATM's at many Partner locations during the year. TruGrocer will install its first deposit taking ATM in the employee cafeteria of one of our large Grocery Partners in February 2015.

As mentioned before, the Credit Union sustained approximately \$50 thousand in losses during 2014 due to retailer data security breaches. Through it all, TruGrocer Members remained safe and protected, as we monitored potential fraud 24/7 and replaced cards that were compromised. We take the security of your personal financial information very seriously and continually work to mitigate risk and reduce the inconvenience to our Members when their plastic is compromised. With this in mind, we are moving forward with making all of our plastic even safer, and plan to reissue TruGrocer's Visa Credit Cards with EMV chip technology towards the end of summer/early fall 2015. The conversion of Debit Cards to EMV will occur subsequently.

As the Credit Union enters its 50th year of operation, we are excited about the future and look forward to every opportunity to meet your financial needs. We constantly think about upgraded and/or new products and services that can help simplify the lives of our Members. We strategically think about what Member needs are today, but also try to envision what TruGrocer will look like in 5, 10, 15 years and beyond. We look forward to a future that's filled with increased levels of convenience, and expanded products and services, all while maintaining financial strength and security of Member information.

We are proud of the TruGrocer team and what they have accomplished the past 12 months; they make a considerable contribution to the respected financial institution TruGrocer is today. Your volunteer Board of Directors, Supervisory Committee and National Grocery Partner Advisory Council devote hours of their personal time to the success of TruGrocer. On behalf of the entire TruGrocer team, we appreciate your business, your loyalty and your support. Together we can make a positive difference in the lives of our Members and provide a valuable employee benefit for the Grocery Partners we serve.

Thank you for choosing TruGrocer Federal Credit Union; we are privileged to serve you!

**TruGrocer Federal Credit Union**  
Uniting the Grocery Family with Real Financial Value

**Phyllis A. Adkins**  
President & CEO

**Robert P. Baker**  
Chairman

**Michael T. Shalz**  
Treasurer

	(as of December 31st)	2014*	2013*	2012*
<b>ASSETS</b>				
Cash and Equivalents	\$	21,423,243	\$ 15,324,930	\$ 23,550,857
Investments		127,658,683	128,346,065	122,847,157
Loans to Members—Net		71,932,144	68,236,832	67,512,439
Other Real Estate Owned (OREO's)		150,219	113,750	355,405
Accrued Interest Receivable		242,929	231,337	276,683
Property and Equipment—Net		2,761,700	2,881,153	3,082,684
Other Assets		9,276,087	9,139,473	8,793,838
		<b>\$ 233,445,005</b>	<b>\$ 224,273,540</b>	<b>\$ 226,419,063</b>
<b>LIABILITIES</b>				
Notes Payable	\$	0	\$ 0	\$ 0
Dividends Payable		31,273	24,882	29,124
Other Liabilities		3,833,403	1,286,829	1,552,680
<b>SHARES</b>				
Share Accounts		181,017,272	174,768,317	176,855,940
Total Liabilities and Shares		184,881,948	176,080,028	178,437,744
<b>MEMBERS' EQUITY</b>				
Regular Reserves		2,567,248	2,567,248	2,567,248
Undivided Earnings		45,995,809	45,626,264	45,414,071
Total Members' Equity		48,563,057	48,193,512	47,981,319
		<b>\$ 233,445,005</b>	<b>\$ 224,273,540</b>	<b>\$ 226,419,063</b>

	(as of December 31st)	2014*	2013*	2012*
<b>INTEREST INCOME:</b>				
Interest on Loans	\$	3,102,752	\$ 3,250,055	\$ 3,524,421
Interest from Investments		1,099,523	1,058,172	1,269,015
		<b>4,202,275</b>	<b>4,308,227</b>	<b>4,793,436</b>
Dividend and Interest Expense		569,439	601,526	871,496
<b>NET INTEREST INCOME</b>		<b>3,632,836</b>	<b>3,706,701</b>	<b>3,921,940</b>
Provision for Loan Losses		(12,613)	51,371	194,299
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>		<b>3,645,449</b>	<b>3,655,330</b>	<b>3,727,641</b>
<b>Fees and Other Revenues</b>		<b>2,795,327</b>	<b>2,615,611</b>	<b>2,546,221</b>
<b>OPERATING EXPENSES:</b>				
Compensation and Benefits		2,840,408	3,091,351	2,958,625
Other Operating Expenses		3,206,340	2,948,441	2,922,529
		<b>6,046,748</b>	<b>6,039,792</b>	<b>5,881,154</b>
<b>NON-OPERATING INCOME/EXPENSES:</b>				
Other Non-Operating (Income)/Expense		25,483	18,956	2,391
Disposition of Assets		(1,000)	0	27
<b>NET EARNINGS</b>		<b>\$ 369,545</b>	<b>\$ 212,193</b>	<b>\$ 390,290</b>

\*Taken from Audited Financial Statements

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee has ongoing responsibilities to appraise policies, review operational procedures and perform internal audits designed to verify that the accounting records accurately reflect the operations of the Credit Union. The Supervisory Committee verifies that there are adequate internal controls in place to protect the Credit Union, its members, management and employees.

The Supervisory Committee selected Eide Bailly LLP to conduct an independent audit of the Credit Union for calendar year 2014. The audit included examination, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also included members' account verification, review of share and loan ledgers, review of loan delinquency and the adequacy of the allowance for loan losses account, review of internal controls and procedures and confirmation of credit union investments.

The Supervisory Committee received a copy of the Independent Auditors' Report for the year ended December 31, 2014 and a copy of this report is available at the Boise Credit Union Office for members to review. It is the opinion of the Supervisory Committee that TruGrocer Federal Credit Union is operating effectively, that the financial statements present fairly its financial position and that operations are handled in accordance with generally accepted accounting principles and related federal regulations.

**Jeff Kleveland**  
Supervisory Committee

## BOARD OF DIRECTORS

Robert P. Baker, Chairman	Doug Gibson, Secretary	John McMurdie
Bill Carter, Vice Chairman	Cynthia Forsch	Pradip Mehta
Michael T. Shalz, Treasurer	Michele Koci	Doyle Troyer

## CREDIT UNION OFFICIALS AND MANAGEMENT STAFF

Phyllis Adkins, President & CEO  
 Michael S. Vickery, Sr. Vice President & COO  
 Chris Demaray, Director, Member Service & Human Resources  
 Leo Francis, Director, Lending, Branch Operations & Regulatory Compliance  
 Ken Smith, Director, Technology Development & Loss Prevention  
 Ann Cargile, Loan Servicing Supervisor  
 Karen Borchert, Sr. Financial Accountant  
 Denise Bardwell, Orlando & Wells Branch Manager  
 Chalyce Ward, Dallas/Fort Worth Branch Manager  
 Laura Sotelo, Los Angeles Branch Manager

## SUPERVISORY COMMITTEE

Matt McKinlay, Chairman    Jeff Kleveland    Devon Hart    Robin Alcorn

*NCUA Deposit Insurance*  
*Payroll Deduction*  
*Share Draft Checking*  
*Overdraft Protection -- Line of Credit*  
*Direct Deposit -- Government & Payrolls*  
*Savings Accounts*  
*Vacation & Christmas Club*  
*IRA's*  
*Money Market Accounts*  
*Time Share Certificates*  
*Health Savings Accounts (HSA's)*  
*Mobile Banking and Deposit*  
*Toll Free Electronic Teller "ET"*  
*Money Gram & Express Pay*  
*VISA Travel Money\*\**  
*VISA Gift Cards\*\**  
*Discount Movie Tickets\*\**  
*Home Banking CU OnLine*  
*Drive Through Window\*\*\**  
*Quick Cash Dispensing Machines\*\**  
*Account Access through the CU*  
*Service Centers Network*  
*txtAlerts - text messaging*  
*Electronic Statement Delivery*  
*Safe Deposit Boxes\**

*VISA Credit Cards with 1% Purchase Rebate*  
*Personal Loans*  
*Real Estate Loans*  
*Home Improvement Loans*  
*Automobile Loans*  
*Stock Loans*  
*RV Loans*  
*Credit Disability Insurance*  
*Credit Life Insurance*  
*Free Cashiers Checks*  
*Lifetime & Family Membership*  
*Roth IRA's*  
*Free Notary Service\*\**  
*CUNA Brokerage Services - TruStage*  
*Guaranteed Asset Protection (GAP)*  
*Mechanical Breakdown Protection (MBP)*  
*ATM/Point-of-Sale/MasterCard Debit*  
*Internet Home Page*  
*Free CU OnLine Bill Payer*  
*Excess Share Insurance Coverage up to \$500,000 per member - no charge to members*  
*On-line Loan Applications*  
*Pay Advance Lines-of-Credit*  
*Home Equity Lines-of-Credit (HELOC's)*  
*Popmoney Person-2-Person Payments*

\*Available Boise Only    \*\* Available at Some Locations    \*\*\* Available at Each Office, excluding Wells



### National Service Locations

<b>Main Office</b> P.O. Box 8145 Boise, ID 83707 (208) 385-5200	<b>Los Angeles Branch</b> 341 E. Imperial Hwy. Fullerton, CA 92835 (714) 738-4681	<b>Wells Satellite Office</b> 205 Spencer Drive Wells, ME 04090 (207) 646-4989
<b>Dallas / Fort Worth Branch</b> 1327 Brown Trail Bedford, TX 76022 (817) 285-8292	<b>Orlando Branch</b> 3305 Lake Breeze Dr. Orlando, FL 32808 (407) 292-2006	<b>Meridian Satellite Office</b> 3335 E. Overland Road Meridian, ID 83646 (208) 385-5200

Over 5,000 Shared Branches  

 CREDIT UNION SERVICE CENTERS.  
 The Member-Friendly Financial Network

Nearly 30,000 ATMs



Additional coverage up to \$250,000 provided by Excess Share Insurance Corporation, a licensed insurance company.

[www.trugrocer.com](http://www.trugrocer.com)