

financial
wellness...
just for you...



2019 MANAGEMENT REPORT

We are pleased to report another successful year for TruGrocer Federal Credit Union. As a financial cooperative, TruGrocer is fundamentally based on the idea that the combination of great service and value will result in long-term relationships with members and the associated growth that comes from being a trusted service provider. This has driven strong growth over the years and 2019 was no exception.

We are extremely proud that TruGrocer continues to make a positive difference in member lives through its cooperative structure - owned and controlled by the members who benefit and use its products and services. This makes the Credit Union unique in the financial services industry. The philosophy behind credit unions is "people helping people" and each member is an equal owner, regardless of the amount they have on deposit. Our members are the heart and soul of this organization and we are honored to present this report.

TruGrocer's adherence to sound business practices continues to fuel solid performance. Assets increased to \$269mm, a 4.8% increase over 2018 and Loans to Members increased to \$99mm, an 8.3% increase over 2018. Over the past two years, the Credit Union has grown its Loan portfolio by \$17.5mm, while maintaining Loan quality, as reflected in a Delinquent Loan-to-Total Loan Ratio of a low 0.13%. Much of this Loan growth can be attributed to the modernization of Loan Policies, which occurred in 2018, as well as to offering highly competitive Loan rates and terms.

A declining interest rate environment, and resulting decline in Investment Yield, impacted the Credit Union's Net Income. However, a respectable \$940k was still added to Retained Earnings and Capital and Reserves increased by 2.0% over 2018, ending the year at \$52mm with a Net Worth Ratio of 19.3%. This is a superior capital position by all regulatory standards.

In a crowded marketplace, TruGrocer strives to differentiate itself from other financial institutions through its robust electronic service delivery systems, fewer and lower fee structure, and superior member service. TruGrocer's investment in digital improvements continues to pay off as relationships with new and existing members deepen. In 2019, Mobile Banking users increased by 12.5%, Bill Pay users increased by 11.1%, Money Management users increased by 94.9% and the number of members using the new FICO credit score feature increased by 79.9%. Solid evidence that our members love technology and are willing to embrace these cost effective forms of service delivery.

In an ongoing effort to position your Credit Union for the future and control fraud, card controls for ATM/Point-of-Sale(POS)/Debit Card plastic was introduced in 2019. This feature has many benefits, one being that it helps to further reduce ATM/POS/Debit Card fraud by allowing Members to turn their plastic "on and off" through CU OnLine or the Mobile Banking app. ATM/POS/Debit Card fraud is a large operating expense and with the issuance of EMV chip plastic, and implementation of card controls, ATM/POS/Debit Card fraud decreased by 27.7% from 2018 to 2019.

For 2020, TruGrocer will push to strengthen existing relationships with Grocery Partners and reach out to new potential Partners, both retail grocery and grocery wholesalers, through a variety of business development activities. Relationships with grocery employers, who then offer the Credit Union as an employee benefit, continues to be the most cost effective way to market TruGrocer services to grocery workers, and their family members, in the United States.

Things that sustain are built on a solid foundation. For over five decades, TruGrocer Federal Credit Union has continued to build upon a legacy of trust, leadership and outstanding service. A lot has changed since 1965 when a small group of grocery employees pooled their resources to establish and charter the Credit Union, but the same values and commitments that inspired the Credit Union's humble beginnings remain true today. As we embark on each stage of the journey, our foundation of purpose, shared values and financial wellness are the building blocks that fuel continued viability and relevance.

TruGrocer, as your trusted financial partner, is ready to support you and your family on the road to financial wellness and success. We know there are numerous financial solutions available, and substantial competition for your business. TruGrocer remains committed to our mission of providing outstanding service and value, best in class service delivery channels, great technology, lower and fewer fees, and competitive Loan and Dividend rates, all while delivering strong financial performance.

Many thanks to our knowledgeable staff, our grocery industry Partners throughout the United States, our volunteer Board of Directors and Supervisory Committee, and our volunteer National Advisory Council for another successful year. Their loyalty, dedication and commitment to the members of TruGrocer Federal Credit Union is what makes this organization so successful, now and into the future.

statement of
FINANCIAL CONDITION

	(as of December 31st)	2019*	2018*	2017*
ASSETS				
Cash and Equivalents	\$	25,711,699	\$ 21,035,096	\$ 23,529,755
Investments		129,139,279	129,077,970	139,202,781
Loans to Members—Net		99,240,126	91,641,353	81,698,582
Accrued Interest Receivable		398,158	365,191	296,137
Property and Equipment—Net		3,027,580	3,160,195	3,090,020
Other Assets		11,644,834	11,446,903	11,057,067
		\$ 269,161,676	\$ 256,726,708	\$ 258,874,342
LIABILITIES				
Notes Payable	\$	0	\$ 0	\$ 0
Dividends Payable		0	0	0
Other Liabilities		769,472	624,135	608,521
SHARES				
Share Accounts		216,547,384	205,198,210	208,365,055
Total Liabilities and Shares		217,316,856	205,822,345	208,973,576
MEMBERS' EQUITY				
Regular Reserves		2,567,248	2,567,248	2,567,248
Undivided Earnings		49,277,572	48,337,115	47,333,518
Total Members' Equity		51,844,820	50,904,363	49,900,766
		\$ 269,161,676	\$ 256,726,708	\$ 258,874,342

statement of
EARNINGS

	(as of December 31st)	2019*	2018*	2017*
INTEREST INCOME:				
Interest on Loans	\$	3,691,171	\$ 3,356,588	\$ 3,134,930
Interest from Investments		3,620,839	2,976,269	2,018,132
		7,312,010	6,332,857	5,153,062
Dividend and Interest Expense		1,568,644	1,112,875	800,960
NET INTEREST INCOME		5,743,366	5,219,982	4,352,102
Provision for Loan Losses		97,734	109,203	13,707
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES		5,645,632	5,110,779	4,338,395
Fees and Other Revenues		2,318,830	2,471,802	2,362,926
OPERATING EXPENSES:				
Compensation and Benefits		3,080,761	2,920,792	2,763,880
Other Operating Expenses		3,976,869	3,658,536	3,563,532
		7,057,630	6,579,328	6,327,412
NON-OPERATING INCOME/EXPENSES:				
Other Non-Operating (Income)/Expense	(32,012)	0	0	0
Disposition of Assets	(1,614)	(344)	0	0
NET EARNINGS		\$ 940,458	\$ 1,003,597	\$ 373,909

*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 2019. 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 balances, 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, 2019 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.

Devon Hart

Chair, Supervisory Committee

BOARD OF DIRECTORS

Robert P. Baker, Chairman	Doug Gibson, Secretary	Mark Lavin
Bill Carter, Vice Chairman	Cynthia Forsch	John McMurdie
Michele Koci, Treasurer	Peggy Jones	Matt McKinlay

CREDIT UNION OFFICIALS AND MANAGEMENT STAFF

Phyllis Adkins, President & CEO
 Michael S. Vickery, Executive Vice President & COO
 Ken Smith, Senior Vice President, Technology
 Chris Demaray, Vice President, Member Service, Branch Operations & Human Resources
 Karen Dawson, Chief Financial Officer
 Bryan Foreman, Loan Manager
 Leo Francis, Regulatory Compliance Officer
 Denise Bardwell, Orlando Branch Manager
 Chalyce Ward, Dallas/Fort Worth Branch Manager
 Laura Sotelo, Los Angeles Branch Manager
 Gail Machos, Meridian Branch Manager
 Claire Urquhart, Wells Branch Manager
 Heston Charlton, Phoenix Branch Manager

SUPERVISORY COMMITTEE

Devon Hart, Chairman Joel Monsen Thomas Muguira Matt McKenney

MEMBER SERVICES

- NCUA Deposit Insurance
- Payroll Deduction
- Share Draft Checking
- Overdraft Protection -- Line of Credit
- Direct Deposit -- Government & Payrolls
- Savings Accounts
- Vacation & Christmas Club
- IRA's & Roth 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***
- Deposit Taking ATM's**
- Account Access through the CU Service Centers Network
- Text Banking & Alerts
- Electronic Statement Delivery
- Apple Pay, Google Pay, Samsung Pay
- Safe Deposit Boxes*
- VISA Credit Cards with 1% Purchase Rebate
- Personal Loans
- Real Estate Loans
- Home Improvement Loans
- Automobile Loans
- RV Loans
- Credit Disability Insurance
- Credit Life Insurance
- Free Cashiers Checks
- Lifetime & Family Membership
- Account Aggregation & Budgeting w/ Money Management
- Free Notary Service**
- CUNA Brokerage Services
- TruStage Insurance Products
- Guaranteed Asset Protection (GAP)
- Mechanical Breakdown Protection (MBP)
- ATM/Point-of-Sale/MasterCard Debit
- Internet Home Page - Responsive Technology!
- 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 - new, higher limits!
- Home Equity Lines-of-Credit (HELOC's)
- Person-2-Person Payments
- FICO Credit Score Availability

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



National Service Locations

Main Office	Orlando Branch	Wells Satellite Office	Phoenix Branch
P.O. Box 8145 Boise, ID 83707 (208) 385-5200	3305 Lake Breeze Dr. Orlando, FL 32808 (407) 292-2006	205 Spencer Drive Wells, ME 04090 (207) 646-4989	4961 W. Bell Road, Ste. B6 Glendale, AZ 85308 (602) 978-9408
Dallas / Fort Worth Branch 1327 Brown Trail Bedford, TX 76022 (817) 285-8292	Los Angeles Branch 341 E. Imperial Hwy. Fullerton, CA 92835 (714) 738-4681	Meridian Branch Office 3335 E. Overland Road Meridian, ID 83646 (208) 385-5200	

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