

# Annual Report 2017



**RIO GRANDE**  
- CREDIT UNION -

**Your New Mexico Credit Union**



## BOARD MEMBERS



Lucy Sedillo,  
Board Chair



Dan Mayfield,  
First Vice Chair



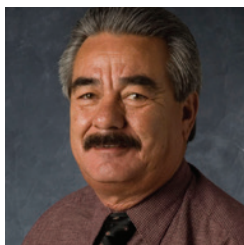
Cynthia Borrego,  
Second Vice Chair



Irene Serna,  
Secretary/Treasurer



Dianne Montoya-Brown,  
Director

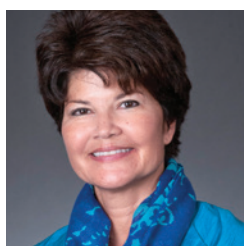


Ron B. Maestas,  
Director

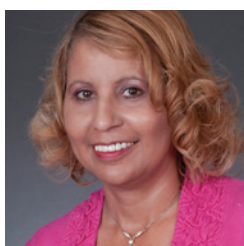


Mark Sanchez,  
Director

## SUPERVISORY COMMITTEE



Susan Biernacki,  
Chair



Patricia French,  
Member



Lisa Wilson,  
Member

## LEADERSHIP TEAM



Mike Athens,  
Interim President/CEO



Roy Stange,  
Chief Financial Officer



Patrick C. Rushenberg,  
VP – Lending



Bill Daily,  
VP – Marketing



Lily Currin,  
VP – Human Resources







## CONTENTS

Letter from the Board Chair.....	2-3
Letter from the President .....	4-5
Supervisory Committee Report .....	6-7
2017 Financials.....	8-9





# Letter from the BOARD CHAIR

While the Board will always take pride in running a sound and stable financial institution, we are also proud of our community involvement. Being an organization founded on principles of 'People Helping People,' we believe it is important to help other organizations that improve our community. During the past 12 months:

- We raised **\$17,200 for Prosperity Works** during our 5th Annual Golf Classic. Funds raised during the tournament continue to help lift New Mexico families out of poverty.
- Rio Grande Credit Union raised **\$5,700 for the Albuquerque Police Department's Torch Run NM and Special Olympics NM** from our employees and members.
- We raised over **\$2,500 for Children's Miracle Network** from our 2017 Annual Meeting raffle.
- The Credit Union raised **\$2,300 for the Disabled American Veterans**.
- Credit Union branches sold tickets for the Duke City Gladiators Indoor Football First Responders game. **\$1,000 from ticket sales went to the South Valley Economic Development Center (SVEDC).**
- Rio Grande Credit Union presented the **American Lung Association of New Mexico with \$2,500** from branch icon sales. All proceeds go to lung cancer research.
- We collected school supplies for **Albuquerque Public Schools. Our branches procured over \$2,200** while receiving 934 donated school supplies.
- Rio Grande Credit Union employees volunteered at the **Roadrunner Food Bank and helped feed 690 families**. During our food drive, we collected 307 pounds for the Food Bank.
- 13 Credit Union employees participated the **Annual Breast Cancer Walk and contributed \$500** to cancer research.
- Credit Union employees raised **\$2,500 for CLN Kids** through payroll deductions.
- Credit Union members donated **\$2,000 worth of toys during the annual Giving Tree Promotion**.

It's great to see Credit Union members and employees participate in these community activities. In fact, nearly half of our 120 employees participated in community events and fundraisers throughout 2017. I'm not a betting person, but I'd bet those national banks don't have employees like that!

We are proud to be a part of the community. We are also proud that you choose to be Rio Grande Credit Union members. Thank you.

Sincerely,



Lucy Sedillo, Board Chair





It's great to see  
Credit Union members  
and employees  
participate in these  
community activities.





# Letter from the PRESIDENT

I am pleased to report that 2017 was another outstanding year at Rio Grande Credit Union. Let me highlight a few of the Credit Union's financial indicators:

- Total assets ended at \$319,683,826. This represents a growth of 7.28% since 2016.
- Total member shares ended at \$272,548,888. This represents a growth of 7.45% since 2016.
- Total member loans ended at \$239,417,724. This represents a growth of 6.03% since 2016.
- The Credit Union's earned net income for 2017 was \$3,612,988. The year-end return-on-assets ratio was a very strong 1.17%.
- Net worth ended at 14.24%. NCUA defines a well-capitalized credit union as above 7%.
- The total number of members as of December 31, 2017 was 30,906.

Rio Grande Credit Union's financial performance continues to be nationally recognized. We were ranked the 110th healthiest credit union in the United States by depositaccounts.com. This made us the healthiest credit union in New Mexico! Bauer Financial rated us as 5 stars, the highest rating available. Weiss Ratings rated us as an "A" which they define as excellent. We also continue to out-produce peer average in both net worth and return on assets.

Strong credit union performance does not always come in the form of financial performance. It also includes a social responsibility for helping people. We continue to give back to the community by working with local non-profit organizations to help build a better Albuquerque. These include: Prosperity Works; Catholic Charities; St. Timothy's Church; South Valley Economic Development Center; Children's Miracle Network; Bernalillo County Sheriff's Office; New Mexico Special Olympics; and CNL Kids, just to name a few. We have donated time (RGCU employees donated 806 hours of their time), resources and money to help these critical partners help build our community!

For the 2nd year in a row, Rio Grande Credit Union was named a "Best Places to Work" by the *Albuquerque Journal*. This is very important to us, because it demonstrates that our staff believe in our mission of helping both our member with their financial needs and continuing to build a better community. I'm very proud of our Rio Grande Credit Union Team!

For 2018, Rio Grande Credit Union is implementing several strategic initiatives that will impact our future. First, we are bringing our credit cards in-house. This means greater control of the cards for all of us, including the membership. You will now be able to conduct credit card transactions and see your history and reward points right from Rio Grande Home Banking! We will also be upgrading our network to further enhance our data security. This is an investment that helps all of us feel safe about our data. Finally, we are going to continue to improve some of our processes, including our lending workflow. We are making it a priority to expedite the entire lending process to enhance efficiency and fund your loans quicker. Rio Grande Credit Union will also continue to develop four strategic goals over the next two years: Improve the member experience; maintain a strong and healthy financial position; build a better community; improve internal process. More information will be communicated with our membership as we continue to implement strategies centered on these four goals.

Finally, I want to recognize the wonderful work our Board of Directors, Supervisory Committee, and the staff do to make Rio Grande Credit Union such a nationally well regarded credit union. Without their dedication to our mission, our success would not be possible. I wish you all continued success and we look forward to serving your financial needs for years to come.

Sincerely,



Mike Athens, Interim President/CEO







---

**We continue to give  
back to the community  
by working with local  
non-profit organizations  
to help build a better  
Albuquerque.**

---





# 2017 Report from the RIO GRANDE CREDIT UNION SUPERVISORY COMMITTEE

During 2017, the Supervisory Committee undertook activities to ensure the safety of your assets at Rio Grande Credit Union. This included participation in numerous trainings, meetings, conferences, and audits.

## Auditing

The Supervisory Committee reviewed the December 31, 2016, annual external audit with Jaramillo Accounting Group, the firm conducting the audit. Rio Grande Credit Union received an “unqualified” audit opinion, the highest opinion possible. There were no material findings or weaknesses found during the audit.

The Supervisory Committee prepared the 2017 Risk Assessment and Internal Audit Plan with the assistance of our outside auditor, Kevin Koval with Carr Riggs & Ingram CPAs and Advisors.

Based on the 2017 Risk Assessment and Internal Audit Plan, we commissioned, reviewed and approved the following internal audits and related matters:

- Charged Off Collateral
- Dormant Accounts
- ACH Annual Compliance
- Indirect Lending
- Compliance matters including the following:
  - a. Service Members Civil Relief Act and Military Lending Act;
  - b. Red Flag Rules
  - c. Fair Credit Reporting Act
  - d. Secure & Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)
  - e. Home Mortgage Disclosure Act
  - f. Real Estate Standard Procedures Act
- Real Estate Lending
- Accounting
- Allowance for Loan Losses
- Indirect and Consumer Lending
- Cyber Security Assessment
- Investments
- Interest Rate Risk



## Regulatory

The Supervisory Committee attended a meeting with our external regulators from the New Mexico Financial Institutions Division (FID) and National Credit Union Association (NCUA) regarding pre-audit communications. During 2017, the Supervisory Committee also met with FID and NCUA to review Supervisory Committee processes and procedures.

## Training Sessions

Supervisory Committee members participated in the following training sessions administered either by the RGCU Risk Manager or National Credit Union Association (NCUA):

- Bank Secrecy Act & OFAC Compliance for Volunteers Training
- Sexual Harassment, 1st Ed.

## Conference and meeting attendance

In 2017, Supervisory Committee members attended:

- Credit Union Association of New Mexico (CUANM) Annual Convention
- CUANM Supervisory Committee Training
- RGCU Strategic Planning
- RGCU Budget Meeting
- RGCU 2017 Annual Meeting

## Other

The Supervisory Committee performed the following:

- Prepared and released a Request for Proposals to hire an internal auditor;
- Reviewed and made substantial edits to RGCU's election rules, including the procedures and qualification requirements, job description and volunteer application;
- Reviewed RGCU's split dollar policy.



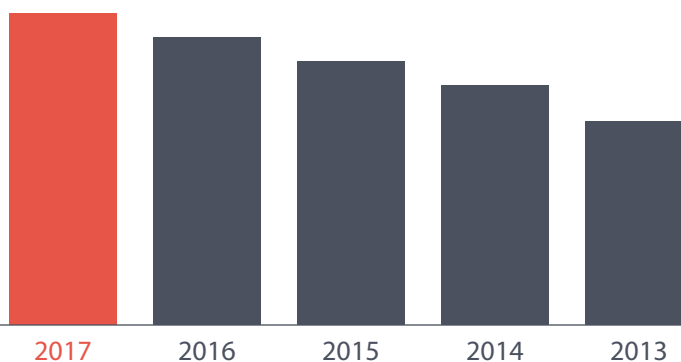
# FINANCIALS

## Balance Sheet

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Loans to Members - Net of Allowance for Loan Losses	236,222,347	222,967,856	215,827,818
Cash	2,038,183	1,945,019	1,737,273
Investments	61,451,369	53,817,969	38,844,736
Accrued Interest Receivable	1,562,870	857,797	746,656
Fixed Assets	12,411,100	12,936,964	11,431,946
NCUSIF Deposit	2,662,148	2,371,076	2,169,878
Other Assets	3,335,809	3,080,047	2,433,013
<b>TOTAL ASSETS</b>	<b>319,683,826</b>	297,976,726	273,191,320
<b>LIABILITIES AND EQUITY</b>			
Member Shares	272,548,888	253,658,259	232,435,409
Accrued and Other Liabilities	2,017,778	2,369,049	1,685,632
Reserves and Undivided Earnings	45,117,160	41,949,418	39,070,279
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>319,683,826</b>	297,976,726	273,191,320

## TOTAL MEMBERS

30,906 in 2017  
 29,256 in 2016  
 28,239 in 2015  
 27,731 in 2014  
 25,736 in 2013





# FINANCIALS

## Income Statement

<b>INTEREST INCOME</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Interest on Loans	13,652,831	12,781,727	11,450,856
Interest on Investments	867,210	504,856	451,901
Fee Income	6,659,345	6,136,978	5,621,928
<b>TOTAL INCOME</b>	<b>21,179,386</b>	19,423,561	17,524,685
<b>OPERATING EXPENSES</b>			
Employee Compensation/Benefits	6,390,827	6,086,692	5,507,577
Office Operations/Occupancy	3,547,925	3,241,711	2,999,105
Conference and Promotions	548,444	494,544	483,889
Provisions for Loan Losses	3,323,950	3,490,700	1,819,400
Miscellaneous	1,859,737	1,596,181	1,416,214
<b>TOTAL OPERATING EXPENSES</b>	<b>15,670,883</b>	14,909,828	12,226,185
<b>DIVIDEND EXPENSE</b>			
Dividends paid to Members	<b>1,880,672</b>	1,657,784	1,403,184
<b>ASSESSMENT/GAIN (LOSS)</b>			
NCUSIF Recovery/(Expense)	0	0	0
Gain (Loss) on Investments/Disposition of Assets	(14,843)	19,899	27,889
<b>NET INCOME</b>			
Reserves and Undivided Earnings	<b>3,612,988</b>	2,875,848	3,923,205





**RIO GRANDE**  
- CREDIT UNION -

Our mission is to create a trusted partnership with our members that demonstrates excellent member service by providing financial education and solutions, competitive pricing, and convenience.

**We strive to be your financial partners of choice in our community.**

**Follow us on:**   

301 Rio Bravo Blvd. SE, Albuquerque, NM 87105-7402  
505-261-1401 | [riograndecu.org](http://riograndecu.org)

