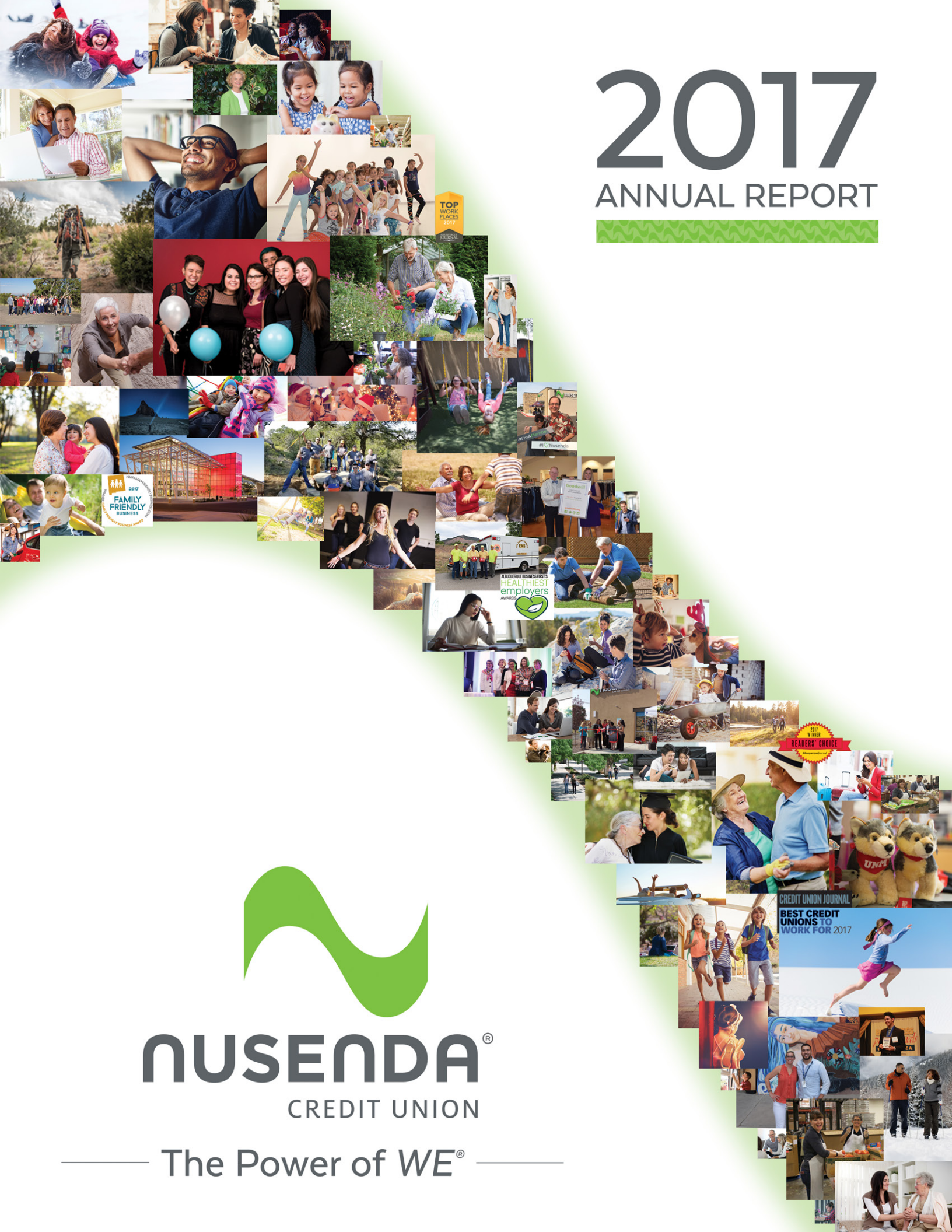


# 2017

## ANNUAL REPORT



TOP  
WORK  
PLACES  
2017  
FORUM

2017  
FAMILY  
FRIENDLY  
BUSINESS

ALBUQUERQUE BUSINESS GROUP'S  
HEALTHIEST  
EMPLOYERS  
AWARD

2017  
WINNER  
READERS' CHOICE

CREDIT UNION JOURNAL  
BEST CREDIT  
UNIONS TO  
WORK FOR 2017



**NUSEENDA**<sup>®</sup>  
CREDIT UNION

— The Power of WE<sup>®</sup> —



## Chair's Report

Over the past year, it's been my honor and privilege to represent you as Chair of the Nusenda Credit Union Board of Directors. During 2017 – our 81st year – your credit union continued to be financially strong and committed to improving our member-owners' overall financial well-being.

Our commitment to our member-owners is reflected in the 2017 Member Survey, where 97.4% of our members rated the quality of our service as **Satisfactory** or **Very Satisfactory**.



That unprecedented level of satisfaction was demonstrated through increased member participation. Your credit union's total assets grew by 9.9%, from about \$1.87 billion in 2016 to almost \$2.1 billion in 2017. Membership grew to more than 180,000 member-owners. Also during 2017, your deposits grew by more than \$161 million – a 9.7% increase over 2016.

Total loans grew from \$1.5 billion in 2016 to almost \$1.7 billion in December 2017. We saw significant gains in credit cards, auto loans, and business lending as you chose your credit union to provide you these important loan products.

Because of our extraordinary growth in 2017, and to meet member service expectations, the credit union hired 128 employees; the employee retention rate was 84.23%, saving members money in onboarding and training expenses. We also participated in more than 15 job fairs at area high schools, colleges, and public events; and provided expert guidance at 77 youth-focused mock interviews.

Your credit union processed more than 4.11 million member transactions in branches and through the Call Center. Members increasingly accessed remote financial services in 2017, as well. At the end of 2017, we had 111,183 active Mobile and Internet Banking users.

One of the seven cooperative principles of credit unions is **concern for community**. And in 2017, your credit union redoubled its efforts to be a community partner in the areas where we serve. At Nusenda's inaugural Community Day, 210 employee volunteers (43% of Nusenda's workforce) devoted their October federal holiday to be of service in five community organizations in Taos, Albuquerque, and Socorro. This innovative project was based on the wishes of your credit union's employees, who wanted more meaningful ways to be of service in their hometowns. We invite you to follow your credit union's social media channels to learn more, as this is just the first in a series of initiatives geared toward community engagement in 2018.

Since we are a not-for-profit cooperative, your Board of Directors approved Earn Your Return dividends for all qualified members in good standing. Members earn returns for consolidating financial relationships with their credit union through Earn Your Return. In 2017, between Community Rewards® and Earn Your Return, your credit union distributed more than \$10 million to you, your fellow member-owners, and the communities we serve in both financial and in-kind support.

In addition, through the Community Rewards program, members like you continued to earn cash rewards for themselves and their communities just by signing their Visa® Debit Card transactions. We also provided almost \$27.8 million in direct benefits to members in the form of better rates and lower fees in 2017, for a total of \$172,818,259 in member benefits and returns in the last decade.

Lastly, I'd like to congratulate our President/CEO, Terry Laudick, for two accolades he received in 2017. He was recognized in the Albuquerque Journal's **Top Workplaces** awards for his leadership in May; in December, he was awarded the New Mexico chapter of the National Association of Industrial Office Properties' (NAIOP) **Cleve Matthews Vision Award** for promoting a public/private partnership focused on innovation.

Thanks to your active participation in your credit union, Nusenda is one of the soundest and safest financial institutions in the country. We look forward to serving you, your family, and your communities throughout 2018.

Respectfully Submitted,

A handwritten signature in black ink that reads "Judy Cartmell". The signature is fluid and cursive.

Judy Cartmell, Chair of the Board

## President's Report

As we enter into the 80th decade of service to our members, I want to say thank you for allowing us to be the credit union you trust for your financial well-being. It's a tremendous honor to provide you all the member benefits you've come to expect, as well as the exemplary service that you deserve.

It's my pleasure to report that once again, your member-owned, not-for-profit cooperative is strong and stable, made possible by your increased use of Nusenda's financial products and services.

Because of that strength and stability, we're able to deliver financial products and solutions that work for you, along with solid fiscal performances that ensure steadiness for years to come. And unlike maximizing our own profits like a bank does, we return and reinvest our profits directly to you and our communities.

Some highlights:

- In 2017, Nusenda's membership grew to just over 181,416, an 8.05% increase over 2016. The loan growth and deposit growth in 2017 increased 11.4% and 9.7%, respectively, over 2016's growth rates.
- As part of our mission to provide the convenience, technology, and accessibility of today and tomorrow, in 2017 we opened two new locations. The first, at La Orilla and Coors, better serves Albuquerque's Westside members. And another new branch in Taos - twice the size of its predecessor - serves a growing membership in northern New Mexico, and brings us to a total of 19 branches. Additionally, as a community partner in the Innovate ABQ public-private partnership, there is a first-in-the-market space that opened in early 2018 at Innovate's Downtown campus. It gives entrepreneurs the tools and convenience they need to focus on building their businesses via Interactive Video Tellers and Service Representatives.
- Our name continues to resonate within the communities we serve. For example, in a month-long survey in mid-2017, four out of five Albuquerqueans say they've heard of Nusenda Credit Union. Seventy-five percent of consumers who consider us for financial services ultimately become Nusenda member-owners.
- Nusenda's Community Rewards® awareness campaign was a great educational tool for members, potential members, and the public at-large in 2017. In total, 17 of our Community Rewards® partners were featured on everything from buses to billboards, radio ads to podcasts, videos to social media posts, increasing knowledge of the program and providing positive exposure for our partners statewide. As we move into 2018, we'll be showcasing more of these partnerships in the communities we serve.
- In 2017, we rolled out some exciting new technology to our member-owners. With Person to Person transfer, members can now send money to anyone in the U.S. with just an email address or mobile phone number, and Debit Card Lock offers peace of mind for Nusenda debit or ATM card holders. Members can prevent unauthorized transactions by locking their card through Mobile or Internet banking in a few easy steps. If a member misplaces their debit or ATM card, they can lock it, reducing chances of unauthorized transactions; unlocking it once it's found is just as easy.
- Through a new and exciting partnership with the University of New Mexico, we've created a way for our member-owners to pay with Lobo pride - a series of UNM-themed credit and debit cards, checks, and breeze™ debit cards.

Other notables:

- The *Albuquerque Journal's* readership named Nusenda **Best Credit Union** for the third straight year, and our employees named us a **Top Workplace** for the fifth straight year. The *New Mexico Daily Lobo* named us **Best Banking Service** in its Lo Mejor awards; the *Valencia County News-Bulletin* named us Valencia County's **Best Financial Institution**; *Weekly Alibi's* Best of Burque named us **Best Credit Union**; and we received a **gold-tier distinction** by *Family Friendly New Mexico* for our workplace policies.
- Nationally, Nusenda Credit Union was named one of the top 20 **Best Credit Unions to Work For** by the *Credit Union Journal*. Additionally, the Nusenda Foundation was one of 10 winners of the 2017 U.S. Department of Housing and Urban Development Secretary's **Award for Public-Philanthropic Partnerships** for its role in supporting the Albuquerque Living Cities Integration Initiative, a cross-sector partnership focused on accelerating job creation and economic mobility in Albuquerque.

In 2018, our aim is to find innovative ways we can provide you with products, services, financial advisement, and top-level member service, so that you can focus on the things that matter most. Our entire team is also excited about new initiatives that allow them to give back to the communities where they live, work, and play through volunteerism and public service.

Great things happen when people join together for common goals. It's what we call **The Power of WE®**.



Terry Laudick, President/CEO





## Statement of Financial Condition\* as of:

### ASSETS

TOTAL LOANS	1,513,865,655	1,686,456,529
LESS: ALLOWANCE FOR LOAN LOSSES	(9,623,260)	(11,780,281)
CASH AND CASH EQUIVALENTS	61,300,880	67,222,509
TOTAL INVESTMENTS	220,749,606	214,912,338
LAND AND BUILDING	29,747,179	31,015,712
OTHER FIXED ASSETS	7,342,062	8,571,678
OTHER REAL ESTATE OWNED	22,786	-
OTHER ASSETS	50,264,548	63,046,242

### TOTAL ASSETS

1,873,669,456 2,059,444,727

### LIABILITIES

TOTAL BORROWINGS	1,766,385	785,223
TOTAL SHARES AND DEPOSITS	1,653,168,143	1,814,570,297
ACCOUNTS PAYABLE AND OTHER LIABILITIES	30,950,835	34,083,154

### EQUITY

REGULAR RESERVES AND UNDIVIDED EARNINGS	187,784,093	210,006,053
UNREALIZED GAIN/LOSS INVESTMENTS		

### TOTAL LIABILITIES AND EQUITY

1,873,669,456 2,059,444,727

### INCOME AND EXPENSE SUMMARY

#### INCOME (OPERATING):

	2016	2017
INTEREST ON LOANS	60,698,031	69,457,129
INCOME FROM INVESTMENTS	3,680,018	4,035,408
FEE INCOME	18,667,706	18,520,882
OTHER OPERATING INCOME	15,597,835	16,852,170

#### TOTAL GROSS INCOME

98,643,590 108,865,589

#### EXPENSES (OPERATING):

EMPLOYEE COMPENSATION AND BENEFITS	30,550,750	33,639,727
TRAVEL AND CONFERENCE EXPENSES	150,746	168,078
OFFICE OCCUPANCY EXPENSE	2,812,165	2,829,101
OFFICE OPERATIONS EXPENSE	15,352,829	16,154,632
EDUCATIONAL AND PROMOTIONAL EXPENSES	4,128,944	4,658,662
LOAN SERVICING EXPENSE	4,509,011	4,681,382
PROFESSIONAL AND OUTSIDE SERVICES	3,534,491	3,553,868
PROVISION FOR LOAN LOSS	8,095,000	10,864,105
OPERATING FEES (EXAMINATION AND/OR SUPERVISION FEES)	254,204	341,068
MISCELLANEOUS OPERATING EXPENSES	1,716,060	1,369,732

#### TOTAL OPERATING EXPENSES

71,104,199 78,260,355

#### INCOME (LOSS) FROM OPERATIONS

27,539,391 30,605,234

#### NON-OPERATING GAINS OR LOSSES

NET NON-OPERATING GAIN/(LOSS)	444,200	515,407
INCOME (LOSS) BEFORE COST OF FUNDS	27,983,591	31,120,641

#### COST OF FUNDS:

INTEREST ON BORROWED MONEY	513,430	1,003,019
DIVIDENDS ON SHARES	4,261,570	4,863,312
NET INCOME BEFORE MEMBER REWARDS	23,208,591	25,254,310

#### LESS:

NCUSIF/TCCUSF STABILIZATION EXPENSE	-	-
EARN YOUR RETURN	4,100,000	4,100,000

#### NET INCOME (LOSS)

19,108,591 21,154,310

\*UNCONSOLIDATED and UNAUDITED

## Supervisory Committee Report

Your credit union experienced a good year in 2017. High-quality service, efficient operations, and competitive products continue to sustain the credit union's financial position.

The Supervisory Committee of the credit union is appointed by the Board of Directors and oversees the audit function of the credit union. The internal and external audits performed at the credit union are 100% outsourced for efficiency and to ensure expertise. This arrangement has proven to be beneficial to the credit union. The internal audits are performed by Moss Adams, LLP and the opinion-audit of the financial statement is conducted by DoerenMayhew CPAs and Advisors. These audits verify the continuing efficiency of the operation and adherence to applicable regulations in order to safeguard the credit union's assets.

In addition to these audits, the National Credit Union Administration (NCUA), our federal regulatory agency, performed its annual examination of the credit union. The NCUA exam further ensures our continuing compliance with ever-changing regulatory requirements.

The Supervisory Committee continues to strive to assure members that the credit union's management practices are protecting members' assets as well as complying with laws, regulations, and Board policies and procedures. We welcome your questions or suggestions in order to better serve your interests. Please address these in writing to Nusenda Credit Union, c/o Supervisory Committee, P.O. Box 8530, Albuquerque, NM 87198.

Respectively,



Craig Kallsen, Chair  
Javier Machuca, Vice Chair  
Ed Maestas, Secretary  
Randy Trask, Member  
John Landis, Board Representative

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## 2017 BOARD OF DIRECTORS

**Judy Cartmell**  
*Chair of the Board*

**Ann Brooks**  
*Vice Chair*

**Leigh Anne Chavez**  
*Secretary/Treasurer*

**Dick Brown**  
*Director*

**Denise Irion**  
*Director*

**John Landis**  
*Director*

**Ray Renteria**  
*Director*

**Martin Serna**  
*Director*

**Ralph Wallace**  
*Director*



———— The Power of WE® ————

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