

Statement of Earnings  
Year Ended December 31, 2013

<b>Income</b>	
Loan Interest Income	3,951,121
Investment Income	240,099
Other Income	3,139,411
<b>Gross Income</b>	<b>7,330,631</b>
Less Operating Expenses	6,647,243
Provision for Loan Loss	0
Net Income Before Dividends	683,388
Less Dividends	335,174
Net Operating Income	348,214
Net Non-Operating Income	-4,070
<b>Net Income</b>	<b>352,284</b>

Statement of Condition  
Year Ended December 31, 2013

<b>Assets</b>	
Loans	79,086,855
Less Allowance for Loan Loss	-1,081,638
<b>Net Loans</b>	<b>78,005,217</b>
Investments	27,505,170
Cash	20,129,278
NCUSIF Deposit	1,164,102
Fixed Assets	11,267,151
Less Accumulated Depreciation	-6,307,458
<b>Net Fixed Assets</b>	<b>4,959,693</b>
Other Assets	5,430,907
<b>Total Assets</b>	<b>137,194,366</b>
<b>Liabilities &amp; Equity</b>	
Shares & Clubs	47,247,661
Share Drafts	23,653,746
Money Market Accounts	20,367,917
IRA Shares	2,953,891
IRA Certificates	4,541,884
Certificates	20,579,746
<b>Total Member Deposits</b>	<b>119,344,845</b>
<b>Other Liabilities</b>	<b>2,124,311</b>
<b>Equity</b>	
Regular Reserves	2,265,234
Unrealized Gain/Loss on AFS Investment	-16,046
Undivided Earnings	13,476,022
<b>Total Equity</b>	<b>15,725,210</b>
<b>Total Liabilities and Equity</b>	<b>137,194,366</b>



**Headquarters**  
3440 W. Deer Valley Road  
Phoenix, AZ 85027  
623.580.6000 • 800.224.3330  
CanyonStateCU.org



Your savings federally insured to at least \$250,000 and backed by full faith and credit of the United States Government. National Credit Union Administration, a U.S. Government Agency.

We do business in accordance with the Equal Credit Opportunity Act.



2013 Annual Report

63rd Annual Meeting | April 22, 2014



Chairman of the Board's Report

I would like to begin my report by thanking you, the members, for your continued participation as member-owners of this financial cooperative. The cooperative philosophy of people helping people, pooling deposits to make loans and provide other services at reasonable cost, has stood the test of time. Without question, our unique model continues to be extremely successful.

2013 has been a pivotal year for our financial institution and I am thankful for all who have helped contribute to changes we have implemented to ensure we are poised for growth and success as we continue to move forward. During 2013 our President and CEO, Steve Dunham retired after many years of service. I want to personally thank him for his dedication to the credit union industry and especially Canyon State Credit Union. In early September a new President and CEO was named, Jane Dobbs. Jane strongly believes in the credit union philosophy and the value proposition it brings to our members and potential members. She brings a wealth of knowledge and experience that will help transition Canyon State strategically into the future while maintaining financial health and a priority focus on member service.

The future of the credit union relies on our members' loyalty in the credit union and we understand that in order to gain and keep loyal members we must provide excellent service, channels of doing business that are fast and convenient, and products that work and make life easier. Our goal is to be a high touch, service-oriented and problem-solving resource for our members and prospective members. We are committed to making this happen.

Thank you to our volunteer board of directors and supervisory committee members for their dedication, direction and support. A special acknowledgement goes to Arnold Burnham, who has been a volunteer on our Board and Supervisory Committee for more than 18 years, but plans to enjoy retirement. I also want to express gratitude to the staff for their hard work and dedication ensuring our members' financial needs are met on a daily basis.

Sincerely,

Brett Moulton  
Chairman of the Board

Committed to You.™

Pam Helps a Member Get More Than He Expected.

Pam had a member come to her branch for a signature loan to help a family member. He ended up getting more than he expected. Pam took the time to talk to the member and understand his situation. Based on what he shared, Pam recommended that he refinance his current loans at a lower interest rate to create more cash flow. The member took her advice but also wanted to get the new loan. Even with the new loan, the member walked away with lower monthly expenses each month.

Members often come in looking for assistance in helping others and our employees find ways to make their financial situation better too. Canyon State Credit Union – Committed To You™!

Visit any of our branch locations!

**Capitol Branch**

1558 West Jackson Street  
Phoenix, AZ 85007

**Deer Valley Branch**

Corporate Office  
3440 West Deer Valley Road  
Phoenix, AZ 85027

**Osborn Branch**

2440 West Osborn Road  
Phoenix, AZ 85015

**Goodyear Branch**

1270 North Dysart Road  
Goodyear, AZ 85395

**Payson**

Payson Branch  
514 South Beeline Highway  
Payson, AZ 85541  
Phone: 928.472.8995

## President's Report

Our strategic plan for 2013 called for the steady improvement of financial results while providing enhanced products and services to our members that provide convenience and ease of use. In support of this, we began offering our member-owners the following enhancements or new programs:

### ★ Re-branding and New Website

- Our brand was updated to align with Canyon State's future direction. The outcome was a new logo, tagline -- "Committed to You,™" website and social media presence on Facebook and Twitter. The updated brand, user-friendly website and social media presence captures the credit union's energy, its Arizona heritage, and our genuine commitment to each member.

### ★ New Home Banking Programs

- Finance Works™ is a free service that simplifies the way you manage your finances. It provides you with the tools to see all of your accounts (from more than 16,000 financial institutions) in one place, see where you are spending your money, create and track budget goals and much more!
- Secure Support provides a secure email inbox within Home Banking that enables you to send and receive secure emails to our member service representatives. You can rest assured that your account information will be handled via a secure email box.
- Live Chat allows you to speak to a member service representative without the hassles of hold time or writing down information, wherever you are in the world.
- Email Alerts and Text Messaging allows notifications to be sent to let you know when your checking account falls below a certain balance, a direct deposit has been received, or when a check has cleared. You can even set-up a reminder for loan payments and more!

### ★ Mobile Banking App

- Access your Canyon State accounts anytime, anywhere with the FREE Canyon State Credit Union Mobile Banking app. It's simple, safe and secure!
  - Check your account balances
  - View your transaction history
  - Transfer funds between accounts
  - Pay your bills
  - Find ATM and branch locations near you

We emerged from 2013 more committed than ever to our members. We remained profitable and we are well capitalized at 11.47%. We are energized by what we have done for our members and excited about how much more we can still accomplish.

As part of our community service we have a student operated branch at Metro Tech High School in Phoenix. Working with the Banking and Finance Career department, we are providing financial services and education to the students and staff of Metro Tech High School. In addition, we are offering a \$1,000 scholarship to a qualified graduating student from Metro Tech High School.

As we recognize the accomplishments of 2013, we look forward to working together to improve the lives of our members and our community in 2014. Throughout the year, we will introduce Remote Deposit Capture, online lending and new account opening programs with a continued focus on member service and convenience. Plus, if you are enrolled in our Home Banking Product and have a checking account, we are adding a "Purchase Rewards" cash benefit. We are proud to remain a truly local financial institution who is Committed to You, our loyal and supportive membership. Thank you for your continued trust in Canyon State Credit Union.

Sincerely,

Jane Dobbs  
President CEO

**Committed to You.™**

## Supervisory Committee Report

The Supervisory Committee of Canyon State Credit Union is a voluntary group comprised of five Credit Union members who are appointed by the Board of Directors to supervise Canyon State's financial activities. The Supervisory Committee, in partnership with the Credit Union's Internal Audit Department, Credit Union Management, our external auditors, Orth, Chakler, Murnane & Company, the National Credit Union Administration and the Arizona Department of Financial Institutions, work diligently to ensure your assets are secure through the implementation of sound financial policies, procedures and controls.

In addition, the Supervisory Committee works independently on behalf of Canyon State members to ensure that questions or issues pertaining to individual member accounts are resolved. We are pleased to report that based on this work, Canyon State Credit Union is operating with a system of strong internal controls and is a sound financial institution.

On behalf of the Supervisory Committee, we are proud to be part of the Canyon State Credit Union organization and look forward to continuing the long tradition of providing financial security to our members.

Respectfully submitted,

David Matson  
Chairman, Supervisory Committee

## Credit Manager's Report

During 2013, Canyon State Credit Union experienced an increase of 16.32% in our loan portfolio, compared to a 2.75% decrease in 2012. We experienced strong loan growth in both vehicle and real estate loans.

We are seeing continuing improvement in our delinquency and charge offs. We are looking forward to this positive trend continuing. Our delinquency at year end 2012 was 0.64% and as of December 31, 2013, has declined to 0.35%. Our losses dropped significantly as we wrote off \$216,818.17 during 2013, compared to \$748,164 during 2012.

Canyon State Credit Union is committed to providing solutions to our members' financial needs. We will continue to work hard to offer our members competitive loan products and pricing.

Michael Maxwell  
Credit Manager

## Board of Directors

Brett Moulton.....Chairman  
Rae Kinsman.....1st Vice Chair  
Myron Musfeldt.....2nd Vice Chair  
Carol Ward.....Secretary  
David Matson.....Treasurer  
Keith Barr.....Director  
Arnold Burnham.....Director  
Jerry Hartrim.....Director  
Milo Trevizo.....Director

## 2013-2014 Supervisory Committee

David Matson.....Chairman  
Richard Rodriguez.....Member  
Silvia Martinez.....Member  
Tara Tuschen.....Member  
Lupe Harriger.....Member

## Senior Management

**Jane Dobbs**  
President/CEO

**Pete Steiger**  
Interim CFO

**Michael Maxwell**  
Vice President-Lending

**Annette Nuanez**  
Vice President-Retail

**Amy Singpradith**  
Vice President-Human Resources

**Lenore Froehlich**  
Vice President-Marketing