

Statement of Earnings Year Ended December 31, 2015

Income	
Loan Interest Income	5,103,444
Investment Income	228,047
Non-Interest Income	2,955,782
Gross Income	8,287,273
Less Operating Expenses	-7,541,284
Provision for Loan Loss	-27,174
Net Income Before Dividends	773,163
Less Dividends and Interest	-416,727
Net Operating Income	356,436
Plus Net Non-Operating Income	230,894
Net Income	587,330

Statement of Financial Condition Year Ended December 31, 2015

Assets	
Cash	7,968,388
Investments	49,741,065
Loans (net of allowance)	109,894,807
NCUSIF, CorpCU, FHLBsf, Other Deposits	2,989,129
Other Assets	871,476
Fixed Assets	4,891,128
Total Assets	176,355,993
Liabilities	
Shares & Clubs	56,294,308
Share Drafts	28,211,606
Money Market Accounts	23,594,189
IRA Shares	2,913,048
IRA Certificates	4,014,257
Member Certificates of Deposit	20,308,802
Institutional Certificates of Deposit	5,673,000
FHLBsf Advances	16,470,000
Other Liabilities	1,746,935
Total Liabilities	159,226,145
Equity	
Regular Reserves	2,265,234
Unrealized Gain/Loss on AFS Investments	-168,404
Undivided Earnings	15,033,018
Total Equity	17,129,848



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.



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
254 E. Highway 260
Payson, AZ 85541

2015 Annual Report

65th Annual Meeting | April 26, 2016



Chairman of the Board's Report

Committed to You™! That is our ongoing mission that drives everyone at Canyon State Credit Union to deliver on that promise each and every day.

Our goal is to build a lifetime relationship with you as a member of the credit union. One of the ways we hope to accomplish that is by continually expanding our products and services that not only meet your financial needs, but delivers a value proposition of enhancing your quality of life.

To develop this lifetime relationship, we know that we must commit to and provide a high level of service that can deliver on that value proposition. That commitment involves the following tenants of service:

- ★ We commit to taking ownership of your request; not hand it off for someone else to deal with, but individually ensure that it is handled correctly and efficiently. This commitment is supported by ongoing employee training to ensure we deliver on this promise.
- ★ We commit to making it easy to do business with us. This means not only finding the right technology solutions that can streamline the processes, but also making sure our procedures are as efficient as possible by reviewing and improving them on a regular basis.
- ★ We commit to ensuring the security of financial information. With an increasing amount of business done over the internet it is imperative that your information is secure at all times. We will continue to invest in the necessary infrastructure and staff resources to ensure we have the capability to monitor and ensure your financial privacy at all times.
- ★ We commit to treating you with respect. You are not just a number to us, but a valued owner of a local community based organization that gives back to the members and communities we serve.
- ★ We commit to identifying your individual needs and suggesting solutions to you achieve financial success. Each member has a unique set of circumstances, by taking the time to listen carefully to your needs we can better understand and develop ways that we can help.
- ★ We commit to showing our appreciation for the opportunity to serve you. As part of that appreciation is an ongoing system of surveys that tell us how well we are doing and where we might make improvements. Your feedback is valued!
- ★ We commit to a high performance team focus; holding each other accountable to our commitment to you. Our team is represented by management, our branch and support position employees, along with our volunteer Board of Directors and Supervisory Committee.

2015 was another record setting year for Canyon State Credit Union for membership and loan growth, improving service levels, in addition to adding new products and services that benefited more of our members. While there remains much work to be done to keep pace with our commitment to you we are pleased with our progress.

We thank-you so much for your continued loyalty and business that you do with us. You can be assured that we will not take this for granted, but will remain diligent in our efforts to fulfill our mission of being committed to you.

Steve Becker
Chairman of the Board

President's Report

I am proud to say that 2015 was an exciting year for Canyon State Credit Union. We experienced many positive "firsts" and I want to personally thank you, our members, for your support and trust in Canyon State Credit Union.

During the year we implemented online account opening. You can open a new account electronically – even your family and friends who are not members of Canyon State Credit Union can apply online for membership. Members also now have the ability to conduct a member to member transfer behind Home Banking, POP Money is available at no cost to members, external transfers are accessible and Touch ID for mobile was introduced. Our online and mobile banking solutions ensure you have access to make several types of transactions when it is convenient for you and any time of day.

We introduced our new FREE Cashback Checking in February and received outstanding response to our new product. Our Payson branch was relocated to a new location to improve our member service experience, support future growth and show our commitment to the Payson community. Throughout all of 2015 we set records for new membership and loan growth. We are happy to be locally endorsed by Dave Ramsey, America's trusted voice on money, on KTAR 92.3.

Another important accomplishment this year was the addition of Grand Canyon University (GCU) as a Select Employee Group in August. We are a corporate sponsor which gives the credit union the "preferred credit union" exclusive status and partnership for retail services with GCU. This new relationship allows the credit union access to the "millennial" market and a large additional base of potential members to support future credit union growth.

We also believe it is our responsibility to give back to the community. During 2015 we partnered once again with the Salvation Army during their annual summer water bottle drive and provided 25,000 bottles of water. Our student-run branch at Metro Tech High School continues to provide training for future banking positions and we awarded two college scholarships to recent graduates; we collected hundreds of items for the Homeless Youth Connection in Good-year; and partnered with the Lion's Club and became an official drop-off point for the Sight & Hearing Foundation. For the holiday season, we partnered with Child Crisis Arizona, Paseo Elementary School, and Time Out Shelter in Payson to raise supplies needed to care for those who are in need including helping families right where we live and work – making a difference for our neighbors.

We are committed to being your primary financial institution and providing the products and services you want and expect. Look for new and exciting products and services which are on their way to you. Thank you for your membership and commitment to the credit union! Please remember to tell your family and friends about Canyon State Credit Union – in all likelihood they are also eligible for membership. They too can enjoy the many benefits of a financial institution that is *Committed to You*™!

Sincerely,

Jane Dobbs
President CEO

Canyon State Credit Union – aka Life Changers

Committed to You.™

A member came in earlier this week to find out if he could refi a title loan he took out with LoanMax. His loan was for \$2500, and had an APR of 180%! His payments were \$218.00 per month, of which only \$0.94 was applied to the principal each month. Tony submitted an application for the refinance, and got him approved with an APR of 9.25%. His payments will be \$95.84 over 18 months. The member was extremely happy and excited. In fact, he told Tony Canyon State Credit Union should be known as "Life Changers."

Supervisory Committee Report

The Supervisory Committee of Canyon State Credit Union is a voluntary group comprised of four 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, CliftonLarson-Allen, 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 Credit Union 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 2015 Canyon State Credit Union experienced an increase of 15.6% in our loan portfolio, compared to a 20.3% increase in 2014. We experienced strong loan growth in both vehicle and unsecured loans.

We are continuing to see low delinquency and charge offs. We are looking forward to this positive trend continuing. Our delinquency at year end 2014 was 0.07% and as of December 31, 2015, has slightly increased to 0.13% which is significantly lower than the industry average. Our loan losses decreased as we wrote off \$52,354 during 2015, compared to \$208,553 during 2014.

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.

Jane E. Dobbs
Credit Manager

Board of Directors

Steve Becker.....Chairman
Myron Musfeldt.....1st Vice Chair
Brett Moulton.....2nd Vice Chair
Keith Barr.....Secretary
Carol Ward.....Treasurer
Jerry Hartrim.....Director
Rae Kinsman.....Director
Dave Matson.....Director
Tara Tuschen.....Director

2015-2016

Supervisory Committee

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

Senior Management

Jane Dobbs
President/CEO

Cristian Hernandez
CFO

Lenore Froehlich
Vice President of Marketing

Michael Maxwell
Vice President of Lending

Amy Singpradith
Vice President of Human Resources

Cory Squires
Vice President of Information Technology

Justin Wolfe
Vice President of Retail Banking

