

# DESERET FIRST CREDIT UNION FINANCIAL STATEMENT

For the Year Ending	2008	2007	2006
<b>Balance Sheet</b>			
<i>Assets:</i>			
Cash & Equivalents	17,959	20,184	11,309
Investments	42,302	27,437	28,173
Loans	406,903	347,663	320,808
Allowance for Loan Losses	(3,001)	(1,452)	(2,081)
Fixed Assets (net)	13,715	13,590	11,821
Other Assets	12,093	10,969	7,161
<b>Total Assets</b>	<b>489,971</b>	<b>418,391</b>	<b>377,191</b>
<i>Liabilities &amp; Capital</i>			
Payables & Accruals	15,311	6,904	3,087
Deposits	440,253	377,753	344,297
Capital	34,407	33,734	29,807
<b>Total Liabilities &amp; Capital</b>	<b>489,971</b>	<b>418,391</b>	<b>377,191</b>
<b>Profit &amp; Loss Statement</b>			
Income on Loans	23,967	22,303	17,995
Investment Income	2,081	2,045	1,321
Fees & Other Income	9,116	8,352	6,832
<b>Total Income</b>	<b>35,164</b>	<b>32,700</b>	<b>26,148</b>
Operating Expenses	21,673	16,606	14,606
Cost of Funds	12,351	11,970	8,560
<b>Total Expenses</b>	<b>34,024</b>	<b>28,576</b>	<b>23,166</b>
Net Income from Operations	1,140	4,124	2,982
Non-Operating Gain/(Loss)	(671)	(197)	3
<b>Net Income</b>	<b>469</b>	<b>3,927</b>	<b>2,985</b>
<b>Footnotes to Financial Statements</b>			
Loans Charged-off (net of recoveries)	1,181	504	981
Number of Members	54,658	53,293	50,987

All dollar amounts represent \$1,000

# 2008 ANNUAL REPORT



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## CHAIRMAN'S REPORT

*Allan M. Gunnerson, Chairman*

Deseret First Credit Union experienced a banner year of growth in 2008 despite the downturn in the economy. Loans, deposits, and overall assets grew significantly, and our membership reached 54,000.

We were pleased to open the Provo Campus branch near Brigham Young University as well as an on-campus ATM. The introduction of our new Rewards Checking also generated enthusiasm among current and potential members.

I attribute our success to you, our members, and your commitment to Deseret First. We firmly believe that we understand our membership—members and employees of The Church of Jesus Christ of Latter-day Saints—better than any financial institution. It is this unique understanding that allows us to better serve our members.

As a member, it is important to understand that you are also an owner of Deseret First. As an owner, you are entitled to participate in the Board of Directors election. Whether you are a new member or have been with us your entire life, thank you for voting in this year's election. The Board of Directors represents your interests and works to ensure that the credit union remains financially strong and provides you with excellent service and value.

On behalf of the board, may I express our deep appreciation for the credit union's management and staff, and for their hard work in serving you and meeting your diverse financial needs. I am also grateful for the time and effort that the board and all of our volunteers give to helping the credit union succeed.

The Board of Directors, volunteers, management, and staff are firmly committed to helping you achieve your personal and family financial goals. Together, we will continue to strive to provide financial services that you will find helpful.

## PRESIDENT'S REPORT

*Kris J Mecham, President/CEO*

I am pleased to report another successful year for Deseret First Credit Union in 2008.

The face of Deseret First—our branches—expanded during the year as we opened a new location in Provo and now have 13 branches throughout Utah to serve our growing membership. It was also our first full year operating under our computer system upgrade implemented the previous year to better assist our members with their accounts. The introduction of Rewards Checking makes it one of the most innovative services to date on both a local and national scale. It truly sets us apart as a member-centered institution.

In 2008, we completed the expansion of our participation in the Credit Union Service Center's shared branching program. The addition of our Triad Center branch to the program means that all Deseret First branches can now perform transactions for members of other participating credit unions. The number of nationwide shared branches where Deseret First members can transact business has increased to 3,570, including 125 in Utah.

In addition to the shared branches, members can perform free ATM transactions at any of the 28,000 CO-OP Network ATM locations nationwide, including those at 5,500 7-Eleven stores throughout the United States and Canada.

These innovations represent Deseret First's commitment to service and convenience, and more firmly position us to serve our membership for many years to come.

Deseret First completed the first year of its partnership with Brigham Young University and the University of Utah in sponsoring the Deseret First Duel. This partnership significantly enhances our ability to serve our members who are students, faculty, and staff at both of these prestigious institutions.

I want to thank Deseret First's volunteers, including the Board of Directors, and credit union staff for their contributions to the credit union. Without each of their efforts, we could not serve our members in the successful way that we do. Finally, I wish to express appreciation to you, our members, for entrusting us with your families' finances. We honor that trust and look forward to serving you in the future.

## SUPERVISORY COMMITTEE REPORT

*Brent J. Anderson, Committee Chairman*

The Supervisory Committee's primary objective is to examine and evaluate the adequacy and effectiveness of internal controls within the credit union and to assure that the credit union's goals can be met efficiently and economically. The committee also determines compliance with existing policies, plans, procedures, laws and regulations, which could have a significant impact on credit union operations and reports.

Additionally, the committee evaluates the effectiveness of management and employees in carrying out their assigned responsibilities. This is accomplished through audits of credit union operations, interaction with personnel, and involvement in monthly board and other executive meetings.

Annually, the committee engages the services of an independent Certified Public Accounting firm to audit the credit union's financial statements. Once again, the committee selected, in coordination with management, the accounting firm of McGladrey and Pullen to complete this annual audit. The audit for the year 2008 operations is currently in progress. Upon completion of the audit, expected by early May, an opinion will be rendered regarding the 2008 financial statements. In the meantime, a copy of the 2007 audit report is available for your review by calling the Accounting Department at (801) 456-7100. Based on the audit and our ongoing examination of credit union operations, we are of the opinion that the financial statements accurately represent the financial position of Deseret First Credit Union and its operations for 2007.

In addition to the external auditor and regulatory auditors, Deseret First has a very qualified internal auditor. He is a CPA with experience in auditing financial institutions. In keeping with industry standard, the internal auditor reports directly to the Supervisory Committee. His audit plan was developed from a risk-based matrix that was developed in conjunction with the Supervisory Committee and Senior Management.

If you have questions about our role within Deseret First Credit Union, please feel free to contact me or any Supervisory Committee member.