

DESERET FIRST CREDIT UNION FINANCIAL STATEMENT

For the Year Ending	2014	2013	2012
Balance Sheet			
Assets:			
Cash & Equivalents	51,227	30,941	41,275
Investments	57,450	73,458	53,196
Loans	338,880	313,996	318,851
Allowance for Loan Losses	(3,630)	(4,646)	(7,304)
Other Real Estate Owned	314	998	1,066
Fixed Assets (net)	9,881	9,598	10,008
Other Assets	6,945	6,718	6,822
Total Assets	461,067	431,063	423,914
Liabilities & Capital:			
Payables & Accruals	4,194	3,533	4,069
Deposits	425,120	401,605	396,359
Capital	31,753	25,925	23,486
Total Liabilities & Capital	461,067	431,063	423,914
Profit & Loss Statement			
Income on Loans	14,952	13,962	14,865
Investment Income	1,281	881	811
Fees & Other Income	8,817	9,088	9,668
Total Income	25,050	23,931	25,344
Provision for Loan Losses	1,228	672	1,200
Operating Expenses	17,868	16,670	15,731
Cost of Funds	1,946	2,241	3,077
Total Expenses	21,042	19,583	20,008
Net Income from Operations	4,008	4,348	5,336
Non-Operating Gain/(Loss)	(225)	(18)	(178)
Net Income	3,783	4,330	5,158
Footnotes to Financial Statements			
Loans Charged-off (net of recoveries)	2,983	4,021	2,518
Number of Members	54,340	53,415	52,528

All dollar amounts represent x \$1,000

2014 ANNUAL REPORT



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Serving the LDS Community since 1955

CHAIRMAN'S REPORT

James E. Tidwell II, Chairman, Board of Directors

It's my pleasure to report 2014 was another very good year for Deseret First Credit Union. We experienced healthy growth in membership and capital, while providing new products and services for our members.

Thirty-two years ago I began working for the LDS Church. During the new employee orientation, I learned my employee benefits included the right to join the LDS Church Employees Credit Union, eventually to become Deseret First Credit Union. Six months later I was transferred to work in Central America for the next four years. We were pleasantly surprised with the excellent service we received from the Credit Union throughout those years of living abroad. And that was long before email and the Internet. Today members of Deseret First receive a full range of financial services virtually anywhere in the world.

As a member of the Board of Directors, I enjoy a close association with the capable management and staff of Deseret First Credit Union. I remind myself that the excellent level of service I receive as a director is the same high quality, personalized service I received when I was a new member so many years ago. In all candor, I have experienced a few small glitches with my account in the past 32 years, most of which were of my own making. Any such issues have been quickly resolved by engaged and committed employees. I sincerely hope you are having the same experience. You should expect it.

The financial crisis that began in 2008 highlighted an important principle—excellent employee service needs to be accompanied by prudent management and healthy “rainy day” capital reserves to weather economic storms. I'm proud of the management and staff of Deseret First, who responded quickly and effectively to the worst economic crisis since the 1930s. The Board, management, and staff remain fully committed to providing our members with world-class service along with solid financial security.

As reflected in the attached financial report, Deseret First Credit Union remains financially strong. We look forward to continued growth in membership and the introduction of exciting new products and services in 2015. Thank you for your trust and the opportunity to serve your financial needs.

PRESIDENT'S REPORT

Shane C. London, President/CEO

I had the opportunity this past year to interview Keith Carroll, one of the initial forces behind Deseret First Credit Union. Keith talked about the first meeting of members held on July 5, 1955, where 78 people met and organized the credit union and elected the first board of directors. As we now commence our 60th year of service to our members, I've wondered if those original members ever envisioned what DFCU would develop into. By way of comparison...

- In 1955 there were 196 members, compared to 54,340 at the end of 2014.
- In 1955 there was \$8,265 held on deposit, compared to \$425.2 million at the end of 2014.
- In 1955 there was \$9,028 in loans outstanding to our members, compared to \$338.9 million at the end of 2014.
- In 1955 members could access the credit union from 12:00-12:30 PM, or by appointment, whereas today there are 10 physical branches, 5,000 service center locations nationwide, and 24-hour online access to member accounts.

A lot has certainly changed since those early days but the one thing that hasn't changed is our commitment to you, our member! During this past year we've listened to your recommendations and have implemented some great products and services to assist you. They include:

- Mobile Banking App with amazing features, including the ability to make check deposits any time day or night;
- Mission Savings Fund designed to assist in preparing to meet the financial needs associated with missionary service at any age;
- Instant issue of debit cards along with various card designs;
- Extended hours for our Call Center and at select branches (coming early 2015).

While 2014 was great, we're excited about what is coming in 2015. This summer we'll be opening a branch near the BYU campus, introducing new credit and debit cards with enhanced security features, and additional payment systems, just to name a few. We're also preparing for a year of celebration to commemorate our 60th anniversary! Thanks to the efforts of our amazing volunteers and a terrific staff, Deseret First continues to move proactively forward in helping our members. As a member (owner), your feedback on how we can better assist you is always welcome. Thank you for your continued support and we're looking forward to an exciting 60th year!

SUPERVISORY COMMITTEE REPORT

Mark Andromidas, 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. The committee selected, in coordination with management, the accounting firm of Moss Adams to complete the 2014 annual audit. The audit for 2014 operations is currently in progress but is not yet complete. Upon completion of the audit, expected in spring 2015, an opinion will be rendered regarding the 2014 financial statements.

A copy of the 2013 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 2013. In addition to the external auditor and regulatory auditors, Deseret First has a very qualified internal auditor. 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.