

FINANCIAL STATEMENT

BALANCE SHEET - ASSETS

	2018	2017
Cash & Equivalents	60,805	24,719
Investments	75,304	68,358
Loans	517,334	519,259
Allowance for Loan Losses	(4,249)	(3,527)
Other Real Estate Owned	0	0
Fixed Assets (net)	32,130	15,562
Other Assets	12,650	26,572
TOTAL ASSETS	693,974	650,942

BALANCE SHEET - LIABILITIES & CAPITAL

Payables & Accruals	8,594	44,201
Deposits	640,424	564,253
Capital	44,956	42,488
TOTAL LIABILITIES & CAPITAL	693,974	650,942

PROFIT & LOSS STATEMENT

	2018	2017
Income on Loans	25,411	22,191
Investment Income	2,124	1,625
Fees & Other Income	11,671	10,594
TOTAL INCOME	39,206	34,410
Provision for Loan Losses	4,266	2,820
Operating Expenses	27,225	23,846
Cost of Funds	4,708	3,021
TOTAL EXPENSES	36,199	29,687
Net Income from Operations	3,007	4,723
Non-Operating Gain / (Loss)	7	(8)
NET INCOME	3,014	4,731

FOOTNOTES TO FINANCIAL STATEMENTS

	2018	2017
Loans Charged-Off (net of recoveries)	3,545	2,457
Number of Members	70,000	68,000

All Dollar Amounts Represent x \$1,000



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CREDIT UNION

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2018

ANNUAL REPORT



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CHAIRMAN’S REPORT

*Randy Ploeger
Chairman
Board of Directors*

Deseret First Federal Credit Union as it is known today was first called the LDS Church Office Credit Union. Organized in 1955, it became one of a growing number of credit unions designed to meet the needs of individuals who were financially underserved by other financial institutions. Credit unions are member-owned, not-for-profit financial cooperatives that provide savings, credit and other financial services to their members. At the end of the first month of operations in July of 1955, Deseret First had 71 members, \$697 in savings and \$200 in loans. Since those inaugural deposits and loans of 64 years ago, the credit union has grown to an asset size of \$693 million and almost 70,000 members.

Credit union members share a common bond or “field of membership”. There have been opportunities during our 64 years of service to expand our field of membership and include other segments of the community. Rather than move to a broader “community-based” credit union, like many local credit unions did, conscious decisions were made to stay true to our core field of membership. We are privileged to service The Church of Jesus Christ of Latter-day Saints community. You are more than just a customer of this credit union; you are an owner. We understand you, share common values, and provide services relevant to your financial needs. We exist to serve you, our members, and we will always remain true to that commitment.

We have within the credit union a spirit of service and cooperation. The Board of Directors and other volunteers who make up other service committees come from our general field of membership. We take this stewardship of service very seriously. We feel responsible to you and truly try to represent your needs as the credit union grows and new programs are introduced. The credit union industry-wide philosophy is “Members Serving Members”. This statement is more than just rhetoric, it is a fundamental belief and the way we conduct business, and our mission statement is in line with this philosophy. It reads: “Deseret First Credit Union exists to provide progressive and mutually beneficial products and services that foster the financial independence and well-being of its members within the LDS community”.

Deseret First experienced financial and membership growth during 2018. The year also provided opportunities to make key strategic decisions and implement programs that will further strengthen the credit union for years to come. Thank you for your unwavering trust and support. Let us continue to help you achieve your financial goals in 2019.

PRESIDENT’S REPORT

*Shane C. London
President/CEO*

I want to express my appreciation to you, our member/owners, for your involvement in maintaining and supporting this cooperative whose mission is to provide “progressive and mutually beneficial products and services that foster the financial independence and well-being of its members. . .”. Since our beginning in 1955 when a small group of church employees first gathered together to create Deseret First Credit Union (DFCU), it has continued to maintain its commitment toward serving church employees and members, and remains committed to the common values and purpose you cherish.

2018 brought several enhancements from a product and service prospective:

- CardHub offers real-time command of debit and credit cards, allowing the capacity to determine how, when and where your cards work.
- 24/6 after-hours phone support through a third-party provider offers the types of services utilized through our shared-branching network.
- 24/7 phone access allows you to report a lost or stolen credit or debit card.
- Enhanced Visa credit card rewards platform allows more automated access and enhanced options.
- Pre-paid debit cards can be purchased for gifts or personal use.
- A new Operations Center in West Valley and a replacement branch in Taylorsville, both done at a break-even positioning to limit expense impact.

Additionally, we see our Net Promoter Score (NPS) from our annual member survey continue to increase which is a measurement of how we’re doing in serving you. We were also again recognized by both the Salt Lake Tribune and Credit Union Journal as one of the “Best Places to Work For”, and we’re seeing the NPS from our Employee Engagement survey continue to increase. We had two groups of managers complete our DFCU Leadership Institute as well as two managers graduate from CUNA Management School, a three-year intensive program focused on professional growth and development. These accomplishments, along with a turnover ratio well below that of our peer credit unions, all combine together to create an incredible staff whose primary focus is to help our members. I’m incredibly proud and appreciative of all of them!

I also wish to express my sincere appreciation to our Board of Directors, Supervisory Committee and other volunteers for their dedication toward our overall success. A member-elected volunteer board and committees are key characteristics of what makes credit unions different. Their dedication and professional experience provides sound guidance and wisdom in monitoring and advising on the many issues which are found in the financial services industry.

This year marks my 38th anniversary working in the credit union industry and while I’ve seen a lot of changes in products, services and delivery channels, the foundational principles of “people helping people” continues. My commitment continues to be focused on DFCU’s overall success as well as the credit union movement. I believe that 2019 will be an amazing year as we all continue to come together in a common purpose and focus which has been DFCU since the beginning. As always, I welcome any feedback, questions or concerns you may have and invite you to email me at ceo@dfcu.com.

Thanks to all of you for your support.

SUPERVISORY COMMITTEE REPORT

*Kirk Barlow
Committee Chairman*

The Supervisory Committee’s primary objective is to examine and evaluate the adequacy and effectiveness of internal controls within the credit union. 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. As a committee we must understand the myriad risks facing the credit union and ensure proper controls are in place.

Additionally, the committee evaluates the effectiveness of management and employees 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 2018 annual audit. The audit for 2018 is currently in progress but is not yet complete. Upon completion of the audit, expected in spring 2019, an opinion will be rendered regarding the 2018 financial statements.

In addition to external auditors and regulatory auditors, Deseret First has an experienced internal auditor. In keeping with industry standard, the internal auditor reports directly to the Supervisory Committee. His annual audit plan is developed from a risk-based matrix that is developed in conjunction with the Supervisory Committee and Senior Management.

A copy of the 2017 audit report, which was issued in April 2018, 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 and its operations for 2017.

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