

2019

**ANNUAL
REPORT**



DESERET FIRST
CREDIT UNION

BOARD CHAIR

REPORT TO MEMBERS

Deseret First Federal Credit Union (DFCU) 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 65 years ago, the credit union has grown to an asset size of \$712 million and 71,000 members.

2019 marked the 111th anniversary of the credit union movement in the United States. The industry-wide philosophy of “Members Serving Members” is as true today as it was in 1908.

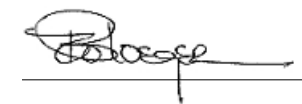
DFCU exists to provide progressive and mutually beneficial products and services that foster the financial independence and well-being of its members. We have been privileged to service the Church of Jesus Christ of Latter-day Saints community for 65 years. We feel that we are in a unique position to serve and support you with your financial needs and dreams.

A glance back at 2019 reveals several circumstances experienced across the country: a tight housing market in many areas (especially here in Utah) creating a problem for many first-time home buyers, both good and bad forces tugging at personal and family financial resources, a volatile stock market, social security and other scams searching for unwary participants, increased phishing and hacking attempts to obtain personal information, low unemployment, and when compared with earlier years, a stronger economy.

We have an active and “forward-looking” group of volunteers, your board of directors and supervisory committee, fulfilling their fiduciary responsibility to set direction for and ensure that you have a safe and trusted financial institution. We have a talented management and employee team providing you with product offerings and tools to meet your ever-changing financial needs and desires.

Now is a good time to once again reassess your financial needs and how DFCU can assist you in reaching your personal and family financial goals. Take advantage of our various savings and lending products designed just for you. We can also assist with your home, auto, and other insurance needs.

It is our privilege to have you as part of our DFCU family. Thank you for your unwavering trust and support. Let us assist you in making this year a success.



Randy Ploeger
BOARD OF DIRECTORS CHAIR

BOARD OF DIRECTORS

Randy Ploeger
CHAIR

Vance Huntley
VICE CHAIR

Kathleen Fueston
SECRETARY

Allan Gunnerson

Doug Martin

Beth Brewer

Spencer Walker

Peter Wirthlin
ASSOCIATE DIRECTOR

Julie Park
ASSOCIATE DIRECTOR

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee's (the committee) primary objective is to examine and evaluate the adequacy and effectiveness of internal controls within Deseret First Credit Union (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. The committee must understand the various risks facing the credit union and ensure proper controls are in place and functioning to mitigate risks.

The committee also evaluates the effectiveness of management and employees through audits of the credit union's 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 2019 annual financial statement audit. This audit for 2019 is currently in progress and is expected to be completed in the spring of 2020. An audit opinion will be rendered upon completion of the audit of the 2019 financial statements.

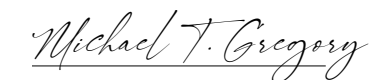
A copy of the 2018 audit report, which was issued in April 2019, is available for your review by contacting the credit union's accounting department.

In addition to external auditors and regulatory auditors, the credit union has an experienced internal auditor. In keeping with best practices, the internal auditor reports directly to the

committee. The annual audit plan is developed from a risk-based matrix and regulatory requirements with input from the credit union's senior management. The committee approves the audit plan and ensures that planned audits are completed.

Based on the financial statement audit performed by Moss Adams and our ongoing examinations of the credit union's operations, we are of the opinion that the financial statements accurately represent the financial position of the credit union and its operations for 2018.

If you have questions about our role with the credit union, please feel free to contact me or any member of the committee.



Michael T. Gregory, CPA
SUPERVISORY COMMITTEE CHAIR

SUPERVISORY COMMITTEE MEMBERS

Mike Gregory
CHAIR

John Tedrow
SECRETARY

Kirk Barlow

Mark Andromidas

Mike Gygi

WE ARE
The De Hoyos
AND OUR WHY IS



MEMBERS SINCE 2008

OUR
FAMILY

LETTER FROM THE **PRESIDENT**

Each year while writing this letter I ask myself: "Is Deseret First Credit Union better overall than it was the year before, and have we made a difference in the lives of our members?" Benjamin Franklin said, *"Without continual growth and progress, such words as improvement, achievement, and success have no meaning."* Reflecting on our accomplishments in light of this quote, I'm pleased to report that this past year we've experienced both "continual growth and progress." We've seen those results not only financially but also in a variety of ways in making a difference in the life of our members.

During our 65-year existence we've had as our primary purpose to provide financial services to church employees and members. Early last year we updated our branding message and look to reinforce the commitment we have to those we serve. Our branding change highlights our shared purpose of realizing the financial and spiritual potential of our members. Through our tagline **"YOU KNOW WHY | WE SHOW HOW"**, we portray our recognition that each of our members is motivated by their specific passions and interests, which are not dictated by others. Your goals and individual purpose are what drive you, and we love that about you; It's what makes you authentic and unique! **This is your WHY, and we celebrate it! As a staff we're driven to help you realize your individual WHY and SHOW HOW we can help you accomplish it.** Our desire is to work as your partner as we assist each member achieve financial success. To learn more about our branding refresh, I would invite you to visit our website page at <https://www.dfcu.com/about/dfcu/>. You can also view a few videos from our members about how we've been able to help them achieve their WHY!

This past year we've also been focused toward improving our products and services to serve you better. We remodeled our Murray branch, expanded functionality to assist missionaries

MY NAME IS *Ben Rose* AND MY WHY IS:



MEMBER SINCE 1993

COMPLETING MY BUCKET LIST

while they serve, piloted new programs to help our international members, service mortgage loans, and enhanced online payments options, to name a few. We also initiated a Member Advisory Panel that gives us the ability to survey our members about a variety of different issues. This helps us to better understand your needs.

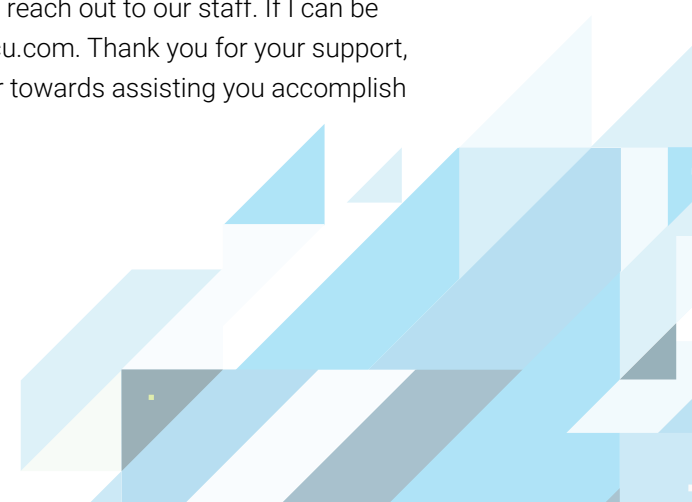
Our annual membership survey showed our Net Promoter Score (NPS) rose for the fourth year in a row. We're thrilled with these steady improvements. Our goal is to continue to see these trends continue as a measure of how we're serving you. From a staffing perspective, we were named again as "One of the Best Places to Work For" by Credit Union Journal and the Salt Lake Tribune. Also, our annual Employee Satisfaction Survey continues to reflect strong results, indicating a satisfied and happy staff. All of these measurements assist management in making certain we are meeting our members needs with a fully-engaged and satisfied staff.

We experienced strong financial results and ended the year with over \$712 million in assets. Both our volunteers and staff hold sacred the trust you place in us in protecting your financial needs. Each year a number of various audits are conducted in a number of different areas by outside auditing professionals, regulators, or an internal auditor who reports directly to an independent Supervisory Committee.

I'd like to thank our dedicated board and other volunteers who represent the needs of each of you. They are a committed group of individuals who volunteer numerous hours of their personal time on behalf of our members. Likewise, I'm appreciative to a dedicated staff of professionals who are devoted to assisting our members. Together our volunteers and staff have as their central purpose assisting our members achieve their financial goals and dreams.

As always, if you have any questions please don't hesitate to reach out to our staff. If I can be of assistance, I can be reached directly via email at ceo@dfcu.com. Thank you for your support, and I look forward to another great year as we work together towards assisting you accomplish your financial goals and dreams.

Shane C. London
PRESIDENT / CEO



FINANCIAL STATEMENTS

BALANCE SHEET - ASSETS

	2019	2018
Cash & Equivalents	\$84,817,832	\$60,805,194
Investments	46,260,354	75,303,948
Loans	539,502,389	517,333,968
Allowance for Loan Losses	(4,017,130)	(4,248,851)
Other Real Estate Owned	-	-
Fixed Assets (net)	33,952,918	32,129,774
Other Assets	11,954,390	12,650,263
Total Assets	\$712,470,753	\$693,974,296
Payables & Accruals	\$9,271,169	\$8,594,369
Deposits	650,635,638	640,423,972
Capital	52,563,945	44,955,955
Total Liabilities and Capital	\$712,470,753	\$693,974,296

TOTAL ASSETS

IN MILLIONS



PROFIT & LOSS STATEMENT

	2019	2018
Income on Loans	\$26,581,581	\$25,411,292
Investment Income	2,393,637	2,124,233
Fees & Other Income	14,100,400	11,671,346
Total Income	\$43,075,619	\$39,206,872
Provision for Loan Losses	\$3,876,290	\$4,266,475
Operating Expenses	28,721,365	27,225,348
Cost of Funds	4,638,947	4,708,226
Total Expenses	\$37,236,603	\$36,200,050
Net Income from Operations	\$5,839,015	\$3,006,822
Non-Operating Gain/Loss	(477)	7,660
Net Income	\$5,838,538	\$3,014,482

2019

BRAND REFRESH

June 2019 we introduced a refreshed and recommitted Deseret First Credit Union! In addition to our visual identity, we updated our messaging to more clearly identify who we serve and why we do what we do.

WHY THE UPDATE?

As a credit union, Deseret First was created to serve a unique field of membership. Though seemingly small, these changes signal our desire to better serve our members and emphasize our alignment in faith. Ultimately, we understand that members and employees of The Church of Jesus Christ of Latter-day Saints have unique goals and challenges and we want to provide them with the best financial support and services.

We embrace the shared values of our members while celebrating diversity of experiences and perspectives. We accomplish this by sharing real member stories within our brand. Our why is our members, and we want it to be apparent through our branding efforts.



BRAND

MANTRA

YOU KNOW WHY | WE SHOW HOW

We share an eternally unique perspective with our members. One that goes far deeper than purchasing habits, generational profiles and demographics. We understand deeply why our members do what they do because we share the same motivation. This is the reason DFCU can say with unparalleled confidence **WE UNDERSTAND WHY.**



YOU KNOW WHY

WE SHOW HOW



THE MEMBER

- Is driven by his or her why
- Feels comfortable and understood
- Provides feedback on financial desires and goals
- Is a partner in member's financial success

DFCU

- Is driven to help the member realize his/her why
- Provides a safe environment with open communication
- Provides unique financial products to support member needs
- Is a partner in member's financial success



OUR COMMITMENT

TO MEMBER SECURITY

It's a top priority to keep members information secure and confidential. DFCU is committed to continually building and maintaining a secure and resilient infrastructure to maintain confidentiality, integrity, and availability of members information. We follow industry best practices and US Government approved cybersecurity frameworks to insure protection of data during processing, handling, storage, and transmission.

Because the security threat landscape continues to evolve, we have implemented industry leading tools and techniques and continually work with cybersecurity experts to strengthen our security posture, stay abreast of emerging cyber threats, and identify counter measures to keep members information secure and protect against identity theft or fraud.

SENIOR MANAGEMENT

Shane C. London
PRESIDENT/CHIEF
EXECUTIVE OFFICER

Annalesa Vernon
SVP/CHIEF OPERATING
OFFICER

Derrick Peterson
EVP/CHIEF FINANCIAL
OFFICER

Mike Warner
SVP/CHIEF LENDING
OFFICER

Matt Wilson
VP/CHIEF INFORMATION
OFFICER

Trena Anderson
SVP/CHIEF BUSINESS
DEVELOPMENT OFFICER

Spencer Park
VP/CHIEF PEOPLE
& ADMINISTRATIVE
OFFICER

Brennan Wall
VP OF MARKETING

\$38,000
GIVEN TO

125
MISSIONARIES
67 SISTERS
58 ELDERS



46 Total Referrals
from Utah Missions

23 Total Referrals
from SLC Inner City Service Missionaries

Mission recipient serving in:

68 MISSIONS

19 COUNTRIES

OUR COMMITMENT

TO THE COMMUNITY

DFCU found ways to give back to our community ever since we started in 1955. We decided there was more of a need than we could serve on our own so...the Deseret First Charitable Foundation (DFCF) was created! Now DFCF is where we use donated funds to help outfit missionaries of any age from an elder, a sister, to a senior couple. The primary purpose of DFCF is to provide tangible items such as clothing, shoes, and luggage to missionaries for the Church of Jesus Christ of Latter-day Saints. We love helping in such a simple way so elders and sisters are prepared to serve!



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