



2021

ANNUAL REPORT



I AM PROUD TO
REPRESENT DESERET
FIRST AS WELL AS
REPRESENTING
WOMEN IN SPORTS!

Deseret helps their credit
union members succeed in
their life decisions!

Paisley Harding

BRIGHAM YOUNG UNIVERSITY
WOMEN'S BASKETBALL GUARD



BOARD CHAIR REPORT TO MEMBERS

What a roller coaster ride the last two years have been with the pandemic and economic forces changing so quickly. Although job opportunities seem to be available, inflation and now rising interest rates affect our finances. Additionally, many other challenges have come into our lives that we didn't have to deal with two years ago. However, even in these quickly changing times, I'm grateful for the many great employees at Deseret First Credit Union who are so willing to help us as members. Deseret First has been a blessing in my life and to the lives of many others.

When I first started college, I was unaware of credit unions and how different they were from banks and other financial institutions. I did not know that the credit union philosophy of **"Members Serving Members"** began in Europe in the 1800s and then came to America in 1908. The need for credit unions came as a result of underserved individuals or groups that pooled their resources and formed cooperatives. Therefore, these people could now get loans and other financial resources that banks were unwilling to give. **Credit unions are not for profit, so all their earnings are given back to the members as higher savings interest rates, lower fees, and reduced loan rates.**

At Deseret First, we have been privileged to serve the Church of Jesus Christ of Latter-day Saints community for 67 years. We feel we are uniquely positioned to serve and support you with your financial needs and aspirations. **As the members of the board of directors, we are elected and unpaid volunteers who strive to represent all of our members' interests and ensure the safeguarding of your funds by continually evaluating the financial well-being of Deseret First.** We believe strongly in its purpose and mission.

WE ARE
The De Hoyos
AND OUR WHY IS



MEMBERS SINCE 2008

OUR FAMILY

I'm thankful to now know how much Deseret First strives to help each of our well-being by providing helpful and mutually beneficial products and services that foster financial independence. We hope 2022 will be a great year for each of you as members of Deseret First!

Vance Huntley
BOARD OF DIRECTORS CHAIR

BOARD OF DIRECTORS

Vance Huntley
CHAIR

Randy Ploeger
VICE CHAIR

Beth Brewer
SECRETARY

Allan Gunnerson

Doug Martin

Kathleen Fueston

Spencer Walker

Peter Wirthlin
ASSOCIATE DIRECTOR

Julie Park
ASSOCIATE DIRECTOR



WIITH DESERET FIRST

I know they are helping set me and my family up for greatness with both their financial products and services.

Mykayla Skinner

USA OLYMPIC MEDALIST
TOKYO 2020



SUPERVISORY COMMITTEE REPORT

The Supervisory Committee (the Committee) of Deseret First Credit Union (the Credit Union) consists of five members that are proven professionals with established experience and expertise. The Committee members hold various professional credentials. This Committee is independent of all credit union's officers, employees, departments, and committees.

The Committee's objectives are to ensure that the Credit Union's internal controls are adequate and effective and that the Credit Union complies with existing policies, plans, procedures, laws, and regulations. Inadequate internal controls and non-compliance with policies, plans, procedures, laws, and regulations could significantly impact the credit union's operations and mandatory reporting. The Committee evaluates the risks facing the credit union and ensures internal controls are functioning to mitigate these risks.

Audits of the Credit Union's operations, interaction with employees, and observation of the board and other executive committee meetings provide the Committee with evidence of the effectiveness of internal controls, management, employees, and committees.

Annually, the Committee engages the services of an independent Certified Public Accounting firm to audit the credit union's financial statements. The Committee engaged, in coordination with management, the accounting firm Moss Adams to complete the 2021 financial statement audit. This audit is currently being performed. It is expected to be completed in the spring of 2022. When completed, Moss Adams will render an audit opinion on the 2021

WE ARE THE *Cleggs* AND OUR WHY IS:



CHANGING
LIVES

financial statements. A copy of the 2020 audit report issued in April 2021 is available for your review by contacting the Credit Union's accounting department.

In addition to external and regulatory auditors, the Credit Union employs an experienced and qualified internal auditor that 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 annually approves the audit plan and regularly reviews the status of audits to ensure that planned audits are completed.

Based on the results of the 2020 financial statement audit and the completed regulatory and internal audits 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 2020.

Michael T. Gregory

Michael T. Gregory, CPA
SUPERVISORY COMMITTEE CHAIR

**SUPERVISORY
COMMITTEE
MEMBERS**

Mike Gregory
CHAIR

John Tedrow
SECRETARY

Kirk Barlow

Mark Andromidas

Mike Gygi



DESERET FIRST

Is my first choice in finance to further my career. I'm excited to connect myself with the preferred lender/partner of so many fans here in Utah.

Britain Corey

UTAH UNIVERSITY
WIDE RECEIVER



LETTER FROM THE **PRESIDENT**

Each year as I take time to write this report to you, our member/owners, I always reflect on how I adequately convey what we've done to provide value and benefit. Alphonse Desjardins, an early credit union pioneer, said: **"Let it never be forgotten that a credit union is above all else, an association of people, not dollars."** While financial results and the strength and protection it provides remain a vital component to our overall success, our primary focus has always been focused on providing value and benefit to our members. Each DFCU employee embraces our tagline of "You Know Why, We Show How" as an integral part of each of our interactions with you.

We've now closed out our second year since the pandemic began, and I'm pleased to report we've handled the disruptions that have been associated with Covid. We appreciate your patience and understanding as we've responded to the guidance given us by health professionals in protecting each of you and our staff. For the most part, our members have not experienced significant economic impact due to the pandemic. For those that may have experienced hardships, we've responded by assisting them in weathering out the storm. Hopefully, COVID-19 and its overall impact will continue to be better understood and decline, and we will be able to migrate back to a "new normal."

In response to your feedback from our Member Engagement survey, **we were thrilled to add some additional enhancements to our products and services.** One of those was in our Visa Card product, where we added new card designs, a contactless card feature, and an expedited process to rapidly add your DFCU cards to your mobile wallet. We also released our new Visa Signature credit card that provides daily cashback on your purchases along with other vital services. We believe that this card is one of the best found in the market and is a great compliment to our other card products. I'd encourage you to check out this card on our website.

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



MEMBER SINCE 1993

COMPLETING MY BUCKET LIST

This year we again experienced exceptional results from our annual Member and Employee Engagement surveys which have reflected increases to our Net Promoter Score (NPS) several years in a row. **We also were recognized by several local and national organizations as one of the Best Places to Work For, again for many years running. Our marketing and HR teams were also recognized by their peers with several recognition awards as well.** We also have received positive audit results not only related to our financial statement audit, but also in our Information Technology, Business Services, and regulatory examinations as well.

DFCU achieved strong financial results in 2021, even with the economic pressures that have existed since the pandemic began. Balance Sheet management has been challenging as deposit growth has been significant due to government stimulus payment and slower consumer spending. This, along with low-interest rates resulting in strong mortgage lending, has resulted in solid loan growth. However, supply chain-driven obstacles have reduced inventories for such items as new cars, appliances, and other similar products. Whether your needs are related to deposit options or lending products, our skilled staff is available to assist.

I want to thank our dedicated team of 220+ staff professionals who stand ready to assist you with your needs. They are focused on providing the best service possible, and I'm thrilled to have them part of the DFCU team. Likewise, I want to recognize our incredible Board of Directors and Supervisory Committee for their contribution to our success. This incredible group of volunteers has done a remarkable job in their oversight role in ensuring your interests are being managed safely and your needs are being met.

Thank you for your ongoing support, and we stand ready to assist you in your needs. Please don't hesitate to provide feedback to our staff, or you can send it to me directly at ceo@dfcu.com.

Best wishes for a wonderful 2022!

Shane C. London
PRESIDENT / CEO



FINANCIAL STATEMENTS

BALANCE SHEET - ASSETS

	2021	2020
Cash & Equivalents	\$138,265,827	\$109,572,396
Investments	17,170,215	28,933,520
Loans	708,018,474	654,515,760
Allowance for Loan Losses	(3,052,011)	(3,784,040)
Other Real Estate Owned	-	-
Fixed Assets (net)	34,615,074	33,214,022
Other Assets	26,976,951	19,632,346
Total Assets	\$921,994,530	\$842,084,004
Payables & Accruals	\$10,359,158	\$13,454,870
Deposits	844,926,092	770,689,998
Capital	66,709,281	57,939,136
Total Liabilities and Capital	\$921,994,530	\$842,084,004

TOTAL ASSETS

IN MILLIONS



PROFIT & LOSS STATEMENT

	2021	2020
Income on Loans	\$27,696,511	\$26,686,025
Investment Income	711,461	876,855
Fees & Other Income	17,174,977	13,631,154
Total Income	\$45,582,949	\$41,194,034
Provision for Loan Losses	\$83,489	\$2,341,011
Operating Expenses	34,175,643	30,443,768
Cost of Funds	2,860,014	3,827,624
Total Expenses	\$37,119,146	\$36,612,402
Net Income from Operations	\$8,463,803	\$4,581,631
Non-Operating Gain/Loss	690,041	442
Net Income	\$9,153,844	\$4,582,074

YOU KNOW WHY



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

We share an eternally unique perspective with our members. One that goes far deeper than purchasing habits, generational profiles and demographics.



WE SHOW HOW

DESERET FIRST

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

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.



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

Brennan Wall
VP/CHIEF MARKETING
OFFICER

Derrick Peterson
EVP/CHIEF FINANCIAL
OFFICER

Mike Warner
SVP/CHIEF LENDING
OFFICER

Matt Wilson
VP/CHIEF INFORMATION
OFFICER

Spencer Park
VP/CHIEF PEOPLE
& ADMINISTRATIVE
OFFICER

Trena Anderson
SVP/CHIEF BUSINESS
DEVELOPMENT OFFICER

AWARDS & RECOGNITIONS



CUNA DIAMOND AWARDS MARKETING





dfcu.com