



**Trust, Service, Safety**

## Annual Membership Meeting

March 21, 2015 at 9:00 a.m.

The Black Canyon Conference Center (Sonoran Ballroom)

9440 N. 25<sup>th</sup> Avenue

Phoenix, AZ 85021

“This credit union is federally insured by the National Credit Union Administration.”

## Meeting Agenda

- CALL TO ORDER ROGER ZOLLINGER
- QUORUM PRESENT ROGER ZOLLINGER
- CLOSE BALLOT ROGER ZOLLINGER
- MINUTES OF THE 2014 ANNUAL MEETING AS PRINTED
- CHAIRMAN'S REPORT AS PRINTED
- CREDIT MANAGER'S REPORT AS PRINTED
- SUPERVISORY COMMITTEE REPORT AS PRINTED
- CEO's REMARKS ROBB SCOTT, CEO
- OLD BUSINESS ROGER ZOLLINGER
- NEW BUSINESS ROGER ZOLLINGER
  - RATIFY BYLAW CHANGES
- DOOR PRIZES ROBB SCOTT
- ELECTION RESULTS ROGER ZOLLINGER
- ADJOURNMENT ROGER ZOLLINGER

**Deer Valley Credit Union  
Annual Meeting Minutes  
April 5, 2014**

Chairman Roger Zollinger called the meeting to order at 9:00 AM on Saturday, April 5, 2014, at the Black Canyon Conference Center, Phoenix, AZ. Board members present were Roger Zollinger-Chair, Ed Frick-Vice Chair, Frank Martinson-Secretary/Treasurer, Greg Miller-Director, Stephen Wolfe-Director, and Chris Urness-Director. Supervisory Committee members present were Harshad Desai and Melanie Merrill.

Chairman Zollinger determined that a quorum was present.

The minutes of the annual meeting of April 13, 2013 were approved as printed on the handouts provided to attendees.

The reports of the Chair, Credit Manager and Supervisory Committee were accepted as printed in the 2013 annual report distributed to attendees.

Chairman Zollinger thanked the membership for its continued support. He also thanked the staff of the credit union for their efforts throughout the year. He highlighted the written report to the membership which noted the credit union's progress towards assisting more members with loans. Loan balances increase over \$17 million in 2013. Net worth improved to 8.18% with net income was almost \$1.5 million. Roger also discussed the need to attract younger members. New home banking and mobile technology will be implemented during the fourth quarter.

Robb Scott, CEO, welcomed the membership and thanked them for their continued support and interest in the credit union. He introduced the Board of Directors and Supervisory Committee members. He presented the credit union's new logo that highlighted our focus on trust, safety and service. Robb reviewed the current economy including Phoenix home values and unemployment. He discussed financial events in 2013 including: 1) \$17 million loan balance increase, 2) low loan losses, 3) dealer of the month program, 4) new overdraft protection program and 5) fully leased operations building. Robb said that the focus for 2014 will be to continue increasing loan balances and improving our home banking product. Members continue to give the credit union high satisfaction grades.

Chair Zollinger said that there was no old business or no new business.

Chairman Zollinger announced that Ed Frick, Frank Martinson and Chris Urness were elected to the Board by the membership.

The meeting was adjourned at 9:50 AM.

Respectfully submitted,

*Frank Martinson*

Frank Martinson, Secretary/Treasurer

Approved by,

*Roger Zollinger*

Roger Zollinger, Chairman

## Deer Valley Credit Union Chairman's Report

We are happy to report that the state of our member-owned and operated credit union is strong. Thank you to over 15,000 members for choosing our credit union and participating in our financial services. We exist to serve the financial needs of our members. As our tagline says, we are focused on providing a credit union that our members can TRUST; a credit union that offers the highest level of SERVICE and a credit union that provides SAFETY for our members and their financial well-being.

2014 was an excellent growth year for our credit union. We added over 1,600 new members that brought in over \$5 million in deposits and borrowed over \$20 million. Our overall growth in loan balances for the year was almost \$17 million from all members. This represents a 17% annual increase in loan balances which compares favorably versus other financial institutions in our area. The growth in performing loans has contributed to an increase in our net worth ratio. Our net worth ratio at the end of 2014 was 8.59%. The increase in net worth allows our credit union to sustain the impact of possible future financial losses due to economic downturns which typically impact our credit union.

We are excited to introduce our new remote banking system to our membership in the coming weeks. Deer Valley has partnered with Cubus to bring the latest technologies and convenience to the forefront of their services by providing the best online and mobile experience to our members. This new platform will not only allow members access to their accounts but it will provide a multitude of options in managing their finances anytime, from anywhere, and from any device. Each user experience (whether from PC, laptop, cell phone or tablet) will be powered by the Cubus One platform in real-time. Moving from one device to another will yield immediate, up-to-date financial information. Some of the new services available in the new platform include remote deposit capture (taking a picture of a check with your phone), skip-a-pay and Money Desktop (manage all of your financial relationships in one place).

Following is a list of our distinguished volunteer board of directors:

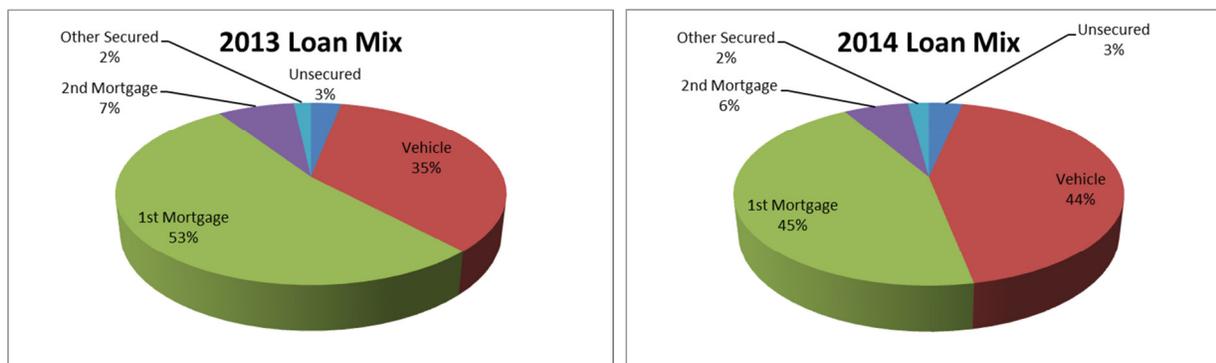
Chris Urness, Vice Chairman  
Steve Wolfe, Treasurer  
Ed Frick, Secretary  
Frank Martinson, Director

Greg Miller, Director  
Doug LaPedes, Director  
Harold Kinch, Director  
Melanie Merrill, Director

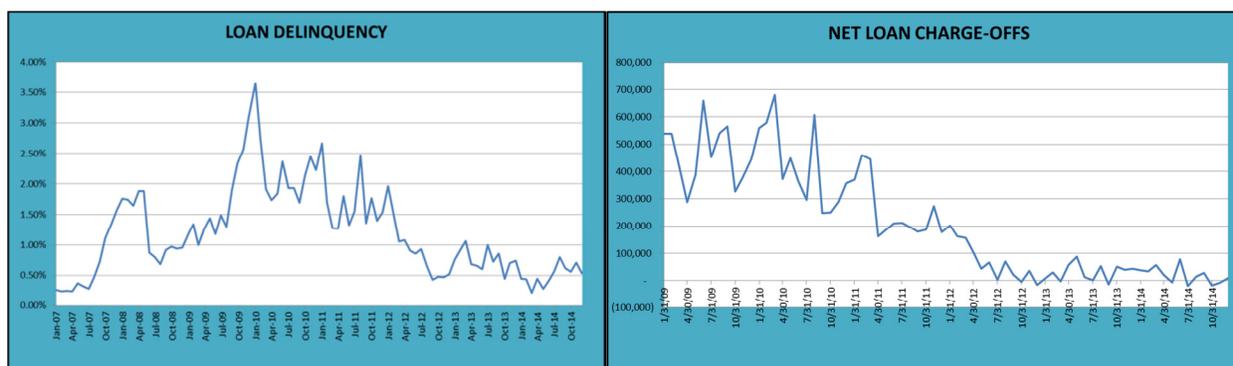
*Roger Zollinger*  
Roger Zollinger  
Chairman

## Deer Valley Credit Union Credit Manager's Report

Our primary function as a not-for-profit credit union is to provide loans to our members. In 2014, we granted almost \$51 million in new loans to our members. Total loan balances increase almost \$17 million in 2014 compared to 2013 for an 18% increase. During 2014, the mix of vehicle loans has increased from 35% at the end of 2013 to 44% at the end of 2014. Conversely, the mix of 1<sup>st</sup> mortgage loans has decreased from 53% at the end of 2013 to 45% at the end of 2014. The mix of loans at the end of 2014 is more diversified which protects our credit union against large interest rate swings.



The quality of the loan portfolio is measured by the amount of delinquent loans and loan charge offs or losses. At the end of 2014, we had only \$581,805 in loan balances that were delinquent more than 60 days. This calculates a loan delinquent to total loan ratio of 0.54%. This delinquency ratio compares favorably versus previous years when the local economy was weak. Loan charge off losses and delinquency continued to be manageable in 2014.



We look forward to serving more members with their lending needs in 2015 and beyond. Our 2015 goal is to loan out at least 65% of members' deposits compared to 59% as of 12/31/2014.

*Janet Burgett*  
Janet Burgett  
Credit Manager

**Deer Valley Credit Union**  
**Supervisory Committee's Report**

During 2014, the Supervisory Committee continued its active involvement in monitoring the credit union's operating practices and financial results, in keeping with its mission to safeguard both DVCU and member assets.

The committee contracted with Nearman, Maynard, Vallez, an independent CPA firm to perform an annual opinion audit of the financial statements. We received a "clean" audit opinion on our 2013 financial statements. The CPA firm will be rendering an opinion on our 2014 financial statements this April.

We also implemented an internal audit program aimed at verifying that the credit union continues to operate in a safe and sound manner. In addition to conducting its own audits of various areas of the credit union, we contracted with an additional independent CPA firm, Moss Adams, to conduct agreed upon internal audits. The committee also meets with credit union regulators, reviews their exam reports and ensures that management complies with audit and exam requirements.

In our opinion, the credit union is operating in accordance with applicable laws and regulations in a manner consistent with sound credit union practices and procedures.

Thank you to my fellow committee member, Harshad Desai, for his volunteer work over the past several years.

*Al DuBrowa*

Al DuBrowa

Chairman, Supervisory Committee

PROPOSED  
AMENDMENT(S) TO THE BYLAWS

of

Deer Valley Credit Union

At the September 10, 2014 meeting of the Board of Directors, at which eight directors were present, the following amendments to the Bylaws of this credit union were adopted and approved unanimously:

1. ARTICLE III, Section 3.1, MEMBERSHIP was amended to read:

Membership of this credit union shall consist of:

Employees, retirees and family members of the following companies:

- Deer Valley Credit Union
- Honeywell (excluding Aerospace and Defense Divisions)
- Bull HN and Icotron
- Contractors and employees of contractors working under a contractual arrangement with above companies and assigned to work in their facilities
- Aetna Retirement Services
- Bell Technologies
- Diehl Equipment Company
- HB Machine, Inc.
- Merit Behavioral Care
- Medtek, Inc.
- National City Processing Company
- Robert Bein, William Frost & Associates
- MorganChaney LLC
- Sequencia Corporation
- Tominy, Inc.
- TriWest Healthcare Alliance
- Vensoft, Inc.
- WANG Customer Services Operation
- Mary Kay Cosmetics, Inc. directors affiliated with Mary Kay Career Training centers in Phoenix metropolitan area and consultants under their direction
- NCS Pearson
- NextPhase
- Pediatrix
- Krieger Chiropractic
- Wesson Garage Doors
- Creative Plants
- West Wind Aviation Academy
- Cyberdyne Systems
- Shear Paradise Salon

- Hypercom Corp
- Fleming Foods, Inc formerly Associated Grocers of Arizona, its subsidiary companies; member and affiliated stores
- Independent grocers; and family members
- Persons affiliated with the grocery industry
- Arizona Food Brokers employees and family members
- Arizona Baking Company of the Southwest employees and family members
- Zee Medical Service company employees and family members
- Arizona Food Marketing Alliance employees and employees and family members of member companies
- Arizona Grocers Credit Union employees and family members
- Burger Shoppe employees and family members
- Ruan trucking employees and family members
- Arizona Machinery employees and family members
- Retired annuitants and any member of their immediate family related by blood, marriage, or adoption
- Individuals who are sponsored by a member of this credit union and organizations of such persons
- Site Imaging employees and family members
- Coremark employees and family members
- AEX employees and family members
- American Fire Equipment Sales & Service Corp
- El Armario employees and family members
- Jamison Electric Company employees and family members
- Arizona Coating Applicators employees and family members
- Shadow Mountain Transport employees and family members
- Centurion Gold Inc.
- PetSMART

Persons who live, work, and/or worship within (107) zip codes in the Valley including: 85001, 85002, 85003, 85004, 85005, 85006, 85007, 85008, 85009, 85010, 85011, 85012, 85013, 85014, 85015, 85016, 85017, 85018, 85019, 85020, 85021, 85022, 85023, 85024, 85025, 85027, 85028, 85029, 85030, 85031, 85032, 85033, 85034, 85035, 85036, 85038, 85046, 85050, 85051, 85053, 85055, 85060, 85061, 85062, 85063, 85064, 85065, 85067, 85068, 85069, 85070, 85071, 85072, 85073, 85074, 85075, 85077, 85078, 85079, 85080, 85082, 85085, 85086, 85087, 85098, 85099, 85253, 85254, 85301, 85302, 85303, 85304, 85305, 85306, 85308, 85310, 85311, 85312, 85313, 85318, 85335, 85345, 85351, 85363, 85373, 85374, 85375, 85379, 85380, 85381, 85382, 85385, 85387, 85388, 86305, 86323, 86314, 86301, 86313, 86303, 86327, 86333, 86329, 85324, 85342, 85358 and 85390

Spouses of persons who died while within the field of membership of this credit union

The above amendment is certified to be true and accurate.

Date: September 10, 2014

Secretary: *Edward Frick*  
Edward Frick

## Statement of Financial Condition-Balance Sheet

(unaudited)		
	<b>2013</b>	<b>2014</b>
<i>Assets</i>		
Cash on Hand and Deposited	\$ 7,420,907	\$ 15,640,593
Investments	91,497,392	67,108,584
Loans to Members	91,607,792	108,535,362
Allowance for Loan Losses	(1,302,446)	(1,376,860)
Land, Building & Furniture - Net	11,490,140	11,666,157
Other Assets	3,289,800	3,152,432
<b>Total Assets</b>	<b>\$ 204,003,585</b>	<b>\$ 204,726,268</b>
<i>Liabilities and Equity</i>		
Accrued Dividends and Other Liabilities	\$ 1,785,432	\$ 1,773,840
<b>Total Liabilities</b>	<b>\$ 1,785,432</b>	<b>\$ 1,773,840</b>
Checking	\$ 42,844,587	\$ 46,261,807
Regular Shares	56,526,545	59,566,581
Money Markets	38,746,057	37,460,420
Certificates	26,763,378	23,507,666
IRA Shares and Certificates	21,201,190	18,522,831
<b>Total Member Shares</b>	<b>\$ 186,081,757</b>	<b>\$ 185,319,305</b>
Undivided Earnings	\$ 9,885,905	\$ 10,787,036
Reserves	6,800,151	6,800,151
Unreal Gains(Losses)	(549,660)	45,936
<b>Total Liabilities and Equity</b>	<b>\$ 16,136,396</b>	<b>\$ 17,633,123</b>
<b>Total Liabilities and Equity</b>	<b>\$ 204,003,585</b>	<b>\$ 204,726,268</b>

## Statement of Operations-Income Statement

(unaudited)	2013	2014
<i>Interest Income</i>		
Income Income on Loans	\$ 3,978,486	\$ 4,452,202
Investment Interest Income	950,214	989,488
<b>Total Interest Income</b>	4,928,700	5,441,690
<i>Interest Expense</i>		
Interest on Member Deposits	410,009	308,074
<b>Net Interest Income</b>	4,518,691	5,133,616
Provision for Loan Losses	110,000	300,000
<b>Net Interest Income after Provision</b>	4,408,691	4,833,616
<i>Non-Interest Income</i>		
Fee and Other Income	2,567,096	2,484,056
Other Gains/Losses	172,086	(7,837)
<b>Total Non-Interest Income</b>	2,739,182	2,476,219
<i>Non-Interest Expense</i>		
Compensation and Benefits	2,443,859	3,163,489
Travel and Conference	31,274	49,343
Office Occupancy	694,746	728,489
Office Operations	1,481,982	1,409,338
Member Education & Marketing	64,278	109,433
Loan Servicing	704,249	721,134
Professional and Outside Services	77,186	127,081
Member Insurance	148,642	0
Operating Fees (AZDFI)	21,397	21,348
Miscellaneous Operating Expense	51,313	79,049
<b>Total Expenses</b>	<b>\$ 5,718,926</b>	<b>\$ 6,408,704</b>
<b>Net Income/(Loss)</b>	<b>\$ 1,428,947</b>	<b>\$ 901,131</b>

**Deer Valley Credit Union  
Contact Information**

<b>Branches</b>	<b>Hours</b>
<b>Main Branch</b> 16215 N. 28 <sup>th</sup> Avenue Phoenix, AZ 85053	<b>Monday-Thursday 9:00 am – 5:00 pm</b> <b>Friday 9:00 am – 6:00 pm</b>
<b>Anthem Branch</b> 3428 W. Anthem Way Anthem, AZ 85086	<b>Monday-Thursday 9:00 am – 5:00 pm</b> <b>Friday 9:00 am – 6:00 pm</b>
<b>Arrowhead Branch</b> 18559 N. 58 <sup>th</sup> Avenue Glendale, AZ 85308	<b>Monday-Thursday 9:00 am – 5:00 pm</b> <b>Friday 9:00 am – 6:00 pm</b>
<b>Surprise Branch</b> 15613 W. Bell Road Surprise, AZ 85374	<b>Monday-Thursday 9:00 am – 5:00 pm</b> <b>Friday 9:00 am – 6:00 pm</b>
<b>eBranch</b> (602)375-7300 1-800-579-5051 Email: <a href="mailto:info@dvcu.org">info@dvcu.org</a> Website: <a href="http://www.dvcu.org">www.dvcu.org</a>	<b>Monday-Thursday 8:30 am – 5:00 pm</b> <b>Friday 8:30 am – 6:00 pm</b>

Credit Union Shared Branches worldwide: [www.cuswirl.com](http://www.cuswirl.com) or linked on our home page  
Surcharge free ATM network worldwide: [www.allpointnetwork.com](http://www.allpointnetwork.com) or linked on our home page

Vehicle financing at almost every vehicle dealership in Arizona – Tell them you want your loan at DVCU!