

## FINANCIAL CONDITION

ASSETS	2017	2016
Consumer.....	\$618,687,497	\$576,675,072
Credit Cards.....	21,928,983	21,903,954
Real Estate.....	170,716,116	147,084,349
<b>Subtotal.....</b>	<b>811,332,596</b>	<b>745,663,375</b>
Allowance For Loan Loss.....	(-1,978,466)	(-1,997,631)
<b>Total Loans.....</b>	<b>808,574,130</b>	<b>743,665,744</b>
Accounts Receivable.....	37,661	59,340
Cash & Investments.....	91,561,930	101,238,287
Fixed Assets.....	44,420,876	41,753,843
Accrued Income.....	2,203,229	1,856,716
Prepaid and Deferred Expenses.....	864,818	802,234

**TOTAL ASSETS 947,662,644 889,376,164**

LIABILITIES AND EQUITY	2017	2016
Share Accounts.....	387,303,050	355,408,035
Checking Accounts.....	161,051,022	149,600,377
Certificates of Deposit.....	106,542,481	108,053,805
IRAs.....	45,658,822	47,460,397
Money Market Accounts.....	46,435,565	45,654,208
Other Member Deposit Accounts.....	53,132,380	47,277,502
<b>Member Deposit Total.....</b>	<b>800,123,320</b>	<b>753,454,325</b>
Accounts Payable.....	3,138,203	1,325,178
Other Liabilities.....	2,463,887	1,799,982
Accrued Expenses.....	2,321,253	2,112,835
Dividends Payable.....	2,292,436	3,782,438
Reserve Fund and Retained Earnings.....	137,323,545	126,901,407

Notes Payable..... 0 0

**TOTAL LIABILITIES AND EQUITY 947,662,644 889,376,164**

INCOME	2017	2016
Loans.....	31,038,805	27,312,010
Investments.....	1,142,755	597,437
Other Income.....	12,572,229	12,423,287

**TOTAL INCOME 44,753,789 40,332,734**

EXPENSES	2017	2016
Total Operating Expenses.....	26,629,071	25,342,830
Share Dividends.....	2,778,195	4,221,857
Certificates of Deposit (CDs).....	1,326,996	1,194,641
Individual Retirement Account (IRAs).....	33,259	28,804
Checking Account Interest.....	28,816	27,484
Money Market Accounts.....	113,567	90,165
Total Dividends and Interest Expenses.....	4,280,833	5,562,952

**TOTAL EXPENSES 30,909,904 30,905,782**

Provision for Loan Losses..... 3,437,112 2,683,331

**NET SURPLUS/(DEFICIT) 10,406,773 6,743,621**

## DATCU LOCATIONS

Denton Downtown  
225 West Mulberry Street  
Denton, TX 76201

North Denton  
906 West University Drive  
Denton, TX 76201

South Denton  
3210 Teasley Lane  
Denton, TX 76210

West Denton  
2216 Emery Street  
Denton, TX 76201

Aubrey  
919 Highway 377 South  
Aubrey, TX 76227

Decatur  
600 West Ford Street  
Decatur, TX 76234

Corinth  
3005 FM 2181  
Corinth, TX 76210

Flower Mound  
2935 Long Prairie Road  
Flower Mound, TX 75022

Highland Village  
1900 Briarhill Blvd.  
Highland Village, TX 75077

Lewisville  
1001 Edmonds Lane  
Lewisville, TX 75067

Sanger  
618 North 10th Street  
Sanger, TX 76266

The Colony  
4190 Main Street  
The Colony, TX 75056

Headquarters  
5940 S Interstate 35 E  
Corinth, TX 76210

## HOURS

Lobby Hours  
Monday - Friday 9 a.m. - 5 p.m.  
Saturday 9 a.m. - 1 p.m.

Drive-Thru Hours  
Monday - Friday 8 a.m. - 6 p.m.  
Saturday 9 a.m. - 1 p.m.

## CONTACT

Toll-free: 866-387-8585  
Online: www.datcu.org

Virtual Branch  
866-387-8585  
Monday - Friday 8 a.m. - 5 p.m.  
Saturday 9 a.m. - 1 p.m.

## MAILING

(All Branches)  
DATCU Credit Union  
P.O. Box 827  
Denton, TX 76202-0827

## SENIOR MANAGEMENT STAFF

Glen P. McKenzie – President/Chief Executive Officer  
Melanie Vest – Executive Vice President, Chief Financial Officer  
Jon Madsen – Executive Vice President, Chief Operations Officer  
James Henderson – Executive Vice President, Chief Information Officer  
Janice Sheppard – Senior Vice President of Real Estate  
Karen Curtis – Vice President of Special Accounts  
David Frazier - Vice President Controller  
Robert Hall – Vice President of Information Systems  
Craig Neu – Vice President of Lending  
Susan Passariello – Vice President of Marketing  
Dee Dee Peterson - Vice President of Branch Operations  
Pat Sherman – Vice President of Community Relations  
Sonya Thompson - Vice President of Product Development

**DATCU**  
CREDIT UNION



Federally Insured by NCUA

# 2017

## ANNUAL REPORT

**DATCU**  
CREDIT UNION

## 82nd ANNUAL MEETING

March 27, 2018 5:00 - 6:00 p.m.  
 DATCU Headquarters  
 5940 S. Interstate 35 E  
 Corinth, TX 76210

- I. Welcome
- II. Verification of Quorum
- III. Reading of the 81st Annual Meeting Minutes
- IV. Reports
  - A. Chairman's Report
  - B. Auditor's Report
- V. Unfinished Business
- VI. New Business
- VII. Election of Directors
- VIII. Adjournment

## DATCU 2017-2018 BOARD OF DIRECTORS

### TERMS EXPIRE AT ANNUAL MEETING 2018

Dr. Ron Aldridge  
 Mr. Lee Howell  
 Mr. Robert Ramirez  
 Mr. James Wells

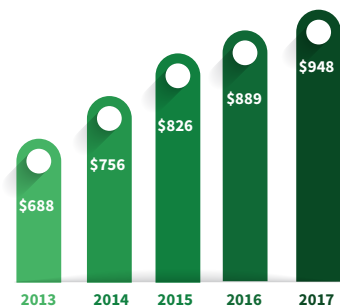
### TERMS EXPIRE AT ANNUAL MEETING 2019

Mrs. Jill Jester  
 Mr. Russ Kerbow  
 Mrs. Susan Romero  
 Gary Goldsmith

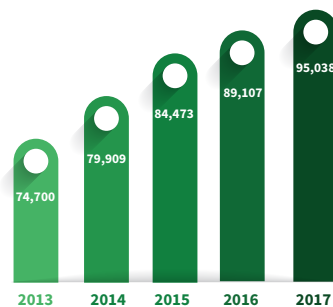
### TERMS EXPIRE AT ANNUAL MEETING 2020

Mr. Bob Crouch  
 Dr. Elizabeth Seymour  
 Dr. Jamie Wilson

### Asset Size (in millions)



### Membership Growth



## CHAIRMAN AND CEO'S REPORT

We experienced another stellar year in performance with outstanding gains in growth. Together, we accomplished much including ending 2017 with growth in assets of over \$58 million to \$947,662,544. It was a privilege for the ninth consecutive year to return a bonus dividend to our members for \$1,875,000. We yielded, for the first time in our history, a loan portfolio exceeding \$800 million including a 17% increase in Real Estate loans. Membership also grew 7% to over 95,000 members. This coming year, we anticipate that we will hit significant milestones of over 100,000 members and assets exceeding a billion dollars.

In April of 2017, our eleventh branch location in Corinth opened its doors. In June, we expanded and introduced D&M Leasing offering lower payment options to our members.

We care about those things that matter to you. We understand that convenience is important to those we serve, and therefore introduced new wallet payment options by implementing Apply Pay, Google Pay, Samsung Pay, and MasterPass. In 2018, we will continue to focus efforts on new rewards programs and providing enhanced technology that will make your life easier. We have also commenced construction on two new Denton branch locations.

Our members are enthusiastic about their credit union as evidenced in the numerous awards and accolades we received throughout the year. For the third consecutive year in *Best of Denton County Magazine*, members voted us "Best Credit Union". In the *Star Local News' Reader's Choice Awards*, citizens in Flower Mound, Lewisville, and The Colony voted us "Best Credit Union" and readers of the *Lewisville-Leader* voted us "Best Mortgage Lender". For the sixth consecutive year, readers of the *Denton Record-Chronicle* named DATCU "Best Financial Institution". We are pleased to note that for the first time, the community also recognized us as the "Best Mortgage Lender". In the *Wise County Messenger's 2017 Reader's Choice Awards*, citizens of Wise County voted the credit union as the "Best Place to Get a Loan".

While together we have achieved great things since thirteen educators first opened the doors in 1936, to this day we remain committed to our long time philosophy of "people helping people" and to supporting our schools, area nonprofits, and civic organizations. To better strengthen the fabric of the communities we serve, in April, we introduced and implemented the DATCU D.A.S.H. (Donate, Assist, Serve, Help), a new volunteer program for employees.

On behalf of the DATCU Board of Directors and our staff, we appreciate the opportunity to serve you and enrich your life. We are grateful for your membership and support and will always strive to exhibit integrity while working to exceed your expectations.

Respectfully,

**Ronald G. Aldridge, Ph.D.**  
 Chairman of the Board

**Glen P. McKenzie**  
 President/Chief Executive Officer

## AUDITOR'S REPORT

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DATCU and Subsidiary, which comprise the consolidated statement of financial condition as of June 30, 2017, and the related consolidated statements of income, members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the 2017 consolidated financial statements referred to above present fairly, in all material respects, the financial position of DATCU and Subsidiary as of June 30, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Prior Year Financial Statements

The consolidated financial statements of DATCU and Subsidiary as of June 30, 2016 were audited by other auditors whose report dated September 29, 2016, expressed an unmodified opinion on those statements.

#### Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The financial data template, as required by HUD, is presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2017, on our consideration of DATCU and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering DATCU and Subsidiary's internal control over financial reporting and compliance.

### CliftonLarsonAllen LLP

