

FINANCIAL CONDITION

ASSETS	2018	2017
Consumer.....	\$657,610,628	\$618,687,497
Credit Cards.....	21,493,307	21,928,983
Real Estate.....	177,482,875	170,716,116
Subtotal.....	856,586,810	811,332,597
Allowance For Loan Loss.....	(3,426,346)	(2,758,466)
Total Loans.....	853,160,464	808,574,130
Accounts Receivable.....	53,827	37,661
Cash & Investments.....	93,720,758	91,561,929
Fixed Assets	48,336,983	44,420,876
Accrued Income.....	2,372,847	2,203,229
Prepaid and Deferred Expenses	2,616,113	864,818

TOTAL ASSETS	1,000,260,993	947,662,644
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LIABILITIES AND EQUITY	2018	2017
Share Accounts	403,435,835	387,303,050
Checking Accounts.....	169,034,009	161,051,022
Certificates of Deposit.....	115,960,391	106,542,481
IRAs	46,366,249	45,658,822
Money Market Accounts.....	50,654,640	46,435,565
Other Member Deposit Accounts.....	53,836,497	53,132,380
Member Deposit Total	839,287,621	800,123,320
Accounts Payable.....	1,998,456	3,138,203
Other Liabilities	979,988	2,463,673
Accrued Expenses.....	2,192,045	2,321,253
Dividends Payable.....	2,560,485	2,292,436
Reserve Fund and Retained Earnings.....	150,242,399	137,323,759

Notes Payable.....	3,000,000	0
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TOTAL LIABILITIES AND EQUITY	1,000,260,993	947,662,644
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INCOME	2018	2017
Loans.....	36,931,864	31,038,805
Investments.....	1,360,382	1,142,755
Other Income.....	13,409,432	12,572,229

TOTAL INCOME	51,701,678	44,753,789
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EXPENSES		
Total Operating Expenses.....	29,160,718	26,628,857
Share Dividends	3,227,833	2,778,196
Certificates of Deposit (CDs)	1,794,101	1,326,996
Individual Retirement Account (IRAs)	50,477	33,259
Checking Account Interest	67,676	28,816
Money Market Accounts.....	201,619	113,567
Total Dividends and Interest Expenses.....	5,341,706	4,280,833

TOTAL EXPENSES	34,502,424	30,909,690
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Provision for Loan Losses.....	4,280,187	3,437,112
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NET SURPLUS/(DEFICIT)	12,919,067	10,406,987
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DATCU LOCATIONS

Aubrey
919 Highway 377 South
Aubrey, TX 76227

Corinth
3005 FM 2181
Corinth, TX 76210

Decatur
600 West Ford Street
Decatur, TX 76234

East Denton
3620 Duchess Drive
Denton, TX 76209

Flower Mound
2935 Long Prairie Road
Flower Mound, TX 75022

Highland Village
1900 Briarhill Boulevard
Highland Village, TX 75077

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.

MAILING

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

Lewisville
1001 Edmonds Lane
Lewisville, TX 75067

North Denton
906 West University Drive
Denton, TX 76201

Sanger
618 North 10th Street
Sanger, TX 76266

South Denton
3210 Teasley Lane
Denton, TX 76210

The Colony
4190 Main Street
The Colony, TX 75056

West Denton
2216 Emery Street
Denton, TX 76201

CONTACT

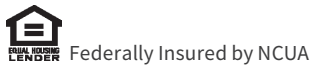
Toll-free: 866-387-8585
Online: www.datcu.org

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

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
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



DATCU
CREDIT UNION

2018
Annual Report

83rd ANNUAL MEETING

March 26, 2019 5:00 - 6:00 p.m.
DATCU Headquarters
5940 S. Interstate 35 E
Corinth, TX 76210

- I.

II.

III.

IV.

V.

VI.

VII.

VIII.
- Welcome

Verification of Quorum

Reading of the 82nd Annual Meeting Minutes

Reports

A. Chairman’s Report

B. Auditor’s Report

Unfinished Business

New Business

Election of Directors

Adjournment

DATCU 2017-2018 BOARD OF DIRECTORS

TERMS EXPIRE AT ANNUAL MEETING 2019

Dr. Ron Aldridge (Remaining term of Jill Jester)
Mr. Russ Kerbow
Mrs. Susan Romero
Mr. Gary Goldsmith

TERMS EXPIRE AT ANNUAL MEETING 2020

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

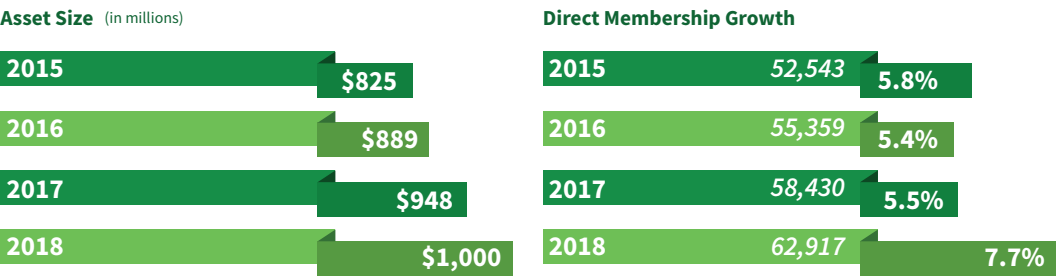
TERMS EXPIRE AT ANNUAL MEETING 2021

Mrs. Valerie Foster
Mr. Lee Howell
Mr. Robert Ramirez
Mr. James Wells

Changes to DATCU Bylaws

1) Chapter 3 Section 3.06 (c) was amended to read "...nominations for vacancies may also be made by petition signed by one (1%) percent of members with a minimum of twenty (20) and a maximum of one thousand (1,000)". The change reflects the maximum number of signatures required for nominations moving from 500 up to 1,000.

2) Chapter 5 Section 5.01 was amended to read " The board of directors of this credit union shall consist of nine (9) individual members..." The change reflects the decrease of board members from 11.



CHAIRMAN AND CEO’S REPORT

In 2018, we celebrated our 82nd Anniversary serving members across North Texas. We are delighted to report that DATCU is in a stable, safe, and secure financial position. We ended the year hitting historic milestones of one billion dollars in assets and a net worth ratio of over 15%. We are close to 100,000 members strong. It is also gratifying that we were able to reward our members with a bonus dividend of \$1,984,723. That is a total of \$13.4 million dollars given back to our member owners over the last ten years. We are now the 22nd largest credit union in Texas and 306th largest in the nation. Also, we have received an A+ Health Ranking from DepositAccounts.com.

To better serve our membership and provide the convenient service our members want, we opened two new branch locations. In the spring, we opened our West Denton branch located on Emery Street and in December, we opened our East Denton branch located on Duchess Street.

We remain committed to our members with a focus on helping them achieve financial success in every aspect of their lives. This dedication led to continued growth through 2018 in both loans and membership. We added an additional \$45 million in new loans while our asset size increased \$52 million.

In the summer of 2018, we updated our website. Our ability to connect with DATCU members in the way they choose is very important to us. In 2018, we saw our members perform almost 3.6 million e-transactions [14.6% increase] as they continued to use smart phones, tablets, and online banking to conduct their financial business. We are now working diligently on an exciting new online and mobile platform aimed at providing our members with a more user-friendly experience. We anticipate launching it later this year.

Most rewarding to our Board of Directors and staff is giving back to our schools, nonprofits, and the communities we serve. Our Board of Directors approved 10-year agreements with several local school districts with gifts of \$1,000,000 to Denton Independent School District and \$250,000 each to Aubrey ISD and Sanger ISD. These donations will provide dividends for both students and educators across many facets of education. In support of other local nonprofit, civic, and community organizations, we contributed almost \$202,000.

It is great any time our employees or members acknowledge that we are doing a good job. Our employees voted us a “Best Company to Work for in Texas for 2018” ranking #8 in Mid-size companies by *Texas Monthly Magazine*. Readers of local publications including the *Denton Record-Chronicle*, *Lewisville Leader*, *Flower Mound Leader*, and *The Colony Courier-Leader* again voted us best Credit Union and/or Financial Institution.

On behalf of the Board of Directors, executive staff, and over 200 employees, we want to thank you for helping make 2018 another successful year. We recognize that this success is a result of our members. We could not have done it without you and appreciate your confidence and trust in us.


Dr. Elizabeth Seymour
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, 2018 and 2017, and the related consolidated statements of income, members’ equity, and cash flows for the years 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 2018 and 2017 consolidated financial statements referred to above present fairly, in all material respects, the financial position of DATCU and Subsidiary as of June 30, 2018 and 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

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 12, 2018, 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

