

FINANCIAL CONDITION

ASSETS	2019	2018
Consumer.....	\$693,187,237	\$657,610,628
Credit Cards.....	20,592,044	21,493,307
Real Estate.....	199,257,199	177,482,875
Subtotal.....	913,036,480	856,586,810
Allowance For Loan Loss.....	(4,565,182)	(3,426,346)
Total Loans.....	908,471,298	853,160,464
Accounts Receivable.....	78,889	53,827
Cash & Investments.....	82,649,272	93,720,758
Fixed Assets.....	48,138,172	48,336,983
Accrued Income.....	2,519,924	2,372,847
Prepaid and Deferred Expenses.....	2,649,659	2,616,113
TOTAL ASSETS	1,044,507,214	1,000,260,993
LIABILITIES AND EQUITY	2019	2018
Share Accounts.....	414,167,753	403,435,835
Checking Accounts.....	176,962,070	169,034,009
Certificates of Deposit.....	122,661,327	115,960,391
IRAs.....	46,996,328	46,366,249
Money Market Accounts.....	51,290,233	50,654,640
Other Member Deposit Accounts.....	58,719,769	53,836,497
Member Deposit Total.....	870,797,480	839,287,621
Accounts Payable.....	3,075,522	1,998,456
Other Liabilities.....	1,043,096	979,988
Accrued Expenses.....	3,414,167	2,192,045
Dividends Payable.....	2,222,559	2,560,485
Reserve Fund and Retained Earnings.....	163,954,390	150,242,399
Notes Payable.....	0	3,000,000
TOTAL LIABILITIES AND EQUITY	1,044,507,214	1,000,260,993
INCOME	2019	2018
Loans.....	40,320,390	36,931,864
Investments.....	2,017,601	1,360,382
Other Income.....	13,400,227	13,409,432
TOTAL INCOME	55,738,218	51,701,678
EXPENSES	2019	2018
Total Operating Expenses.....	30,340,151	29,041,230
Share Dividends.....	2,924,799	3,227,833
Certificates of Deposit (CDs).....	2,601,819	1,794,101
Individual Retirement Account (IRAs).....	42,645	50,477
Checking Account Interest.....	90,749	67,676
Money Market Accounts.....	272,765	201,619
Total Dividends and Interest Expenses.....	5,944,696	5,461,194
TOTAL EXPENSES	36,284,847	34,502,424
Provision for Loan Losses.....	5,741,379	4,280,187
NET SURPLUS/(DEFICIT)	13,711,992	12,919,067

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

Lewisville
1001 South 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

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

CONTACT

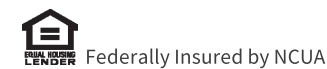
Toll-free: 866-387-8585
Online: www.datcu.org

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



2019

ANNUAL REPORT



DATCU
CREDIT UNION

84th ANNUAL MEETING

March 24, 2020 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 83rd 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 2018-2019 BOARD OF DIRECTORS

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

TERMS EXPIRE AT ANNUAL MEETING 2022

Dr. Ron Aldridge

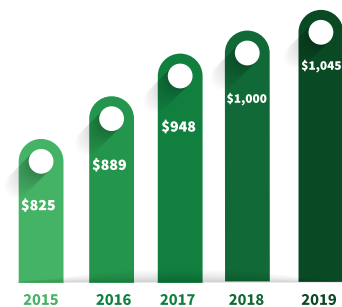
Mr. Gary Goldsmith

CHANGES TO DATCU BYLAWS

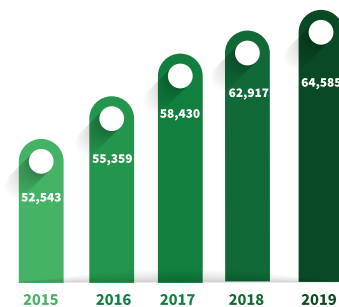
1) Chapter 5 Section 5.01 was amended to read "The board of directors of this credit union shall consist of seven (7) individual members..." The change reflects the decrease of board members from nine (9).

Asset Size

(in millions)



Direct Membership Growth



CHAIRMAN AND CEO'S REPORT

We are pleased to report that it was another successful year at DATCU.

We ended 2019 with an asset size of \$1,044,507,214 which represented growth of \$44.2 million, or 4.4% over the prior year and a net worth of 15.7%. With great rates and a focus on meeting the needs of our 103,000 members, we funded 16,332 new loans for over \$405 million dollars and almost 13,919 new members joined DATCU. We believe that these results reflect the superior service and support we provide our members through free services, low fees, and competitive loan and savings rates. We also returned a bonus dividend of \$ 1,648,654 to our member owners. This is a total of \$15,045,837 in the last eleven years. You can feel confident that your credit union is safe, stable, and secure.

We are deeply committed to continuing this legacy of success into 2020 as we introduce new ways to enhance our members' experiences. 2020 will bring:

- A new omni-channel online / mobile banking platform designed to offer more robust banking options.
- New checking account features.
- An enhanced credit card cash-back rewards program.
- A focus on helping our teenage members develop hands-on experience budgeting and managing money. Investing in our kids is critical to the success of the next generation.
- A new Sanger, TX branch.

Reflecting upon the last eighty-three years is truly remarkable as we think about the evolution of DATCU. How we do business in this digital age by leveraging technology, maintaining a strong commitment to exemplary service, and finally, providing value while helping our members thrive will be the foundation of our continued success.

It is our privilege to support our members and strengthen our communities through sponsorships and volunteerism in our schools, civic organizations, and nonprofits. A few of these organizations include Children's Advocacy Center of Denton County, Court Appointed Special Advocates, Denton State Supported Living Center Christmas, Health Services of North Texas, Hearts for Homes, Salvation Army, Serve Denton, and United Way of Denton County.

We are most grateful for the many accolades and recognitions we continue to receive including "Best Credit Union" and "Best Financial Institution" among others. We appreciate your trust and loyalty and are humbled to be your chosen financial institution.

On behalf of our Board of Directors, dedicated DATCU employees, and loyal members, we are grateful for another terrific year. "Thank you" for being a DATCU member. It is our privilege to serve you each day.

Lee Howell
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, 2019 and 2018, 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, 2019 and 2018, 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

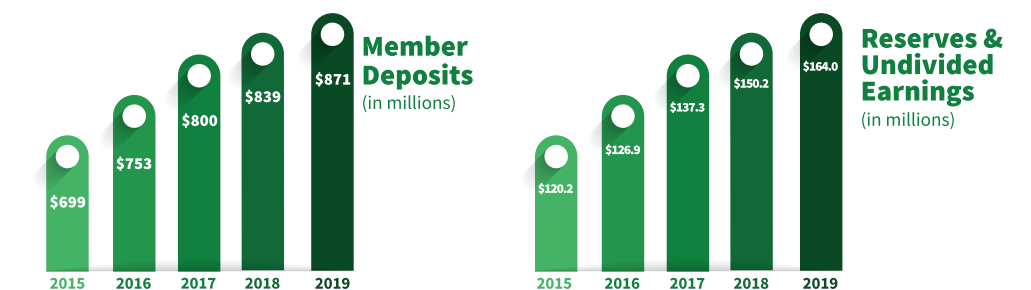
Other Information

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



Earnings Distribution for 2019

