

The logo features the word "Utah's" in a yellow, sans-serif font inside a pink oval. Below it, the words "CREDIT UNIONS" are written in a bold, yellow, sans-serif font on a teal rectangular background. To the right of the teal box are four horizontal bars, each with a pink-to-yellow gradient, stacked vertically.

Utah's

**CREDIT  
UNIONS**

Utah League of Credit Unions  
**2009**  
**Annual Report**

# 76th Annual Business Meeting Agenda

March 12, 2010

Pledge of Allegiance..... Mike Milovich

Call to Order ..... Chairman Blackburn

Report of the Credentials Committee  
(with supplementary reports from time  
to time as directed by the Chairman)

Introduction of Board and Guests ..... Chairman Blackburn

Reading of the Minutes of the 75th Annual Meeting  
(unless dispensed with by motion) -  
and all action thereon ..... Secretary Barber

Committee Reports

Report of the Nominating Committee ..... Jim Hofeling

Other Business ..... Chairman Blackburn

    CUNA Mutual Report ..... Tom Rice

    SunCorp Report ..... Tom Graham

Report of the Chair ..... Chairman Blackburn

Report of the President ..... Scott Simpson

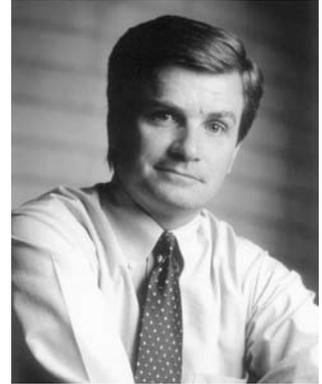
Adjournment

# Utah League of Credit Unions Annual Report 2009

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## Message from the Chairman



Last year I began my report like this: “What a year. . . I have never experienced a year like 2008.”

I could say the same thing, now, about 2009. The storm that brewed over our heads in 2008 broke in 2009. Time after time, bad news came regarding corporate credit unions, new rules and regulations, and a struggling economy. Just when the torrent seemed ready to let up, the clouds would open again, and we’d end up drenched.

If you’re anything like me, every now and then your jaw dropped in shock or you shook your head in disbelief. Maybe you sat back and stared out the window, looking for a break in or end to the clouds, hoping those dark ones to the west would slip by without soaking you.

But after each bit of bad news, each new email or phone call that dropped a little more rainwater, we’ve turned back to the work at hand, and continued on adjusting our plans. Drenched to the bones, we’ve done our best to keep our credit unions strong and to serve our members.

Because that’s what we’re here for. If any year has shown me that, it’s this year. And, likewise, I’ve learned there’s no one better suited for it.

As a movement and as individual credit unions we must continue to focus on the member. We must do all we can to make their financial lives better. Without that single-minded purpose we’re just like any other company or industry. We have no unique business proposition or clarion call.

And just as surely, we cannot shut ourselves away from each other. Our cooperation makes us unique. Whether it’s with members or other credit unions, our strength comes from joined forces. Together we can learn and lobby and shape the future of this movement. It belongs to our members, and to us by proxy. It will be what we make it.

True, outside forces will influence the movement, but how we react to those forces--and exert pressure in return--will ultimately decide what shape our movement takes. Each act of each credit union redefines credit unions and the movement. We compete with each other--more now than ever. That’s neither good nor bad. It’s simply a result of decisions we’ve made. How much we work together will also be a result of our choices.

So whatever the coming year brings, let’s stick to our roots. Let’s continue to work for the member and continue to join forces. If we do, we’ll pass through whatever storms come--a little wetter, but much stronger.

Sincerely,

Brett M. Blackburn  
Chairman, Board of Directors  
Utah League of Credit Unions

## Message from the President



In *Thoughts on the Cause of the Present Discontent* Edmund Burke wrote, “When bad men combine, the good must associate; else they will fall, one by one, an unpitied sacrifice in a contemptible struggle.”

We have all have seen the absolute need for credit unions, all of them, to associate. Yesterday’s threatening waves of banker attacks have been replaced by today’s smothering regulatory peril. It may feel like a legislative lull today but I am convinced that credit union history teaches us that credit unions’ future will have struggles. Whether it’s banker-led havoc or regulatory pressure, the need to unite voices will remain.

Neither federal nor state chartered credit unions are completely immune from either state or federal legislation. The protection that a federally chartered credit union may enjoy today could be erased at any point given the fluid nature of politics and policy makers. Late last year, in the consumer protection debate in DC, there was an amendment in the House that would have removed federal preemption, thereby making state law supreme.

Thankfully it didn’t see light, but it made me think of the fragile nature of our charters. Additionally, there are a bevy of Utah laws to which federally chartered credit unions are subject. We are working right now to amend motor vehicle laws this session to reduce credit union exposure to bad car deals and dealers. This will affect all credit unions that make auto loans. Every legislative session brings on new legislative hurdles.

In the arena of government relations, local and federal, your hard-earned success as a credit union and a movement has and will continue to draw fire.

Coupling credit union exposure to the broader movement is a sound business decision in many ways just like carrying property/casualty and other kinds of insurance.

Our mission statement is simple, “For the benefit of its member credit unions, the Utah League of Credit Unions actively promotes community awareness, encourages sound public policy and provides cooperative services and education.”

This statement drives the operation of our League. Our staff is built to deliver in these areas.

Sincerely,

Scott Simpson  
President/CEO

# 2009 Board of Directors

## At-Large



**Brad Barber**  
Members First CU



**Muriel Blake**  
SouthWest Community FCU



**Sterling Nielsen**  
Mountain America CU

## Small

(up to  
\$25 million  
in assets):



**Kent Greenfield**  
Education First CU



**Ken Payne**  
Freedom FCU

## Medium

(from  
\$25 million to  
\$100 million  
in assets):



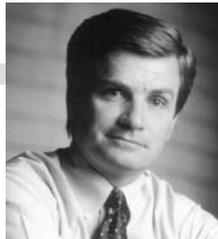
**Mike Milovich**  
Eastern Utah Community CU



**Randy Gailey**  
Horizon CU

## Large

(from  
\$100 million to  
\$1 billion  
in assets):



**Brett Blackburn**  
Utah Central CU



**Jim Hofeling**  
Jordan CU



**Todd Adamson**  
Cyprus CU

## \$1 billion+

(more than  
\$1 billion  
in assets):



**John Lund**  
America First CU

# Utah League of Credit Unions Staff

Name Department/Title	Extensions	Direct #'s	Email
Hartvigsen, Tom Director of Graphic Services	304	801-887-2330	tom@ulcu.com
Hunter, Steve VP of Government Relations	320	801-887-2333	hunter@ulcu.com
Line, Heather Compliance Guru	308	801-887-2322	heather@ulcu.com
Malmstrom, Clary Executive Assistant	300	801-972-3400	clary@ulcu.com
Mortensen, Cecily Director of Grassroots Support	303	801-887-2324	clary@ulcu.com
Nelson, Stephen VP of Credit Union Support	323	801-887-2323	sn@ulcu.com
Pearson, Marilyn VP of Education & Training	301	801-887-2336	mp@ulcu.com
Simpson, Scott President / CEO	328	801-887-2328	simpson@ulcu.com
White, Liz Director of the 100% For Kids Foundation	323	801-887-2323	liz@ulcu.com

# Minutes of the 75th Annual Business Meeting of the Utah League of Credit Unions

Held at the Hilton Salt Lake Center  
Salt Lake City, Utah  
March 13, 2009

Chairman Brett Blackburn introduced himself as the Chairman of the Utah League of Credit Union's Board of Directors and President of Utah Central Credit Union.

Chairman Blackburn then introduced One Voice to sing the National Anthem and Ken Payne led the group in the Pledge of Allegiance.

Chairman Blackburn then welcomed the delegates and guests to the Annual Business Meeting and called the meeting to order at 3:47 pm.

Chairman Blackburn introduced the members of the Credentials Committee:

Gary Lee Fischer, Chairman, CUNA Mutual Group  
Arlene Harrington, CUNA Mutual Group  
Marilyn Yoshida, Box Elder Credit Union  
Suzanne Oliver, Mountain America Credit Union

Gary Lee Fischer reported that there were 30 delegates present, representing 30 credit unions.

Chairman Blackburn introduced Bruce Richards as legal counsel and appointed him as parliamentarian for the meeting.

He then, in the absence of objection, appointed Clary Malmstrom as the recording secretary.

Chairman Blackburn then introduced the members of the League Board of Directors: Brett Blackburn, Chair, Utah Central Credit Union; Kent Greenfield, Vice Chair, Education First Credit Union; Brad Barber, Secretary, Members First Credit Union; Jim Hofeling, Jordan Credit Union, Steve Christensen, Heritage West Federal Credit Union; Steve Andersen, Salt Lake Schools Credit Union; Muriel Blake, Southwest Community Federal Credit Union; Randy Gailey, Horizon Credit Union; Ken Payne, Freedom Credit Union; Mike Milovich, Eastern Utah Community Credit Union (excused); John Lund, America First Credit Union (excused).

Chairman Blackburn asked if there were any former League Board Chairpersons present. He recognized Shelley Clarke of Goldenwest Credit Union as a former League Chair. He then introduced guests Tom Graham of SunCorp Credit Union and Jill Estep from CUNA.

Chairman Blackburn turned time over to Tom Graham of SunCorp Credit Union. He addressed the concerns of SunCorp Credit Union and the corporate credit union system.

Chairman Blackburn turned time over to Gary Lee Fischer with CUNA Mutual Group. He said that they are dedicated to making small improvements in every area to help support and improve credit unions.

Chairman Blackburn asked for changes or corrections to the minutes of the 74th annual business meeting. As there were none, he then entertained a motion to dispense with the reading of the minutes.

A MOTION WAS MADE BY ANN BRINKERHOFF, C U P FEDERAL CREDIT UNION, TO DISPENSE WITH THE READING OF THE MINUTES OF THE 74TH ANNUAL BUSINESS MEETING. ANN GODFREY OF LOGAN CACHE RICH CREDIT UNION SECONDED THE MOTION. MOTION CARRIED.

## **Minutes of the 75th Annual Business Meeting (continued)**

### **Committee Reports**

Chairman Blackburn indicated that the committee reports were in the 2008 Annual Report packet. He thanked everybody that participates on those committees. In the absence of objections the reports were filed and received.

Chairman Blackburn turned the time over to Kent Greenfield, Chairman of the Nomination Committee. The other members of the committee are Jim Hofeling and John Lund.

### **Report of the Nomination Committee**

Kent Greenfield stated that the nominating committee received only one nomination per open seat. Those nominations were the people that were already incumbents. (The incumbents nominated were Brett Blackburn, Utah Central Credit Union; Mike Milovich, Eastern Utah Community Credit Union; Ken Payne, Freedom Credit Union; Randy Gailey, Horizon Credit Union; and Brad Barber, Members First Credit Union.) Kent Greenfield entertained a motion to elect the nominated candidates to their respective seats by acclamation.

A MOTION WAS MADE BY DENNIS MURRAY OF PREMIER SERVICES CREDIT UNION AND DALE HOWE OF LOGAN MEDICAL CREDIT UNION SECONDED THE MOTION. MOTION CARRIED.

### **Chairman's Report**

Chairman Blackburn began his report by expressing gratitude for the opportunity to serve as Chairman of the Board. This has been a very uplifting and positive day for all. He spoke of the tough times we are passing through. We have an obligation to our members to help them through this time—we can't ignore the problems and wait for things to pass. We have an obligation to help our members avoid bankruptcy and avoid delinquency. It is a challenge to see banks get TARP money and get through while credit unions don't have those advantages. We can't do anything about it except serve our members the best that we can. One of the things that the League did this year was, because of the hard times the credit unions are going to face, we didn't increase dues. We kept dues flat for the year. That may not seem like a lot, but it is quite a sacrifice to the League. The Board thought it was the best thing we could do in these times. We have had a few credit unions disaffiliate for financial reasons, but we need to help those that are struggling. We can't turn our back on them. As a credit union movement we need to pick each other up. We need to help each other through these times. It will be a challenge, but also an opportunity.

We can't let opportunities pass us by now, even though it is a challenging time. It is a perfect time to ask for limits on business lending to be removed. We need to be more aggressive now so that we can be prepared for the future. We need to ask for whatever we may need now because people will listen today. If we don't speak now people won't listen when things change. We are fortunate to have people like Kris Mecham in the position that he is in because he is a voice that we can turn to that will pass our concerns on to the Legislature and to Congress.

We have to work to build a stronger corporate system. While there are things that we couldn't have changed, there are things we should do now so that we don't run into this type of situation in the future. We shouldn't have waited until there was a disaster to change. There are good things that have come out of this situation. We have gotten rid of many bad people out there in real estate, contracting—the people that caused the problems. We are cleaning things up. There is a chance to be more efficient, to do things better than we did before.

Our members need help. We need to be there to help our members and each other. We also need to ask for help when it is appropriate. "My hope is, when this economy improves, and it will improve,

## **Minutes of the 75th Annual Business Meeting (continued)**

that as credit unions we'll be stronger, our membership will be stronger, and we will function in a world where we are more efficient than we've ever been before and will be a better economy. With that again, I'd like to thank you for your time and your support."

Chairman Blackburn then turned the time over to President Scott Simpson

### **Report of the President**

President Simpson did not want to dwell on the negative, but wanted to focus on positive things. Rahm Emanuel said that this is a crisis and we need to take advantage of the time for the good things that can come from it. There are a lot of negative effects from the crisis we are in, including policy changes that may or may not be good, but it does not discount the truth that Rahm Emanuel spoke. Think about the birth of the credit union movement. Credit unions were born out of adversity at a time of crisis. The opportunities and good things that credit unions have provided came as a result of good policymaking during crisis. That is where we are today. We have the opportunity to make a difference. The key to our future is to look at our past. The key to our future is to make sure that we continue to be people helping people. Remember the underlying philosophy upon which credit unions have stood so tall for so long—that means standing together.

Why is this important? In the meetings today Kris Mecham mentioned that in the last 48 hours member business lending has become infinitely more complicated. They took something we wanted and they're trying to staple it to something we don't want: a bankruptcy reform bill. It has already passed the house. Senator Dick Durbin (Illinois) asked credit unions to be involved, but credit unions wanted to stand on principle. This kind of legislation will pass, but our question is how are we going to manage this relationship with these senators? Are we going to leverage whatever we can leverage to get this done? They want solutions in the Senate and we need to decide how to participate in these solutions.

These are significant times and there are significant opportunities. Possibilities exist like they never have before to impact regulatory environment of credit unions. Future generations will look to us and how we handle these opportunities. There are great things that can come. The opportunity for harm to come to us is also more than ever before. Congressman Kanjorski has been the credit union advocate for the last ten years and many here supported him. That is what it takes: a willingness to stand up, a willingness to risk, to invest, and we're going to need that now more than ever.

The next election cycle in Utah promises to be significant. There is a high likelihood that we'll have another congressional district. Senator Bennett, who sits on the Senate Banking Committee and the Appropriations Committee, will likely have a significant in-party challenge. We have got to be ready for the role that we're going to play. We will be calling on you to involve yourselves, to stand again as gatekeepers in the political process. Our job is impossible without you. We don't exist without you and your support. We need to stand together. President Simpson recalled the quote, "If not us, who? If not now, when?" It is us, and the time is now.

Chairman Blackburn thanked those attending for their attendance and adjourned the meeting at 4:30 pm.

# Report of Bruce Richards, Legal Counsel

TO: Delegates and Member Credit Unions

We are pleased to report on the status of legal matters effecting the Utah League of Credit Unions and its subsidiary, Credit Union Service Corporation (CU-Serve). The League and CU-Serve are not parties to any litigation nor are there any claims pending against either entity.

2009 involved greater involvement of credit unions in Utah in litigation claims against credit unions. Many of the claims arose as counterclaims in cases filed by credit unions to collect defaulted loans. Many of the claims arose as disputes over construction loans with members disguising investment loans as owner occupied loans and then being unwilling to accept responsibility when the loan comes due and the investment has failed. Credit unions have generally been successful in defending against these claims. Nevertheless, greater care in underwriting and documenting loans and maintaining and following specific policies and procedures in all areas of lending are warranted.

Utah's credit unions met the economic challenges of 2009 head on. The challenges made unique and inventive management approaches necessary to attain good financial results and meet member needs.

2010 will be a similar year posing unique and difficult challenges for credit unions. The regulatory burden with significant changes for credit cards and overdraft protection has been and will be challenging.

We appreciate our opportunity to represent the Utah League of Credit Unions, CU-Serve and many credit unions. We hope to be part of the solution to the challenges and problems faced by credit unions.

Respectfully submitted,

Bruce L. Richards  
Bruce L. Richards & Associates

# Report of Governmental Affairs

TO: Delegates and Member Credit Unions

As the economy continued to struggle during 2009, legislators on Federal and State levels proposed dozens of laws that had serious impact on the credit union movement. Throughout 2009, the governmental affairs staff worked to defend credit union interests by developing improved PAC fundraising strategies, engaging a new League Governmental Affairs Committee, organizing “hike the hill” events in Washington D.C., and working with state legislators on improving the way credit unions do business.

Following the 2009 Legislature, we attempted to breathe new life into CULAC, UCUPAC, and other government affairs related fundraising programs. Cecily Mortensen joined the Government Affairs staff and immediately began working with credit unions to better organize our fundraising efforts. By the end of 2009, for the first time in several years, several credit unions had reached their CULAC goals.

We made several visits to Washington during 2009. Member business lending, the formation of the Consumer Financial Protection Agency, the Card Act, regulatory reform, and mortgage cramdown, were some of the many issues brought before Congress. The Governmental Affairs staff organized meeting after meeting with the Utah delegation to make certain nothing harmful was thrust upon the credit union movement. In staying vigilant and in touch with our federal lawmakers, the League maintained strong relationships with veteran lawmakers and developed greater friendship with the Chaffetz and Matheson offices.

Throughout 2009 the GA staff at the League worked with credit unions having issues with fraudulent car dealers, trying to come up with a legislative solution to problems in the car dealer/financial institution relationship. After months of meetings with legislators, car dealers, and other interested parties, a bill was drafted and submitted to the legislature for consideration during the 2010 session.

2010 is an election year full of opportunity for credit unions. The efforts made by Governmental Affairs staff during 2009 put the movement in a position to be highly successful in a pivotal political year for credit unions.

Respectfully submitted,

Stephen Hunter  
VP of Government Relations  
Utah League of Credit Unions

# Report of the Credit Union Development Committee

The Credit Union Development Committee exists to help Utah's small credit unions thrive. The following individuals serve on the committee:

Ann Brinkerhoff – CUP Federal Credit Union  
Arleen Childs – Tanner Employees Credit Union  
Sandra Garcia – Sunnyside Credit Union  
Dale Howe – Logan Medical Credit Union  
Doug Huntsman – Utah Federal Credit Union  
Janie Larsen – St. Mark's Employees Credit Union  
Lynn Nelson – Meadow Gold Employees Credit Union  
Stephen Nelson – Utah League of Credit Unions staff liaison  
Ken Payne – Freedom Credit Union  
Tammy Phillips – Varian SL Employees Credit Union

The committee administers a fund established by America First Credit Union to help small credit unions meet their technology needs. In 2009, the committee approved 13 grant requests totaling \$63,539. Among other items, these requests will provide new computers, phone systems, data processing software, and online banking services to credit unions that otherwise may not be able to make these investments to serve their members. We extend our sincere appreciation to America First for their ongoing and generous support.

Responding to a need expressed by small credit unions for networking opportunities, the committee also organized the first of what we expect will be many roundtable luncheons. The meeting was hosted by the League, and representatives from two dozen credit unions attended. The session was spirited at times, and great "take-aways" were available to all participants.

I thank each member of the committee for the passion, dedication, and innovation he or she brings. It is truly a pleasure to work with you. A special note of gratitude to Stephen Nelson from the League is certainly due for the energy and commitment he brings. He does much of the heavy lifting to turn our ideas into reality. Thank you for everything!

Respectfully submitted,

Ken Payne  
Credit Union Development Committee Chair

# Report of the Education Committee

TO: Delegates and Member Credit Unions

The Education Department of the Utah League of Credit Unions has the responsibility of planning and facilitating a wide variety of programs and training options each year. There is a considerable amount of effort and dedication put into these events in searching for the best and most qualified speakers, while providing the training at reasonable prices, on multiple subject matters, and in many different levels of content and subject matter so that they are beneficial to a wide variety of attendees. Each year, a considerable amount of time is spent arranging for more than fifty individual training events that are sponsored by the League. All of this effort is to provide an excellent learning opportunity in each of the presentations, while trying to keep costs at a minimum, thus maximizing your dues dollars.

As always, we encourage your input and suggestions so that the subject matter continues to be viable and valuable for all attendees.

We again provided the pre-purchased training certificates for credit unions to participate in numerous one-day training events. Pre-purchasing in January provides credit unions a discount for these trainings and seminars throughout the year.

As Chair of the League Education Committee for a number of years, I have had the opportunity to see the changes and improvements in the training provided to credit unions. And I have had the privilege of working with a number of very capable, experienced people from credit unions throughout the state as they lend their expertise in structuring these training opportunities. I would like to thank each of them for their dedication and willingness to volunteer their time and expertise in planning training options for credit unions.

I also have firsthand experience with the dedication and concern that League staff has in doing all they can to make the education of credit unions a priority for the League. As you participate in League sponsored training, either this week at the Annual Meeting, or throughout the year, please take the opportunity to thank a League staff member for their time and efforts. And a special thanks to Marilyn Pearson who is consumed with making these functions work for you.

If you have suggestions, ideas, concerns or complaints, we request your feedback in regards to education and training. We want to be sure the training you receive is top notch and worthwhile.

Respectfully submitted,

Brad Barber  
Education Committee Chair

# Report of the Karl S. Little Foundation

TO: Delegates and Member Credit Unions

The mission of the Karl S. Little Foundation is to provide scholarship monies to assist member credit union employees that attend Western CUNA Management School; thereby improving their financial skills and ability to assist credit union members.

During the school year of 2009, the Karl S. Little Foundation funded \$16,800.00 to credit union applicants requesting assistance for WCMS Scholarships. A total of fifteen students from Utah's credit unions received assistance during 2009.

The financial condition of the foundation is sound with current assets of \$14,900.00 and layered CD's totaling \$87,000.00. Traditionally, the annual Karl S. Little Golf Tournament and interest earned from previous credit union contributions fund these scholarships. Due to economic pressures, the golf tournament was deferred the past two years. It is our intent to renew the funding of these scholarships by holding a golf tournament during the coming summer. The details of this event will be provided to you at a later date. We would appreciate your participation. If you would rather not golf, a contribution would be welcome.

We encourage credit unions that may not have the means to send their employees to Western CUNA Management School to apply for the scholarship. It is preferred that only one application per Credit Union be submitted, so the benefit can be provided more uniformly amongst our members. We also encourage Credit Unions that have a solid bottom line and can afford to provide this education for their prospective or current management employees to do so.

Respectfully submitted,

Randy Gailey  
Chairman

## **Independent Auditors' Report**

Audit Committee of the  
Board of Directors of  
Utah League of Credit Unions  
Salt Lake City, Utah

We have audited the accompanying consolidated statements of financial position of Utah League of Credit Unions and subsidiary as of December 31, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements and the supplemental schedules discussed below are the responsibility of the League's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Utah League of Credit Unions and subsidiary as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits also comprehended the supplemental schedule of expenses for the years ended December 31, 2009 and 2008. In our opinion, such supplemental consolidated information, when considered in relation to the basic financial statements, presents fairly in all material respects the information shown therein.

Andersen Strong, LLC  
March 5, 2010  
Salt Lake City, Utah

# Consolidated Statements of Financial Position

UTAH LEAGUE OF CREDIT UNIONS AND SUBSIDIARY  
December 31, 2009 and 2008

## ASSETS

	2009	2008
<b>CURRENT ASSETS</b>		
Cash on deposit with affiliated credit unions	\$ 2,968,575	\$ 2,711,925
Receivables:		
Trade	134,787	141,105
Other	—	7,064
Inventories	—	6,802
Prepaid expenses	36,609	31,804
Total current assets	<u>3,139,971</u>	<u>2,898,700</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	448,339	389,736
Automobiles	130,256	141,921
Leasehold improvements	18,248	18,248
Less accumulated depreciation	(422,688)	(469,543)
Property and equipment - net	<u>174,155</u>	<u>80,362</u>
<b>OTHER ASSETS</b>		
Deferred tax asset	182	12,457
Club membership	7,500	7,500
Investment in affiliates	112,517	112,517
Total other assets	<u>120,199</u>	<u>132,474</u>
	<u>\$ 3,434,325</u>	<u>\$ 3,111,536</u>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accrued payables and accrued liabilities	\$ 338,953	\$ 189,729
Grants payable	126,372	186,449
Deferred revenue	68,690	—
Total current liabilities	<u>534,015</u>	<u>376,178</u>
<b>UNRESTRICTED NET ASSETS</b>	<u>2,900,310</u>	<u>2,735,358</u>
	<u>\$ 3,434,325</u>	<u>\$ 3,111,536</u>

See accompanying notes

# Consolidated Statement of Activities

UTAH LEAGUE OF CREDIT UNIONS AND SUBSIDIARY  
December 31, 2009 and 2008

	2009	2008
<b>SUPPORT AND REVENUES</b>		
Sales	\$ 2,092	\$ 4,006
Membership dues	1,181,590	1,416,644
Media contributions	—	18,240
Service fees	196,235	239,674
Communications and marketing	718,202	818,379
Interest income	55,280	84,209
Other	19,738	8,909
Total support and revenues	<u>2,173,137</u>	<u>2,590,061</u>
<b>EXPENSES</b>		
Direct costs:		
Media costs	—	42,549
Cost of sales	4,892	4,541
Direct service cost	109,180	164,491
Program expenses:		
Marketing and service cost	195,705	196,266
Legislation and political action	677,195	816,225
Communications	263,700	235,053
Education	74,898	149,438
General supporting expenses	648,394	805,864
Total expenses	<u>1,973,964</u>	<u>2,414,427</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE INCOME TAXES</b>	<u>199,173</u>	<u>175,634</u>
<b>INCOME TAX PROVISION</b>	<u>34,221</u>	<u>16,329</u>
<b>INCREASE IN NET ASSETS</b>	164,952	159,305
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>2,735,358</u>	<u>2,576,053</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 2,900,310</u>	<u>\$ 2,735,358</u>

See accompanying notes

# Consolidated Supplemental Schedule of Expenses

UTAH LEAGUE OF CREDIT UNIONS AND SUBSIDIARY  
December 31, 2009 and 2008

	2009	2008
Salaries and benefits	\$ 1,008,608	\$ 1,312,800
Direct service costs	109,180	164,491
Media costs	—	42,549
Rent	130,832	130,321
Cost of sales	4,892	4,541
Direct communication expense	67,750	101,220
Travel	23,311	23,775
Depreciation	30,636	34,067
Facility and equipment	18,250	20,010
Materials and supplies	8,952	14,398
Outside services	50,625	48,940
Taxes	25,915	22,993
Public relations and advertising	20,099	8,908
Direct legislative expense	171,196	248,004
Political action	110,000	95,500
Contributions and subscriptions	56,469	34,243
Other	88,192	73,996
Board and committee expenses	49,057	33,671
Total expenses	\$ 1,973,964	\$ 2,414,427

See accompanying notes

# Consolidated Statement of Cash Flows

UTAH LEAGUE OF CREDIT UNIONS AND SUBSIDIARY  
December 31, 2009 and 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in unrestricted net assets	\$ 164,952	\$ 159,305
Adjustments to reconcile increase in net assets to cash provided (used) by operating activities:		
Deferred taxes	12,275	15,889
Depreciation	30,636	34,067
(Gain) loss on disposal of property	(19,090)	(5,802)
Change in operating assets and liabilities:		
(Increase) decrease in receivables	13,382	32,091
(Increase) decrease in inventories	6,802	454
(Increase) decrease in prepaid expenses	(4,805)	117,635
Increase (decrease) in deferred income	68,690	(13,736)
Increase (decrease) in grants payable	(60,077)	(72,076)
Increase (decrease) in accounts payable and accrued liabilities	149,224	6,618
Net cash provided by operating activities	361,989	274,445
 <b>CASH FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property	43,935	11,500
Acquisition of property and equipment	(149,274)	(73,399)
Net cash provided (used) by investing activities	(105,339)	(61,899)
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
	256,650	212,546
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	2,711,925	2,499,379
End of year	\$ 2,968,575	\$ 2,711,925

See accompanying notes

# Notes to Consolidated Financial Statement

UTAH LEAGUE OF CREDIT UNIONS AND SUBSIDIARY  
December 31, 2009 and 2008

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization and Purpose

The Utah League of Credit Unions (the League) is a non-profit organization that was formed for the purpose of rendering political, educational, technical and promotional services and support to member credit unions located within the State of Utah.

### Principles of Consolidation

The consolidated financial statements include the accounts of the League and its wholly-owned subsidiary, Credit Union Service Corporation - Utah (the Service Corporation). All significant intercompany accounts and transactions have been eliminated in consolidation.

### Inventories

Inventories consist principally of preprinted forms held for sale to member credit unions and are carried at the lower of cost (computed on a first-in first-out basis) or market.

### Property

Property is stated at cost, depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 to 15 years.

### Membership Dues and Service Fees

Membership dues are billed to each member credit union annually and are recognized as income in the period for which they are billed. Service fees are recognized as income in the period in which the services are provided.

### Statement of Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

### Concentration of Credit Risk

All cash balances maintained by the League at separate banks are insured by the National Credit Union Administration up to \$250,000 in each institution through December 31, 2013. At December 31, 2009, the League's uninsured amount in those institutions was \$642,769. Financial instruments, which potentially subject the Company to concentrations of credit risk, include trade receivables. Two customers comprised 83% and 81% of the League's receivables at December 31, 2009 and 2008 respectively.

### Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from estimates that were assumed in preparing the financial statements.

### Fair value of Financial Instruments

The carrying amounts reported for cash, accounts receivable, other current assets, accounts payable, and accrued liabilities approximate fair value because of the short maturity of those instruments. The accounts receivable are considered to be fully collectible, accordingly, no allowance for doubtful accounts has been recorded.

### Basis of Accounting

The League operated under Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

### Tax-exempt Status

The Utah League of Credit Unions is a tax-exempt organization under Internal Revenue Code Section 501 and, as such, is not subject to income taxes on net income from exempt purposes. Credit Union Service Corporation is a taxable entity under Subchapter C of the Internal Revenue Code and, as such, is taxable on its net taxable income from activities.

## 2. INCOME TAXES

The League is a non-profit tax exempt organization under Section 501 (C) (6) of the Internal Revenue Code. The Service Corporation is a taxable entity. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of depreciable assets for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Certain items of income and expense are recognized for income tax purposes in different periods from those in which such item are recognized for financial reporting purposes, including depreciation and amortization, and gain on disposition of fixed assets. Deferred income taxes provide for the income tax effect of the timing differences. The income tax provision differs from the expense that would result from applying federal statutory rates to income before income taxes because certain expenses are not deductible for tax purposes.

The provision for federal and state income taxes for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
<b>Current (Expense)</b>		
Currently payable	\$ 21,946	\$ 440
Deferred	12,275	15,889
Total provision for income tax	<u>\$ 34,221</u>	<u>\$ 16,329</u>

The League's deferred tax assets at December 31, 2009 and 2008 are as follows:

	2009	2008
Deferred tax liabilities	\$ —	\$ —
Deferred tax assets	182	12,457
Valuation allowance	—	—
Net deferred tax assets	<u>\$ 182</u>	<u>\$ 12,457</u>

## 3. INVESTMENTS IN AFFILIATES

Investments in affiliates for the years ended December 31, 2009 and 2008 consisted of the following:

	2009	2008
<b>Investment in Credit Union House LLC:</b>		
In April 2000, the League acquired an interest in Credit Union House LLC, a limited liability company, at a cost of \$75,000. The interest is not publicly traded and the investment is carried at cost, representing a 1.74% ownership.	\$ 75,000	\$ 75,000
<b>Investment in CU Cooperative Systems, Inc.</b>		
The CU Cooperative Systems, Inc. Investment was acquired in April 2007. The stock is not publicly traded and the investment is carried at cost.	20,000	20,000
<b>Investment in CUNA Strategic Services, Inc. (CSSI):</b>		
The CSSI investment was acquired in January 2000. The stock is not publicly traded and the investment is carried at cost.	17,517	17,517
	<u>\$ 112,517</u>	<u>\$ 112,517</u>

## 4. COMMITMENTS

The League's office space lease expired June 30, 2005. Since then the occupancy obligation is month-to-month.

## 5. EMPLOYEE DEFINED CONTRIBUTION PLAN

Commencing January 1, 2008, the League adopted a defined contribution plan under IRC Section 401(k). All employees at least 21 years of age who have completed six months of service are eligible to participate. Participants may contribute a specified percentage of eligible gross compensation. A 5% employer matching contribution is required, and an additional 4% contribution may be made at the discretion of the League's governing board. The employer contribution made during 2009 was \$62,835 and 2008 was \$64,540.

## 6. RELATED PARTY TRANSACTIONS

The League acts as agent or intermediary for the 100% For Kids Utah Credit Union Education Foundation (the Foundation). The League owed the Foundation \$90,000 at December 31, 2009. Certain officers of the League also serve on the executive committee of the Foundation.

## 2009 Year End Statistics

Credit Union President	Year-end assets	Members	Charter	Rank
Alliance Community Credit Union Blake Burrell	\$100,952,084.00	13,785	Federal	21
Alpine Credit Union Jay Stokes	\$136,401,555.00	22,230	State	18
America First Credit Union Rick Craig	\$4,951,847,873.00	520,810	Federal	1
American United Family Of Credit Unions Credit Union Phillip Patten	\$68,257,026.00	7,927	Federal	29
Associated Federal Employees Credit Union Marjorie Newson	\$20,425,581.00	2,686	Federal	47
Bailey Inc. Employees Credit Union Joyce McDonald	\$1,068,164.00	405	State	89
Beckstrand and Associates Credit Union Mariam Behashti	\$779,397.00	54	State	91
Beehive Credit Union Scott Jorgensen	\$163,209,981.00	20,177	State	14
Big Valley Credit Union Donna Starring	\$1,186,561.00	769	State	86
Box Elder County Credit Union Scott Webre	\$85,838,982.00	12,673	Federal	26
Chevron West Credit Union Robert Howell	\$85,677,648.00	5,330	State	27
Credit Union One Credit Union Kent Hodson	\$73,376,862.00	12,257	State	28
CUP Credit Union Ann Brinkerhoff	\$6,267,498.00	1,346	Federal	63
Cyprus Credit Union Todd Adamson	\$557,934,113.00	72,175	Federal	5
Deseret First Credit Union Kris Mecham	\$454,698,472.00	56,549	Federal	7
Deseret News Employees Credit Union Janette Mack	\$1,882,966.00	454	State	80
Desertview Credit Union Michael Nelson	\$29,527,710.00	5,054	Federal	40
Devils Slide Credit Union Jill Carrigan	\$8,415,276.00	1,191	Federal	57
Dugway Credit Union Jackie Carnahan	\$3,395,191.00	899	Federal	72
Eastern Utah Community Credit Union Michael Milovich	\$90,684,912.00	12,573	Federal	23
Education 1st Credit Union Kent Greenfield	\$20,654,788.00	3,323	State	46
Emp. Of Granite Mill & Fixture Co. Credit Union Tami Anderson	\$30,950.00	29	State	101

<b>Credit Union</b>	<b>President</b>	<b>Year-end assets</b>	<b>Members</b>	<b>Charter</b>	<b>Rank</b>
Employees First Credit Union	Kenneth R McDaniel	\$2,001,481.00	768	State	79
EMSCO Credit Union	Eloise Goodyear	\$1,102,286.00	147	State	88
Family First Credit Union	Kent Moore	\$160,850,436.00	20,499	Federal	15
Firefighters Credit Union	Steven Leffler	\$25,918,134.00	3,633	State	41
Freedom Credit Union	Ken Payne	\$21,934,464.00	3,527	State	45
Gibbons and Reed Employees Credit Union	William Christopherson	\$5,567,109.00	2,062	Federal	64
Goldenwest Credit Union	Shelley Clarke	\$724,508,058.00	76,759	Federal	3
Grand County Credit Union	Debbie Pierce	\$17,106,744.00	2,405	State	49
Granite Credit Union	Lynn Kuehne	\$321,025,901.00	32,337	Federal	9
Granite Furniture Employees Credit Union	Ralph Jenkins	\$783,357.00	158	Federal	90
Grantsville Credit Union	Anne Goins	\$4,766,906.00	1,293	Federal	68
Health Care Credit Union	Scot Baumgartner	\$65,455,540.00	11,644	State	30
Hercules Credit Union	Brent Holmes	\$52,912,260.00	5,096	State	33
HeritageWest Credit Union	Bruce Bryan	\$307,732,440.00	40,660	Federal	10
Hi-land Credit Union	Blair Asay	\$34,745,484.00	2,811	State	37
Horizon Credit Union	Randy Gailey	\$105,003,976.00	13,822	Federal	20
IFA Employees Credit Union	Barry Hatch	\$1,874,174.00	410	Federal	81
Jordan Credit Union	James Hofeling	\$213,099,564.00	27,179	Federal	12
Kings Peak Credit Union	Paul Nielson	\$8,474,033.00	1,887	State	56
Logan Cache Rich Credit Union	Ann Godfrey	\$15,443,259.00	2,023	Federal	50
Logan City Employees Credit Union	Ashley Jamison	\$737,367.00	290	State	92
Logan Medical Credit Union	Dale Howe	\$14,270,551.00	2,254	Federal	52
LU 354 IBEW Credit Union	Linda Perschon	\$15,351,040.00	2,282	Federal	51
Meadow Gold Employees Credit Union	Lynn Nelson	\$5,495,126.00	667	State	66

<b>Credit Union</b>	<b>President</b>	<b>Year-end assets</b>	<b>Members</b>	<b>Charter</b>	<b>Rank</b>
<b>Members First Credit Union</b>					
	Brad Barber	\$87,546,018.00	13,478	State	24
<b>Midvalley Credit Union</b>					
	Linda Buell	\$7,001,250.00	952	Federal	61
<b>Millard County Credit Union</b>					
	Steve Shiner	\$23,637,308.00	5,427	State	43
<b>Moon Lake Electric Employees Credit Union</b>					
	Sharon Nielsen	\$1,515,077.00	519	Federal	82
<b>Mountain America Credit Union</b>					
	Sterling Nielsen	\$2,776,880,523.00	339,114	Federal	2
<b>Mountain High Credit Union</b>					
	Roger Preston	\$42,974,534.00	7,144	Federal	34
<b>National J. A. C. L. Credit Union</b>					
	Dean Hirabayashi	\$32,412,962.00	4,570	State	38
<b>Nebo Credit Union</b>					
	Dale Phelps	\$64,718,176.00	11,301	State	31
<b>Nephi Western Employees Credit Union</b>					
	Judy Truscott	\$24,127,828.00	3,534	Federal	42
<b>Newspaper Employees Credit Union</b>					
	Pamela Wagstaff	\$8,149,418.00	1,265	State	59
<b>North Sanpete Credit Union</b>					
	Julie Strate	\$1,230,309.00	458	Federal	84
<b>Ogden Wonder Credit Union</b>					
	Ron McFarland	\$490,438.00	171	Federal	96
<b>Orem City Employees Credit Union</b>					
	Thomas Phelps	\$4,351,602.00	893	Federal	69
<b>P&amp;S Credit Union</b>					
	Brenda van Hoorn	\$11,927,651.00	2,406	State	54
<b>Pacific Horizon Credit Union</b>					
	Steve Clayson	\$36,887,863.00	4,971	State	36
<b>Pacific Rails Credit Union</b>					
	George Crowder	\$30,894,201.00	2,988	State	39
<b>Peoples Electric Power Credit Union</b>					
	Susan Brady	\$1,179,347.00	285	State	87
<b>Phillips-Wasatch Credit Union</b>					
	Robin Carbaugh	\$5,563,638.00	868	State	65
<b>Premier Services Credit Union</b>					
	Dennis Murray	\$22,156,781.00	3,339	State	44
<b>Presto Lewiston Employees Credit Union</b>					
	Gaylene Stone	\$291,377.00	192	State	99
<b>Provo Police &amp; Fire Dept. Credit Union</b>					
	Sheldon Lindsay	\$2,772,677.00	982	State	77
<b>Provo Postal Credit Union</b>					
	Scott Johnson	\$6,611,800.00	1,408	State	62
<b>Salt Lake City VAF Credit Union</b>					
	Raul Zamudio	\$557,587.00	239	Federal	94
<b>Salt Lake County Employees Credit Union</b>					
	Edwin Chapman	\$3,040,175.00	897	State	75

<b>Credit Union</b>	<b>President</b>	<b>Year-end assets</b>	<b>Members</b>	<b>Charter</b>	<b>Rank</b>
<b>Salt Lake Regional Medical Center Credit Union</b>					
	Otto Liebergesell	\$1,336,734.00	251	Federal	83
<b>San Juan Credit Union</b>					
	Ann K Hawkins	\$10,917,464.00	3,220	State	55
<b>SEA Credit Union</b>					
	Dale Woolsey	\$2,927,307.00	802	State	76
<b>Sheet Metal Workers Local No 312 Credit Union</b>					
	Connie Burns	\$3,199,829.00	1,976	Federal	74
<b>South Sanpete Credit Union</b>					
	Jannine Henningson	\$527,757.00	214	State	95
<b>SouthWest Community Credit Union</b>					
	Muriel Blake	\$140,616,888.00	19,175	Federal	17
<b>St. Marks Employees Credit Union</b>					
	Janie Larson	\$8,356,805.00	1,232	Federal	58
<b>SummitOne Credit Union</b>					
	John Palmer	\$63,877,623.00	6,231	Federal	32
<b>Sunnyside Credit Union</b>					
	Sandra Garcia	\$3,875,690.00	806	State	70
<b>Tanner Employees Credit Union</b>					
	Arleen Child	\$5,391,185.00	1,438	State	67
<b>Teamsters Local #222 Credit Union</b>					
	Lin Bolton	\$2,570,055.00	655	Federal	78
<b>Transwest Credit Union</b>					
	Marc Mikkelson	\$125,280,466.00	14,053	State	19
<b>Treasury Credit Union</b>					
	Steve Melgar	\$7,383,722.00	1,056	State	60
<b>Tri-County Credit Union</b>					
	Nick Reynolds	\$171,309.00	88	State	100
<b>UCB Credit Union</b>					
	Teresa Wilco	\$1,211,457.00	252	State	85
<b>Uintah Credit Union</b>					
	Dan E Olsen	\$3,284,113.00	1,162	State	73
<b>University First Credit Union</b>					
	Jack Buttars	\$549,899,162.00	76,284	Federal	6
<b>UP Car Department Credit Union</b>					
	John Wells	\$430,011.00	199	Federal	97
<b>USU Charter Credit Union</b>					
	Dennis Child	\$145,118,280.00	21,881	Federal	16
<b>Utah Central Credit Union</b>					
	Brett Blackburn	\$182,443,231.00	23,123	State	13
<b>Utah Community Credit Union</b>					
	Jeff Sermon	\$701,024,284.00	104,536	Federal	4
<b>Utah Federal Credit Union</b>					
	Doug Huntsman	\$19,159,793.00	2,204	Federal	48
<b>Utah First Credit Union</b>					
	Darin Moody	\$245,809,051.00	21,811	Federal	11
<b>Utah Heritage Credit Union</b>					
	Ilene Rollo	\$38,903,376.00	7,609	State	35

<b>Credit Union</b>	<b>Year-end assets</b>	<b>Members</b>	<b>Charter</b>	<b>Rank</b>
<b>President</b>				
<b>Utah Power Credit Union</b>				
Dennis Hymas	\$356,629,221.00	20,573	State	8
<b>Utah Prison Employees Credit Union</b>				
Kristine Argyle	\$3,491,961.00	1,474	State	71
<b>Valley Wide Credit Union</b>				
Monica Marchant	\$427,347.00	150	Federal	98
<b>Valtek Credit Union</b>				
Richard A Nelson	\$713,799.00	180	State	93
<b>Varian SL Employees Credit Union</b>				
Tammy Phillips	\$12,843,055.00	1,236	Federal	53
<b>Weber Credit Union</b>				
Jeff Shaw	\$92,591,641.00	13,034	State	22
<b>Weber State Credit Union</b>				
Vickie van der Have	\$86,857,642.00	8,729	Federal	25

Information based on NCUA Call Report data for December 2009  
Ranking is by asset size within the State of Utah

