



**CYPRUS**  
CREDIT UNION

## 2014 ANNUAL REPORT

### PRESIDENT'S REPORT

**W**e are pleased to report that 2014 was another stellar year for your Credit Union. Because of the dedicated commitment of staff and the loyalty of our members, we were able to accomplish a number of significant achievements.

Last year we welcomed 7,623 new members to the credit union and our total membership now exceeds 89,300. Member deposits increased by \$41.7 million with total deposit balances ending the year at \$607.5 million. We funded over 13,000 loans totaling over \$257 million. Our total assets increased by \$52 million or 8.2% and ended the year at \$682.8 million.

Maintaining financial strength has always been a critical aspect in everything we do. Last year we had \$8.03 million in net income, increasing our total capital to \$70.8 million. The NCUA, our federal regulator, looks at capital ratio as an indicator of safety and soundness and considers a credit union well capitalized at 7% and adequately capitalized at 6%. Our capital ratio at year end was 10.76%.

In 2014 we had the opportunity to merge with another Utah Credit Union, Premier Services. Premier Services Credit Union was established in 1940 to serve employees of Employment Security, which is now the Utah Department of Workforce Services. At the time of the merger, Premier Services had 3,000 members, almost \$11 million in loans and over \$21 million in assets. We look forward to serving Premier Services members in the same great way they have always been served and to provide the new products and services Cyprus has to offer.

With all the credit card breaches that have occurred in the past few years, we want you to know we are extremely diligent about keeping all of your personal information safe. We have committed significant resources and expertise to build a network of firewalls and other security applications to both monitor and protect our systems for unauthorized intrusions. While we have professionals to help us protect our systems, it is equally important for you to be diligent with your personal information. Please don't provide personal information such as credit card numbers, social security numbers, your date of birth, etc., over the telephone or to individuals you do not personally know. Also, ensure you have up to date virus protection and firewalls setup on your personal computers. As an extra precaution, you can setup e-notifications to receive texts or emails when your credit or debit card is used, a check clears, or your payroll deposit is made. If you suspect anything unusual, please contact us immediately.

#### **Member Service**

Our focus has always been on continually improving the products, services, and service levels you have come to expect from your credit union. To save you time and make it more convenient to do business with us, we've rolled out our e-signature program. Now members are able to sign loan documents from the comfort and safety of your own home or office by simply logging into a secure web site, answering a series of questions designed to validate and protect identities, and then completing the transaction with a few clicks on the signature line of each document. Last year we had over 2,500 members use this safe and convenient feature.

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Another new service we started offering last year, that has been very well received, was the ability to get both credit and debit cards issued instantly at most of our branches. Whether you are getting a new VISA card or just needing to replace a lost or damaged card, you no longer need to wait. You can now go to almost any of our branches and have a new card created for you on the spot.

In 2014 Apple introduced a new payment feature called Apple Pay. We were very excited to be one of the first financial institutions in Utah to offer this product to our members. Apple Pay offers individuals a convenient and secure way of paying at both retail stores and on-line. With Apple Pay, your credit card number is never stored by a retail store or by an online retailer so paying with your Cyprus credit or debit card has never been safer.

#### Giving Back

Cyprus Credit Union remains dedicated to the communities we serve. In partnership with the Community Recreation Association (CRA), we donated over \$31,000 to athletic teams, performing arts groups and numerous youth groups in the community. Through the generosity of members utilizing the Skip-A-Pay program, we were able to make charitable donations to Primary Children's Hospital, the Ronald McDonald House, and the Ride for Life.

In tradition with our commitment to education, Cyprus Credit Union made a \$10,000 donation to “100% for Kids” the Utah Credit Union Education Foundation. We also issued \$1,000 scholarships to six deserving high school seniors to help in their college education.

#### Future

As we move into the New Year, we will be upgrading our home banking and mobile app, which will include optimization for tablets. These upgrades will increase functionality, ease of use, and security on an already great product.

I want to thank our volunteer board of directors and supervisory committee members, who spend many unpaid hours each year helping to ensure this great organization is serving our members needs in a safe and sound way. I also want to thank our staff, managers and senior management team for the superior job they do each day.

As we start 2015, we reaffirm our dedication and commitment of providing our members the best products, services and service available anywhere. On behalf of our Board of Directors, Supervisory Committee and Management and Staff, we thank you for being a member and we look forward to meeting all your financial needs now and in the future. We truly believe that “your future is our future”.

Respectfully Submitted,



Todd Adamson  
President/CEO

## SUPERVISORY COMMITTEE REPORT

Cyprus Federal Credit Union continues to recognize the slow pace at which the economy is recovering. Decisions made by Management and the Board of Directors continue to strengthen the credit union's position in this current recovering economy. As a committee, we appreciate management, the staff of the Credit Union, and the Board of Directors for helping us to fulfill our responsibilities. All of them have done an excellent job in ensuring the members' money is safe and secure. I am happy to see the consistent effort of management and staff in assisting our members with their financial concerns. We want our members to feel comfortable coming to us for assistance. I would like

to thank the Supervisory Committee members and the Internal Audit staff for all their service and input to ensure the soundness of internal controls.

The Supervisory Committee coordinates efforts annually with Internal Audit and an independent auditing firm to ensure that internal controls are in place to protect the assets of the credit union and its members. The Committee also reviews the examinations of governmental agencies with credit union management and the Board of Directors for appropriate follow up. The financial audit for the twelve months ending June 30, 2014 was completed by Tanner, LLC, an independent

auditing firm. The auditors concluded that the financial statements present fairly, in all material respects, the financial position of Cyprus Federal Credit Union as of June 30, 2014, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles. The auditors also reviewed the internal control structure of Cyprus Credit Union and their recommendations have been implemented to further strengthen these controls.

Credit Union management is commended for maintaining sound accounting and administrative practices. The Supervisory Committee is committed to serve the members and ensure the stability of the credit union.

Respectfully Submitted,



Garth H. Tyler  
Chairman, Supervisory Committee

## CHAIRMAN'S REPORT

**I**t is a pleasure to report that 2014 was another successful year for the credit union. Cyprus Credit Union is fortunate to have a dedicated Board of Directors and Supervisory Committee who all volunteer their time and energy to see that the credit union is successful.

The role of the Board of Directors is to assure that policies are established and regularly reviewed. They also see that policies are followed in accordance to government regulations and guidelines from the National Credit Union Administration (NCUA). The President/CEO of the Credit Union, Todd Adamson works directly for and reports monthly to the Board of Directors. He takes his responsibility to the Board and to members seriously. I am happy to report that as he makes daily decisions about the operation of the credit union, he does so by asking his senior management team "is this in the best interest of all members of the credit union." The Board, Supervisory Committee, CEO and senior management team formally meet twice a year to review and formulate strategic plans for the future of the credit union and all its members.

The number of members served by the credit union ended the year at 89,302 member/owners. I would also like to thank all our members for your continued trust and support. The credit union is here to help improve the financial well-being of all members and to give you fast, secure and convenient access to your funds.

The role of the volunteer Supervisory Committee is to oversee the Internal Audit Department and to hire our independent accounting firm to perform financial audits. They are performing this responsibility well and in a professional manner.

Again, I am pleased to report that the Board of Directors is faithfully fulfilling their responsibilities. We take our responsibility to the organization seriously. We are doing our best to serve the needs of the entire credit union within our field of influence.

The measure of safety and soundness for the credit union is the capital-to-assets ratio (sometimes called the rainy day fund of the credit union). Our capital-to-assets ratio ended the year at 10.76%. This means Cyprus Credit Union is operating in a strong financial condition to be able to serve the growing needs of our members and we will be able to continue our 87-year tradition of serving member needs.

Another way you can be assured of the stability of the credit union is to know that your deposits are insured by the NCUA (an agency of the Federal Government) to \$250,000.

As we look forward to the future, you will continue to receive the highest level of service from Cyprus Credit Union. Cyprus is safe, sound and well positioned to deliver the service and value you deserve. Along with the Board of Directors, Supervisory Committee, and Cyprus Credit Union's management and staff, I wish you a happy and successful 2015.

Sincerely,



Gayle Rosenberg  
Chairman of the Board

**“As we look forward to the future, you will continue to receive the highest level of service from Cyprus Credit Union.”**

# CYPRUS CREDIT UNION FINANCIALS

2012

2013

2014

## BALANCE SHEET

### ASSETS

Net Loans to Members	413,835,472	438,400,671	510,912,643
Accounts Receivable	1,384,542	1,422,833	1,503,883
Equipment	1,447,350	1,406,109	1,478,539
Building & Real Estate	23,851,661	21,481,808	22,272,136
Prepaid Expenses	399,763	453,511	455,674
Investments	122,769,445	115,520,637	91,652,665
Other Assets	9,954,169	12,938,682	14,590,802
Cash & Other Liquid Accounts	36,882,171	39,197,878	39,966,604
<b>TOTAL ASSETS</b>	<b>610,524,573</b>	<b>630,822,130</b>	<b>682,832,947</b>

### LIABILITIES AND CAPITAL

Accounts Payable	4,293,936	3,931,278	4,387,110
Members' Savings & Deposits	554,539,185	565,840,240	607,552,491
Regular Reserves/Guarantee Fund	12,892,795	12,892,795	12,892,795
Other Reserves	38,798,657	48,157,817	58,000,551
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>610,524,573</b>	<b>630,822,130</b>	<b>682,832,947</b>

## OPERATING STATEMENT

### INCOME

From Loans	22,187,019	21,059,726	21,985,803
Investments	1,344,082	1,270,852	1,080,924
Other	15,068,852	15,286,334	15,132,567
<b>TOTAL INCOME</b>	<b>38,599,954</b>	<b>37,616,911</b>	<b>38,199,295</b>

### MEMBER EXPENSE

Dividends & Interest	4,886,076	3,793,623	3,714,421
Allowance for Loan Loss Reserves	1,303,793	1,409,761	953,898
<b>TOTAL MEMBER EXPENSE</b>	<b>6,189,869</b>	<b>5,203,384</b>	<b>4,668,319</b>

### OPERATING EXPENSE

Salaries & Employee Benefits	12,491,109	11,590,849	12,494,087
Other	13,549,610	12,631,775	13,005,857
<b>TOTAL OPERATING EXPENSES</b>	<b>26,040,718</b>	<b>24,222,624</b>	<b>25,499,944</b>

## HISTORICAL DATA

Number of Members	76,522	81,679	89,302
Number of Borrowers	38,563	41,063	44,910
Number of Loans Made	11,064	12,273	13,911
Amount Loaned During Year (New Money)	236,303,574	235,426,125	249,500,696
Number of Loans Outstanding	46,668	51,282	56,604
Average Loan Balance	7,005	7,166	7,619
Average Savings Balance	1,983	2,020	2,007



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