

desert **FINANCIAL**<sup>TM</sup>  
CREDIT UNION

**85**<sup>TH</sup>  
**ANNIVERSARY**



**85 YEARS** of  
Sharing Success

**ANNUAL REPORT**  
**2024**





# CEO's Report

**Over the past year, I've talked a lot about how giving back leads to long-term success.** 2024 was the 85th anniversary of Desert Financial, and we continued to demonstrate how giving leads to growth.

Eighty-five years ago, the first members of a tiny credit union couldn't have imagined how their trust and support would help shape Arizona's financial landscape. Today, what started with 15 teachers has grown into a nearly \$9 billion enterprise that's about so much more than assets and numbers.

I've been blessed to have been a part of this journey since 1994. What I've learned since then isn't found on any balance sheet: It's about the power of community, the strength of a committed team and the difference we can make when we look beyond transactions and see human potential.

This year's highlights reflect that journey. Our credit union has attained \$9 billion in assets — not through aggressive expansion, but by consistently serving more than 475,000 members with integrity. A huge part of our mission of sharing success is our annual Member Giveback Bonus, and this past January, eligible members got their share of \$20 million. Putting money back into the pockets of our most loyal members is a fantastic way to start the year.

In 2024, we became the Arizona Cardinals' official banking partner — a collaboration that's about much more than press releases. It's about supporting our shared community. Events like "Shop with a Jock" and the Cardinals' annual holiday toy drive are incredibly meaningful and a fun way to give back.

Desert Financial's community support last year included presenting a check to Phoenix Children's for a record-breaking \$2.25 million. We also raised over \$158,000 in the Heart Walk for the American Heart Association. In honor of our 85th anniversary, we gave 26 nonprofits a surprise additional check for \$8,500 during our Grant Recognition Ceremony, bringing our total giving to \$541,000.

Our partnership with Northern Arizona University® was officially announced in August, kicking off with a planned donation of \$5,000, plus a surprise donation of \$7,500 to each of the school's sports teams. We're excited to help more members up north through this partnership with NAU.

Last year, we launched our financial well-being efforts with a financial coaching pilot program to help employees and members navigate things like budgeting, paying off debt, investing and more. In our expanded partnership with Arizona State University®, we hosted financial well-being webinars and workshops that were attended by more than 1,600 students and alumni. Our focus on helping our members, team and community improve their financial well-being is a long-term commitment.

To serve even more members in more places, we opened two new branches last year, the Ellsworth branch in Queen Creek and the Willow Creek branch in Prescott, bringing our total branches to 49.

Our dedication to our members was reflected in several awards we received last year, including being named a Best-in-State Credit Union by Forbes again and being selected one of America's best regional credit unions by Newsweek. One of the highlights of the year for me was being named a TITAN 100 honoree for the second consecutive year — an honor I share with all of our team members who show up daily to help Arizonans achieve their dreams, as well as one of our Board members, Vice Chair Chris Miner.

Our strong, sustainable financial condition allows us to grow while sharing success — it's a virtuous circle where the more we give, the more we grow, and the more we grow, the more we can continue to help more Arizonans achieve financial well-being.

Looking ahead to 2025, our mission remains crystal clear: expand financial opportunities for every Arizonan, strengthen our communities and prove that a credit union can be so much more than a place to manage money — it can be a catalyst for individual and collective potential.

I want to personally thank the Board of Directors, members of the Supervisory Committee and all our other volunteers and staff. You helped us give and grow more than ever before in 2024.

To our 475,000+ members, our incredible team and the Arizona communities that continue to inspire us: Thank you for a year full of celebration and growth.

**Jeffrey Meshey, President and CEO**



# Chair's Report

**2024 was filled with immense progress and celebration.** We spent our 85th anniversary year reinvesting in the people who have helped us go the distance: our members, community and team.

I'm proud to say Desert Financial gave back \$5.2 million to the community through corporate, foundation and employee giving — an all-time high that impacted over 360,000 Arizonans.

We raised \$2.25 million to fund the 1 Darn Cool School at Phoenix Children's. This program allowed teachers to have over 11,000 educational sessions in 2024 with kids receiving treatment for critical injuries and illnesses.

Our team performed nearly 12,000 Random Acts of Kindness! One of the highlights was at the NAU homecoming parade, where we celebrated our new partnership by handing out school-spirit items to families, students, teachers and festivalgoers.

We stayed true to our roots in education by continuing the Adopt-A-Teacher program, providing funding for 38 hardworking teachers and impacting over 6,000 students. We also organized 47 teacher appreciation events and collected over 12,000 school supplies.

2024 was also full of new efforts that support our ongoing commitment to financial well-being — which is more than just a catchphrase. It's an honest conversation about the emotional relationship people have with their money and the impact it has on their lives.

Some of our financial well-being initiatives included hosting 300 educational events for over 10,000 people, launching a free financial coaching program for members and employees, spreading year-round fraud awareness and education to our members

and offering a new first-time homebuyer option with no down payment and no PMI for military members, education workers, first responders and more.

These kinds of above-and-beyond efforts earned Desert Financial multiple accolades in 2024 — for example, the Large-Size Business of the Year Award from AZ Big Media and the Boost.ai People's Choice Award for the creation of our intelligent virtual assistant, Dee. We were also named one of the best places to work by Ranking Arizona and a Most Admired Company by Az Business Magazine.

I'd like to thank my fellow board members for making all this possible, as well as our supervisory committee and CUSO managers for all they do to serve our members, community and team. I'd also like to thank our members for participating in our board election process.

Your voices and support help Desert Financial continue our mission of sharing success and improving financial well-being for Arizonans.

Thank you.

**Kevin Haskew,**  
Chair of the Board



## A Note from Our Supervisory Committee

To reflect our commitment to and our vested interest in our members, the Supervisory Committee partners with our internal and external audit and accounting teams to oversee credit union activity. The results of our external audits reflect a continued strong adherence to sound internal controls and safe, conservative business practices.

This report is a testament to Desert Financial's commitment to responsible and robust financial practices. As a result, our members can remain confident in our continued success.



# Desert Financial Credit Union and Subsidiaries

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Year ended December 31,

**2024** **2023**

### ASSETS

Cash and cash equivalents	\$441,895,486	\$669,705,649
Investment securities		
Equity securities	—	2,401,479
Available-for-sale	2,051,268,469	2,041,804,398
Held-to-maturity	1,538,373,239	1,528,697,934
Loans held-for-sale	2,447,625	2,087,123
Loans to members, net of allowance for loan losses	4,280,149,296	3,980,283,976
Accrued interest receivable:		
Loans	14,848,628	13,381,237
Investments	11,727,358	11,047,754
Federal Home Loan Bank (FHLB) stock	17,250,000	17,250,000
Prepaid and other assets	82,598,772	119,465,593
VISA Class B Stock	33,614,905	48,641,774
Life insurance policies	71,281,005	68,140,148
Split-dollar life insurance loans	99,589,211	66,871,083
Mortgage servicing rights	7,683,064	8,951,029
Property and equipment	59,883,833	62,080,668
National Credit Union Share Insurance Fund (NCUSIF) deposit	71,015,879	69,753,949

<b>Total asset</b>	<b>\$8,783,626,770</b>	<b>\$8,710,563,794</b>
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### LIABILITIES AND MEMBERS' EQUITY

Liabilities		
Members' shares and savings accounts	\$7,963,194,519	\$7,303,801,275
Borrowed funds	—	600,000,000
Accounts payable and other accrued liabilities	115,481,145	146,677,682
Online debit card clearing	19,320,677	49,601,112

<b>Total liabilities</b>	<b>\$8,097,996,341</b>	<b>\$8,100,080,069</b>
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### COMMITMENTS AND CONTINGENT LIABILITIES

Members' equity		
Undivided earnings	1,032,287,801	960,070,693
Accumulated other comprehensive loss	(346,657,372)	(349,586,968)
Total members' equity	685,630,429	610,483,725

<b>Total liabilities and members' equity</b>	<b>\$8,783,626,770</b>	<b>\$8,710,563,794</b>
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# Desert Financial Credit Union and Subsidiaries

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Year ended December 31,

**2024** **2023**

### INTEREST INCOME

Loans to members	\$246,574,839	\$197,211,144
Investments	123,536,151	106,694,825
<b>Total interest income</b>	<b>\$370,110,990</b>	<b>\$303,905,969</b>

### INTEREST EXPENSE

Members' share and savings accounts	155,947,440	97,641,104
Borrowed funds	16,458,492	10,844,223
<b>Total interest expense</b>	<b>\$172,405,932</b>	<b>\$108,485,327</b>
Net interest income	197,705,058	195,420,642

### PROVISION FOR LOAN LOSSES (RECAPTURE)

Net interest income after provision/(recapture) of credit loan losses	16,682,647	15,849,591
	181,022,411	179,571,051

### NON-INTEREST INCOME

Fees and service charges	56,470,421	59,807,820
Interchange income	45,938,123	48,704,005
Gain on Visa stock	21,293,215	10,100,444
Other miscellaneous income	14,135,441	14,704,048
Sales of insurance and investment products	13,171,593	11,468,390
Income from change in cash surrender value from life insurance policies	3,204,803	4,123,958
Gain on property and equipment	3,005,853	—
Gains on sales of loans	1,936,519	1,738,624
Gains on capitalization of mortgage servicing rights	1,137,960	1,086,789

<b>Total non-interest income</b>	<b>\$160,293,928</b>	<b>\$151,734,078</b>
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### NON-INTEREST EXPENSES

Compensation and benefits	160,566,793	146,389,707
Office operations	51,335,947	52,883,258
Member education and marketing	25,391,325	17,147,996
Occupancy	13,344,891	13,132,832
Operating expenses	10,579,788	9,069,908
Professional and outside services	7,880,487	7,387,010

<b>Total non-interest expenses</b>	<b>\$269,099,231</b>	<b>\$246,010,711</b>
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<b>NET INCOME</b>	<b>\$72,217,108</b>	<b>\$85,294,418</b>
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# Empowering our members

Financial well-being is about more than just products and services; it's about helping members build a positive relationship with their money. These new initiatives from 2024 helped set them up for success moving forward.



### Fraud education and prevention

In 2024, we launched our first year-round marketing campaign dedicated to informing members about fraud trends. We educated them about the latest scams — such as government impersonation, investment scams and business wire fraud — and offered tips for protecting their private information and finances.

### Round Up and Save tool

Members can turn on this new feature in Online Banking to get closer to their savings goals. It rounds every debit transaction up to the nearest dollar and automatically deposits the difference into savings!



### Kickstart for kids and teens

This new program helps build financial well-being for the whole family — for free! Kids can practice money management and build strong financial habits with their own debit card. They can earn, spend, save and borrow with adult guidance, get rewarded for their accomplishments, watch educational videos and more.



### Community Heroes First-Time Homebuyer Program

We introduced this program to help some of our most valued community members. Education workers, military members, medical professionals, first responders and civil servants can get major mortgage perks like no down payment and no PMI.

2024  
in review



**\$20  
million**

shared with  
170,000+ members for the  
Member Giveback Bonus



**\$2.25  
million**

donated to Phoenix Children's  
to fund the 1 Darn Cool School



**2 new  
branches**

opened giving us  
49 branches  
throughout Arizona



# Supporting our team

Award-winning service isn't built overnight; it grows over decades of building a relationship with our community. That bond drives our employees to deliver the best banking experience, and in return, we support them so they can give their best every day.



## 85th Anniversary Celebration at Chase Field

We took the team out to the ballpark to celebrate our 85th anniversary! All employees, as well as three of their guests, had the chance to see the Diamondbacks take on the Padres in a day full of food and fun.



## FWB Workshops at the All-Employee Event

Financial well-being starts at home. For the first time ever, we held financial well-being workshops at our All-Employee Event in October, helping team members learn about spending, saving, budgeting and more. Employees can keep working with our 17 financial coaches at six different branches!



## Employee Resource Groups (ERGs)

Representation is important, especially when it comes to financial well-being. That's why we offer three Employee Resource Groups to give all employees opportunities to develop, advance and connect with others. They include the Mental Wellness Advocates, the Multicultural ERG and the Professional Development ERG.



**23,417**

new members joined  
Desert Financial,  
bringing us to more  
than 475,000



**\$1.8  
billion**

in total loans funded to help  
members chase their goals



**32,000+**

Wealth Management clients



# Uplifting our community

After 85 years in one place, attachment becomes passion, driving our dedication to helping the community. Nearly a century in, we're still finding new ways to help, making this milestone year a standout for Desert Financial, our partners and our foundation.

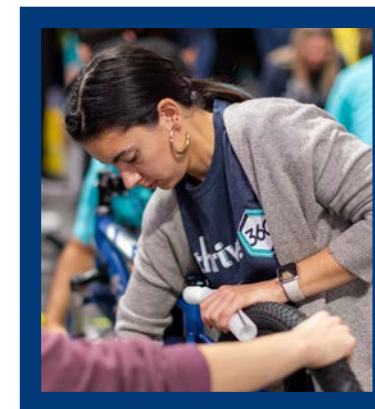


## Volunteering

In total, our team tallied 16,277 volunteer hours, helping different organizations throughout the Valley achieve their goals. We value those hours at more than half a million dollars and hope that care creates a cycle of giving throughout Arizona and beyond!

## Desert Financial Foundation

Even after 85 years, our commitment to education hasn't wavered. Desert Financial Foundation helps us uphold that value by hosting events and raising funds for organizations like the 1 Darn Cool School at Phoenix Children's. In 2024, we presented them with a check for \$2.25 million, helping them provide more than 11,000 education sessions so kids can keep learning while receiving treatment.



## Random Acts of Kindness

Random Acts of Kindness are one of our favorite ways to spread joy and lift those around us. In 2024, we performed 11,982 of them, including some at the Northern Arizona University® Homecoming Parade to celebrate our brand-new partnership with the school.

## Scholarships

Opportunities like the Community Service, Adult Learners, Breaking Barriers Student Athlete and Career and Technical Education Scholarships help students from all different backgrounds fund the next steps in their educational and professional journeys.



Helped

**4,455**  
**clients**

make wills and trusts



**\$678.2**  
**million**

in deposit growth



**\$337**  
**million**

in net revenue

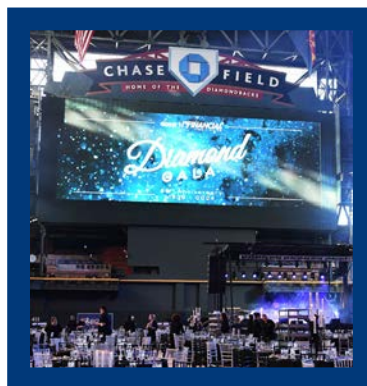
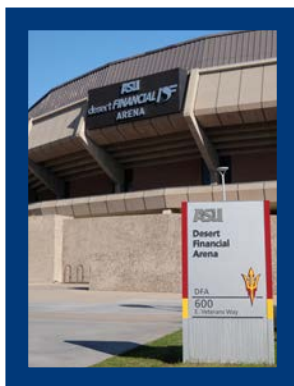


# 85<sup>th</sup> Anniversary Milestones

1939

Founded as AEA No. 1  
Federal Credit Union

- 1972** Changed name to Desert Schools Federal Credit Union
- 2004** Opened up membership beyond just educators
- 2004** Began partnership with the Arizona Cardinals
- 2018** Changed name to Desert Financial Credit Union
- 2019** Purchased naming rights to the ASU basketball arena, now Desert Financial Arena
- 2020** Became a state-chartered credit union, expanding our field of membership to most of Arizona
- 2023** Became the official retail banking partner of ASU®
- 2024** Became the official banking partner of NAU Athletics and NAU Alumni Association
- 2024** Celebrated our 85-year anniversary with record-breaking giving







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