

INSIDE



Helped by a Utah CDC

When Casper's Ice Cream of Richmond, maker of the famous Fat Boy ice cream bar, needed financing for its new 26,000-square-foot building, the company turned to a certified development company for help. Read how CDCs offer lending options for growing small businesses.

page F5

Banking & Finance Lists

Utah Banks

page F6

Utah Venture Capital Companies

page F10

Utah Credit Unions

page F14

Utah Accounting Firms

page F18

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A strong financial partnership is key to business success

Business owners, company founders, entrepreneurs and startup pioneers understand the value of having a solid, secure and capable financial partner to enable success — no matter the field of endeavor they are pursuing.



With one of the nation's strongest economies, an educated workforce, a low unemployment rate and a welcoming environment, Utah is an enviable place to establish a business or work to ensure its growth and future viability. And, the state is definitely home to some of the region's most effective, innovative and dependable financial institutions, providing businesses with the resources and experts needed to make agile economic adjustments in a constantly evolving

and diversified marketplace.

From gaining fast and affordable financing from the U.S. Small Business Administration (SBA) to giving customers the ability to make anytime/anywhere payments with mobile devices, having the right



financial partner can make all the difference for any company, no matter how large or modest in size and regardless of what it is producing or providing.

Some services are essential for a business' everyday money-manage-

ment needs and many local institutions provide these options with no or low fees. Such benefits that are available — and which have little to no impact on your bottom line — include checking accounts, online and mobile banking, mobile deposit, business bill pay, free ATM access and more.

Without question, successful businesses take advantage of a diverse range of low-rate and flexible loans to maximize earnings and build growth. Examples are SBA 7(A) loans and express lines of credit and SBA 504 loans.

Professionals within the financial industry additionally understand that each business operates differently than any other, with varying industries having unique requirements, structures and customers. Providing an enterprise with the funds it needs, when it requires them most, is a

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from page F1

core financial institutional function. Such loan products include SBA secured and unsecured lines of credit that offer liquidity; revolving lines of credit; term loans with flexible repayment schedules and terms; and, for those looking to purchase a franchise or fulfill the dream of opening an independent business, there is acquisition financing at local institutions.

In many cases, businesses pay for their daily expenses and manage their cash-flow with simple and secure credit cards that often come complete with rewards and cash-back options as well as other features that help companies operate

more efficiently.

Similarly, the business world always moves at a rapid pace and financial institutions can help companies and organizations keep pace with online billing and payment services, automated clearing house (ACH) origination, direct deposit, wire transferring and more services that can bolster effectiveness in meeting today's evolving business needs.

A financial institution should also possess the capability to deliver a wide variety of commercial, construction, real estate and lot loans that can pave the way for a business to build the foundation for its operations. Some considerations an owner should take into account when seeking these products are:

- Competitive rates.

- Reasonable origination fees.
- Flexible amounts.
- Draws and disbursement schedules to meet varied timelines.
- Different down payment requirement structures.
- Affordable fees for underwriting, appraisals and inspections.
- Dedicated assistance of local professionals.
- Decades of experience in the financial services industry.
- Efficient process for gathering documentation.

Further, many businesses require financing for company vehicles to drive their organization to its goals, conventional commercial vehicle loans for a top-shelf fleet that keeps an enterprise moving, and equipment and machinery loans to get what is

necessary to maximize productivity and profits.

Another unquestionably important consideration for any business is the well-being and financial health of its employee team. Choosing an institution that offers a broad scope of savings and benefits to its staff, who are the backbone of any successful business and its most valuable resource, is always a wise policy and a high priority.

Teams can save for retirement, medical costs, and other short- and long-term needs with products such as:


- Individual Retirement Accounts (IRAs) that have traditional, Roth, Coverdell Education and certificate options.
- Health Savings Accounts that give staff members the ability to put away resources for future medical expenses.

• Direct payroll deposit service that eliminates the need for employees to spend time and money traveling to process their paychecks.

• Money market savings, certificates of deposit and other options are the building blocks of a bright financial future for those who are working to make a business excel.

Supplying businesses with the products, services, assistance and support to help them achieve their goals is also vital to keeping communities vibrant and dynamic. After all, a healthy business climate is essential for the health of the families calling cities and towns across Utah home. Choosing a trusted partner that practices sound financial management with keen business insight is a key step toward business success.

John Lund is president and CEO of America First Credit Union, based in Ogden.



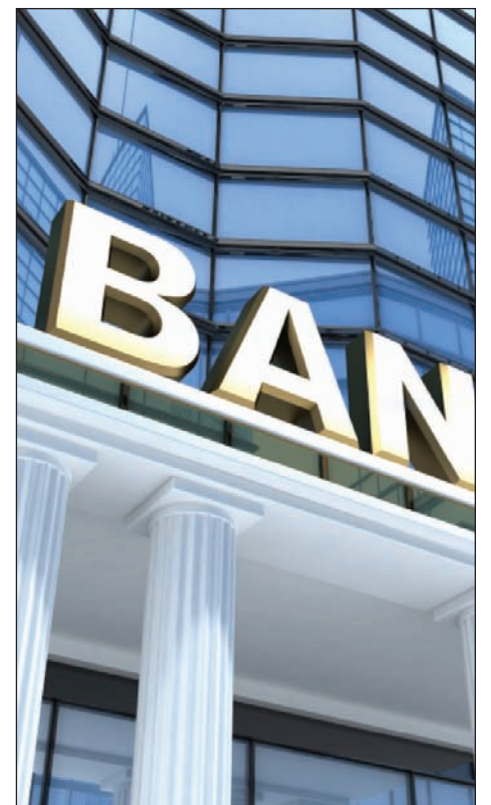
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Certified development companies make huge impact with Utah small businesses



Paul Merrill's Casper Ice Cream Co. went to a Utah certified development company when the company needed financing to be able to grow the business to meet the demand of increased sales.

Sabrena Suite-Mangum

Most often dressed in a golf shirt and jeans, Paul Merrill fits right in with the rural splendor of the Cache Valley scenery. At first glance you might not expect he's the CEO of the highly successful and nationally renowned Casper's Ice Cream — famous for its Fat Boy ice cream sandwiches and other frozen novelties. In 1925, Merrill's grandfather, Casper Merrill, took the milk and cream from the family's dairy cows and created the "original" Ice Cream Nut Sundae on a Stick, packed the novelties in a 10-gallon milk can and sold them at the local Fourth of July celebration.

Almost 100 years later, the Utah-based manufacturer is still honoring the principles of staying close to those hometown roots and putting the customer first — and Merrill says that's been a driving force creating national demand and in turn a need for expansion. So when Casper's was looking for financing options to support its new 26,272-square-foot building adjacent to its current warehouse and production facility in Richmond, the company turned to a certified development company (CDC) for help.

CDCs help small businesses find access to capital with lending options like the 504 loan program.

"The 504 program is an economic development program administered through the Small Business Administration (SBA) that supports small-business growth and helps communities through business expansion and job creation," explained Scott Davis, president and CEO of Utah CDC Mountain West Small Business Finance. Davis knows a thing or two about the program. He was the first administrator of the program when it was introduced in Utah 35 years ago. The company was started with in-kind support from the state Division of

ings or some equipment, we've got a way that makes it easier on the small-business owner and less risky for the banks."

Davis said that most borrowers are required to come up with an initial down payment (i.e., "injection") of just 10 percent — which allows businesses to conserve valuable operating capital. A private-sector lender (think: bank or credit union) finances approximately 50 percent of the project cost and the CDC finances up to 40 percent of the project cost. Some might say it's a deal as sweet as ice cream.

And for Merrill — like a lot of borrowers — a project with a fixed rate for 20 years made much more sense than what the banks alone could offer. Let's just be campy and say it was indeed the cherry on top.

But 504s provide more than just capital. Rob

Richards, president of Utah CDC, explains, "The 504's purpose is to contribute to the economic development of the community through job creation and contribution to public policy goals." That fits right in line with certified development companies' public policy goals that include:

- Business district revitalization.
- Expansion of Exports.
- Expansion of minority business development.

- Rural development.
- Enhanced economic competition.
- Restructuring because of federally mandated standards or policies.
- Changes necessitated by federal budget cutbacks.
- Expansion of small-business concerns owned and controlled by women.
- Expansion of small-business concerns owned and controlled by veterans.

"Our first goal is to assist in the expansion of existing business looking to increase their operations," said Richards. "And second, we want to help businesses/employers who have sound financial and management skills in order to increase the overall business base. We can do this by aiding in the retention and expansion of existing employers, recruitment of new employees and the creation of new businesses."

As mentioned, businesses that receive 504 loans are small — they have a net worth under \$15 million, net profit after taxes under \$5 million or meet other SBA size standards and they must be organized as for-profit entities. At the same time, they are extraordinarily diverse — from manufacturing, retail, service and the wholesale sectors. Most types of business are represented in the 504 portfolio.

Sabrena Suite-Mangum is a consultant for Mountain West Small Business Finance. She was named Best Blogger by the National Association of Development Companies in 2014.



Economic Development Block Grant funds from Salt Lake City — back when Ted Wilson was the mayor.

The 504 loan program provides long-term, fixed-rate, subordinate mortgage financing for acquisition/renovation of capital assets including land, buildings and equipment.

"But to get past the finance-speak," said Davis, "if you're a small business, and you want to expand or get financing to purchase land, build-

Banks in Utah

Ranked by Amount of Utah Assets as of 12/31/2014

Rank	Company Name Address	Phone Web	Utah Assets as of 12/31/2014 Utah Deposits as of 12/31/2014	Out of State Assets as of 12/31/2014 Out of State Deposits as of 12/31/2014	Number of Utah Branches Number of Utah Employees	Year Established Type of Charter	Local Executive
1	Zions Bank One South Main Street Salt Lake City, UT 84133	801-974-8800 www.zionsbank.com	\$17.4 billion \$15.2 billion	\$1.6 billion \$1.5 billion	100 2,145	1873 National	Scott Anderson President and CEO
2	People's Utah Bancorp (Bank of American Fork & Lewiston State Bank) 33 E. Main St. American Fork, UT 84003	801-815-BANK peoplesutah.com	\$1.37 billion \$1.2 billion	DND DND	17 DND	1998 Bank Holding	Richard Beard President & CEO
3	Bank of Utah 2605 Washington Blvd. Ogden, UT 84401	801-409-5000 DND	\$857 million \$686 million	N/A N/A	13 315	1952 State	Douglas L. DeFries President
4	TAB Bank 4185 Harrison Blvd. Ogden, UT 84403	1-800-355-3063 tabbank.com	\$627.2 million \$550 million	DND DND	1 183	1998 Industrial Loan Corporation ILC	Steve Sala President & CEO
5	First Utah Bank 3826 S. 2300 E. SLC, UT 84109	801-272-9454 firstutahbank.com	\$309 million \$238 million	\$36.9 million \$55.7 million	7 102	1978 State	Brad R. Baldwin
6	First National Bank of Layton 12 S. Main Layton, UT 84041	801-813-1600 fnbutah.com	\$278.2 million DND	DND DND	7 101	1905 National	John Jones CEO
7	Brighton Bank 7101 S. Highland Dr. SLC, UT 84121	801-943-6500 brightonbank.com	\$186.5 million \$157 million	N/A N/A	4 59	1978 State	Robert Bowen
8	Town & Country Bank 405 E. St. George Blvd. St. George, UT 84770	435-673-1150 DND	\$84.9 million \$67.5 million	0 \$6.9 million	0 24	2008 State	Bruce Jensen President/CEO
9	Central Bank 75 N. University Ave. Provo, UT 84601	801-375-1000 cbutah.com	DND DND	DND DND	10 183	1891 DND	Matt Packard President/CEO
10	JPMorgan Chase 201 S. Main St. SLC, UT 84111	DND jpmorganchase.com	DND \$12.8 million	DND DND	61 650	1799 Federal	Craig Zollinger Market Manager
11	KeyBank N.A. 36 S. State St. SLC, UT 84111	801-297-5900 DND	N/A DND	\$93.8 billion \$71.9 billion	35 290	1825 National	Terry Grant Utah Market President
12	Wells Fargo Bank N.A. 299 S. Main St. SLC, UT 84111	800-869-3557 wellsfargo.com	DND \$11.5 million	DND \$ 1 billion	118 3,808	1852 National	Dee O'Donnell Utah Regional President
13	Washington Federal 505 E. 200 S. SLC, UT 84102	801-366-2238 washingtonfederal.com	DND DND	DND DND	10 DND	1917 Bank	Marlise Fisher Regional President Senior Vice President

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Commercial real estate lending: the perfect storm

The commercial real estate finance industry is currently in the midst of a perfect storm: a combination of low interest rates, an improving economy, favorable underwriting standards, a plethora of capital providers, and highly liquid investors have all combined to generate a seemingly insatiable appetite for commercial real estate lending.

As a result, 2014 marked the fifth consecutive year of total volume increase for commercial real estate lending nationwide. This expansion was seen across all property types and among a variety of lenders. According to the Mortgage Bankers Association (MBA), commercial property lending reached \$400 billion in 2014, which represented the third-highest mark on record (behind 2006 and 2007) and was 12 percent higher than overall volume in 2013. This overwhelming lending momentum has continued into 2015.

Each of the primary capital source providers — including banks, life insurance companies, government agencies (Freddie Mac, Fannie Mae and HUD), and commercial mortgage-backed securities (CMBS) — have increased their lending volumes. Largely due to the sheer number of institutions, banks maintain the highest market share within the overall commercial real estate lending market.

Banks generally offer low-cost, short-term, value-add and construction financing, all typically on a recourse basis. (Recourse refers to the lender's right to pursue full repayment via borrower assets independent of the subject collateral in the event that the borrower is unable to satisfy the debt obligation.) Banks have very attractive rates and loan-to-value (LTV) ratios, frequently offering 70 percent to 75 percent LTV — primarily for three-to-five-year loans. However, some banks have also begun offering loan terms up to 10 years in an attempt to compete with other longer-term lenders.

Life insurance companies continue to dominate the lower-leverage (sub-65 percent LTV), lower-risk lending market for well-leased, high-quality assets located in good markets with strong and experienced borrowers. They have

been very aggressive on pricing, consistently providing all-in, 10-year fixed rates at sub-4 percent levels on a non-recourse basis (where the lender's right to collect repayment is limited to the subject collateral).



DOUG BIRRELL

Life companies can also provide attractive, longer-term, fully amortizing options to borrowers looking to lock in today's low interest rates for as long as possible. In addition, they offer new construction loans that automatically convert from

construction to long-term fixed periods upon completion and lease-up, particularly for multifamily and build-to-suit assets.

Within the multifamily arena, the long-standing supremacy of Freddie Mac and Fannie Mae began to slow down during the second quarter of 2015. These agencies were forced to decelerate their pace of year-to-date lending to stay within their federally mandated lending limit of \$30 billion per year each.

In early May, the Federal Housing Finance Agency (FHFA) expanded the acceptable exclusions to their lending limits, which served to loosen up greater lending capacity for both federal institutions and effectively increased their lending limits closer to \$40 billion per year each. Properties deemed to be "affordable" housing (as defined by agency calculations) were made available for those increased dollars, including some senior housing projects and all small balance deals (sub-\$5 million loans on assets with five to 50 units). Life companies and CMBS have stepped up to fill the void created by less-aggressive agency lending parameters.

CMBS continued its recent re-emergence as a viable financing alternative. While still well short of the \$230 billion origination levels for CMBS lenders in 2007, the CMBS market was roughly \$100 billion in 2014, which represented an increase of approximately 10 percent over 2013. Anticipated volume for CMBS in 2015 is \$125 billion. CMBS continues to be the option of choice for higher leverage (75 percent LTV), non-recourse deals that may be located in secondary or

tertiary markets and/or have more perceived challenges surrounding either the asset or borrower.

The intense competition between lenders has compacted lender credit spreads and resulted in loosening underwriting standards — albeit nothing as loose as what the market observed in the overheated lending environment leading up to the crash of 2008. Emerging borrower-friendly underwriting standards include greater levels of interest-only periods, higher loan-to-value ratios, lower debt-service coverage ratios, and lower debt-yield ratios.

Similar to the hyper-competitive lending environment, the investment market is likewise highly competitive. As a result, investors have become more active in acquiring higher-yielding property types — such as retail, hotels and specialty properties — which are correspondingly the three property types which had the biggest volume gains in 2014.

In the meantime, the primary property types — most notably multifamily — have all experienced significant cap rate compression. Investors have also been more active within secondary markets, such as communities along the Wasatch Front, since the competition has become so fierce in primary and coastal markets. According to Real Capital Analytics, overall property sales rose 17 percent nationally in 2014 and nearly one-half of total lending volume was represented by acquisition financing.

Both supply and demand levels for commercial mortgages appear poised to continue an upward trajectory. During the next few years, 10-year loans from the previous boom years of 2005-2007 will mature. According to the MBA, scheduled non-bank commercial and multifamily maturities are expected to increase by more than \$50 billion year-over-year in 2015. These maturing loans will help supply needed product to various capital sources, resulting in their ability to disburse funds which have been reserved for commercial real estate.

The threat of rising interest rates appears to be one of the biggest risks the industry faces, as increasing rates

could hinder borrowers' ability to take out yesterday's aggressive loans with today's financing. It may also put upward pressure on capitalization rates diminishing owners' desires to sell and reducing the amount of commercial real estate assets available for lenders and investors alike.

Much of the frenzy within the commercial real estate market over the past few years has been driven by the historically low interest rate environment. The benchmark 10-year Treasury yield dipped below 2 percent for the first time ever in September 2011 and remained in that general vicinity until May 2013. From there, it commenced a significant run up commonly known as the "taper tantrum," going from 1.66 percent as of May 1, 2013, to 3.04 percent as of Dec. 31, 2013.

Subsequently, 2014 witnessed the steady reversal of those rate increases, as micro- and macro-economic data drove the benchmark rate back down to 1.68 percent as of Feb. 1, 2015. While experiencing some choppiness, rates have been steadily rising since February and are now above 2.3 percent (as of the writing of this article). Global pressures, including lower oil prices, the value of the U.S. dollar, a slowdown of the Chinese economy, and the perceived "safe haven" of U.S. bonds compared to alternative investments, have greatly influenced the bond market. Domestic factors such as job growth, the unemployment rate, and the Fed's quantitative easing and federal funds rate strategies have further impacted the market.

In conclusion, the commercial real estate lending environment has continued to hold a fervent pace in 2015 and appears poised to maintain that brisk velocity. However, rising interest rates could dampen some of the enthusiasm, as well as reduce volume. Given the highly competitive landscape, generally positive market fundamentals, and voracious appetite of investors, capital providers will need to maintain aggressive — yet healthy — underwriting standards to allow the industry to continue to expand and thrive.

Doug Birrell is vice president of CBRE Debt & Structured Finance in Salt Lake City.





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Utah Venture Capital Firms

Ranked by Capital Under Management

Rank	Company Name Address	Phone Web	Capital Under Management Available for Investment Venture Capital Invested in 2014	Total Utah Investments Made Preferred Investment Size Industry Specifics	Stages Funded Portfolio Companies	Officers/Partners City Headquartered	Year Founded
1	Signal Peak Ventures 2795 E. Cottonwood Pkwy. Ste. 360 SLC, UT 84121	801-942-8999 signalpeak.com	\$500 million N/A N/A	Multiple \$100,000- \$500,000 N/A	Pre-Seed, Seed, Series A, Series B DND	Joel Peterson, Founding Partner; Clint Peterson, Managing Partner; Ben Capell, Partner; Tim Hansen, Associate Salt Lake City	2008
1	Peterson Ventures 2755 E. Cottonwood Pkwy. Ste. 400 SLC, UT 84121	801-417-0748 petersonpartners.com/ ventures/	\$35 million \$100 million fund Multiple deals	30+ \$2-5 million initial check Technology with a software focus	Series A, B & Growth equity DND	Ron Heinz, Brandon Tidwell, Scott Petty Salt Lake City	DND
3	Peak Ventures 4956 N. 300 W., Ste. 300 Provo, UT 84604	801-341-0300 peakventures.vc/	\$23 million 2/3 of Fund I 21	43 \$100,000- \$1 million Real estate, edtech, SaaS	Various DND	DND Provo	2012
4	RenewableTech Ventures 136 E. South Temple, Ste. 925 SLC, UT 84111	801-363-1900 renewablevc.com	\$20 million Fully deployed \$1.75 million	3 \$1-5 million Clean technologies	Growth stage ACTR, Ashtech, Consolidated Energy, Solid Carbon Products, Waterton Polymers	Todd Stevens, Managing Director; Dal Zemp, Managing Director; Rose Maizner, Analyst Salt Lake City	2011
5	InnoVentures Capital 150 S. State St., Ste.1 SLC, UT 84111	801-741-4215 innoventures.com	\$19 million \$3 million \$1.5 million	8 \$250,000 Any except real estate	Recently Profitable Doba, Intermountain Technology Services, Grant Mackay Demolition, ProNatural Nutrition, etc.	Steve Grizzell, Scott Stenberg and Robert Lund Salt Lake City	2001
6	Diversification Partners 65 Wadsworth Park Drive Draper, UT 84020	DND DND	\$11.6 million \$5 million \$5.2 million	8 \$1 million Technology & branded consumer	Growth Workfront (formerly AtTask), InfusionSoft, Domo, Stance, Cradle Point, TruHearing, etc.	Scott Frazier, David Frazier, Davis Warnock & Jensen Warnock Draper	2014
7	Park City Angels 2750 Rasmussen Road Ste. 206 Park City, UT 84098	DND parkcityangels.com	N/A N/A \$11 million	\$10 million \$250,000-\$1.5 million Software, life sciences, consumer products	Angel, seed, Series A DND	Ben Rifkin Park City	2007
8	Royal Street Investment and Innovation Center 7620 Royal St., Ste. 205 Park City, UT 84060	DND rsiic.com	N/A N/A N/A	N/A \$250,000 Software & consumer products	Seed & Series A DND	Jeffrey Stowell & Ben Rifkin Park City	2012
9	Stoneway Capital / Osborn Companies 4290 N. Vintage Circle Provo, UT 84604	801-426-5080 DND	DND \$40 million \$2.4 million	8 \$400,000- \$2 million Consumer products SaaS/Internet/tech	Transaction round, Series A, Series B Via Motors, Urban Remedy, Game Golf VidAngel, etc.	Warren Osborn & Diogo Myrrha Provo	2009
10	42 Ventures 68 S. Main St., Ninth Floor SLC, UT 84101	801-893-2442 DND	DND DND DND	2 \$250,000- \$2 million SaaS, mobile, cloud-based software, B2B, etc.	Early or mature Transitioning to cloud Distribion, Inside Real Estate, Transitionworks, Robin8, etc.	Ned Stringham Salt Lake City	DND

CREDIT*from page F3*

Generally, a MCA lender looks at the bank statements of the business to see how much the business can afford to pay on a daily basis. They usually

review the business owner's personal credit to determine whether the owner can pay back loans. MCA lenders have taken advantage of the Internet and other technology to expand their offering. Algorithms have replaced loan officers and most of these loans can

be done completely online and in less than 24 hours.

This article simply covered small-business working capital through the most utilized debt structures. Real estate and equipment finance could be covered separately, as well as discus-

sion about using equity as a solution for working capital.

Eric Myers is president of Diversified Transportation Finance in Park City. Diversified provides working capital to commercial businesses across the U.S. through asset-based lending, factoring and equipment finance.

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110 years since this bank's humble beginnings in Layton

The history of banking in the United States could be compared to a roller coaster; there have been

innovations, up-hill climbs, steep drops, thrills and fears along the way. As such, when a bank reaches a certain

age there is cause for celebration and reverence.

On May 15, 1905, First National

Bank (FNB) opened its doors for business in downtown Layton. Historians have been quoted as saying, "The beginning of the 20th century was the era of bank expansion in Utah." First National's entrance to the stage at that time was exactly what the local community was looking for. In a day when many people had access to their banks only by mail, the citizens of Layton welcomed the direct and personal touch that FNB offered.

Originally located in a small, white building on the corner of Main Street and Gentile, FNB was established by nine community leaders with entrepreneur E.P. Ellison at the head of the movement. The initial 39 stockholders were mostly local farmers and merchants. As Layton city experienced rapid expansion, FNB continued to be a cornerstone in the community.

Amid the economic turmoil,



The crew of First National Bank's main branch pose in front of the Layton Main Street office.

see **FIRST NATIONAL** pg. F13

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Proven methods: How to grow your business

The pitfalls of growing a small business can be minimized by learning from those who have been there before. For many small business owners, it might seem easier just to let the process unfold naturally and to learn by doing. By understanding what should be done in each phase of your business, your chances of success should increase.



ROGER CHRISTENSEN

A few statistics from the Small Business Administration (SBA) demonstrate why understanding a business growth model might be helpful:

- The U.S. had 28.2 million small businesses in 2011, which is 99.7 percent of all companies. In contrast, there were 17,700 businesses employing 500 or more people.

- Half of all new small businesses fail in the first five years. About two-thirds fail during the first 10 years. Older companies are more likely to survive.

- Although small businesses account for millions of jobs, only 20.1 percent of small businesses have employees.

- For the years between 1993 and June 2013, small businesses were responsible for 63 percent of the net new jobs that were created. Job creation was strongest in the companies that employed between 20 and 499 people. This article is primarily directed toward small businesses with employees. Businesses typically go through five distinct stages of growth, but understanding the problems and growth patterns of each stage in a systematic way is difficult for several good reasons. The following characteristics are often quite different from company to company, which complicates any efforts to put together an apples-to-apples comparison:

- Size.

- Growth capacity.
- Management styles.
- Organizational structures.
- The capacity for each business to act independently.

Despite the difficulties involved in making comparisons, however, companies do share common problems when they are at similar developmental stages. These common problems can be understood most effectively if a framework is used to sort

out business problems according to their nature and shared characteristics. Once that is done, the framework can be used in different ways:

- To assess and solve the specific problems a particular business might be experiencing. Analysis can clarify

owners of a startup business must understand the amount of time they will be dedicating to their businesses and owners of larger, more complicated companies should understand how to delegate work and how to transition to a managerial style that is appropriate for the changing needs of the business.

- The new business owner should seek advice prior to opening the business from trusted bankers, accountants, attorneys and consultants to ensure the proper structure, accounting and management systems are in place. This will allow the owner the opportunity to shore up the weaknesses that may be inherent in the business and allow him to focus on what he does best.

One way to think about business growth is in terms of the following

Stage Three: Success. Stage three companies are economically healthy and rely, for the first time, on managers. They have a large enough customer base to make above-average profits. The question has to do with where those profits will be directed. As a result, companies at stage three are of two types: disengaged or engaged; grow or ????

A disengaged stage three company can be stable for an indefinite period of time. The owner and the business move apart more and more over time as functional managers are hired and given a budget and some control. A disengaged stage three company has two enemies: market changes and ineffective management. As long as the company stays stable, it can provide the money for its owners to pursue other interests. And, of course, the owner can also decide to become more engaged again and to try for additional growth.

An engaged stage three company has two goals: to make sure that the core business stays profitable and to grow new business opportunities. Every decision made needs to reflect current and future needs. Responsibility is still delegated to managers, but the owner becomes deeply involved in strategy, both for the existing business and while figuring out how the company can grow.

Stage Four: Take-off. The success of stage four depends on the ability of the owner to delegate effectively and to keep the cash flowing. Growth comes from being able to coordinate these efforts through the use of effective processes. A stage four company is usually not small anymore. Since failure can occur if the owner overspends or can't delegate, this is also often the point when the original owner either leaves the business or is forced out by investors and creditors who think someone else would be better suited to the job.

Stage Five: Resource Maturity. The goals of a stage five company are simple: to keep its market share, foster collaboration, make money and stay flexible as the market inevitably changes.

In conclusion, the success of a small business is defined by whether it has met the goals and objectives of the owner. Understanding the business phases described in this article and setting a structure with the help of those who have been through this before will give the owner more of an opportunity to realize his or her dream.

Roger Christensen is senior vice president of business development, marketing and communications at Bank of Utah.



the need to acquire specific tools or to hire people with the ability to manage growth.

- To anticipate the requirements associated with a particular stage;

hallmark service for which FNB is well known.

Today, FNB continues its legacy of investing in and serving the communities in which it belongs. The bank actively takes part in sponsoring community events and partners such as Layton Liberty Days, the Davis Arts Council Summer Concert Series, the Layton/Syracuse Marathon, Family Connection Center Giving Trees and the United Way of Salt Lake City.

As First National Bank now celebrates its 110th year, much has changed in the world of finance. Despite this fact, the bank continues to successfully ride the waves of change while still providing "constant relationship service that never goes out of style."

growth stages:

Stage One: Existence. Companies at stage one are new. They are essentially proving if their idea works or not. The main question to be answered is whether the business idea is a viable one that has enough potential customers to make money. The business depends initially on the owner to provide money, time, and ability. Failure usually means there isn't enough money, the work takes too much time, or those involved do not have the right skills.

Stage Two: Survival. During stage two, the business has succeeded enough to show that there is room for it in the marketplace. It has customers and the customers like the product. Mom-and-pop stores are at stage two. Although the business still depends on the owner for its survival, the new challenge is figuring out the relationship between revenues and expenses. Revenues need to cover basic expenses, repairs, replacement of capital assets and growth.

FIRST NATIONAL from page F12

wars and changing values of the 20th century, FNB held its ground as a pillar of financial security. On multiple occasions, the bank received a five-star rating from Bauer Financial Reports indicating that FNB was one of the safest, credit-worthy banks in the United States.

By 2005, the bank's assets exceeded \$250 million and seven branches were set up along the Wasatch Front from Clearfield to Draper. What once was a handful of directors and branch cashiers has now grown into a force of more than 100 employees who strive to continue to provide the

Credit Unions in Utah

Ranked by Amount of Utah Assets as of 12/31/2014

Rank	Company Name Address	Phone Web	Utah Assets as of 12/31/2014 Utah Deposits as of 12/31/2014	Out of State Assets as of 12/31/2014 Out of State Deposits as of 12/31/2014	Number of Utah Branches Number of Members	Number of Utah Employees Type of Charter	Local Executive
1	America First Credit Union 1344 W. 4675 S. Riverdale, UT 84405	1-800-999-3961 americafirst.com	\$6 billion \$5 billion	\$346 million \$444.8 million	98 681,430	2,170 Federal	John Lund
2	Mountain America Credit Union 7181 S. Campus View Drive West Jordan, UT 84084	801-325-6225/ 1-800-748-4302 macu.com	\$3.5 billion \$3.3 billion	\$640 million \$258 million	62 527,750	1,315 Federal	Sterling Nielsen
3	Goldenwest Credit Union 5025 S. Adams Ave. Ogden, UT 84403	801-621-4550 gwcuc.org	\$1 billion \$898 million	0 0	26 102,000	435 Federal	Kerry H. Wahlen
4	University First Credit Union 3450 S. Highland Drive SLC, UT 84106	801-481-8800 ucreditu.com	\$700 million \$575.9 million	0 \$45.8 million	16 83,536	243 Community	DND
5	Cyprus Credit Union 3876 W. Center View Way West Jordan, UT 84084	801-260-7600 cypruscu.com	\$682.8 million \$607.5 million	0 0	18 90,245	289 Federal	Todd Adamson President/CEO
6	Deseret First Credit Union 2480 S. 3850 W., Ste. C SLC, UT 84120	1-800-326-3328 DND	\$425 million N/A	N/A N/A	10 54,000	175 Federal	Shane London President/CEO
7	Granite Credit Union 3675 S. 900 E. SLC, UT 84106	801-288-3000 granite.org	\$345.9 million \$308 million	N/A N/A	8 31,539	94 Federal	Lynn Kuehne CEO
8	Wasatch Peaks Credit Union 4723 Harrison Blvd. Ogden, UT 84403	801-627-8700 wasatchpeaks.com	\$260.9 million \$234.6 million	N/A N/A	8 30,446	108 Federal	C. Blake Burrell President/CEO
9	Utah First Federal Credit Union 200 E. South Temple SLC, UT 84111	800-234-0729 utahfirst.com	\$257 million \$226.9 million	N/A N/A	8 20,282	80 Federal	Darin B. Moody President/CEO
10	Jordan Credit Union 9260 S. 300 E. Sandy, UT	801-566-4195 jordan-cu.org	\$231.6 million \$231.6 million	0 0	6 25,600	70 Federal	Jim Hofeling
11	TransWest Credit Union 37 W. 1700 S. SLC, UT 84115	801-487-1692 transwestcu.com	\$117 million \$39 million	DND DND	4 111,000	38 State	Bret H. Rigby President/CEO
12	Weber State Credit Union 4140 Harrison Blvd. Ogden, UT 84403	801-399-9728 DND	\$98 million \$88.7 million	0 0	4 9,800	41 Community	Vickie van der Have
13	Chartway Federal Credit Unions: HeritageWest Credit Union 562 N. Main St. Tooele, UT 84074 SouthWest Community CU 333 E. Tabernacle St. George, UT 84770	HeritageWest Credit Union 435-833-7200 SouthWest Community Credit Union 435-652-2300	DND \$446.5 million	DND DND	17 200,000	134 Multiple Common Bond	Skip Wilson Regional President

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SEE CHALLENGES,
WE SEE OPPORTUNITIES.



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Haley Freeman was one of the 2014 winners in the Zions Bank Smart Women Grant program for her work with women's body image disorders.

Zions seeks 'Smart Women'

Haley Freeman almost lost her battle with anorexia as a teen when months of self-imposed eating restrictions caused her organs to fail. Fortunately, the Utah woman survived and is now helping other girls avoid similar trauma through her company, Haley's Heart to Heart, which tackles the tough issues of body image and eating disorders. Freeman was one of six women to receive a Zions Bank 2014 Smart Women Grant, a \$3,000 award for entrepreneurs in Utah and Idaho who empower women or other underserved populations.

Zions Bank is now accepting applications for its 2015 Smart Women Grants. Six \$3,000 micro-grants will be awarded, one in each of the following categories:

- Small business startup and expansion.
- Community development.
- Continuing education and teacher support.
- Child and/or elder care.
- Health and human services.
- Arts and culture.

Grant applications can be found at www.zionsbank.com/smartwomen or information is available at 1-800-737-6586. Applications must be received or postmarked by Monday, July 6. Grant recipients will be announced in September.

Applicants need not be clients of Zions Bank nor are they required to be residents of Idaho or Utah. Employees and immediate family members of Zions Bank and its affiliates are not eligible.

"The Smart Women Grants are an extension of our ongoing commitment to empower women in achieving financial independence," said Lori Chillingworth, executive vice president of Zions Bank's Small Business Division.

Since the program began in 2005, Zions Bank has awarded \$199,347 through the Smart Women Grants. Last year's recipients included a meal program for low-income students; an organization that provides emergency rent assistance; a fair trade, nonprofit organization that supports artisans in rural Idaho and on tribal reservations; a program targeting eating disorders; a costume and dress sewing business; and a tutoring program for children with learning differences.

Priority consideration for funding will be given to proposals that promote the empowerment of women, emphasize collaboration between women entrepreneurs or nonprofit entities supporting women, directly benefit women or low-income and underserved populations, support endeavors that immediately benefit communities in which Zions Bank has a presence, and for proposals that provide a sound plan for measuring performance and results.



Not too early to plan for new revenue recognition rules

Revenue is one of the most prominent measures (in financial statements) of a company's health. Beginning in calendar year 2018 (for private companies), the manner in which revenue is recorded may change for your company. General revenue recognition rules have been in place for several years. More detailed revenue rules have also existed for several years. However, the more detailed rules are limited to certain industries or types of transactions. Meanwhile, the number and complexity of revenue transactions continue to expand. Sometimes, the existing rules are difficult to apply to your specific transactions.

In May 2014, the Financial Accounting Standards Board (FASB) released entirely new revenue recognition rules that will replace all existing revenue models. It took more than 11 years for the FASB to develop these rules in convergence with international accounting standards setters. The new rules should promote greater consistency and comparability in reporting revenue. However, applying the new rules may become complicated for your situation. It's a good time to consider how the new rules may affect you and your company, including any changes you may need to incorporate in your accounting system(s). Preparation will be key to your successful conversion to the new revenue rules. Transitioning to the new rules will likely require a significant implementation effort.

There are a few industries or transactions that won't adopt the new revenue rules, but will continue to apply existing rules. These industries and transactions include agriculture and its production of commodities, leases, financial instruments, guarantees, insurance contracts and research and development arrangements.

The new rules are quite detailed,

and most likely certain details will be refined prior to the adoption date. (For example, the FASB released a draft refinement on May 12, 2015, which is intended to clarify guidance related to performance obligations and licensing.) The FASB's implementation group is also expected to publish ongoing implementation guidance.



SCOTT ROBINSON

So, what are the new rules? The new rules are more principles-based than existing rules. The core principle of the new rules is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognizes revenue in accordance with that core principle by applying the following steps:

Step 1. Identify the contract(s) with a customer. The new rules define the criteria that need to be met to a contract to permit revenue recognition. In some cases, contracts may have to be combined and accounted for as one contract. Modifications to contracts also have specific guidance.

Step 2. Identify the performance obligations in the contract. Performance obligations are promises to transfer distinct goods or services (or bundles of goods or services) to a customer.

Step 3. Determine the transaction price. The transaction price can be a fixed amount of customer consideration, but it may sometimes include variable consideration or consideration in a form other than cash. The transaction price also is adjusted for the effects of the time value of money if the contract includes a significant financing component and for any consideration payable to the customer. If the consideration is variable, the new

rules clarify when an entity can consider the variable consideration as part of the transaction price.

Step 4. Allocate the transaction price to the performance obligations in the contract. If a contract has multiple performance obligations, the new rules clarify how to allocate the transaction price among the multiple performance obligations.

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer, which is when the customer obtains control of that good or service. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer).

Even if the new rules will have little or no effect on your accounting, it's almost certain that your company will need to significantly increase its revenue disclosures. Disaggregated revenue categories (such as product lines, geography, type of customer, duration, etc.) will be required, along with information about performance obligations (such as the goods or services promised, the events that typically satisfy performance obligations and the types of warranties and related obligations). Additionally, descriptions of changes in balances in contract assets, liabilities and receivables will be required, as well as the methods, inputs and assumptions used to determine the transaction price.

The details and disclosures can become complicated. Will the new rules require changes in how your company recognizes revenue? That's difficult to say without a detailed examination and analysis of your contracts. Some industries that may be more affected than others include real estate, telecommunications and software.

What every company should be

undertaking soon is an implementation plan, even though 2018 may seem a long way away. The sooner a company starts the process, the better. The implementation team selected will obviously depend on your company's size and structure.

Understanding the new rules is a key first step to the implementation plan. Obtain a copy of the new rules (from the FASB website or from other accounting research sites), and obtain training for your implementation team on the new rules. Participation in industry groups grappling with revenue implementation could be very helpful. Significant time and effort may be needed to educate your implementation team on the various complexities of the new rules; understanding the new rules will be vital.

Before arriving at final determinations, your implementation team should consider consulting with the FASB, and the Office of the Chief Accountant (OCA) at the SEC (even if your company is a private entity).

After analyzing and reviewing contracts, the implementation team should then determine any changes needed to your finance and IT systems. After any changes are made to your systems, educate your employees. Ongoing training may be needed instead of a one-time education effort.

In summary, start now in determining how to implement and adopt the revenue rules. Select an implementation team, understand the new rules, analyze your contracts and revenue streams, determine any changes needed to your finance and IT systems, and train and educate your employees.

Scott Robinson is an audit partner at Tanner LLC and serves clients that are primarily public and private entities in the technology, software, medical, manufacturing and distribution and construction sectors.

Accounting Firms in Utah

Ranked by Number of Certified Public Accountants

Rank	Company Name Address	Phone Web	Number of: Utah CPAs, Partners, Non-Certified Accountants Total Employees	Number of Utah Locations Year Established	Percentage of Revenue from: Auditing/ Accounting, Tax, Management Advisory, Other	Alliances: State, Regional, National, International	Specialties Managing Partner
1	Ernst & Young LLP 178 S. Rio Grande St. Ste. 400, SLC, UT 84101	801-350-3300 ey.com	148 7 DND DND	1 1849	N/A	N/A	Assurance, tax, transactions, advisory Shawn Goff
2	Eide Bailly LLP 5 Triad Center, Ste. 600 SLC, UT 84180	801-532-2200 eidebailly.com	63 21 DND 123	2 1917	36% 42% 20% 2%	International	Accounting services, audit, tax, technology, cost segregation, Enterprise Risk Management, etc. Dave Stende, Firmwide Kevin Andersen, Partner in Charge for State of Utah
3	Tanner LLC 36 S. State St., Ste.600 SLC, UT 84111	801-532-7444 tannerco.com	42 11 34 89	1 1940	60.5% 30% 4.5% 5%	DND	Audits & financial reporting, tax compliance & consulting, etc. Jeffrey Bickel
4	WSRP LLC 155 N. 400 W., Ste. 400 SLC, UT 84103	801-328-2011 DND	34 7 25 63	2 1985	45% 45% 5% 5%	International	Audit, tax, business valuation, due diligence, litigation support, systems consulting, forensic audits Steve Smith
5	Mantyla McReynolds 178 S. Rio Grande St. Ste. 200 SLC, UT 84101	801-269-1818 mmacpa.com	21 10 39 60	1 1989	DND	National	DND Kim McReynolds
6	Huber, Erickson & Bowman LLC 375 S. 300 W. SLC, UT 84101	801-328-5000 hebsolutions. com	18 4 9 29	2 1975	38% 52% DND DND	AICPA UACPA	DND Chesley Erickson
7	Cook Martin Poulson PC 632 N. Main Logan, UT 84321 2180 S. 1300 E., Ste. 430 SLC, UT 84106	435-750-5566/ 801-467-4450 cookmartin.com	16 4 8 35	2 1977	20% 60% 10% 10%	All	Income tax, ERISA audits, TPA services, business consulting, business valuations, etc. Richard K. Poulson
8	CBIZ MHM LLC 175 S. West Temple, Ste. 650 SLC, UT	801-364-9300 cbiz.com	15 6 14 36	1 1986	46% 46% 2% 6%	National & international	Automobile dealers, not-for-profit, manufacturing & distribution, construction, real estate, etc. Clair A. Rood, Sr. Managing Director Robert J. Cole, Tax Practice Leader
9	HJ & Associates, LLC 50 W. Broadway, Ste. 600 SLC, UT 84101	801-532-7800 hjcpafirm.com	11 4 11 26	1 2000	DND	McGladrey Alliance	Audit, tax, bookkeeping, business consulting, IRS representation, SEC reporting Robert M. Jensen
10	Pinnock Robbins Posey & Richins PC 215 S. State St., Ste. 850 SLC, UT 84111	801-533-0409 cpaandmore. com	10 5 5 17	1 1944	15% 75% 5% 5%	AICPA UACPA	Taxes for individuals and small business James R. Beaudoin
11	Teuscher Ruf & Walpole LLC 11910 S. State, Ste.200 Draper, UT 84020	801-619-1400 trwllc.com	10 6 4 24	1 1993	DND	UACPA, AICPA, UHLA	Construction, oil & gas, retail, cost segregation, small business Harold Ruf
12	Karren, Hendrix, Stagg, Allen & Co. 111 E. Broadway, Ste. 250 SLC, UT 84111	801-521-7620 khsa.biz	8 8 7 32	1 1970	DND	AICPA UACPA	Audit, tax, accounting, payroll, eldercare services, etc. Scott J. Hanni



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