



**PACIFIC NW**  
FEDERAL CREDIT UNION

# 20 Annual 23 Report

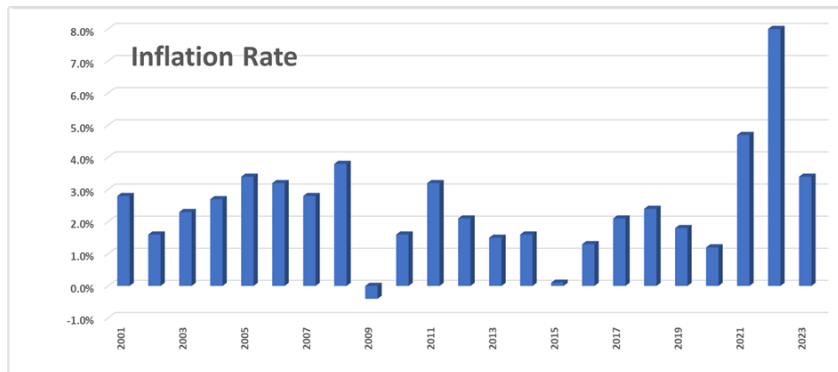


## — At a Glance —

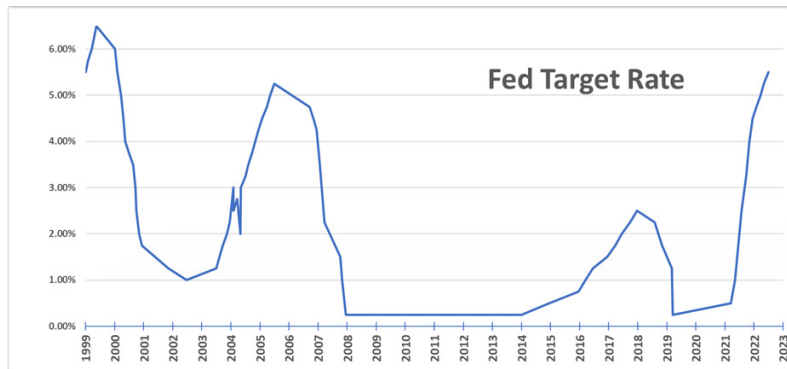
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# Chair & President's Report

In 2023 inflation came down but didn't reach the Federal Reserve Board's target of 2.0%.



The Federal Reserve continued to raise rates from 4.50% to 5.50% by mid-2023 and have held steady since.



This significant change to the economic environment, and the attendant economic uncertainty, changed PNWFCU's plans:

- Deposit growth stopped. We raised rates and reintroduced higher yield 6-month and 12-month certificates of deposit.
- Mortgage loan volume dropped dramatically, requiring the need to scale back the department.
- With Commercial Real Estate values in question we stopped our reentry into business services and lending.
- With slower deposit growth we managed consumer lending to better

match the slower growth.

- We borrowed from the Federal Reserve Bank Transfer Funds Program (BTFP) to maintain liquidity.

During the year 2023 PNWFCU:

- Membership increased from 21,298 to 22,208, a net increase of 910.
- Made 2,580 consumer loans totaling \$66.9 million.
- Helped 85 members buy, refinance or tap equity in their homes for almost \$9.9 million.
- Increased total assets from \$294.6 million to \$313.0 million.
- Increased total loans (held and serviced) to \$425.7 million.
- Teachers have downloaded 3,729 financial literacy modules to teach children from kindergarten through high school.
- Our Financial Education Specialist has taught over 250 hours of financial literacy courses in many classrooms throughout Portland.

During 2024 we will continue to adjust PNWFCU's response to the economic uncertainty by:

- Reviewing operating expenses and processes to manage expenses.
- Monitoring and managing our net margin to ensure we can continue to offer excellent member service.
- Continuing to expand our financial literacy program; both in-class instruction and additional learning modules.

Throughout all of this, our main goal is to be your financial partner for life. Thank you for your membership.



## Shara Wokal, Board Chair

Shara's profession developed from an eclectic background of accounting/finance, HR, project management, and general leadership. In each area, her employers gave her the flexibility to learn and expand her "tool box." It is this flexibility that energizes her each day. Her diverse professional experience also provides the knowledge and experience needed to be an asset to the Board and our membership.



## Thomas E. Griffith, CMA, Chief Executive Officer

Tom has been in the credit union industry since 1989. He holds a Bachelor's in Accounting from Portland State University and is a Certified Management Accountant (CMA). After spending five years as an accountant for a market research firm, he became Controller of a small credit union. He spent eleven years as the Chief Financial Officer for a \$600 million credit union before joining Pacific NW Federal Credit Union in 2003 as the CEO.

# Financial Condition

Year ended December 31

	<u>2022</u>	<u>2023</u>
<b>ASSETS</b>		
Cash & cash equivalents	\$ 6,839,034	\$ 16,154,208
Investment securities held to maturity	100,638,859	90,867,258
Loans held-for-sale	99,387	-
Restricted equity securities	634,804	265,104
Loans to members, net	179,909,449	196,982,235
Accrued interest receivable	586,131	769,591
Property & equipment, net	2,181,704	2,242,006
National Credit Union Share Insurance Fund (NCUSIF) deposit	2,508,742	2,409,094
Other assets	<u>1,204,241</u>	<u>3,355,129</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 294,602,351</u></b>	<b><u>\$ 313,044,625</u></b>
<b>LIABILITIES</b>		
Members' shares	\$ 261,746,512	\$ 252,189,051
Borrowings	5,000,000	28,000,000
Accrued expenses & other liabilities	<u>2,452,532</u>	<u>5,254,881</u>
Total liabilities	<u>269,199,044</u>	<u>285,443,932</u>
<b>MEMBERS' EQUITY</b>		
Undivided earnings	<u>25,403,307</u>	<u>27,600,693</u>
Total members' equity	<u>25,403,307</u>	<u>27,600,693</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>\$ 294,602,351</u></b>	<b><u>\$ 313,044,625</u></b>

# Income & Expense

Year ended December 31

	<u>2022</u>	<u>2023</u>
<b>INTEREST INCOME</b>		
Interest on loans to members	\$ 6,675,443	\$ 9,926,577
Interest on investments	1,413,419	1,733,442
Total interest income	<u>8,088,862</u>	<u>11,660,019</u>
<b>INTEREST EXPENSE</b>		
Dividends on members' shares	142,377	850,459
Interest on borrowed funds	21,938	1,046,019
Total interest expense	<u>164,315</u>	<u>1,896,478</u>
<b>NET INTEREST INCOME</b>	7,924,547	9,763,541
<b>PROVISION FOR LOAN LOSSES</b>		
	<u>5,000</u>	<u>989,632</u>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	7,919,547	8,773,909
<b>NONINTEREST INCOME</b>		
Interchange income, net	1,343,905	1,400,071
Employee retention credit	-	1,114,415
Mortgage banking income	764,838	444,842
Deposit account service fees	616,166	685,722
Loan fees	213,169	273,086
Other noninterest income	489,610	294,558
Total noninterest income	<u>3,427,688</u>	<u>4,212,694</u>
<b>NONINTEREST EXPENSE</b>		
Salaries & benefits	5,633,839	5,746,827
Operations	4,047,328	4,427,407
Occupancy	364,117	297,297
Total noninterest expense	<u>10,045,284</u>	<u>10,471,531</u>
<b>NET INCOME</b>	<b><u>\$ 1,301,951</u></b>	<b><u>\$ 2,515,072</u></b>

# Supervisory Committee Report

The Supervisory Committee (the “Committee”) is comprised of independent volunteers who are primarily responsible for ensuring the Board of Directors and Management of the Credit Union meet required financial reporting objectives and establish practices and procedures sufficient to safeguard members’ assets, in accordance with the Federal Credit Union Act.

To help accomplish this, we meet every other month with Credit Union Team Members, which include audit and risk personnel, to review, among other things, the results of internal and external audit services, internal controls and risk management processes, and examinations by regulatory agencies. In addition, we attend various board and strategic planning meetings.

The Committee also appoints an independent CPA firm to complete the annual financial statement opinion audit. The opinion audit allows us to better assess the risks and soundness of the Credit Union’s operations. In 2023, the Committee engaged Moss Adams LLP to perform the financial statement audit of the Credit Union. Moss Adams LLP expressed an audit opinion that your Credit Union’s

financial statements, which include the statement of financial condition on December 31, 2023, and the related statement of income, changes in members’ equity, and cash flows for the year then ended, were presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

In performing an opinion audit, the independent CPA firm considers the Credit Union’s internal controls over financial reporting as a basis for designing its audit procedures. Audit procedures include examining and testing supporting evidence for the amounts and disclosures presented in the Credit Union’s financial statements. A copy of their audit report is available to members upon request.

Ultimate responsibility for the accuracy of the financial statements is held with the Credit Union’s Management. The management team and the Board of Directors continually evaluate the financial condition and monitor the state of your Credit Union. Pacific NW Federal Credit Union’s assets as of the end of 2023 were \$313 million, an increase of \$18.4 million in assets over the prior

year. As of December 31, 2023, your Credit Union’s net worth was 8.88% compared to 8.62% as of December 31, 2022, which is considered “well capitalized” by NCUA standards. The Credit Union ended 2023 with a net income of \$2,515,072.

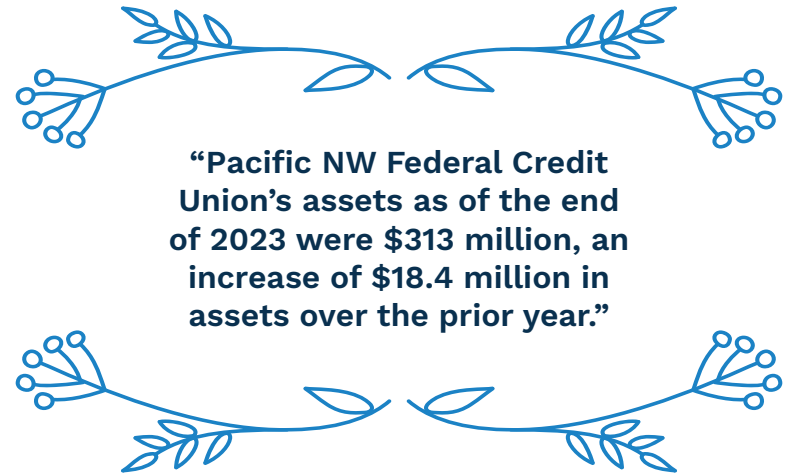
Lastly, during 2023, your supervisory committee also ordered other audits as required by NCUA regulations, in compliance with the Bank Secrecy Act (BSA), Office of Foreign Assets Control (OFAC) and the USA Patriot Act.

I would like to express my appreciation to fellow Committee Members Holly Howard, Jackie Tran,

and Ezekiel Rubio for their time and commitment throughout the year. On behalf of the Committee, I would also like to commend the Board of Directors, Management, and the entire Pacific NW Federal Credit Union team for continuing to provide extraordinary value to you, our members. Additionally, I would like to thank you for your loyalty and support in our pursuit as your preferred financial partner for life!

Sincerely,

Justin Jenks  
Supervisory Committee Chair



# Community Outreach

We proudly supported these organizations in 2023.

- CU4 Kids - Doernbecher
- Hood River Booster Club
- Hood River County Fair
- Hood River Farmers Market
- Hood to Coast
- Parkrose Dance Team
- Parkrose Educational Foundation
- PDX Saints Love
- Portland Literacy Council
- Portland to Coast
- Project Lemonade
- Schoolhouse Supplies
- Sparrow Club
- World Forestry Center



## \$1,000 SCHOLARSHIP WINNERS



**ANNA**



**RAGINI**



*Our team volunteered at Schoolhouse Supplies stocking backpacks for students in August (top left). Plus, we sponsored BPA's Portland to Coast team (top right) and Hood to Coast team, as well as the Schoolhouse Supplies Thanks a Million teacher appreciation event (bottom).*

# What's New at PNWFCU

## HOME IMPROVEMENT LOANS

Our mortgage team created a new loan to give members a way to tap into their home equity without having to refinance. Dream big with low fixed rates, generous loan amounts and flexible terms to finance your next remodeling project.

The home must be an owner-occupied primary residence with the mortgage financed or serviced by PNWFCU. Third party fees are paid by the borrower.

## SPECIAL CD RATES

We were able to offer high certificate of deposit rates for members throughout the year, and there are still great rates available to boost your savings in a 6- or 12-month CD.

## WEBSITE UPDATE

In October we refreshed our website design to make it easier to read with an improved mobile menu and search feature.



## GREAT PNW OUTDOORS PHOTO CONTEST

We received 99 beautiful entries in our Great PNW Outdoors Photo Contest. Thanks to everyone for participating! We donated \$500 to the World Forestry Center on behalf of the entries. Check out the winning photos showcasing different perspectives of the PNW.



*Andrei Gorbatiuc, 1<sup>st</sup> place (top); Shawn Martin, 2<sup>nd</sup> place (left); Margaret Bomber, 3<sup>rd</sup> place (right)*

# Thank You

## SERVICE AWARDS

Congratulations to our employees who celebrated milestones in 2023! Thank you for your hard work and dedication to PNWFCU.

### 5 YEARS

Flor Duarte  
Lucy Gonzalez  
Mike Hart  
Ryan Olsen  
Linda Parrott  
Eddie Salas  
Aprille Teeter

### 10 YEARS

Chanie Chimienti  
Yareli Flores Polanco

### 15 YEARS

Gerry Benko  
Tina Litsey

### 20 YEARS

Tom Griffith  
Karina Pérez

### 25 YEARS

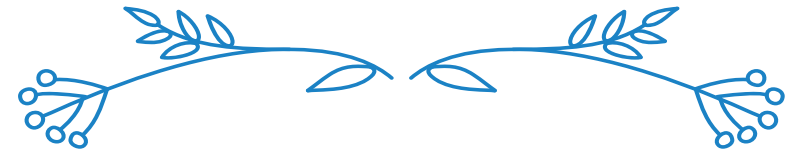
Val Baxter  
Dana Eaton

## PRIZE SPONSORS

- Aspen Landscape Management
- Auto Mentors
- Bankcard Compliance
- Comcast
- CU Benefits Alliance
- CUNA Mutual Group
- Lipsky Research
- Meadow Outdoor
- NCR
- Outfront Media
- SWBC



Photo by Melanie Noble



## Leadership

### BOARD OF DIRECTORS

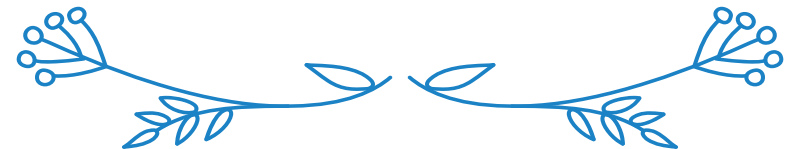
Shara Wokal, Chair  
Paresh Patel, Vice Chairman  
Ron Miller, Secretary  
Spencer Wedlund, Treasurer  
Holly Howard, Director  
Larry Long, Director  
Linda McKinney, Director  
Harry Speropulos, Director  
Henry Tieu, Director

### SUPERVISORY COMMITTEE

Justin Jenks, Chairperson  
Holly Howard, Member  
Ezekiel Rubio, Member  
Jackie Tran, Member

### SENIOR MANAGEMENT

Tom Griffith, President/CEO  
Diane Calvin, SVP CLO  
Eric Keyser, SVP CIO  
Jessica Nielsen, SVP COO  
Kaylee Brophy, VP HR & Training  
Dana Eaton, VP Marketing  
Karina Pérez, VP Risk Management





# Your Financial Partner for Life

## **ERIN WAY**

12005 NE Erin Way  
Portland, OR 97220

## **HOOD RIVER**

1004 Pacific Ave.  
Hood River, OR 97031

## **ROSS**

1650 NE Ross St.  
Vancouver, WA 98663



*Photo by Magaly Cervantes*

[pnwfcu.org](https://pnwfcu.org) | 503-256-5858



NMLS #421709