

2024

# Annual Report to the Membership



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Dear WECU Members,

As we step into 2025, we take a moment to reflect on the past year—a year defined by growth, meaningful impact, and unwavering dedication to our members and communities. At WECU, we strive to be more than a financial institution—we aim to be a trusted partner in your financial journey and a positive force in our communities.

### GROWTH THROUGH TRUST

This year, WECU reached an exciting milestone: serving over 165,000 members. This growth reflects the trust you place in us and reinforces our mission to prioritize people over profit. Whether through personal accounts or business banking solutions, we support your goals and help you live your best financial life.

In response to member feedback, we enhanced our digital banking platform, making it easier to navigate your accounts and access the financial tools you need. Your input shapes everything we do.

### GIVING BACK TO OUR COMMUNITY

WECU's commitment to community impact has never been stronger. This year, we donated over \$503,000 to local nonprofits, schools, and community initiatives. Through our expanded Education First Grant Program and a matching grant from the Federal Home Loan Bank of Des Moines, we contributed \$312,500 to four organizations making a difference in Whatcom and Skagit Counties. Additionally, we supported the construction of a new 300-bed homeless shelter in partnership with Lighthouse Mission, providing critical resources to those in need.

Our team also embraced volunteerism, participating in 17 events supporting causes that matter most. From Bite of Reality financial literacy events to April Brews Day benefiting the Max Higbee Center, WECU staff and members joined together to create meaningful change.

### RECOGNIZED FOR OUR SERVICE TO YOU

In 2024, WECU earned multiple recognitions underscoring our dedication to excellence. We were honored as the “Best Credit Union” in the Cascades Best Awards and received the Gold Award for Best Banking Institution in Bellingham Alive's Best of the Northwest. We were also recognized by Forbes, S&P, and Newsweek as a top-tier credit union in Washington State. These accolades reflect our commitment to delivering exceptional service and being a cornerstone of financial empowerment in our region.

### ENHANCING SECURITY AND SUPPORT

Your trust is our greatest asset, and we take the responsibility of safeguarding your financial well-being seriously. This year, we strengthened our fraud prevention measures and introduced new member education initiatives to combat social engineering and other security threats. By staying vigilant and proactive, we aim to provide you with peace of mind in every interaction.

### LOOKING AHEAD

As we begin 2025, we remain focused on our mission to serve, empower, and uplift. WECU is financially strong, well-capitalized, and ready to navigate the challenges and opportunities ahead. Together, we will continue to prioritize the needs of our members and make a lasting impact in the communities we serve.

On behalf of the entire WECU team, thank you for your loyalty and trust.

Sincerely,



**JENNIFER KUTCHER**  
President/CEO



**GABRIEL MAST**  
Board Chair



WECU Team at a shred event at the Ferndale Branch



WECU President & CEO, Jennifer Kutcher and Director of Community Impact, Reid Frederick with Education First grant recipients



Director of Public Relations, Keith Mader with Cascadia Daily News



Employee volunteers at Runnin' O' the Green



Employee volunteers at the Raspberry Festival



## Charitable Giving

**\$503,450**

*donated to local nonprofits*

**\$94,000**

*scholarships granted to local students*

## Team WECU

**243** *WECU volunteers*

**17** *Nonprofit events supported*

## Financial Education

**84** *Lessons provided*

**1,752** *Youth and adult students benefited*

### COMMUNITY PARTNERSHIPS INCLUDED:

Western Washington University

Raspberry Festival

NW Washington Fair

Skagit Valley College Foundation

United Way of Whatcom and Skagit Counties

Bellingham Bells

Stoney Ridge Farm Fall Festival

Ferndale Summer of Fun

Bellingham Technical College

Whatcom Community College

Downtown Mount Vernon Association

Skagit County Fair

Whatcom and Skagit County School Districts

Max Higbee Center

Dear WECU Members,

The Supervisory Committee's primary goals are to ensure that WECU's financial reporting objectives have been met and that practices and procedures safeguard our members' assets.

To meet these goals, the Supervisory Committee is responsible for:

- Keeping fully informed as to the financial condition of WECU and the decisions of WECU's Board;
- Performing or arranging for a complete annual audit of WECU and a verification of its members' accounts; and providing any related findings and recommendations to the Board;
- Performing or arranging for additional audits as deemed necessary and providing any related findings and recommendations to management or the board as deemed appropriate;

- Monitoring the implementation of management responses to material adverse findings in audits and regulatory examinations; and
- Providing an annual report to members at each annual membership meeting.

In addition to the annual audit of the Credit Union's financial statements and a membership verification audit performed by an independent audit firm, a safety and soundness examination was conducted jointly by the Washington State Department of Financial Institutions (DFI) and the National Credit Union Administration (NCUA) during the year. Additionally, a separate compliance examination was conducted by the DFI in 2024.

As evaluated in the most recent regulatory examination, WECU exhibits satisfactory performance and risk management practices that

### 2024 SUPERVISORY COMMITTEE



**SHONDA SHIPMAN**

**SUPERVISORY COMMITTEE, CHAIR**  
Serving since 2014



**KURT WILLIS**

**SUPERVISORY COMMITTEE**  
Serving since 2013



**JENNIFER WRIGHT**

**SUPERVISORY COMMITTEE**  
Serving since 2017

consistently provide for safe and sound operations. The results of the compliance exam confirmed WECU's compliance with all applicable consumer protection laws and the effectiveness of its compliance management programs.

As stated in the most recent opinion audit report, WECU's financial statements present fairly, in all material respects, the financial position of the Credit Union and the results of its operations and its cash flows, in conformity with generally accepted accounting principles.

The most recent opinion audit and the regulatory exam results support WECU's management's ability to properly and accurately identify, measure, monitor, report, and control the inherent risks of the Credit Union.

Additionally, the following successful audits were conducted by WECU's Internal Audit team or independent third-party audit service providers over the past year:

- Information Technology General Controls Audit
- Information Security Comprehensive Penetration Testing
- Web Application Penetration Testing – Online Banking
- Bank Secrecy Act Independent Testing & Audit
- Automated Clearing House (ACH) Audit
- Member Business Loan (MBL) Audit
- Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act Audit
- Board of Directors, Supervisory Committee, & President/CEO Loan Audit
- Supervisor/Employee Relationship Audit
- Retirement Plan Audit
- Corporate Credit Card Audit
- Independent Audit of Real Estate Loan Quality Control Review Process

- Financial Center Cash Audit

In addition to the findings and recommendations from the regulatory examinations and the opinion audit, the results of the audits conducted by the Internal Audit team and/or third-party audit service providers were reviewed by the Supervisory Committee during the year, along with management responses and plans for improvement.

The Internal Audit team monitors and follows up on all internal and external audit engagement findings and recommendations and provides subsequent updates to the Supervisory Committee, as appropriate.

Each month the Supervisory Committee meets independently in addition to attending monthly Board meetings. Members of the Committee also participate in annual strategic planning retreats and educational training programs.

Respectfully submitted,  
Shonda Shipman, Chair  
Jennifer Wright  
Kurt Willis

## 2024 BOARD OF DIRECTORS



**GABRIEL MAST**

**BOARD CHAIR**  
Serving since 2018



**KURT WILLIS**

**BOARD VICE CHAIR**  
Serving since 2013



**CAROL LAGER**

**BOARD SECRETARY**  
Serving since 2006



**MARGO HAMMOND**

**BOARD MEMBER**  
Serving since 2017



**ASHOK KHANNA**

**BOARD MEMBER**  
Serving since 1995



**KRISTI LEWIS TYRAN**

**BOARD MEMBER**  
Serving since 2006



**STEPHANIE MORRELL**

**BOARD MEMBER**  
Serving since 2022



**JOHN STERNLICHT**

**BOARD MEMBER**  
Serving since 2023



**DALE ZENDER**

**BOARD MEMBER**  
Serving since 2010



*Our Nominating Committee begins its work early each year. Members are notified of the upcoming annual election in the winter newsletter. Election information is posted on WECU's website. Information includes eligibility requirements and how a member may apply to become a candidate.*

When an incumbent indicates an interest in being re-elected, the Nominating Committee engages in a vetting process. Each incumbent candidate's performance is monitored throughout the year. Board and Supervisory Committee members also participate in an annual self and peer review process. The Board as a whole is also evaluated annually. The Nominating Committee uses these tools and observations to determine the incumbent's eligibility and capability.

The Nominating Committee seeks to provide at least one qualified candidate for each position, the result of which will be determined by a membership vote at each year's Annual Meeting. After the 2024 process of review, interview, and evaluation of incumbents and other candidates, the Nominating Committee is pleased to present four qualified candidates at the February 2025 Annual Meeting.

Per WECU's Bylaws, and the "Modern Rules of Order" under which the Annual Meeting is conducted, nominations from the floor are not allowed. Because there is only one candidate for each position, there will be a call for a motion by acclamation for the following candidates:

**Gabriel Mast**, Director

**Dale Zender**, Director

**John Sternlicht**, Director

**Kurt Willis**, Supervisory Committee

## *Board of Directors*



### **GABRIEL MAST**

#### **BOARD OF DIRECTORS**

Gabriel is the current Chair of the Board of Directors. He joined the Board as a Director in August 2019 after serving as an Associate Board Member for the previous year. Dr. Mast serves as the Vice President for Planning and Institutional Effectiveness at Skagit Valley College. He previously worked as an administrator and faculty at Bellingham Technical College, Whatcom Community College, Sehome High School, the University of Wisconsin-Madison, Mount Vernon High School, and the Universidad del Quindío in Colombia. His dissertation analyzing the role of community colleges in promoting student success was awarded the Washington Education Research Association's Outstanding Dissertation of the Year. Dr. Mast's research focuses on institutional contributions to student success and the role of higher education in social mobility and equity.



### **DALE ZENDER**

#### **BOARD OF DIRECTORS**

Dale is a retired Healthcare Chief Executive. He spent 37 years with PeaceHealth St. Joseph Medical Center, a Washington not-for-profit corporation sponsored by the Sisters of St. Joseph of Peace. During his tenure, Dale built a distinguished and diversified career in the health care industry developing impressive credentials in operations and finance. Dale is well versed in strategic planning and has a deep understanding of all aspects of healthcare operations and management. He is viewed as a servant leader; confident, patient, determined, and constantly aspiring to learn new things. Dale received the Whatcom Business Alliance 2015 Business Person of the Year Award, and in 2011 was the recipient of the rare "John Tiscornia Award" – honoring at least 20 years of service modeling outstanding leadership, stewardship, and exemplification of PeaceHealth values.

*Supervisory Committee*

**JOHN STERNLICHT**  
**BOARD OF DIRECTORS**

John, attorney and certified economic developer, has served as the CEO of the Economic Development Alliance of Skagit County since July 2015. John brings senior executive expertise in many areas, including law, economic development, community relations, public policy, finance, strategic planning, and government relations with a domestic and international focus. Originally from Barrington, Rhode Island, and raised primarily in Fayetteville, North Carolina, John earned his bachelor's degree from Georgetown University's School of Foreign Service and studied journalism and communications at the Université de Fribourg in Switzerland on a Rotary International Graduate Fellowship before completing his Juris Doctorate at the University of North Carolina School of Law in Chapel Hill. John has served on the Board of Directors of various local organizations.



**KURT WILLIS**  
**SUPERVISORY COMMITTEE**

Kurt was elected to the Supervisory Committee in 2013 and has served as a member and chair. He has also served on the Board's Governance Committee and Nominating Committee. Kurt retired after serving 35 years at Western Washington University (WWU), most of it as Associate Director of Housing, responsible for the finance and technology matters of the university's housing and dining system, overseeing financial planning, budgeting, capital financing, audits, multiple contracts, campus ID program, and technology. Prior to that, he served in other student housing positions at WWU, the University of Washington, and the University of California, Davis.



**BALANCE SHEET** *in millions*

<b>ASSETS</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Cash and Cash Equivalents</b>	325.1	312.2	178.0
<b>Total Investments</b>	176.4	204.5	219.2
Total Outstanding Loans	1,938.8	2,142.4	2,461.0
Less: Allowance for Loan & Lease Losses	(11.8)	(13.6)	(17.0)
<b>Net Loans Outstanding</b>	<b>1,927.0</b>	<b>2,128.8</b>	<b>2,440.0</b>
Land & Building	28	62.4	58.9
Other Fixed Assets	4.2	3.4	2.6
NCUA Share Insurance Capitalization Deposit	19.6	19.9	20.5
All Other Assets	27.1	35.2	34.0
<b>Total Other Assets</b>	<b>78.9</b>	<b>120.8</b>	<b>116.0</b>
<b>Total Assets</b>	<b>\$2,507.4</b>	<b>\$2,766.3</b>	<b>\$2,957.2</b>
<b>LIABILITIES</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Accounts Payable & Other Liabilities	34.4	33.4	35.8
Borrowings	27.3	172.0	206.0
<b>Total Liabilities</b>	<b>67.7</b>	<b>205.4</b>	<b>241.8</b>
<b>DEPOSITS</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Business	247.5	234.1	240.8
Checking	456.1	451.2	441.2
Savings	1,253.6	1,062.0	1,130.5
Certificates & IRA's	171.7	477.6	553.3
<b>Total Deposits</b>	<b>2,128.9</b>	<b>2,224.9</b>	<b>2,365.8</b>
<b>EQUITY</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Undivided Earnings & Regular Reserves	287.9	316.1	336.8
Net Income Year-to-Date	29.0	19.9	12.8
<b>Total Equity</b>	<b>316.9</b>	<b>336.0</b>	<b>349.6</b>
<b>Total Liabilities, Deposits, and Equity</b>	<b>\$2,507.4</b>	<b>\$2,766.3</b>	<b>\$2,957.2</b>

**INCOME STATEMENT** *in thousands*

<b>INTEREST INCOME</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Interest on Loans	63,368.1	86,849.2	108,763.9
Income from Investments	10,688.2	25,372.1	25,596.0
<b>Total Interest Income</b>	<b>\$74,056.3</b>	<b>\$112,221.3</b>	<b>\$134,359.9</b>
<b>INTEREST EXPENSE</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Dividends on Deposits	4,434.0	24,580.8	42,146.0
Interest on Borrowed Money	1,620.3	12,312.9	13,266.1
<b>Total Interest Expense</b>	<b>6,054.3</b>	<b>36,893.8</b>	<b>55,412.1</b>
Provision for Loan & Lease Losses (PLLL)	1,620.4	5,338.7	17,917.3
<b>Net Interest Income After PLLL</b>	<b>66,381.6</b>	<b>69,988.8</b>	<b>61,030.5</b>
<b>NON-INTEREST INCOME</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Fee Income	8,738.4	10,102.6	10,850.2
Other Operating Income	16,643.9	18,862.8	21,632.6
Gain (Loss) on Disposition of Fixed Assets	0.1	(2.5)	2,603.3
Other Non-Operating Income (Expense)	687.6	141.3	160.7
<b>Total Non-Interest Income</b>	<b>26,070.0</b>	<b>29,104.2</b>	<b>35,246.8</b>
<b>NON-INTEREST EXPENSE</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Employee Compensation and Benefits	33,536.0	43,406.3	44,367.3
Travel & Conference Expense	449.8	514.4	259.6
Office Occupancy	3,361.4	3,766.2	4,309.1
Office Operations Expense	12,110.5	14,925.0	15,168.3
Educational and Promotional Expenses	1,544.4	2,859.8	3,278.4
Loan Servicing Expense	8,954.5	11,307.5	12,604.5
Professional and Outside Services	2,029.2	3,229.0	3,515.7
Operating Fees	179.6	157.1	137.9
Miscellaneous	73.0	146.2	433.4
<b>Total Non-Interest Expense</b>	<b>62,238.3</b>	<b>80,311.5</b>	<b>84,074.2</b>
Market Adjustment Gain (Loss)	(1,205.8)	1,091.5	551.8
<b>NET INCOME (LOSS)</b>	<b>\$29,007.6</b>	<b>\$19,873.0</b>	<b>\$12,754.9</b>

\*Annual meeting financial statements are unaudited

