

2022 ANNUAL REPORT

**WE
CU**

REPORT TO THE MEMBERSHIP

2022

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Delivering value to our membership is at the center of every decision we make.

This is reflected in the great work our credit union accomplished on behalf of our membership this past year.

DELIVERING VALUE

As a cooperative, we strive to return value to our membership through competitive deposit rates. In 2022, we increased our certificate rates several times, our savings rates twice, and introduced a rewards-based checking option. This new checking account comes with a market-leading dividend rate and rewards points.

Our WECU staff also made members' dreams come true by offering exceptional banking services with excellent rates and low fees. Our team made new homes, small businesses, and cars possible for thousands of members.

SUPPORTING OUR COMMUNITY

In 2022, we provided more than \$400,000 to community groups and nonprofit organizations. These donations come in the form of academic scholarships, sponsorships, and charitable giving.

More than 241 WECU staff, board members, and their friends and family volunteered at nineteen events in support of local nonprofits. Nonprofits supported include, but were not limited to, Habitat for Humanity, Lydia Place, and the Arthritis Foundation.

LOOKING FORWARD

With more than \$2.5 billion in assets and close to 150,000 members, our credit union is larger and stronger than ever before. That's amazing when you consider that WECU was started by a few Bellingham teachers who pooled their money together in a shoebox.

To ensure WECU remains strong, relevant, and here for hundreds of years, we must continue to invest in our organization and grow. This year, we are excited to open two new financial centers in Skagit County to serve the more than 6,800 WECU members who live there and to welcome more community members into our credit union who will benefit from all that WECU has to offer. We've been building to this point for the last eight years. It is a pivotal step in our mission to build WECU into the best credit union in Washington State; a credit union that supports the community, volunteers relentlessly, and offers exceptional financial services with low fees.

Achieving this will not happen by resting on our past success. While other organizations may be pulling back due to economic uncertainty, WECU is healthy, strong, and pushing forward. We are investing in WECU and in our future. As we move forward, WECU will remain laser-focused on doing what's best for our membership.

From all of us at WECU, thank you for your loyalty and trust.



JENNIFER KUTCHER
President/CEO



KRISTI LEWIS TYRAN
Board Chair



2022 HIGHLIGHTS

Our mission is to make a meaningful difference in the lives of our members. And we want to keep working toward this for generations to come. Here are three highlights from 2022.

INTRODUCED EARLY PAYDAY

In May we introduced early payday. Early payday allows funds directly deposited into a WECU account to be available up to two days earlier.

EDUCATION FIRST

In September, \$110,000 was given to three nonprofits advancing education in our community: Nooksack Salmon Enhancement Association, Bellingham Childcare and Learning Center, and Pickford Film Center. This program pays tribute to WECU's founding in 1936 as Bellingham Teachers Credit Union.

RAISED SAVINGS RATES

Throughout the year, we increased interest rates paid to members for their savings certificates and savings accounts several times.



The Supervisory Committee's primary goals are to ensure that the Credit Union'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 the Credit Union and the decisions of the Credit Union's Board of Directors; and
- Performing or authorizing a complete annual audit of the Credit Union and reporting the findings of the audit, along with any recommendations, to the Credit Union's Board of Directors; and

- Making a report to the members at the Credit Union's 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 of 2022.

As evaluated in the most recent regulatory examination, WECU exhibits satisfactory performance and risk management practices that consistently provide for safe and sound operations.

2022 SUPERVISORY COMMITTEE



JENNIFER WRIGHT

SUPERVISORY COMMITTEE, CHAIR

Serving since 2017



SHONDA SHIPMAN

SUPERVISORY COMMITTEER

Serving since 2014



KURT WILLIS

SUPERVISORY COMMITTEER

Serving since 2013

OUR RESPONSIBILITIES

- 01** Keeping fully informed as to the financial condition of the Credit Union and the decisions of the Credit Union's Board of Directors.
- 02** Performing or authorizing a complete annual audit of the Credit Union and reporting the findings of the audit, along with any recommendations, to the Credit Union's Board of Directors.
- 03** Making a report to the members at the Credit Union's annual membership meeting.

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 Audit & Information Security Assessments
- 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
- Retirement Plan Audit
- Deposit Account Compliance Audit
- Corporate Credit Card Audit
- Collections 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,

Jennifer Wright, Chair

Shonda Shipman

Kurt Willis

2022 BOARD OF DIRECTORS



KRISTI LEWIS TYRAN

BOARD CHAIR
Serving since 2006



GABRIEL MAST

BOARD VICE CHAIR
Serving since 2018



DALE ZENDER

BOARD SECRETARY
Serving since 2010



HARTE BRESSLER

BOARD MEMBER
Serving since 1996



MARGO HAMMOND

BOARD MEMBER
Serving since 2017



ASHOK KHANNA

BOARD MEMBER
Serving since 1995



CAROL LAGER

BOARD MEMBER
Serving since 2006



CATHIE OBERG

BOARD MEMBER
Serving since 1994



DAVID WASCHKE

BOARD MEMBER
Serving since 1992



STEPHANIE MORRELL

ASSOCIATE BOARD MEMBER
Serving since 2022

Our Nominating Committee begins its work early each year. Members are notified of the upcoming annual election in the summer and fall newsletters. 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. Volunteers (Board and Supervisory Committee members) also participate in an annual self and peer review process. The Board as a whole is also evaluated annually. At the August 2022 Board Meeting, the evaluation process and results were discussed. The Nominating Committee uses these tools and observations to determine the eligibility and capability of the incumbent.

The Nominating Committee seeks to provide at least one qualified candidate for each position, the result of which is to be determined by a membership vote at each year’s Annual Meeting. After the 2022 process of review, interview, and evaluation of incumbents and other candidates, the Nominating Committee is pleased to present four qualified candidates at the February 2023 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, the Board Chair will call for a motion by acclamation for the following candidates to be elected at the February 2023 Annual Meeting:

Ashok Khanna, Director

Carol Lager, Director

Kurt Willis, Director, (currently serves on Supervisory committee)

Shonda Shipman, Supervisory Committee

The Chair will then call for those in favor to respond with the poll function “aye;” and then those opposed will be given the opportunity to signify with the poll function “nay.” The motion will be called.

Board of Directors

ASHOK KHANNA
BOARD OF DIRECTORS,
POSITION 4

BIO

Since 1995, Ashok has volunteered his time serving WECU. During his tenure, he has served on WECU's Supervisory Committee and Board in a variety of capacities, such as Supervisory Committee Chair, Board Chair, Vice-Chair, and Secretary. Ashok has also served on the Nominating Committee and the CEO Compensation Committee.

In India, Ashok worked as a banker, but in Bellingham, he has been involved in restaurant and retail management.



CAROL LAGER
BOARD OF DIRECTORS,
POSITION 5

BIO

Carol served on WECU's Supervisory Committee from 2006 until early 2014, when she was appointed to WECU's Board of Directors. Throughout her years of service, Carol has served in various positions, most recently as the chair of the WECU Governance Committee.

Carol taught business and computer classes at Nooksack, Sehome, and Bellingham Technical College (BTC) for over 25 years. She was the Dean of Health, Sciences, and General Education for 5 years at BTC and ended her career serving as the Vice President of Instruction for 3 years.

Supervisory Committee



KURT WILLIS
BOARD OF DIRECTORS,
POSITION 6

BIO

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.



SHONDA SHIPMAN
SUPERVISORY COMMITTEE,
POSITION 2

BIO

Shonda was elected to the Supervisory Committee in 2014 and has served as the Supervisory Committee Chair for two terms. She has also served on the Nominating Committee.

Shonda serves our community as the Finance Director for Whatcom Transportation Authority. Prior work experience includes Whatcom County Public Works and Western Washington University. Shonda has also worked in public accounting and holds her CPA license.

Shonda resides in Bellingham with her family and has been a WECU member for over 30 years.



TEAM WECU

241

WECU
VOLUNTEERED

19

NONPROFIT EVENTS
SUPPORTED

FINANCIAL EDUCATION

40

LESSONS PROVIDED

762

YOUTH AND ADULT
STUDENTS BENEFITTED

CHARITABLE GIVING

In 2022, WECU financially supported more than 110 nonprofits.

\$403,000

DONATED TO
LOCAL NONPROFITS

\$76,000

SCHOLARSHIPS GRANTED
TO LOCAL STUDENTS

COMMUNITY PARTNERSHIPS

85

COMMUNITY EVENTS
SUPPORTED

PARTNERSHIPS INCLUDED:

*Raspberry Festival
NW Washington Fair*

Downtown Sounds

Bellingham Bells

*Stoney Ridge Fall
Festival*

*Ferndale Summer
of Fun*

*Whatcom County
Summer Reading
Program*

*Mount Vernon
Christmas Parade*

STATE OF THE CREDIT UNION

BALANCE SHEET *in millions*

ASSETS	2020	2021	2022
Cash and Cash Equivalents	554.6	716.7	325.1
Total Investments	18.0	72.5	176.4
Total Outstanding Loans	1,503.5	1,644.1	1,938.8
Less: Allowance for Loan & Lease Losses	(12.8)	(12.1)	(11.8)
Net Loans Outstanding	1,490.7	1,632.0	1,927.0
Land & Building	29.4	28.1	28
Other Fixed Assets	6.5	4.5	4.2
NCUA Share Insurance Capitalization Deposit	15.4	18.2	19.6
All Other Assets	21.7	17.1	27.1
Total Other Assets	73.0	67.9	78.9
Total Assets	\$2,136.3	\$2,489.1	\$2,507.4
LIABILITIES	2020	2021	2022
Accounts Payable & Other Liabilities	30.6	28.1	34.4
Borrowings	21.3	21.2	27.3
Total Liabilities	51.8	49.3	61.7
MEMBER DEPOSITS	2020	2021	2022
Business	198.2	261.4	247.5
Checking	337.9	413.6	417.9
Savings	1,123.4	1,330.5	1,253.6
Certificates & IRA's	138.9	121.9	171.7
Money Market	12.1	17.1	38.2
Total Member Deposits	1,810.5	2,144.5	2,128.9
EQUITY	2020	2021	2022
Undivided Earnings & Regular Reserves	259.1	273.6	287.9
Net Income Year-to-Date	14.9	21.7	29.0
Total Equity	274.0	295.3	316.9
Total Liabilities, Deposits, and Equity	\$2,136.3	\$2,489.1	\$2,507.4

\$294.7M

LOAN GROWTH

↑ 17.9%

159

BUSINESS LOANS FUNDED

\$187.6M

17,819

CONSUMER LOANS FUNDED

\$406.4M

INCOME STATEMENT *in thousands*

INTEREST INCOME	2020	2021	2022
Interest on Loans	60,243.0	59,374.6	63,368.1
Income from Investments	1,022.0	1,269.2	10,688.2
Total Interest Income	\$61,265.0	\$60,643.8	\$74,056.3
INTEREST EXPENSE	2020	2021	2022
Dividends on Deposits	5,141.6	2,891.6	4,434.0
Interest on Borrowed Money	251.0	245.5	1,620.3
Total Interest Expense	5,392.6	3,137.1	6,054.3
Provision for Loan & Lease Losses (PLLL)	5,993.8	38.4	1,620.4
Net Interest Income After PLLL	49,878.6	57,468.3	66,381.6
NON-INTEREST INCOME	2020	2021	2022
Fee Income	8,491.6	8,505.2	8,738.4
Other Operating Income	15,185.3	16,174.8	16,643.9
Gain (Loss) on Disposition of Fixed Assets	(5.1)	468.4	0.1
Other Non-Operating Income (Expense)	1,369.4	759.1	687.6
Total Non-Interest Income	25,041.2	25,907.5	26,070.0
NON-INTEREST EXPENSE	2020	2021	2022
Employee Compensation and Benefits	35,084.7	35,813.9	33,536.0
Travel & Conference Expense	241.0	177.6	449.8
Office Occupancy	3,102.4	3,446.2	3,361.4
Office Operations Expense	10,994.8	10,568.6	12,110.5
Educational and Promotional Expenses	1,188.8	1,218.1	1,544.4
Loan Servicing Expense	6,736.5	8,377.0	8,954.5
Professional and Outside Services	3,144.3	2,230.9	2,029.2
Operating Fees	135.1	149.3	179.6
Miscellaneous	38.4	79.6	73.0
Total Non-Interest Expense	60,666.0	62,061.2	62,238.3
Market Adjustment Gain (Loss)	660.3	380.1	(1,205.8)
NET INCOME (LOSS)	\$14,914.1	\$21,694.7	\$29,007.6

*Annual meeting financial statements are unaudited

1,061

**MORTGAGE LOANS
FUNDED**
\$200.3M

23.7M

**NUMBER OF TIMES WECU
DEBIT OR CREDIT CARDS
WERE USED**

149,023

MEMBERS SERVED

LOCATIONS + ATMS

Holly Branch + ATM

600 East Holly St.
Bellingham, WA

Fairhaven Branch + ATM

1225 Harris Ave.
Bellingham, WA

Fountain Branch + ATM

2625 Meridian St.
Bellingham, WA

Sunset Branch + ATM

3061 Orleans St.
Bellingham, WA

Blaine Branch + ATM

1773 H St.
Blaine, WA

Everson Branch + ATM

106 East Main St.
Everson, WA

Ferndale Branch + ATM

5659 Barrett Rd.
Ferndale, WA

Lynden Branch + ATM

2045 Front St.
Lynden, WA

Home Loan Center

516 East Holly St.
Bellingham, WA

Business Loan Center + ATM

3410 Woburn St.
Bellingham, WA

ATM-ONLY LOCATIONS

Bellingham Technical College,
G Building

**Birchwood Community
Resource Center**

1600 Birchwood Ave,
Bellingham, WA

St. Joseph Hospital,
Main Lobby

Northwest Indian College,
Student Bookstore

Whatcom Community College,
Student Union

Western Washington University,
Outside Miller Hall

Western Washington University,
Inside Viking Union

Western Washington University,
Inside the Rec Center

4895 Mt. Baker Hwy,
Deming, WA



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EQUAL HOUSING
OPPORTUNITY

