



# Plant a Seed

2008 ANNUAL REPORT

# Report of the Chairman

Your credit union celebrates the idea and spirit of people working together in a common, community effort to assist one another. That is the way we started, and the way we continue to serve our members.

I am pleased to report that your Credit Union once again enjoyed a solid and progressive year in 2008. We continued our mission of listening, serving, educating and caring and in doing so, maintained the values of the credit union movement.

2008 of course brought its own economic challenges and the impact was felt by every individual and business across the nation. The credit union however, has always maintained a very safe and conservative business approach and we ended the year with respectable earnings and continued growth in assets and membership. We continued to invest in our products and services to better serve our members and position ourselves for a possible less stable economy in 2009.

We funded over \$48 million in loans that helped members with their needs for homes, cars, and funds to improve their lives, and we made significant contributions to our communities through local involvement, sharing resources, and employee participation. Working together in our communities is illustrated by our participation in Relay for Life,

contributions to local food banks, educational scholarships and involvement in many community events throughout our branch communities. This is our purpose: to develop valued relationships... with you and our communities.

Our dedicated Volunteers, Management and staff put member needs first every day. We strive to have credit union business practices embody the credit union philosophy, financial soundness, and effective teamwork. We look forward to the challenges of the future, and thank you, our members, for your trust, participation, and continued support.

On a personal note, this marks the end of over 25 years serving as a volunteer of Peninsula, and I am honored to have been a part of all the remarkable change and growth in that time. I thank you for your support and the opportunities given to me in those years.

Darryl Cleveland,  
Chairman of the Board

Lisa Frazier, Vice Chair

Len Williams, Secretary/Treasurer

Sue Barnard

Dave Dally

Bill Schultz

Bob Close



DARRYL CLEVELAND  
CHAIRMAN, BOARD OF DIRECTORS

# Report of Management and the Supervisory Committee

Management is responsible for the preparation, presentation, accuracy and consistency of the financial information contained in this Annual Report. The financial summary is developed from detailed statements prepared in accordance with generally accepted accounting principles, and are considered by management to fairly present the financial position and results of operations of the Credit Union.

Management has developed and maintains the necessary systems of internal controls to provide reasonable assurance that transactions are authorized; assets safeguarded, and proper records are maintained. Internal auditors employed by the Credit Union, as well as federal examiners and independent certified public accounting firms, monitor the controls.

The Supervisory Committee's duty is to assure that your Credit Union conducts its operations and activities in a safe and sound manner. The Committee also acts as your ombudsman, addressing issues brought forth by members and staff.

The Supervisory Committee meets periodically with management and internal auditors, to review the quality of financial reporting, the regular completion of internal audits, and that sound operations and compliance are in place.

In 2007 the accounting firm of Moss Adams LLP was hired to conduct the annual audit. In addition the National Credit Union Administration (NCUA) - the regulating agency for all federally chartered credit unions- also conducted their periodic examination. Both have given Peninsula Credit Union a favorable rating of financial soundness and management.

Supervisory Committee:

Doug Martone, Chair

Bob Close

Mauris Emeka

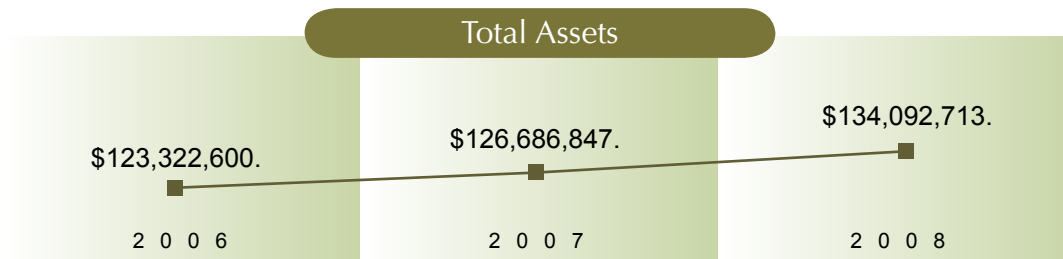
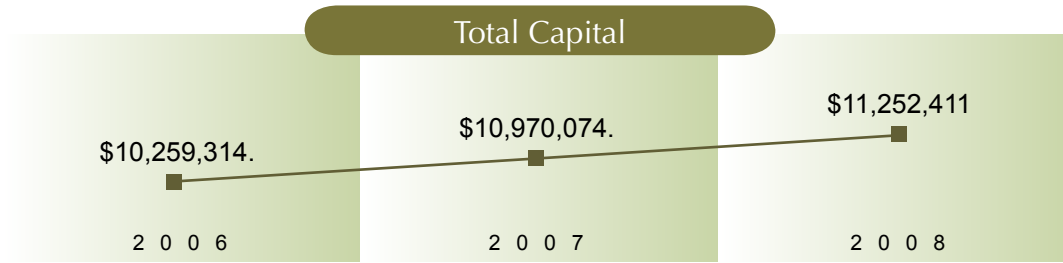
Lane Johnson, MD

# Financial Summary

		2007	2008	Change
Statement of Financial Condition	<b>ASSETS</b>			
	Cash on Hand and on Deposit	\$4,495,796	\$5,216,421	\$720,625
	Personal Loans	\$98,816,425	\$99,570,311	\$753,886
	Allowance for Loan Loss	(\$310,757)	(\$289,518)	\$21,239
	Investments	\$16,966,618	\$22,810,554	\$5,843,936
	Land, Building, Fixed Assets	\$4,782,300	\$4,851,477	\$69,177
	Other Assets	\$1,935,763	\$1,933,468	(\$2,295)
	<b>Total Assets</b>	<b>\$126,686,145</b>	<b>\$134,092,713</b>	<b>\$7,406,568</b>
	<b>LIABILITIES</b>			
	Other Liabilities	\$1,911,848	\$883,502	(\$1,028,346)
	Notes Payable	\$500,000	\$4,500,000	\$4,000,000
	<b>Total Liabilities</b>	<b>\$2,411,848</b>	<b>\$5,383,502</b>	<b>\$2,971,654</b>
	<b>EQUITY</b>			
	Shares Held by Members	\$113,304,223	\$117,975,202	\$4,670,979
	Regular Reserve	\$368,501	\$368,501	\$0
	Undivided Earnings	\$10,572,694	\$10,883,910	\$311,216
	Unrealized Gain (Loss) On Investments	\$28,879	(\$518,402)	(\$547,281)
<b>Total Equity</b>	<b>\$124,274,297</b>	<b>\$128,709,211</b>	<b>\$4,434,914</b>	
<b>Total Liabilities &amp; Equity</b>	<b>\$126,686,145</b>	<b>\$134,092,713</b>	<b>\$7,406,568</b>	

		2007	2008	Change
Statement of Earnings	<b>INCOME</b>			
	Loan Interest Income	\$6,344,374	\$6,389,632	\$45,258
	Income from Investments	\$1,002,421	\$845,610	(\$156,811)
	Other Income	\$2,544,442	\$2,496,588	(\$47,854)
	<b>Total Income</b>	<b>\$9,891,237</b>	<b>\$9,731,830</b>	<b>(\$159,407)</b>
	<b>EXPENSE</b>			
	Operating Expense	\$6,400,449	\$6,725,422	\$324,973
	Interest on Borrowed Money	\$11,396	\$64,946	\$53,550
	<b>Total Expenses</b>	<b>\$6,411,845</b>	<b>\$6,790,368</b>	<b>\$378,523</b>
	<b>Non Operating Income (Expense)</b>	<b>\$18,436</b>	<b>\$95,862</b>	<b>\$77,426</b>
	<b>Net Income</b>	<b>\$3,497,828</b>	<b>\$3,037,324</b>	<b>(\$460,504)</b>
	<b>Distribution of Net Income</b>			
	Dividends to Members	\$2,894,881	\$2,726,108	(\$168,773)
	To Reserves	\$602,947	\$311,216	(\$291,731)
	<b>Total Distribution</b>	<b>\$3,497,828</b>	<b>\$3,037,324</b>	<b>(\$460,504)</b>

# Financial Summary



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## SHELTON

521 W. Railroad Ave.  
Shelton, WA 98584  
360-426-1601

Monday - Thursday  
Drive-up.. 7:30 - 5:30  
Lobby ..... 9:00 - 5:30

Friday  
Drive-up . 7:30 - 6:00  
Lobby ..... 9:00 - 6:00

## BELFAIR

N.E. 23550 Highway 3  
Belfair, WA 98528  
360-275-6066

Monday - Thursday  
Drive-up.. 8:30 - 5:30  
Lobby ..... 9:00 - 5:00

Friday  
Drive-up.. 8:30 - 6:00  
Lobby ..... 9:00 - 6:00

Saturday  
Drive-up.. 9:00 -1:00  
Lobby Closed

## PORT ORCHARD

1081 Bethel Road  
Port Orchard, WA 98366  
360-876-8898

Monday - Thursday  
Drive-up.. 8:30 - 6:00  
Lobby ..... 9:00 - 5:30

Friday  
Drive-up.. 8:30 - 6:00  
Lobby ..... 9:00 - 6:00

## POULSBO

College Market Place  
21505 Market Pl. NW, Ste. 109  
Poulsbo, WA 98370  
360-697-3011

Monday - Thursday  
9:00 - 5:30

Friday ..... 9:00 - 6:00  
Saturday .. 10:00 - 1:00

## PORT TOWNSEND

1250 W. Sims Way,  
Port Townsend, WA 98368  
360-385-5575

Monday - Friday  
9:00 - 5:30

1.800.426.1601 [www.pcfcu.org](http://www.pcfcu.org)



*We do business in accordance with  
the Federal Fair Lending Law and the  
Equal Credit Opportunity Act.*