

# ANNUAL REPORT



We Listen, We Serve, We Educate, We Care...Always!

# 2021



## CHAIRMAN'S REPORT



As a financial cooperative, the Board Members—whom you elect—are also entrusted to ensure Peninsula Credit Union supports you. Over the past two years, we have been extremely pleased with the level of service the entire Credit Union Team has been able to provide to our members.

Amidst the pandemic challenges all of us encountered, the financial issues that we know impacted many of our members, and the rapidly changing world, the credit union has continued to perform well financially. As a Community Development Financial Institution (CDFI), the Credit Union sought additional funding from a special CARES Act fund to provide us the financial capital to continue and further our focus on those living at or around a household survival budget. This opportunity brought \$1.8 million of additional income in 2021, helping us achieve 449% of our budget net income for the year. As more stimulus funds were provided to our members, we also saw another extraordinary growth in assets, up 29% from the prior year.

Strategically, the Board has supported a wide array of digital services, including mobile capture deposit on your cell phone, Zelle person-to-person payments, Credit Sense—to assist you in monitoring your credit score, and Trends—a tool to allow you to aggregate your financial accounts from other place and establish a budget.

We are also excited to see small business lending opportunities on the horizon. During the pandemic, the Credit Union completed over 130 payroll protection program (PPP) loans. Through this

support, we saw first-hand the opportunities that exist for small business lending throughout our communities.

The Board has also recognized that we need to explore how we equitably serve all the wonderful types of diversity that exists in our communities. Past opportunities have existed to work with several tribes around the topic of financial education. We also know the Latinx population is growing and we will need to be prepared to serve that market in the years to come.

On behalf of the Board of Directors, I would like to express my gratitude for the trust you have placed in Peninsula Credit Union. We strive to continue serving you by supporting our vision “To be recognized as being about more than just money!”

Volunteers of Peninsula Credit Union have the opportunity to strengthen the economic well-being of the communities we serve to benefit everyone. When volunteers commit to the Credit Union, they receive ongoing professional development that makes them effective leaders and the opportunity to expand the economic capacity of the place where they live and work. If you are interested in joining a critical piece of leadership for this organization, please do not hesitate to let us know.

Thank you for your trust, participation, and continued support.

Sincerely,  
John Bolender, Chairman



## PRESIDENT'S REPORT



Our entire team has continued to work hard as we all have navigate the pandemic. We have an exceptional team of folks who you see in the branch or talk to over the phone who have been on the front lines. They are supported by many others who help ensure Peninsula Credit Union is serving you well.

There were a lot of additional services added with additional support for continuing our pandemic support. The year began with the Credit Union with a second round of Payroll Protection Program (PPP) lending to small businesses from Jefferson to Kitsap and Mason County. Online opportunities to provide more channels for new member account and loan applications. And added the ability to save you time by enabling the ability to electronically sign a variety of documents related to home equity lending to forms to initiate electronic payments. We started issuing contactless cards (i.e. tap to pay at checkout) to add to the ability to add your debit or credit card to a digital wallet on your mobile device.

There were also some highlights as Covid began to lift. Our partnership with the Shelton Family YMCA now includes our community financial educator assisting people with budgeting, credit score repair, and other personal financial journeys. This is coupled with the online tool called Balance which offers for free financial education around a variety of topics like auto buying, budgeting, or how to buy a home.

Financial education we believe is really important. To this end, we are annually facilitating a financial reality fair for Shelton High School freshman and participating in the same type of event at North Mason High School.

Organizations are built on the shoulders of people who lay a strong foundation. While the pandemic brought many challenges, I want to acknowledge several Peninsula Credit Union leaders who retired last year. The leaders who had served the Credit Union for over 40 years included Tina Nutt, CFO; Gail Ryan, VP Human Resources; Teresa Miller, AVP Risk and Compliance; and Vickie Gonzales, Human Resources Specialist. Kim Ingham, VP Member Engagement, also retired at the very end of the year after spending nearly 30 years with the organization.

The new leadership that has been assembled includes individuals who are extremely excited to take this past foundation and build upon it. We are looking forward to continuing to provide the best possible service to our members, be an active member of each of the communities we serve, and work as a team to ensure that we fulfill our mission statement that "We listen, we serve, we educate, and we care...Always!"

Cooperatively,  
Jim Morrell, President/CEO

# SUPERVISORY COMMITTEE REPORT

The Supervisory Committee works on behalf of the members to assure that Credit Union conducts its operations and activities in a financially safe and sound manner. The Committee also acts as your ombudsman, addressing any issues brought forth by members and staff.

To ensure Management's accuracy and the strength of those internal controls, the Supervisory Committee meets periodically with Management and the Internal Auditor. Our Internal Auditor helps to ensure controls are in place to confirm the operations and activities are being conducted in a safe and sound manner. These controls provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records are maintained. Financial reports are developed by Management 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.

The Internal Auditor also works with the National Credit Union Association (NCUA)'s regulatory examiners and the Credit Union's third party external auditor, Moss Adams.

During 2021, the NCUA conducted its periodic examination to review the Credit Union's transactions and financial performance as of September 30, 2021. The conclusion is that the Credit Union is well-managed, financially sound, and your Management Team is proactive and focused on serving borrowers disproportionately impacted by the COVID-19 pandemic.

In addition, the Supervisory Committee asked Moss Adams to conduct a full financial statement audit last year. The auditor's opinion concluded that Peninsula Credit Union's financial statements present fairly, in all material aspects, the financial position of the Credit Union as of March 31, 2021. The results of operations and cash flows for the year ended in accordance with accounting principles generally accepted in the US.

Controls are in place to assure that your Credit Union conducts its operations and activities in a safe and sound manner. These controls provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records are maintained.

Respectfully,  
John Lester, Chair  
Supervisory Committee

# 2021 FINANCIALS

## Statement of Financial Condition

<b>Assets</b>	<b>2020</b>	<b>2021</b>	<b>Change</b>
Cash on Hand and on Deposit	\$29,093,359	\$36,945,122	\$7,851,763
Loans	\$156,757,834	\$151,385,141	(\$5,372,693)
Allowance for Loan Loss	(\$1,186,343)	(\$971,238)	\$215,105
Investments	\$54,546,013	\$85,785,533	\$31,239,520
Land, Building, Fixed Assets	\$3,499,870	\$3,434,611	(\$65,259)
Other Assets	\$6,377,123	\$6,424,855	\$47,732
<b>Total Assets</b>	<b>\$249,087,856</b>	<b>\$283,004,024</b>	<b>\$33,916,168</b>

<b>Liabilities</b>			
Other Liabilities	\$1,423,252	\$1,024,677	(\$398,575)
Notes Payable	\$1,000,000	\$0	(\$1,000,000)
<b>Total Liabilities</b>	<b>\$2,423,252</b>	<b>\$1,024,677</b>	<b>(\$1,398,575)</b>

<b>Equity</b>			
Shares Held by Members	\$225,778,694	\$258,916,359	\$33,137,665
Shares Held by Non-Members	\$1,240,000	\$496,000	(\$744,000)
Regular Reserve	\$368,501	\$368,501	\$0
Undivided Earnings	\$19,161,509	\$22,878,097	\$3,716,588
Unrealized Gain (Loss) On Investments	\$115,900	(\$679,610)	(\$795,510)
<b>Total Equity</b>	<b>\$246,664,604</b>	<b>\$281,979,347</b>	<b>\$35,314,743</b>

<b>Total Liabilities &amp; Equity</b>	<b>\$249,087,856</b>	<b>\$283,004,024</b>	<b>\$33,916,168</b>
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## Statement of Earnings

<b>Income</b>	<b>2020</b>	<b>2021</b>	<b>Change</b>
Loan Interest Income	\$7,299,240	\$7,035,275	(\$263,965)
Income from Investments	\$843,980	\$704,020	(\$139,960)
Other Income	\$2,884,651	\$3,333,579	\$448,928
<b>Total Income</b>	<b>\$11,027,871</b>	<b>\$11,072,874</b>	<b>\$45,003</b>

<b>Expense</b>			
Operating Expense	\$9,243,919	\$9,323,985	\$80,066
Interest on Borrowed Money	\$30,928	\$29,741	(\$1,187)
<b>Total Expenses</b>	<b>\$9,274,847</b>	<b>\$9,353,726</b>	<b>\$78,879</b>

Non Operating Income (Expense)	\$571,338	\$2,373,136	\$1,801,798
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<b>Net Income</b>	<b>\$2,324,362</b>	<b>\$4,092,284</b>	<b>\$1,767,922</b>
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## Distribution of Net Income

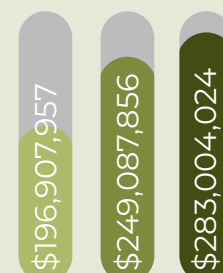
Dividends to Members	\$597,117	\$375,697	(\$221,420)
To Reserves	\$1,727,245	\$3,716,587	\$1,989,342
<b>Total Distribution</b>	<b>\$2,324,362</b>	<b>\$4,092,284</b>	<b>\$1,767,922</b>



19 20 21  
**CAPITAL**



19 20 21  
**TOTAL LOANS**



19 20 21  
**TOTAL ASSETS**