

WCLA Credit Union Annual Meeting 2017

**Annual Membership
Meeting 2017**

**Tulalip Resort &
Casino
March 25, 2017**

AGENDA

1. Meeting Called to Order
2. Appointment of Recording Secretary
3. Secretary Determines if a Quorum of Members is Present
4. Reading of the 2016 Annual Meeting Minutes
5. Volunteer Election Results
6. Report of the Supervisory Committee
7. Report of the Chair, Board of Directors
8. Report of the President
9. Questions / Answers



PRESIDENT'S MESSAGE

Once again, WCLA Credit Union enjoyed extraordinary success in 2016. A review of the accompanying financial statements will show a significant increase in scale and remarkable financial strength over the past year. Our membership can be very proud of these accomplishments. But the credit union is about more than making profits and achieving good numbers. It's about service to the WCLA membership and being a valuable and valued partner in your business and home finances.

Growth was a continuing story for WCLA Credit Union with the credit union's net worth increasing 21% during 2016. The increase in net worth supports the credit union operation in two ways; first, by providing a safe and sound financial operation to accept our members' deposits, and second, it increases our ability and capacity to fund the financing needs of a modern logging operation. During 2016 the credit union's regulatory Member Business Loan limit increased from \$39.0 million to \$47.3 million and its capacity for lending to a single entity increased from \$2.1 million to almost \$2.5 million. This is a large advance in the credit union's ability to serve the financial needs of its contract logging membership.

The credit union signed on 122 new members in 2016. During the year, the credit union paid out over \$306,900 to members as dividends on their deposit accounts, in addition to originating almost \$25 million in operating, timber, and equipment loans and \$5.3 million of insurance premium finance contracts.

The future is always uncertain and 2017 will be no exception. The markets for contract loggers continue to evolve with domestic housing starts plodding forward, wood export markets continue a US dollar induced malaise, and a new Softwood Lumber Agreement remains to be accomplished. For the credit union, our immediate challenge is to obtain sufficient funding to meet the continuing borrowing needs of our membership's logging businesses. (Send deposits, encourage your friends and relatives!)

All in all, 2016 was an extraordinarily successful year for the WCLA Credit Union and it is a result of the patronage and performance of our membership. When our members use their credit union, everyone wins. On behalf of the credit union and staff, we look forward to serving you and your businesses during 2017. When a need for financial services arrives please give us a call. As always, your success is our goal.

Brian Bahs
President / CEO



WCLA Credit Union Volunteers and Staff

BOARD OF DIRECTORS

Ted Salka, Chairman
Roger Smith, Vice Chair
Dan Richart, Secretary
Greg Horsley, Treasurer
Jason Hadaller, Director
Justin Seekins, Director
Edward Gould, Director

SUPERVISORY COMMITTEE

Julie Hodges, Chairperson
Carmen Smith, Member
Marcy Peterson, Member
Kathy Thomsen, Member

STAFF

Brian Bahs, President/CEO
Tessa Carlson Acct/Ops Manager
Casey Smith, SR Loan Officer
Brandon Dunnaback, Loan Officer
Georgia Phelps, Mbr Srvc Rep
Chrystal Poore, Mbr Srvc Rep



This Credit Union is Federally Insured by the NCUA



2016 Annual Meeting Minutes

WCLA Credit Union
Annual Membership Meeting
March 26, 2016

Cambell's Resort, Chelan, WA

Board Members Present

Roger Smith
Dan Richart
Greg Horsley
Ted Salka
Jason Hadaller
TJ Seekins

Supervisory Committee Members Present

Carmen Smith
Kathy Thomsen
Julie Hodges
Marcy Peterson

Staff Members Present

Brian Bahs, President

OPENING DOOR PRIZE

As an aid to ensure promptness, a drawing was held for a \$50.00 cash prize.

CALL TO ORDER

President Brian Bahs called the meeting to order at 8:10 AM. There were approximately 35 members in attendance along with spouses and guests.

APPOINTMENT OF RECORDING SECRETARY

Julie Hodges was appointed secretary for the meeting.

DETERMINATION OF QUORUM

Credit Union Bylaws require 15 members present to establish a quorum. The Secretary determined that a quorum was present.

APPROVAL OF 2015 ANNUAL MEETING MINUTES

There was a motion from the floor, seconded and approved, to waive the reading of the minutes of the 2015 Annual Meeting.

There was a motion from the floor, seconded and approved, to approve the minutes of the 2015 Annual Meeting as presented in the Annual Membership Meeting booklet.

CONTINUING VOLUNTEERS

Brian Bahs announced this year's volunteer election results, which included re-elections of board members, Greg Horsley and Jason Hadaller and supervisory member, Julie Hodges for three year terms. All volunteers ran unopposed; therefore, no ballots were required. Special note and thank you to retiring director, Scott Levanen and Supervisory Committee member, Bill Pickell.

REPORT OF THE SUPERVISORY COMMITTEE

Julie Hodges presented the Supervisory Committee report. Julie thanked Kathy Thompson, Carmen Smith and Marcy Peterson for their participation on the committee for volunteering in 2015 as well as a thank you to retiring committee member Bill Pickel for his many years of service. A brief review and job description of the supervisory committee was provided.

Again in 2015 the supervisory committee had conducted routine audits of loan files, deposit files, cash counts, account verifications and reviews of board meeting minutes and delinquencies. The committee found no irregularities in the routine operations of the credit union.

Julie also conveyed the importance of a volunteer role at the credit union. She discussed the benefits to the volunteers and the membership overall. Lastly, Julie discussed the advantages of becoming a member of a credit union.

CHAIRMAN'S REPORT

Board Chairperson, Ted Salka introduced the board members and thanked them for their participation in and commitment to the success of the credit union. Ted gave a special thanks to Scott Levanen, who was retiring as a director after three years of service. Ted thanked all board members for their service, as well as, giving recognition to Brian Bahs for his continued service as the WCLA CU CEO.

The Chairman's position on the success of the credit union was expressed as having its base in the members and stated that 2016 will bring challenges but also holds great promise, a year in which the credit union will continue to provide benefits to members through quality services.

PRESIDENT'S REPORT

Brian Bahs presented the President's Report. Brian reviewed the extraordinary success of 2015, the positive growth the credit union has enjoyed over the past year, and a review of accompanying financial statements showing a significant increase in scale and continued financial strength over the past year.

Growth was a continuing story for WCLA Credit Union with the credit union's assets increasing 16% to \$46.7MM and net worth increasing 21% during 2015. The increase in net worth supports the credit union operation in two ways; first, by providing a safe and sound financial operation to accept our members' deposits, and second, it increases our ability and capacity to fund the financing needs of a modern logging operation. During 2015 the credit union's regulatory Member Business Loan limit increased from \$32.1 million to \$39.0 million and its capacity for lending to a single entity increased from \$1.7 million to \$2.1 million. This was a large advance in the credit union's ability to serve the financial needs of its contract logging membership.

The credit union signed on 133 new members in 2015. During the year the credit union paid out over \$229,500 to members as dividends on their deposit accounts, in addition to originating almost \$24 million in operating and equipment loans and \$5.1 million of insurance premium finance contracts. Brian noted that all in all 2015 was another extraordinarily successful year for the WCLA Credit Union.

MEMBER EDUCATION

As an introduction for Lynn Michaelis' economic update address, Brian reviewed the components of the Bureau of Labor Statistics jobs and labor reports. A healthy labor market provides a foundation for people to buy and build houses. The health of logging businesses in the Northwest is closely aligned to a functioning and active housing market...fascinating.

ADJOURNMENT

There being no further business, the annual meeting was adjourned at 09:10 AM.

Attested By:

Respectfully Submitted:

Ted Salka - Board Chair

Brian Bahs - President

CHAIRMAN'S ANNUAL REPORT

Welcome to the 2017 Annual Meeting of the WCLA Credit Union.

On behalf of your credit union's board of directors I am pleased to report that your credit union is strong and growing stronger.

2016 was another year of remarkable growth for the credit union. Over the course of the year our balance sheet grew by 12% to over \$52MM. A large portion of that growth was in loans and those earning assets provide a sturdy foundation that drives the credit union's strong net income performance. Those earnings allow the credit union to maintain a strong capital position of more than 12% which, in turn, is the platform for providing continued service to the membership.

The membership's increasing use of the credit union for their financing needs is a vote of confidence in the quality and value of the service you receive. Thank you. Your continued patronage will provide benefits for your own business and add to the growing strength of the credit union. Together, we become stronger.

I wish to especially thank my fellow board members and supervisory volunteers for their time and diligence in working to make the credit union successful. Their efforts on your behalf are what determine the credit union's future. The credit union staff is also to be thanked for their efforts throughout the year. They have served the membership well and have put our vision for the credit union into action. We will continue to work hard month after month to justify your trust.

2017 will bring some challenges but also holds great promise. As you adjust and manage your business to the changing circumstance, the credit union can help with most of your financial needs. Whether it is checking, savings, credit cards, or equipment financing, your credit union is on your side.

Thank you,
Ted Salka, Chairman.

SUPERVISORY COMMITTEE ANNUAL REPORT

The Supervisory Committee was kept busy in 2016. As a group we continued our established routine at scheduled times and were able to perform our responsibilities, including additional training on the role of a supervisory committee member. During the past year we conducted cash counts of the credit union's teller drawers and cash vault. We audited loan files for completeness of documentation. We audited bills paid including the corporate credit card statements. We stayed in touch with the Credit Union on delinquent accounts and how they were proceeding and the completeness of the ALLL. We reviewed Bank Reconciliations, Accounts Payable, Dormant Account and Employee Account Activity. We performed a quarterly verification of closed accounts. We found the credit union to be operating in a manner that protects the member's privacy while following established government regulations.

We are also responsible for insuring that the credit union is following prudent accounting practices and operating in a safe and sound manner. One way we do this is to hire an outside auditor, who is an expert in this arena, to review these practices. For 2016, we hired Jones & Sas, LLC, to audit the operations of the credit union. The firm of Jones & Sas, LLC has many years of experience providing accounting and auditing services to credit unions. After the 2016 review, the auditors of Jones & Sas, LLC found the credit union to be following proper accounting practices, as well as finding the books and records of the credit union to be in proper balance.

Finally, we participated in the annual examination of the credit union as conducted by the State of Washington Department of Financial Institutions, Division of Credit unions. This examination covers adherence to current laws and regulations as established by the Department as well as their determination that the credit union is operating in a safe and sound manner. In early 2016, the credit union was visited by both state and federal examiners as part of a joint exam. The examiners were satisfied with the safety and soundness of the credit union's operations.

The supervisory committee will continue to be the watchdog of the credit union for its membership.

I wish to thank my fellow committee members Kathy Thomsen, Carmen Smith and Marcy Peterson for their commitment and service this past year. I enjoy working with these individuals and respect the work they accomplished. Volunteer work is always appreciated. Finally, thank you to the membership for using this credit union and recognizing it as a valuable partner in their financial transactions.

Julie Hodges, Committee Chairperson
WCLA Credit Union Supervisory Committee



WCLA Credit Union Financials

Statement of Financial Condition	Year 2015	Year 2016	Change
Gross Loans	41,350,440	44,923,314	↑ 3,572,874
Allowance for Losses	(317,039)	(342,512)	↑ 25,473
Net Loans	41,033,401	44,580,802	↑ 3,547,401
Cash + Investments	5,484,247	7,678,751	↑ 2,194,504
Total Other Assets	264,675	234,858	↓ 29,817
Total Assets	46,782,323	52,494,410	↑ 5,712,087
Misc. Liabilities	5,866,181	6,416,881	↑ 550,700
Share Deposits	35,712,816	39,774,309	↑ 4,061,493
Total Liabilities	41,578,997	46,191,190	↑ 4,612,193
Total Equity	5,203,326	6,303,220	↑ 1,099,894
Liabilities & Equity	46,782,323	52,494,410	↑ 5,712,087

Income & Expense	Year 2015	Year 2016	Change
Total Income From Assets	1,793,806	2,348,573	↑ 554,767
Less Interest Expense	(258,821)	(393,416)	↑ 134,595
Less Provision for Loan Loss	(33,000)	(9,000)	↓ 24,000
Gross Spread	1,501,985	1,946,158	↑ 444,173
Less Operating Expenses	(861,033)	(953,815)	↑ 92,782
Plus Fee & Other Income	274,565	107,552	↓ 167,013
Net Income (ROA)	915,517	1,099,894	↑ 184,377

Year-To-Date Ratios	Year 2015	Year 2016	Change
OPERATING EXPENSE RATIO	2.01%	1.93%	↓ 0.08%
GROSS SPREAD RATIO	3.51%	3.95%	↑ 0.44%
RETURN ON ASSETS (ROA)	2.14%	2.23%	↑ 0.09%
NET WORTH RATIO	11.13%	11.73%	↑ 0.60%
DELINQUENCY RATIO (Annual Average)	0.35%	0.44%	↑ 0.09%
LOAN TO SHARE RATIO (At Month/Year End)	116%	113%	↓ 3.0%



*Thank you
For
Your
Membership!*

This credit union is federally insured by the National Credit Union Administration.