

# WCLA Credit Union Annual Meeting 2018

Annual Membership  
Meeting 2018

Northern Quest Resort  
& Casino  
March 17, 2018

## 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 2017 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 2017. 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 19% during 2017. 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 2017 the credit union's regulatory Member Business Loan limit increased from \$47.3 million to \$56.3 million and its capacity for lending to a single entity increased from \$2.5 million to almost \$3.0 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 131 new members in 2017. During the year, the credit union paid out over \$396,000 to members as dividends on their deposit accounts, in addition to originating almost \$28 million in operating, timber, and equipment loans and \$6.2 million of insurance premium finance contracts.

The future is always uncertain and 2018 will be no exception. The markets for contract loggers continue to evolve with domestic housing starts inching upward, a new Softwood Lumber Agreement remains to be accomplished, lumber markets are strong, but where is the haul capacity to get wood to the mill or the operators for your half million dollar machines? For the credit union, our immediate challenge continues to be obtaining sufficient funding to meet the borrowing needs of our membership's logging businesses. (Send deposits, encourage your friends and relatives!)

All in all, 2017 was very good 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 2018. 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

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

### SUPERVISORY COMMITTEE

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

### STAFF

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



This Credit Union is Federally Insured by the NCUA



WCLA Credit Union

**Annual Membership Meeting  
March 25, 2017**

**Tulalip Resort Casino, Tulalip, WA**

**Board Members Present**

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

**Supervisory Committee Members Present**

Carmen Smith  
Kathy Thomsen  
Julie Hodges  
Marcy Peterson

**Staff Members Present**

Brian Bahs, President  
Teresa Carlson, Accounting/Operations Manager  
Brandon Dunnaback, Loan Officer  
Georgia Phelps, Member Services Rep  
Chrystal Poore, Member Services Rep

**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 8:15 AM. There were approximately 35 members in attendance along with spouses and guests.

**APPOINTMENT OF RECORDING SECRETARY**

Georgia Phelps 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 2016 ANNUAL MEETING MINUTES**

There was a motion from the floor, seconded and approved, to waive the reading of the minutes of the 2016 Annual Meeting.

There was a motion from the floor, seconded and approved, to approve the minutes of the 2016 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 member, Dan Richart and supervisory member, Kathryn Thomsen for three year terms. All volunteers ran unopposed; therefore, no ballots were required. Special note and thank you to retiring director, Ted Salka.

## 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 2016. A brief review and job description of the supervisory committee was provided.

Again in 2016 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.

## 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 thanked all board members for their service and introduced Dan Richart as the successor Board Chairperson. Dan commended Ted for his years as a director and presented him with a farewell gift as a thank you.

Dan reiterated the importance of the membership's role in the credit union's success, as well as the benefits of becoming a volunteer board member. He also touched upon the previous year's successes at the credit union and expectation of continued success in the future.

## PRESIDENT'S REPORT

Brian Bahs presented the President's Report. Brian reviewed the extraordinary success of 2016, the positive growth the credit union has enjoyed over the past year, and a review of accompanying financial statements showing an 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 12% to \$52MM and 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 million to \$47.3 million and its capacity for lending to a single entity increased from \$2.1 million to \$2.5 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 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 and equipment loans and \$5.3 million of insurance premium finance contracts.

Brian noted that all in all 2016 was another extraordinarily successful year for the WCLA Credit Union; however, the credit union cannot manage the same level of growth in the future until the current funding issues have been resolved. Brian provided the different funding resolutions available to the credit union, which included obtaining a nonmember deposit limit waiver from the regulators, changing to a community charter or merging with another credit union. He emphasized the requirement of making a choice in order to continue serving the membership's lending needs.

## ADJOURNMENT

There being no further business, the annual meeting was adjourned at 09:15 AM.

Attested By:

Respectfully Submitted:

\_\_\_\_\_  
Dan Richart - Board Chair

\_\_\_\_\_  
Brian Bahs – President



## **CHAIRMAN'S ANNUAL REPORT**

Welcome to the 2018 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.

2017 was another year of remarkable growth for the credit union. Over the course of the year our balance sheet grew by 16% to over \$61MM. 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 almost than 12.3% 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.

2018 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,  
Dan Richart, Chairman.

## **SUPERVISORY COMMITTEE ANNUAL REPORT**

The Supervisory Committee was kept busy in 2017. 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 and our bi-annual account verification. 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 2017, we hired Hauser 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 2017 review, the auditors of Hauser 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 2017, the credit union was visited by state examiners as part of their annual examination. 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, Marcy Peterson and Robert Thomsen 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 2016	Year 2017	Change
Gross Loans	44,923,314	53,530,118	↑ 8,606,804
Allowance for Losses	(342,512)	(387,255)	↑ 44,743
Net Loans	44,580,802	53,142,863	↑ 8,562,061
Cash + Investments	7,678,751	7,675,765	↓ 2,986
Total Other Assets	234,858	294,294	↑ 59,436
<b>Total Assets</b>	<b>52,494,410</b>	<b>61,112,922</b>	↑ 8,618,512
Misc. Liabilities	6,416,881	6,364,003	↓ 52,878
Share Deposits	39,774,309	47,266,754	↑ 7,492,445
Total Liabilities	46,191,190	53,612,757	↑ 7,421,567
Total Equity	6,303,220	7,500,165	↑ 1,196,945
<b>Liabilities &amp; Equity</b>	<b>52,494,410</b>	<b>61,112,922</b>	↑ 8,618,512

Income & Expense	Year 2016	Year 2017	Change
Total Income From Assets	2,348,573	2,704,493	↑ 355,920
Less Interest Expense	(393,416)	(527,176)	↑ 133,760
Less Provision for Loan Loss	(9,000)	(54,000)	↑ 45,000
Gross Spread	<b>1,946,158</b>	<b>2,123,317</b>	↑ 177,159
Less Operating Expenses	(953,815)	(1,062,275)	↑ 108,460
Plus Fee & Other Income	107,552	135,904	↑ 28,352
<b>Net Income (ROA)</b>	<b>1,099,894</b>	<b>1,196,945</b>	↑ 97,051



Year-To-Date Ratios	Year 2016	Year 2017	Change
OPERATING EXPENSE RATIO	1.93%	1.85%	↓ 0.08%
GROSS SPREAD RATIO	3.95%	3.70%	↓ 0.25%
RETURN ON ASSETS (ROA)	2.23%	2.08%	↓ 0.15%
NET WORTH RATIO	11.73%	12.00%	↑ 0.27%
DELINQUENCY RATIO (Annual Average)	0.44%	0.32%	↓ 0.12%
LOAN TO SHARE RATIO (At Month/Year End)	113%	114%	↑ 1.0%

*Thank you  
For  
Your  
Membership!*

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