



2023 Annual Report

OUR #1 PRIORITY IS YOU!



NW PRIORITY
CREDIT UNION





Board Report

by Marie Mullins

The Board, Management and Staff at NW Priority Credit Union (NWPCU) would like to take this opportunity to thank all our members for your continued support and loyalty during 2023. We continue to be financially strong and able to meet the economic challenges the financial industry continues to face. The current local, state and national economy, along with worldwide political unrest, is an issue we and our members continue to deal with as we begin 2024.

The financial industry has a positive forecast for 2024 and we feel the overall economy will benefit our members. We look forward to providing promotions and services that will help you achieve financial success during 2024 and going forward.

Our cooperative nature provides you, our member/owner, with the opportunity to make suggestions or requests for services that would better fit your needs. We welcome your input and every effort is made to see how we can accommodate your requests. As we add more technical capabilities, we analyze how we can incorporate new products and services for our members. Our goal is to make your transactions more convenient and to fit your financial needs.

In 2023, we continued improving our security efforts in protecting and safeguarding our members' financial data. Scams and fraudulent attempts continued to be a concern as hackers and organized criminal elements generated new ways to jeopardize the personal and account data of our members. Staff was able to help correct some issues and also prevent members' data from being compromised. This is a high priority

for NWPCU and we will remain vigilant as new attempts are made.

We, as well as many other businesses, continued to have difficulty in hiring enough staff to fill our open positions. We want to thank everyone for being patient if you had to wait for service or answers to any questions. Management made a concentrated effort and we have filled most positions and are looking forward to meeting your future financial needs.

Several methods of doing business have changed since 2020 and we have learned to adapt. Most audits and financial exams will continue being conducted virtually. Our external auditor and the state have a trusted relationship with our management team which ensures that we are a financially sound organization. Policies and procedures have been modified to reflect our virtual requirements.

I would like to thank our management team and staff for their dedication to duty and their ability to be flexible in handling members' needs. Our priority is proving the best service possible and convenience on all your transactions.

I would also like to thank your volunteer Board and Supervisory members for being so positive and offering solutions as new situations need to be analyzed and implemented. They give tirelessly of their time in support of the credit union cooperative philosophy.

Thank you for your support and we look forward to a better 2024.

Marie A. Mullins | Board Chair



CEO | President's Report

by Julie Garren

We enter our 96th year with appreciation for our membership and your continued support of NWPCU.

2023 was a year of strengthening for your credit union.

Strengthening our technology: We continue to prioritize our members' financial security, update equipment and programs, and evaluate the security of our vendors.

Our goal is to continue offering our members the services for their daily and long-term financial needs.

For our members who utilize our remote technology, 2024 will bring an enhanced,

user-friendly application that will simplify the loan application process.

Our financials are strong and we are well capitalized at 15.1% at year end. The Annual Report, with the audited financials, is available on our website or any of our branches.

Your credit union offers very competitive rates on all types of loans. Our Visa is a low rate with no annual fee and rewards are offered on the Platinum Visa.

See us first when you need to borrow.

(continued on page 4...)

(continued from page 3...)

Strengthening our team

We said goodbye to Sue Greenshields and Barb Goodway this year, two long-term employees as they retired after many years of dedicated service to our members.

Their part in the history of this credit union will be remembered. Their commitment to NWPCU and its membership will continue in the staff they mentored over the years.

We've welcomed new members to our management team. They have a strong Credit Union background and philosophy, and we welcome their addition to our dedicated staff.

New faces to meet and old ones to say hello to. We look forward to providing you friendly, efficient service by a great group of NWPCU employees.

Strengthening our facilities

After over 30 years of faithful service, the main office's HVAC system and roof required replacement.

We appreciate your patience while visiting the main office during construction.

Unfortunately, due to increased break-in attempts, we had to make the decision to close the night depository at our Main Office and Milwaukie Branches.

We do have other alternatives for our members who can't visit us during office hours. Give us a call about your options for after-hours deposits.

A huge thank you to our membership for their generosity this year.

We continued supporting the annual NALC Fill the Satchel MDA fundraiser, and your contributions raised \$4,335.00 for this very worthy cause.

Our team quickly responded to the Maui Fire Fund, and again, our members were there, contributing \$4,162.00 in less than 2 weeks.

Working with Auto Solutions, we held our Bike Fundraiser and matched every donation with a second bike. As a result, 26 bikes and helmets were given to SE Portland DHS services.

It's been a busy, productive year.

I want to thank the Board of Directors for their continuous support and dedication to the membership of NWPCU and our wonderful team who make it happen every day.

And thanks to you, our members, for your contributions to our 96 years and the opportunity to continue to be your financial institution.

Julianne Garren
CEO | President



Supervisory Committee Report

by Fred Carter

Dear NW Priority Credit Union Members:

As Chairperson of the Supervisory Committee, I would like to say it was a pleasure to serve you, the members, for the year 2023.

The five member Supervisory Committee is appointed by the Board of Directors for a three year term and is comprised entirely of volunteers from the membership.

Members of the Committee are:

Fred Carter, CPA: Chairperson
Ted Garner: Vice-Chairperson
Jana Bailey: Secretary
Frankie Aubrey
Ella Hollingsworth

In December, Alva Houston and Bruce McCollum replaced Ted Garner and Ella Hollingsworth, both of whom decided to step down from the Committee. We would like to thank each of them for their dedication and hard work serving the members of NWPCU.

One of the most important functions of the Supervisory Committee is to arrange and oversee an annual audit of the Credit Union's financial condition and internal accounting procedures. Richards & Associates, CPA's has been retained to perform the 2023 financial statement audit. The Committee meets with our auditor to carefully review the audit and auditor's report to make sure NW Priority Credit Union is in compliance with the requirements and regulations of the Federal Credit Union Act.

Based on the results of the annual audit, we are

proud to announce that NWPCU has satisfactory financial controls and is financially sound. Any member can review the auditor's report at the Credit Union's Main Office.

We inspect the credit union's records for accuracy, its assets for security, and its procedures for the proper handling and use of funds.

We determine whether all credit union departments are carrying out the policies and procedures for which they are responsible.

It is very important that the Supervisory Committee function be independent of management and the Board of Directors when conducting these procedures.

In order to ensure that we had the tools to perform our duties and responsibilities, Committee members attended conferences, took self study (OnCourse Training) courses, had various training at our monthly meeting, and attended training held at Board meetings.

The Committee believes that the positive position NWPCU is in is a direct result of the Board of Directors guidance and management's leadership.

We extend our gratitude to the Board, management and staff for their ongoing commitment to improving internal controls and strengthening our credit union, allowing us to prosper and maintain stability for the membership.

Thank you and God bless us all.

Fred Carter
Chairperson of Supervisory Committee



Legislative Report

by Marc Orange

Committee Members:

Marc Orange: Chairman
Marie Mullins
Sammy Smith
Julie Garren
Mark Gonzalez

Credit Union Advocacy: Each year your NWPCU Legislative Committee partners with State and National advocacy groups to deliver a common theme to our elected officials: Common Sense Regulations, “Credit Unions Make a Difference.”

Nationally, the Legislative Committee partners with the America’s Credit Union formally CUNA, an advocacy group to ensure representatives in Washington, DC are aware of our concerns and the impact credit union’s play within our communities. Frequently the committee also partners with Go West Credit Union Association, formerly the NW Credit Union Association, to deliver our message to Oregon House & Senate representatives to further Credit Union Legislation that ensures Credit Union sustainability.

The 2024 Oregon Legislature convened February 5th and concluded March 10th. The 35-day legislative session focused on addressing the urgent needs facing the state. In addition to balancing the budget, short sessions tend to be the Legislature’s opportunity to make technical fixes or improvements to previously passed legislation.

The members of the Oregon House Democratic Caucus selected House Majority Leader Julie Fahey as their nominee for Speaker of the House, a position that will be filled by a vote of the full House chamber when Speaker Dan Rayfield ends his term as Speaker. Speaker Rayfield announced his intention to remain Speaker through the February legislative session and elect a new Speaker at the end of the five-week session.

Northwest Credit Union Economic Impact Data:

- Oregon CU's serve 2.33 million members
- Over 55% of Oregonians are member-owners
- Over 18,600 Jobs Supported
- \$3.8 Billion Total Impact for Oregon Economy
- \$1.3 Billion Ripple Effect Benefits to Economy

2024 Advocacy Agenda:

- Preserving the Credit Union Tax Status; CU’s making a difference in the lives of 115 million Americans.
- Not-For-Profit Cooperative Structure
- Enhancing and protecting credit union powers so consumers and small businesses can more easily access the credit union services.

(continued on page 7...)

(continued from page 6...)

- Reducing regulatory burden so that credit union members have access to more efficient and affordable financial services.

Advocacy:

- **HB4131:** Individual Development Accounts (IDAs) is an asset building tool designed to enable Oregon families to save a targeted amount for priorities such as home ownership, postsecondary education, and small business ownership. An IDA is a special account in a financial institution that helps low-income individuals save and helps build hope for Oregonians with low incomes by providing matched savings opportunities, information about financial systems, and coaching that meets savers where they are at and supports their financial goals. 8B4131 did not pass with the recommended \$10M for the program, IDA's did receive \$5M in SB1530: Housing and Funding package.
- **S61595:** Family Financial Protection Act The measure exempts from execution of judgment or garnishment specific property and funds of judgment debtor. It also repeals the statute providing that when a debt collector complies with the Fair Debt Collection Practices Act, they also comply with the requirements of Oregon's debt collection practices. Go West has worked extensively on Omnibus bill for changes to state exemption laws for garnishments and other post-judgment credit remedies, including changes to paycheck protection levels, minimum deposit account exemptions, homestead exemptions and protection of vehicles.
- **HB4155:** The measure requires the Oregon Business Development to study infrastructure financing in Oregon, including finance and

bonding authority, participatory loans or other lending models for Oregonians who currently experience obstacles securing mortgage loans. This bill was introduced by Representative Gamba who is interested in creating a state bank and this "study" would provide background and arguments in support. The bill died in the Ways and Means Committee.

- **S61527:** Removes administrative barriers so that more Oregonians can access the First Time Home Buyer Savings Account Program, making it easier to take advantage of the personal income tax subtraction. This program allows low-and medium-income Oregonians to use the money deposited into this account for costs associated with buying a home, such as own payments and other closing costs. This bill is currently awaiting the Governor's signature.
- **S61596:** The House and Senate passed SB1596 giving consumers a "right to repair" proposal aimed at widening consumer choice and lowering the cost of repairing electronic gear from laptops to smartphones and other devices that have a computer chip.
- **HB4153:** Currently, there are no definitions for "Artificial Intelligence" in state statute. HB4153 creates a task force allowing legislators to engage in collaborative efforts with industry experts, researchers, and other stakeholders to establish a shared vocabulary. HB4153 brings those parties together, along with the legislature's Legislative Policy and Research Office directing the task force to start with terms and definitions already in use by the U.S. government.

Marc Orange
Legislative Committee Chairman



Condensed Independent Auditor's Report

by Michael Richards

**Board of Directors and Supervisory Committee
NW Priority Credit Union
Portland, Oregon**

We have audited the accompanying financial statements of NW Priority Credit Union, which comprise the statements of financial condition as of December 31, 2023 and 2022, and the related statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements (not presented herein); and in our report dated March 29, 2024, we expressed an unqualified opinion on those financial statements.

Opinion

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

**Michael E. Richards | CPA
RICHARDS & ASSOCIATES
Certified Public Accountants
Yorba Linda, California**

March 29, 2024

2023 Financial Statement

DECEMBER 31, 2023 & 2022

Consolidated Statement of Financial Condition

ASSETS	2023	2022
Cash and cash equivalents	\$ 18,240,200	\$ 5,477,315
Investments debt securities – held-to-maturity	\$ 173,138,570	\$ 213,338,652
Investments in equity securities	\$ 2,530,693	\$ 2,494,752
Loans to members, net of allowance for credit losses – loans	\$ 59,870,732	\$ 62,368,351
Premises and equipment	\$ 1,943,179	\$ 1,650,711
Accrued interest receivable	\$ 690,016	\$ 708,387
Share insurance deposit	\$ 2,245,503	\$ 2,488,136
Deferred compensation asset	\$ 873,559	\$ 921,043
Operating lease right-of-use assets	\$ 454,394	\$ 405,068
Prepaid expenses and other assets	\$ 690,888	\$ 686,764
TOTAL ASSETS	\$ 260,677,734	\$ 290,539,179
LIABILITIES & EQUITY		
Liabilities:		
Members' share and savings accounts	\$ 217,590,685	\$ 247,764,480
Operating lease liabilities	\$ 474,291	\$ 413,668
Accounts payable and other liabilities	\$ 2,320,573	\$ 2,574,923
TOTAL LIABILITIES	\$ 220,385,549	\$ 250,753,071
Commitments and contingent liabilities		
Members' equity, substantially restricted		
Unappropriated (undivided earnings)	\$ 38,793,827	\$ 38,287,750
Equity acquired through merger	\$ 273,568	\$ 273,568
	\$ 39,067,395	\$ 38,561,318
Accumulated other comprehensive income	\$ 1,224,790	\$ 1,224,790
TOTAL MEMBERS' EQUITY	\$ 40,292,185	\$ 39,786,108
TOTAL LIABILITIES & MEMBERS' EQUITY	\$ 260,677,734	\$ 290,539,179
INTEREST INCOME	2023	2022
Loans	\$ 3,164,614	\$ 3,078,711
Investments	\$ 2,175,093	\$ 1,762,434
TOTAL INTEREST INCOME	\$ 5,339,707	\$ 4,841,145
INTEREST EXPENSE		
Members' share and savings accounts	\$ 690,789	\$ 289,803
TOTAL INTEREST EXPENSE	\$ 692,639	\$ 289,803
NET INTEREST INCOME	\$ 4,647,068	\$ 4,551,342
PROVISION FOR CREDIT LOSSES – UNFUNDED COMMITMENTS	\$ 99	-
Net Interest Income after provision for credit losses	\$ 4,646,969	\$ 4,551,342
NON-INTEREST INCOME		
Service charges and other income	\$ 1,345,074	\$ 2,355,683
Grant revenue	\$ 769,404	-
Other non-operating income	\$ 54,763	\$ 144,570
TOTAL NON-INTEREST INCOME	\$ 2,169,241	\$ 2,500,253
NON-INTEREST EXPENSE		
General and administrative expenses		
Compensation and benefits	\$ 3,512,137	\$ 3,126,142
Outsourced services	\$ 1,095,745	\$ 1,030,711
Office operations	\$ 877,595	\$ 717,308
Office occupancy	\$ 392,495	\$ 379,605
Other expenses	\$ 377,398	\$ 341,255
Other non-operating expense	\$ 54,763	\$ 144,570
TOTAL NON-INTEREST EXPENSES	\$ 6,310,133	\$ 5,739,591
NET INCOME	\$ 506,077	\$ 1,312,004



OUR #1 PRIORITY IS YOU!

MILWAUKIE | SE PORTLAND | BEAVERTON | PORTLAND P&DC | VANCOUVER

503-760-5304 | nwprioritycu.org

