



2015 PWCU Annual Reports & Financials



A Message from John Savory, Your Point West Chairman



In 2014, we talked about Point West's shift in strategy to serve underserved markets in a four-county area as a newly-christened community chartered credit union. In 2015 we got to work, building an infrastructure and systems to support serving this geographic area, and the unique attributes that come with helping members of modest means.

Strengthening these systems included adding

community partners and technology, and updating our branching strategy. We expanded our community outreach, partnering with organizations to share resources, build capacity, and provide a holistic financial prescription for economic empowerment. An example of this is our strategic community partner, Metropolitan Family Service. Metropolitan Family Service provides services related to early childhood education, economic stability and health and wellness – all critical components of financial wellness and an excellent complement to our work at Point West. Our team worked with MFS to promote a "Drive Hope" campaign last summer as a way to recognize the organization's shared mission of providing affordable auto loans to members who need transportation for work and family. Our combined campaign reach via social media and community events was nearly 100,000 community members. Our very own VP of Financial Solutions, Heather Noel, serves on MFS' Credit Committee, and the two leadership teams are currently in process of grant-writing their way towards funds for additional technical services. We encourage you to flip through our Community Report for more great stories of how Point West serves marginalized members.

Our biggest news came in first quarter of this year, and does not show up on the 2015 financials. I'm excited to share with you that Point West recently received its largest capital infusion in the recorded history of the credit union, with the sale of the Point West property. In 1996, Multco Credit Union Board & Management invested in the property at 718 NE 12th & Irving, to provide a branch for members and grow the property as an investment over time. Change and growth abounds in Portland, and the Board & Management Team decided in recent years to pursue a branching strategy and cost structure which would benefit a greater percentage of the membership. Frankly, upkeep of the property is expensive, and the building is not fully utilized. Those financial

resources can be put to better use for our members in the four counties we serve, and across socio-economic lines. From a financial standpoint, the capital infusion has resulted in our net worth increasing to 9.56% as of March 31, 2016. This equates to a decidedly strong financial base for Point West once more, a goal we've been working towards since the economic crash of 2008. This is exciting news and we know you have questions. We encourage you to attend one of three listening sessions scheduled this summer to provide feedback to our team, so we continue to hear your Member Voice as we create our new branching strategy.

As Point West continues to evolve and grow, it's important we continue to seek and engage new volunteers to serve on our supervisory committee and the board of directors. Democratic control of the credit union is an essential principle of all cooperatives, and finding new volunteers that are dedicated and passionate about Point West and its strategic direction is one of our top priorities. To each and every one of our members, I would encourage you to reach out to me and my fellow volunteers to learn more. We eagerly await to hear from you and we know that together, we can and will continue to sustain and build the best cooperative possible.

As always, I would like to thank my fellow directors and members of the supervisory committee for their continued dedication, insight and talents to keep Point West not only safe and sound, but responsive to the needs and desires of the their fellow members. A huge thank you as well to the Point West staff, who work tirelessly each and every day to bring Financial Wellness into the lives of our members and their families. Last, but certainly not least, thank you to you – our members – for your continued support and membership at Point West Credit Union. It's you that make this all possible and ensures Point West is not just another financial institution, but is a not-for-profit, member-owned cooperative that is dedicated to the Financial Wellness of its community.

The best is truly yet to come. Thank you again for your support, and here's to an exciting and productive 2016.

Sincerely,

John Savory, Chairman of the Board

A Message from Amy Nelson, Your President & CEO



Thank you for contributing to your cooperative and making 2015 yet another strong, focused year of growth and strategy for Point West. We made significant strides yet again in technology, services and impact, laying a firm foundation to continue our march toward Financial Wellness for our members and community in 2016 and beyond.

Net worth continued to improve in 2015, increasing 5.4% from December 2014 (6.96%) to December 2015 (7.34%) with net income of nearly \$260,000. Loan delinquency remained relatively flat for the year, ending in December at 0.35%. Loan charge-offs also remained in check, dropping 40% year-over-year to end December 2015 at 0.31%. Those are impressive numbers given the new lending initiatives and processes we put in place this past year, expanding access to lower-income borrowers and reducing loan decisioning and funding time lines.

We'd be remiss to not also cover the BIG, recent news - in February 2016, we sold our current 12th Ave property to cement Point West's financial future and bring additional opportunity to where and how Point West members can be best served. The sale, reviewed diligently by our volunteer Board of Directors, brings Point West's net worth to 9.56% as of March 31, 2016 - quite possibly the highest the net worth the credit union has ever experienced.

The added net worth created by the property sale will be used to strengthen your cooperative and enhance our reach and service to the community. It allows Point West to proactively approach a new branching strategy that meets the needs of all of our members across four counties: Clackamas, Multnomah, Washington and Yamhill.

And as a Community Development Financial Institution (CDFI) serving underserved and minority populations, there are many who could benefit from access to mainstream financial services and lending capital. To that end, we've been hard at work this past year expanding access to our lending programs, increasing our lending efficiencies, and enhancing our products and services for the benefit of all. Our non-citizen lending portal continues to provide needed capital to non-citizen members without sacrificing risk or return to Point West. In fact, our program was

picked up by the Filene Research Institute as one of five programs to highlight in their "Reaching Minority Households" incubator.

Our microenterprise business lending program rolled out in 2015, designed for micro-businesses within lending needs under \$50,000. We're partnering with community organizations like PSU's Business Outreach Program and Mirador Financial to bring microenterprise lending and education to those struggling to access needed capital and technical resources. Our online consumer loan underwriting platform, LoansPQ, is now live and fully integrated into our lending processes. This year, we'll roll out it's online account-side sibling Xpress Accounts, and are working on mobile versions of both applications so you can apply for loans or accounts whenever and wherever works for you.

Our team continues to make an impact in their community both inside and outside of Point West. In 2015, our employees donated over \$6,500 and volunteered 500+ hours to more than 25 area non-profits. This year was also another record-setting year for Credit Unions for Kids at Point West, where the team once again raised \$7,500 to support Doernbecher Children's Hospital.

Political and regulatory advocacy remained a key strategy for building our CDFI niche. We participated in the Oregon CU Day at the Capitol in Salem as well as the CUNA Governmental Affairs Conference in Washington DC. We assisted with legislator meetings, attended fundraisers for CU champions, and raised a record-breaking \$3,303 for CULAC, the credit union's national political action committee. Point West was one of only ten Northwest CUs out of over 150, awarded a "Top of the Hill" advocacy award for these activities.

With the sale of the property, our deep-dive into branching with our Board of Directors, and our continued investment in technology to make account opening and access better than ever, 2016 will no doubt be another fantastic year of change and opportunity. We sincerely appreciate your voice and vote as a member of Point West.

Cooperatively,

Amy Nelson, President & CEO

Supervisory Committee Report

The Point West Credit Union Supervisory Committee meets on a quarterly (and as needed) basis with the internal auditor to lead the internal audit program. In addition, members of the Supervisory Committee also attend the monthly board meetings. The internal audit program helps the Board of Directors effectively oversee and update controls, policies, and procedures. In 2015, the internal audit findings were minimal and resolved in a timely manner. Each year, the Supervisory Committee also contracts with a third party accounting firm to conduct a thorough financial statement audit of the credit union. This past year, we worked with Moss Adams, LLP, which stated in their independent audit report that the results of Point West Credit

Union's operations and its cash flows for 2015 ended in conformity with generally accepted accounting principles.

We would like to thank the Board of Directors for giving us the opportunity to serve our membership in this capacity. We would also like to thank Darlene Amacher-Conner, Point West's internal auditor and compliance officer, for her assistance and the staff of Point West Credit Union for their efforts to provide safe and sound Financial Wellness to the membership.

Bryan Baisinger, Supervisory Committee Chair



2015 PWCU Statement of Financial Condition

	2014	2015
CAPITAL/TOTAL ASSETS (Net Worth)	6.96%	7.34%
ASSETS		
Cash & Cash Equivalents	12,628,144	8,564,690
Interest-Bearing Deposits	7,459,075	9,139,741
Investment Securities Available for Sale, At Fair Value	5,453,487	4,121,326
Restricted Equity Securities	447,729	355,929
Loans Receivable, Net	61,887,340	65,359,923
Accrued Interest Receivable	230,786	165,686
NCUSIF Deposit	878,748	852,810
Property & Equipment, Net	3,412,310	3,315,812
Other Assets	1,568,440	841,53
TOTAL ASSETS	93,966,059	92,717,447
LIABILITIES & MEMBER EQUITY		
LIABILITIES		
Members' Share & Savings Accounts	86,500,918	85,078,615
Borrowed Funds	695,506	250,000
Accrued Expenses & Other Liabilities	472,002	788,704
MEMBERS' EQUITY		
Regular Reserves	5,104,555	5,104,555
Undivided Earnings	1,200,981	1,459,991
Accumulated Other Comprehensive Income (Loss)	(7,903)	35,582
TOTAL LIABILITIES & MEMBER EQUITY	93,966,059	92,717,447
INTEREST INCOME		
Interest on Loans Receivable	3,072,993	3,029,455
Interest on Investments & Interest-Bearing Deposits	244,057	233,494
Total Interest Expense (Loss)	(280,486)	(244,216)
Recapture of Provision for Loan Losses	74,851	10,948
NET INTEREST INCOME	3,111,415	3,029,681
NON-INTEREST INCOME		
Service Charges & Fees	1,040,696	1,054,142
Gain on Sale of Other Real Estate Owned	-	117,131
(Loss) Gain on Sale of Property & Equipment	10,000	(18,275)
Gain on Sale of Securities Available for Sale	6,456	-
Other Non-Interest Income	106,490	117,097
NET INTEREST INCOME	1,163,642	1,270,095
NON-INTEREST EXPENSES		
Compensation & Benefits	1,657,274	1,689,546
Office Operations	983,742	1,111,481
Professional Services	370,357	322,730
Office Occupancy	270,590	242,617
Impairment of Insurance Premiums Receivable	-	114,899
Loan Servicing Expenses	95,980	130,976
Promotional	95,720	103,578
Other Non-Interest Expense	280,090	324,939
TOTAL NON-INTEREST EXPENSES	3,753,753	4,040,766
NET INCOME (LOSS)	521,304	259,010

March 2016

9.56%

Subsequent Event - PWCU Property Sale

On February 26, 2016, the Credit Union finalized the sale of their administrative office and branch property located in Portland, Oregon for \$5,607,000. Net proceeds to the Credit Union were approximately \$5,368,000 and the Credit Union recognized a gain on sale of approximately \$2,241,000. Under the terms of the purchase and sale agreement, the Credit Union entered into a lease agreement to lease the property back from the buyer for an initial period of twelve months. There is no required lease payment during the initial lease term. During the lease term, the Credit Union is required to pay all expenses related to the property including maintenance and taxes.

Notes to Financial Statements, Note 13
2015 Audit Results and Required Communications
Moss-Adams, LLP
March 31, 2016



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The accompanying December 31, 2015 condensed financial statements have been derived from financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. Audited statements will be available upon request by contacting the credit union at 503.546.5000. **Federally insured by NCUA.**