

# 85th Annual Member Business Meeting



# A Message from Susan Brown, Your Point West Chairperson



For over 85 years, Point West has been in some state of evolution. As a member-owned cooperative, the credit union has always been a reflection of the myriad of people and communities it serves. 2017 not only continued that evolution, but saw it catalyzed in large, important and exciting ways.

For any of our members that have visited our new branch, it has clearly been one of the more visible signs of our evolution this

past year. While change is never easy, our new Lloyd branch was built with the future of Point West in mind. It allowed us to stay within our historical footprint in the Lloyd District, where members have come to know and expect to find Point West. It's mere blocks away from MAX and other important public transportation hubs. The efficient space allows the Point West team to do more with less, serving thousands of members with a footprint one tenth of the previous location. It has also raised the profile of Point West in the neighborhood with residents and small businesses, leading to new members, new awareness, and greater impact to the community for your cooperative.

The Point West's team commitment to its community does not stop at the credit union's doors, either. Combined, our employees volunteered over 800 hours and donated nearly \$10,000 of their own money to support a variety of community organizations and causes, including the Oregon Food Bank, Financial Beginnings and Doernbecher Children's Hospital by way of Credit Unions for Kids.

Every year brings numerous challenges and opportunities to Point West. Through it all, your volunteer Board of Directors continues to be laser-

focused on the credit union's strategic direction while maintaining the utmost regard for the safety and soundness of the membership's money. 2017 saw significant investments in infrastructure, technology and people to create not just the credit union our members deserve today, but one built for the members of tomorrow. These outlays create a solid foundation upon which Point West, its members and the communities it serves will survive and thrive well into the future.

These efforts are led by my incredible fellow volunteers, who give freely of their time, experience and intellect to ensure a strong, robust and driven cooperative focused on financial empowerment for its members. Whether it's our board of directors or our Supervisory Committee, their support is vital to the success of Point West. To continue that success, we are always on the lookout for new, passionate volunteers that are eager to nurture and grow our cooperative. To those that believe in Point West and its mission, I encourage you to consider volunteering – it's a worthwhile endeavor and will pay dividends to you, our members, this organization and our entire community.

Thank you for your continued support and membership at Point West Credit Union. Working together, as a not-for-profit financial cooperative dedicated to the financial empowerment of all, the best is truly yet to come.

Sincerely,

Susan Brown, Chairman of the Board

## Your Money at Work: The Economic Impact of Point West and YOU



Money To Members  
**\$799,000**



Income Supported  
**\$3,698,000**



Jobs Created/Retained  
**84**



Economic Contribution  
**\$10,728,000**

*ECONorthwest delivered an independent review that analyzed the gross economic impacts of credit unions in Oregon. The study measured jobs, economic output, and income supported by not-for-profit, member-driven cooperative credit unions in the regional economy. It also measured the direct benefits that credit unions are uniquely positioned to return to their members.*

*The key difference between credit unions like Point West and other financial services providers is the not-for-profit, cooperative structure. Credit unions are owned and driven by the members who use their services. Unlike profit-driven financial institutions which pay stockholders, credit unions return their benefits back to their members in the form of better interest rates, lower fees, and other services that their members need.*

*Based on survey data provided by credit unions and other sources, ECONorthwest calculated the gross economic impacts throughout Oregon. These numbers specifically highlight the impact of Point West Credit Union and its members.*

Data compiled by ECONorthwest

# A Message from Amy Nelson, Your President & CEO



It feels like only yesterday I was writing this report, looking ahead to 2017 at Point West Credit Union. How time flies! It was a busy and exciting year – with two location moves, significant realignment in our operational structure to better serve our members, and a variety of other successful initiatives and metrics, 2017 was full of growth and change.

Financially, 2017 proved a challenging, albeit not fully unexpected, year for the credit union. Point West ended the year with a strong net worth position of 9.32%. However, expenses related to our branch and administrative moves, coupled with higher-than-anticipated loan losses, resulted in a net loss in 2017. With our two large moves now behind us, Point West's management team, in close coordination with the credit union's Board of Directors, is working diligently to reduce loan delinquency and loan charge offs; and continuing to re-align operational expenses to enhance revenue and bring net profit back to the credit union as soon as prudently possible.

We're very proud of just how successful our branch and administrative moves were this past year, and you have also shared with us through over 400 unique member surveys, what you like best about our transition, and where we can continue to improve. Thanks to the patience and support of our members, coupled with our team's hard work, we were able to move our cooperative into two new locations after twenty years at our previous headquarters with minimal interruption to service. We recognize these moves may have been disruptive to some of our members, perhaps even challenging. To all of our members, we thank you for your ongoing feedback on how we can serve you better, and we look forward to continuing to evolve our branch and overall credit union experience.

Credit unions were created to provide affordable credit and services to their member-owners (including this credit union 86 years ago!). To that end, Point West delivered: historic loan growth continued at elevated levels for a second year in a row. As of December 31, 2017, total loan balances were \$83,900,813, an increase of 7.33% year-over year. Including loans participated to other mission-aligned credit unions in support of our community development model, total lending activity at Point West increased by over 24% in 2017.

As a Community Development Financial Institution (CDFI), ensuring a balanced approach to serving our underserved communities is incredibly important to our mission. By lending to traditionally marginalized borrowers (including immigrants, minorities, micro-business owners, members with fixed incomes, and borrowers with little to no traditional credit) using strong underwriting criteria and appropriate pricing strategies, Point West has been able to provide affordable loans to more of its community while ensuring a strong return to the credit union.

Here's a notable example of these principles in action – this past year, Point West worked together with community partner Metropolitan Family Service (MFS) to become the lender for its "Ways to Work" program, which provides low-cost vehicle loans to low income families with dependent children. As of December 31, 2017, Point West held 16 Ways to Work vehicle loans for MFS clients for a total of \$82,868 and a weighted rate of 8.0% – and a current delinquency ratio of 0%. Our data shows 67.8% of Ways to Work borrowers have been able to maintain or improve their credit scores, and according to MFS, 50% of their Ways to

Work clients report they experience a pay increase or promotion after accessing this loan program. Talk about impact!

Enhancing our offerings to members was also a priority in 2017. We completely revamped our website to better align our product and service offerings with member needs. We invested in more bilingual staff and services for our Spanish-speaking members, including a complete translation of our website. We enhanced our technological offerings, including back-end redundancies to reduce service interruptions, and new ATMs with improved offerings like envelope-less check and cash deposits.

We're not stopping there either – in February of this year we reintroduced dividends on all share accounts, and have increased returns on our certificate of deposit offerings, all in recognition of the important part your deposits play in the financial outcomes and impact this credit union creates. This month will see the rollout of our new and improved Mobile Banking app, and we expect several additional enhancements to this application before the year is over. And last but not least, we unveiled an all-new member service survey system, allowing us to not only get greater clarity on what is and isn't working from you, but to also respond to your feedback in nearly real time. These are just a small sampling of the ways we will continue to improve on our offerings and return to you in 2018 and beyond.

Our work advocating for our members and our community continued to be a priority this past year. Whether locally, regionally or nationally, Point West actively advocated for its not-for-profit cooperative structure, its members, and the underserved communities it serves. Beyond legislative activism, our advocacy extends to the great work we do in our local community with our nonprofit partners. From financial education to credit building, small businesses to high school graduates, Point West had a busy year of building financial capacity and impact not only for the credit union, but for the members and community partners it serves. A huge thank you to all of the people and organizations that made these advocacy efforts possible in 2017, including Metropolitan Family Service, Hacienda CDC, CASA of Oregon, Innovative Changes, the Mexican Consulate of Portland, Centro Cultural, the PSU Business Outreach Program, Neighborhood Partnerships, and many more.

As a member-owned cooperative, your voice and support remain the most critical components to our success. We were honored to host our member listening sessions throughout 2017 to hear your fantastic financial wins, thoughtful concerns, and ideas to improve your credit union. We've continued these important sessions into 2018, including our recent (and most successful to date) all Spanish-speaking listening session. Look for more of these opportunities later this year – I, along with our staff and volunteers, look forward to connecting with you.

On behalf of Point West Credit Union and our Member Service team, thank you for your steadfast support and participation in this cooperative, and for helping drive real impact and results for your fellow members and local community.

Cooperatively,

Amy Nelson, President/CEO



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# Point West Credit Union **Statement of Financial Condition**

	2016	2017
<b>CAPITAL/TOTAL ASSETS (Net Worth)</b>	<b>9.48%</b>	<b>9.32%</b>
<b>ASSETS</b>		
Cash & Cash Equivalents	4,240,551	3,812,884
Interest-Bearing Deposits	10,191,684	7,720,072
Investment Securities Available for Sale, At Fair Value	1,644,013	1,088,860
Restricted Equity Securities	339,229	347,429
Loans Receivable, Net	80,077,819	83,782,413
Accrued Interest Receivable	186,480	237,834
NCUSIF Deposit	851,438	928,419
Property & Equipment, Net	469,577	3,135,543
Other Assets	884,104	1,158,740
<b>TOTAL ASSETS</b>	<b>98,884,895</b>	<b>102,212,194</b>
<b>LIABILITIES &amp; MEMBER EQUITY</b>		
<b>LIABILITIES</b>		
Members' Share & Savings Accounts	88,462,469	91,450,044
Borrowed Funds	250,000	1,000,000
Accrued Expenses & Other Liabilities	894,047	1,294,613
<b>MEMBERS' EQUITY</b>		
Regular Reserves	5,104,555	5,104,555
Undivided Earnings	4,094,267	3,337,483
Accumulated Other Comprehensive Income (Loss)	79,557	25,499
<b>TOTAL LIABILITIES &amp; MEMBER EQUITY</b>	<b>98,884,895</b>	<b>102,212,194</b>
<b>INTEREST INCOME</b>		
Interest on Loans Receivable	3,317,739	3,645,885
Interest on Investments & Interest-Bearing Deposits	261,649	228,379
Total Interest Expense (Loss)	207,368	273,342
Recapture of Provision for Loan Losses	8,382	1,064,109
<b>NET INTEREST INCOME AFTER PROVISION</b>	<b>3,363,638</b>	<b>2,536,813</b>
<b>NON-INTEREST INCOME</b>		
Service Charges & Fees	1,074,529	1,331,707
Gain on Insurance Premiums Receivable	---	16,087
Gain on Sale of Property & Equipment	2,240,525	---
Other Non-Interest Income	134,162	105,336
<b>TOTAL NON-INTEREST INCOME</b>	<b>3,449,216</b>	<b>1,453,130</b>
<b>NON-INTEREST EXPENSES</b>		
Compensation & Benefits	1,738,365	1,991,468
Office Operations	1,189,332	1,160,906
Professional Services	405,588	577,008
Office Occupancy	199,721	346,902
Impairment of Insurance Premiums Receivable	1,066	---
Impairment of Foreclosed and Repossessed Assets	37,767	---
Loan Servicing Expenses	180,846	189,472
Promotional	144,975	169,728
Other Non-Interest Expense	280,918	311,243
<b>TOTAL NON-INTEREST EXPENSES</b>	<b>4,178,578</b>	<b>4,746,727</b>
<b>NET INCOME (LOSS)</b>	<b>2,634,276</b>	<b>(756,784)</b>

## Supervisory Committee Report

The Point West Credit Union Supervisory Committee meets quarterly with the Internal Auditor Patrick Kniefel, and on an as needed basis to lead the internal audit program for the credit union. The Supervisory Committee members also attend the monthly board meetings.

The internal audit program provides the Board of Directors information to effectively oversee and update controls, policies, and procedures for the credit union. Each year, the Supervisory Committee also contracts with a third party accounting firm to perform a thorough financial statement audit of the credit union. In 2017, we worked with Moss Adams, LLP to provide those independent audit services.

How did 2017 go? Very well. Internal audit findings were minimal. Moss Adams, LLP, provided their independent audit report showing Point West Credit Union's operations and its cash flows for 2017 ended in conformity with generally accepted accounting principles.

I would like to thank the Supervisory Committee members for their time and expertise. On behalf of the committee we would like to thank the Board of Directors for giving us the opportunity to serve our members in this capacity. We would also like to thank Point West's internal auditor and compliance officer Patrick Kniefel for his assistance and detailed work. Also, a huge thank you to the entire staff of Point West Credit Union for their efforts to provide safe and sound Financial Wellness to all our members.

Bryan Baisinger, *Supervisory Committee Chair*



**503.546.5000** [pointwestcu.com](http://pointwestcu.com)

The accompanying December 31, 2017 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.**