



Report of Independent Auditors
and Financial Statements

Point West Credit Union

December 31, 2023 and 2022

Report of Independent Auditors

The Board of Directors and Supervisory Committee
Point West Credit Union

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Point West 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Point West Credit Union as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Point West Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, Point West Credit Union adopted Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326)*, as amended, which replaces incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Point West Credit Union's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Point West Credit Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Point West Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Portland, Oregon

April 26, 2024

Point West Credit Union
Statements of Financial Condition
Years Ended December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 6,821,181	\$ 6,424,525
Interest-bearing deposits	13,090,000	17,748,000
Investment securities available-for-sale, at fair value	216,744	254,085
Restricted equity securities	620,602	690,002
Loans receivable, net	84,294,564	78,065,372
Accrued interest receivable	260,651	251,520
National Credit Union Share Insurance Fund (NCUSIF) deposit	953,144	964,657
Property and equipment, net	2,281,824	2,285,908
Insurance premiums receivable	696,967	671,488
Foreclosed and repossessed assets	71,892	6,813
Other assets	661,272	568,869
Total assets	\$ 109,968,841	\$ 107,931,239
LIABILITIES		
Members' share and savings accounts	\$ 87,280,316	\$ 93,805,411
Nonmember certificates	6,519,152	245,252
Deferred grant revenue	3,039,115	-
Borrowed funds	1,411,710	2,700,000
Accrued expenses and other liabilities	867,234	752,754
Total liabilities	99,117,527	97,503,417
COMMITMENTS AND CONTINGENCIES (Notes 7 & 8)		
MEMBERS' EQUITY		
Undivided earnings	10,853,631	10,433,955
Accumulated other comprehensive loss	(2,317)	(6,133)
Total members' equity	10,851,314	10,427,822
Total liabilities and members' equity	\$ 109,968,841	\$ 107,931,239

See accompanying notes.

Point West Credit Union
Statements of Income
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
INTEREST INCOME		
Interest on loans receivable	\$ 4,785,076	\$ 2,916,551
Interest on investments and interest-bearing deposits	477,649	489,990
Total interest income	<u>5,262,725</u>	<u>3,406,541</u>
INTEREST EXPENSE		
Members' share and savings accounts	500,707	197,218
Borrowed funds	47,233	58,795
Total interest expense	<u>547,940</u>	<u>256,013</u>
NET INTEREST INCOME	4,714,785	3,150,528
PROVISION FOR CREDIT LOSSES	<u>218,321</u>	<u>-</u>
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	<u>4,496,464</u>	<u>3,150,528</u>
NONINTEREST INCOME		
Service charges and fees	761,613	854,601
Gain on insurance premiums receivable	25,479	12,399
Grant income	-	1,400,000
NCUSIF distribution	-	56,380
Other noninterest income	99,075	76,268
Total noninterest income	<u>886,167</u>	<u>2,399,648</u>
NONINTEREST EXPENSE		
Compensation and benefits	2,251,817	2,099,914
Office operations	1,068,084	917,726
Professional services	584,800	513,173
Office occupancy	320,174	306,294
Promotional	242,667	233,660
Loan servicing expenses	194,014	208,082
Other noninterest expense	285,110	241,840
Total noninterest expense	<u>4,946,666</u>	<u>4,520,689</u>
NET INCOME	<u>\$ 435,965</u>	<u>\$ 1,029,487</u>

See accompanying notes.