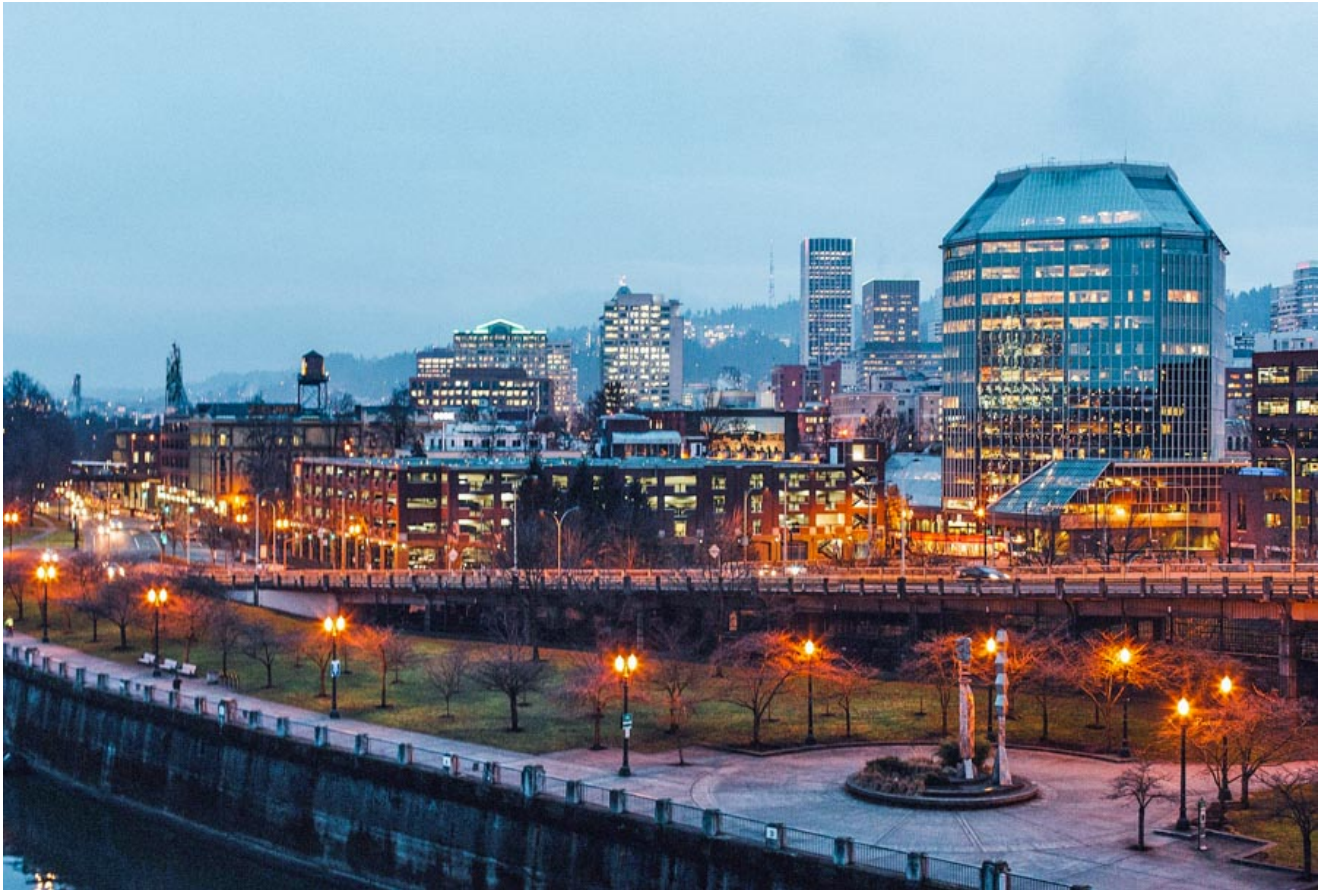


***KaiPerm Credit Union***  
***Annual Meeting Report***  
***May 21, 2024***



***Banking like you wouldn't believe!***

**KAIPERM NORTHWEST FEDERAL CREDIT UNION – PORTLAND, OREGON**

# Message From The Chairman Of The Board

Dear KaiPerm Members

The KaiPerm Board of Directors thank you for your support and wish everyone the best for 2024.

Your current board is comprised of members from our community. Board members typically have or are working for Kaiser Northwest or Northwest Permanente. Directors meet monthly to help the credit union navigate current and future conditions. The Directors have a wide diversity of experiences to cover most issues at hand.

NCUA (National Credit Union Administration) completed the annual assessment of KaiPerm Credit Union this March. The examination takes five people two weeks to audit all facets of operations and policy. Your credit union did well. KaiPerm CEO Ed Waite and I received our final review from the NCUA senior examiner who complimented KaiPerm on our operations and adherence to NCUA policy. The regulator was also impressed with how well KaiPerm operates in a high interest global environment. Many other credit unions, large and small, are having a challenging time with the high interest environment.

After every yearly exam, the credit union initiates corrections to any findings brought to our attention. The NCUA findings and KaiPerm's response to the recommendations are testament to KaiPerm administration and staff. We really have a great group of people working for you.

KaiPerm is local.

Local is something that cannot be overemphasized. Many KaiPerm members realize how precious local is. KaiPerm has always provided my family with helpful personal solutions. It's a great feeling to know KaiPerm is here to help me and you.

KaiPerm offers great CD rates with some CDs earning over 5 percent interest on return. Our Direct Advantage (DA) checking account pays 8 percent on the first thousand dollars in the account. KaiPerm also has a program to help young and new members with finance.

Our staff enjoy the personal engagement with you, the credit union's member owners. KaiPerm's goal is to help each member to "*Get Ahead Financially*".

KaiPerm is dedicated to helping you and our community.

Sincerely,

Bill Borok  
Chairman

# **Report of the Supervisory Committee - Year 2023**

The Supervisory Committee, appointed by the Credit Union's Board of Directors, is responsible for appraising policies, making recommendations to the Board, reviewing operational procedures, ensuring the safety of members' funds, safeguarding members' and officials' interests, reviewing loans to officials, and being continually aware of the Credit Union's state of operations.

The Committee reviews monthly bank reconciliations, sends confirmations on closed accounts, verifies adequate documentation of new loans, new member accounts and address changes on a sample basis, and performs an audit of a variety of other functions. Confirmations are distributed every two years on all share and loan accounts to verify the completeness, validity, and accuracy of the Credit Union records.

The Committee also contracts for an annual audit with an independent auditor. The audit covering the period of July 1, 2022, through June 30, 2023, was conducted by Daren B. Tanner, Certified Public Accountant. The audit was completed in accordance with the rules and regulations of the National Credit Union Administration (NCUA) and GAAP accounting.

There was one minor finding this year: The Credit Union drafted a policy to correct the finding and it was approved by the Board of Directors on 10/17/2023.

The Supervisory committee is pleased with the management of our Credit Union, its services, and its commitment to our members. The Committee appreciates the assistance and cooperation of Staff and Management during the Supervisory Committee audits.

Our Committee members have worked diligently to get their assignments completed. We even have one member working remotely. Julie Hollister-Smith retired from her five years of service at the end of 2023. THANK YOU JULIE! And thank you to Bill Criteser and John Flaherty for their continuing conscientious and reliable work for the Credit Union.

Carla Robertson  
Chair

# Message From The CEO

The year 2023 was extremely challenging for our members. Inflation and high interest rates combined with supply chain shortages stressed members' finances. On the positive side, 2023 was a good year for savers. Depositors enjoyed certificate rates of 5.15% for 16 months! The credit union's Direct Advantage checking account now earns 8% on the first \$1000 on deposit with no fees or balance requirements.

## Coming out of the pandemic

Throughout these stressful and demanding times, your credit union delivered strong operating and financial results across all key indicators. Our commitment of helping members *get ahead financially* has always been the credit union's guiding principle. KaiPerm has an obligation and responsibility to remain level-headed during challenging times by building a strong future for our members. The credit union's long-term strategy provides low-cost lending (we do not risk rate loans), high dividends and closely watching operating costs.

Home Equity Line of Credit (HELOC) borrowing was strong throughout 2023. Members are using the equity in their homes to consolidate debts, start long-delayed home improvement projects or pay for children's education. Members are taking advantage of KaiPerm's VISA with a low 9.95% Direct Advantage (DA) fixed rate.

## The KaiPerm commitment

The key component in KaiPerm's connection with our member/owners is trust. Our employees are the conduit to do just that. Their service and work ethic are top-notch. They create value by being a reliable helping resource for member's questions and inquiries. Need assistance? Call us.

## KaiPerm's self-service products are safe and secure

Members use the credit union's self-service products to access their accounts 24/7. Remote deposit capture (RDC) was introduced at the start of the pandemic. It is a safe and easy to use product to deposit checks and access your funds. KaiPerm's partnership with the Money Pass Network is a big plus for members who are out of town, not close to a branch office and need cash.

## Did you know?

KaiPerm has partnered with KnowBe4, a cyber-security software educational program designed to educate our members about cyber threats and fraud. KnowBe4 is the largest trainer of computer security awareness programs in the United States. The company provides remarkable educational training modules for the whole family. Call the credit union and get signed up. It is a free service provided by KaiPerm.

Last, the credit union wishes our member-owners all the best financial health in 2024. Thank you for your loyalty, commitment and support.

Ed Waite  
CEO

# KPCU: Statement Of Financial Condition

## 12/31/2023

### Assets

Total Loans	\$60,171,541.07
Allowance for Loan and Lease Loss	<u>-\$990,066.00</u>
Net Loans Outstanding	\$59,181,475.07
Total Cash & Cash Equivalents	\$10,215,952.45
Investments	\$55,449,013.94
Prepaid & Deferred Expenses	\$88,863.77
Furniture & Fixtures & Equip (Net)	\$45,546.63
Accrued Income	\$312,686.14
NCUSIF	<u>\$995,731.70</u>
Total Assets	\$126,289,269.70

### Liabilities and Equity

Accounts Payable	\$177,418.03
All Other Liabilities	<u>\$9,925,950.17</u>
Total Liabilities	\$10,103,368.20
Total Shares	\$102,275,887.05
Regular Reserve	\$712,564.82
Unrealized Gain(Loss) on Investments	-\$314,031.64
Undivided Earnings	<u>\$13,511,481.27</u>
Total Equity	<u>\$116,185,901.50</u>
Total Liability & Equity	\$126,289,269.70

### **How Members Use the Credit Union**

Total Number of Members	5,873
Number of Members with "DA" Checking	3,537
Number of Members Doing Banking Online	4,205
Amount Loaned to Members in 2023	\$17,977,141.82

# KPCU: Statement Of Income & Expense

## 12/31/2023

### Income

Income From Loans	\$2,426,819.38
Investment Income	<u>\$1,715,382.90</u>
Total Banking Income	\$4,142,202.28
Total Interest Expense	<u>-\$1,390,410.70</u>
Net Interest Income	\$2,751,791.58
Provision for Loan Loss	<u>-\$75,581.66</u>
Net Interest Income After Provision	\$2,676,209.92
Income From Fees & Charges	\$321,811.11
Other Income	<u>\$825,749.38</u>
<b>Gross Income:</b>	<b>\$3,823,770.41</b>

### Operating Expenses

Salaries	\$1,188,436.75
Pension 401(k)	\$143,654.45
Employee Benefits	\$192,832.77
Travel & Conference	\$24,785.26
Association Dues	\$7,931.46
Office Occupancy	\$114,190.02
Office Operations	\$488,295.58
Education & Marketing	\$22,000.00
Loan Servicing	\$23,695.27
Outside Services	\$666,001.41
Examination Fees	\$20,932.28
Cash Over/Short	-\$30.23
Misc. Operating Expense	\$27,000.00
Depreciation Expense	<u>\$36,992.53</u>
<b>Total Operating Expenses</b>	<b><u>\$2,956,717.55</u></b>
<b>Net Income:</b>	<b>\$867,052.86</b>

# KPCU: Statement Of Changes In Equity

## Period Ending 12/31/2023

<u>Regular Reserves/Other (Net)</u>	<u>Year-to-Date</u>
Balance at End of Period	\$398,533.18
<u>Undivided Earnings</u>	
Balance at Beginning of Period	\$12,644,428.41
Additions: Net Income After Dividends	<u>\$867,052.86</u>
Balance at End of Period	\$13,511,481.27
Total Credit Union Equity	\$13,910,014.45

### Notes To The Financial Statements

Year Ending 12/31/2023

The accompanying notes are an integral part of the financial statements.

### Significant Accounting Principles

#### LOANS TO MEMBERS AND CURRENT EXPECTED CREDIT LOSS (CECL)

Loans are stated at the amount of unpaid principle. Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principle amounts outstanding. Expected Credit Losses include the historical loss associated with financial assets having similar risk characteristics. Current condition like changes in unemployment rates, property values, commodity values, delinquency, other microeconomic and macroeconomic factors and asset-specific adjustments.

#### PENSION PLAN

In January 1997 the Credit Union established a 401(k) Plan for the employees' retirement. All employees of the Credit Union are eligible for the plan provided they are over twenty-one years of age and have worked for this Credit Union 1000 hours during the plan year. The base plan is discretionary and matches up to six percent of the employees' contribution. The Credit Union also offers its employees an incentive-based 401(k) plan. The maximum payout is based on the CUs performance.

#### RECRUITMENT LOAN GUARANTEE

Northwest Permanente (NWP) has a purchase and assumption loan agreement with the credit union. NWP refers recruitment loan borrowers to KPCU on an ongoing basis and provides the Credit Union a guarantee in the event of default.

#### POTENTIAL FIELD OF MEMBERSHIP

The Credit Union's primary field of membership (Kaiser's number of employees) offers 13,130 potential primary memberships as of 12/31/2023, as based on NCUA guidelines for determining family eligibility. The average family size is three; therefore, KPCU has a potential membership of 39,390.

#### REGULAR RESERVES/OTHER (NET)

The Regular Reserve is an equity account with a book balance of \$712,564.82. In addition, the credit union's available for sale (AFS) investments have negative value of \$314,031.64. The two accounts have a net combined balance of \$398,533.18. AFS investments have a readily available market price and are reflected other comprehensive income (OCI) until they are sold.

# Minutes of Last Year's Annual Meeting

Secretary / Treasurer, Holly Morgan welcomed everyone to the Annual Meeting.

The Meeting was called to order at 6:03 pm on May 16, 2023.

As the bylaws state, 15 members in good standing must be present to establish a quorum. The quorum was exceeded and the meeting was declared open.

The meeting was turned over to CEO, Ed Waite. Ed welcomed everyone back. Ed acknowledged the Volunteers and Staff. Ed introduced the staff.

The meeting was turned over to Bill Borok – Chairman. Bill introduce the Board of Directors and a special presentation.

Bill introduced Tyler Wubben – Nominating Committee. Tyler introduced three board members renewed for their new term – Sam Hayden, Holly Morgan and Tom Stibolt.

The meeting was turned back to Holly Morgan. Holly opened the meeting for any unfinished business or questions. None were presented.

The meeting was turned over to Bill Borok.

Ratification of last year's minutes. Annual Meeting minutes and reports (included reports of the Chair, CEO, and the Supervisory Committee, along with the financial statements as of December 31, 2022) were brought to the attention of the membership and the floor was opened up for questions. No questions were presented.

Holly introduced Angela Oscar and Sarah Oxford – KaiPerm credit union employees. Angela and Sarah announced the winners for the prizes.

The meeting was turned back to Holly Morgan. Holly thank you to the Annual Meeting committee. She encouraged everyone to tell their coworkers and friends to spread the news. She pointed out the DA program of the 8% the first \$1,000. Holly introduced Alex Lamb – VP of Development. Alex shared about the CD and Money Market rates.

Motion was made to adjourn the meeting. Motion was seconded. All in favor, none opposed.

Holly Morgan

Secretary / Treasurer



# **Last, but not least...**

## **Many Thanks to KPCU's Fantastic Volunteers**

### **Board of Directors**

Bill Borok (Chair)  
Dr. Tom Stibolt (Vice Chair)  
Holly Morgan (Sec/Treas)  
Spencer Frost  
Chris Lattig

Sam Hayden  
Sean Jones  
Peter Lang  
Tyler Wubbena

### **Supervisory Committee**

Carla Robertson (Chair)  
Bill Criteser

Julie Hollister-Smith  
John Flaherty

### **Other KPCU Volunteers**

John Flaherty – Facilities/Budget Review  
Holly Morgan – Annual Meeting

Ray Robertson – Retirement Plan Trustee &  
Budget Review  
Steve VanHee – HR Policy Review  
Dr. Tom Stibolt – Cyber Security

## **And...To Our Loyal and Dedicated Staff!**

Angela Baldwin – MSR/Loan Processor  
Mirela Botoroaga – MSR  
Peggy Doyle – VP of Lending & Operations  
Tina Fadden – MSR  
Kortnie Goldsmith - MSR  
Alejandra Gonzales – Loan Officer  
Nikki Hoffmann – MSR

Cecelia Hurley – Scanning Specialist  
Tish Kilcher – Support Spec  
Holly Luu – VP Accounting  
Katherine McGee – New Account Rep  
Angela Oscar – Loan Officer  
Sarah Oxford – Accounting Specialist  
Ed Waite – CEO