



# ANNUAL REPORT 2023

86TH ANNUAL BUSINESS MEETING

# AGENDA

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**Call to Order by the Chair**

**Ascertain Presence of Quorum**

**Reading of Minutes of 2023 Business Meeting**

**Moment of Silence**

**Chair & President's Report – pg. 4**

**Supervisory Committee Report – pg. 5**

**Unfinished Business**

**New Business**

**Meeting Adjourned**

# EXECUTIVE MANAGEMENT & BOARD OF DIRECTORS

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## 2023 BOARD OF DIRECTORS

**Tod Dickeson** – Chair  
**Kyle Morscheck** – Vice Chair  
**Tara Leer** – Treasurer  
**Michelle Bly** – Secretary  
**Doug Mushlitz** – Director  
**Kym Clift** – Director  
**Wanda Keefer** – Director  
**Brett Kinzer** – Director  
**Tom Pfliger** – Director

## SUPERVISORY COMMITTEE

**Tom Luper** – Chair  
**Doug Mushlitz**  
**Becky Sturmer**

## EXECUTIVE MANAGEMENT

**Chris Loseth**  
President & CEO  
**Troy Sandvick**  
Chief Data Officer  
**Craig Emerson**  
Chief Financial Officer  
**Mike Vogeler**  
Chief Operations Officer  
**Brent Gifford**  
Chief Information Officer  
**Richard Paige**  
Chief Administrative Officer

# A MESSAGE FROM OUR CHAIR & PRESIDENT & CEO

On behalf of our Staff, Management, and Board of Directors, we want to thank you for attending our 86th Annual Business Meeting. We remain committed to bringing value to our members' financial lives and are committed to enhancing the quality of life in the communities we serve as we move into our 87th operational year. These are traits we are known for and traits that have become our brand. This has been our tradition for 86 years and we are continually building on these traits for the benefit of our members.

P1FCU continues to experience strong membership growth with net New Members growth of 8,322 this year for a 12-month growth rate of 7%. Our assets continue to grow as more members use the credit union with an increase of \$169,101,727 or 8.4% in assets for 2023. Lending also had excellent growth for 2023. Our loans grew \$116,443,920 from 2022 to 2023 for a growth rate of 6.9%. This is outstanding performance, and we cannot say enough about the quality, dedication and commitment of our Staff, Management and Board in their efforts to serve our members' needs throughout the year.

Callahan & Associates, who tracks every credit union's financial performance in the United States, has once again given P1FCU excellent ratings as of 9/30/23. P1FCU is ranked in the 94th percentile of all credit unions in the United States for Total Return to Members, a rating based on Return to Savers, Return to Borrowers, and Member Service Usage. P1FCU ranks in the top 4%, based on asset size, of all credit unions in the United States.

As we continue to expand across our three-state field of membership in Idaho, Washington, and Oregon, we opened a branch office in Meridian, Idaho on January 8th of this year. We also opened our new branch in Garden City, Idaho on January 11, 2023, and opened a new branch on May 15, of 2023 in Pullman, Washington next door to the Pullman Regional Hospital, south of Bishop Boulevard. We are continually evaluating additional branch location opportunities as we move into the various regions of our three-state field of membership. We keep moving the credit union forward for the benefit of the thousands of residents of the community areas we are proud to serve.

Our Board of Directors and Executive Management Team continually reviews and enhances our Strategic Business Plan and analyze the operations of the credit union, the environment we operate in and develops strategies and objectives to keep P1FCU strong and relevant for our members while positioned for continued success. This has been an extremely challenging economic time in the United States and the world this year and P1FCU has continued our competitive position in this financial market that demands close attention to all the details of our operations and ongoing analysis of the financial environment.

We emphasize and practice our ROOTS Core Values daily with our members and staff to be Relatable, to be Original, to Openly Empower, to be Transparent and to have Sincere Gratitude. Our ROOTS Core Values will continue to guide us in member engagement, staff relationships and community relations. Our ROOTS are integrated into our P1FCU brand as we are always working to improve and be better each day in our service to our members and in our appreciation of our staff.

We want to thank Tara, Tom, Kyle, Wanda, Michelle, Kym, Doug, and Brett along with Tod for their volunteer service on our Board of Directors in 2023. Additionally, we want to recognize Tom, Doug, and Becky for their volunteer service as Supervisory Committee Members. The dedication of your volunteers is commendable and valuable to the members of P1FCU. We especially want to thank Doug Mushlitz, as he is resigning this year, after 17 years of exemplary service and professionalism in his role as a volunteer Board Member, Supervisory Committee member.

Thank you, our members, along with our Board, Staff, and Executive Management for making our credit union what it is today and for attending our 86th Annual Business Meeting.

Sincerely,



**Tod Dickeson**  
**Board Chair**



**Chris Loseth**  
**President & CEO**

# SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is charged with the responsibility of ensuring the operations of your credit union not only meets the regulations mandated by the Idaho Department of Finance, our primary regulator, and the National Credit Union Administration, an agency of the United States Government, our federal regulator, but also serves you, the members, professionally and efficiently.

We are also charged with safeguarding the assets and shares of the credit union. We engage Eide Bailly, LLC, to assist with our internal auditing and to conduct additional studies for the Supervisory Committee. Each year we have a co-examination conducted by the State of Idaho, Department of Finance, our primary regulator, and our federal regulator, the National Credit Union Administration, as an assurance that the assets of your credit union are carefully guarded.

**Your credit union is sound and growing.  
The unaudited financial numbers from the  
past year show our growth as follows:**

## **MEMBERSHIP**

GREW FROM **118,889** TO

**127,211**

## **REGULATORY CAPITAL**

GREW FROM **\$173,625,224** TO

**\$178,311,920**

# SUPERVISORY COMMITTEE REPORT

Your funds on deposit at the Credit Union are federally insured to benefit our membership. The National Credit Union Administration, (NCUA), an agency of the United States Government, oversees the National Credit Union Share Insurance Fund, which provides \$250,000 of coverage per individual share account. There are more combinations of accounts, joint owners, individual retirement accounts and trust accounts that can increase your coverage beyond the \$250,000. We encourage you to meet with our credit union

staff to discuss account options to increase your coverage by using various account structures that allow federal deposit insurance coverage well more than \$250,000.

Brochures are available at the credit union pertaining to the National Credit Union Share Insurance Fund or at their website, [www.ncua.gov](http://www.ncua.gov).

## ASSETS

GREW FROM \$2,020,815,331 TO

**\$2,189,917,058**

## SHARES

GREW FROM \$1,865,567,165 TO

**\$1,882,220,051**

## LOANS

GREW FROM \$1,682,306,295 TO

**\$1,798,750,215**

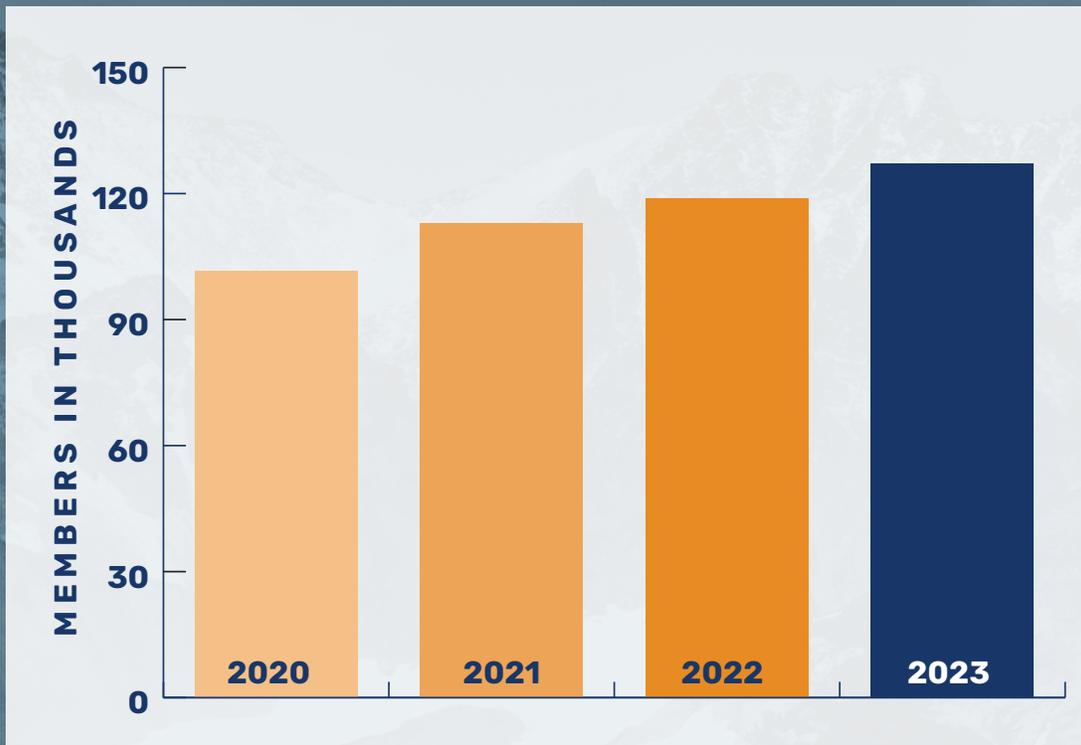
# FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

P1FCU's financial results for 2023 are considered to be successful while we faced severe financial headwinds with record high inflation, record high interest rate increases, and an unprecedented shift in our deposit base with balances in regular share accounts, checking accounts and money market accounts moving into expensive CD accounts. The credit union was able to maintain strong financial stability during the year despite the economic challenges while continuing to provide quality lending products and services to an ever-increasing membership base.

## MEMBERS

Membership continues to grow in our credit union at a rate of 7.00% for 2023 with 8,322 net new members during the year. With the opening of 14 new branch offices in Idaho, Washington and Oregon from 2020-2023, expansion of our field of membership into the Boise/Nampa area with the Mountain Gem Credit Union merger completed during 2022. A new branch in Meridian, Idaho was opened

during 2024, and we expect membership growth to continue. We now have well over 100,000 members with 127,211 members at year-end. The national member growth rate average for all credit unions with \$1 billion to \$3 billion in total assets was 3.13.% through September of 2023. Continued growth is consistent with our long-term objectives to strengthen P1FCU.

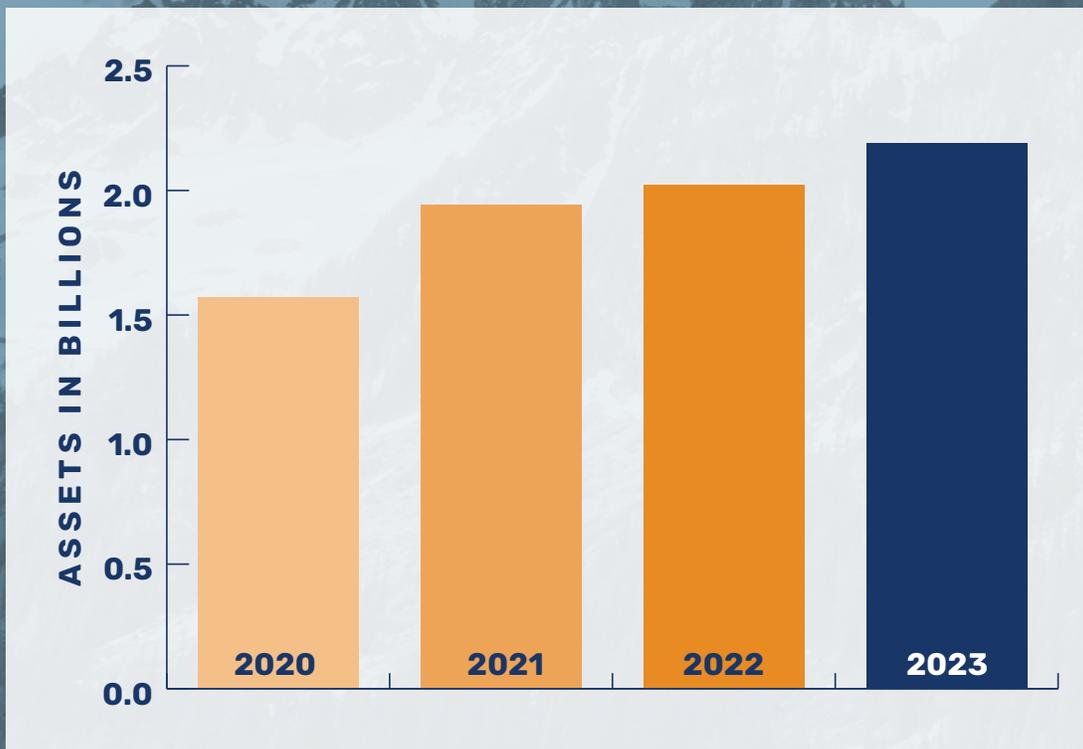


# FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

## ASSETS

P1FCU's asset growth rate for 2023 was 8.4% compared to our 5-year average asset growth rate of 14.98%. This growth is represented by an increase in assets of \$169,101,727 from 2022 to 2023. The asset growth rate in 2020 and 2021 averaged 24.13% driven by government stimulus programs resulting from the Covid pandemic. The reduced growth rate seen in 2023 was reflective of the significant reduction of these stimulus programs and is closer to the average asset growth rate of 11.79% seen during 2016 through 2019.

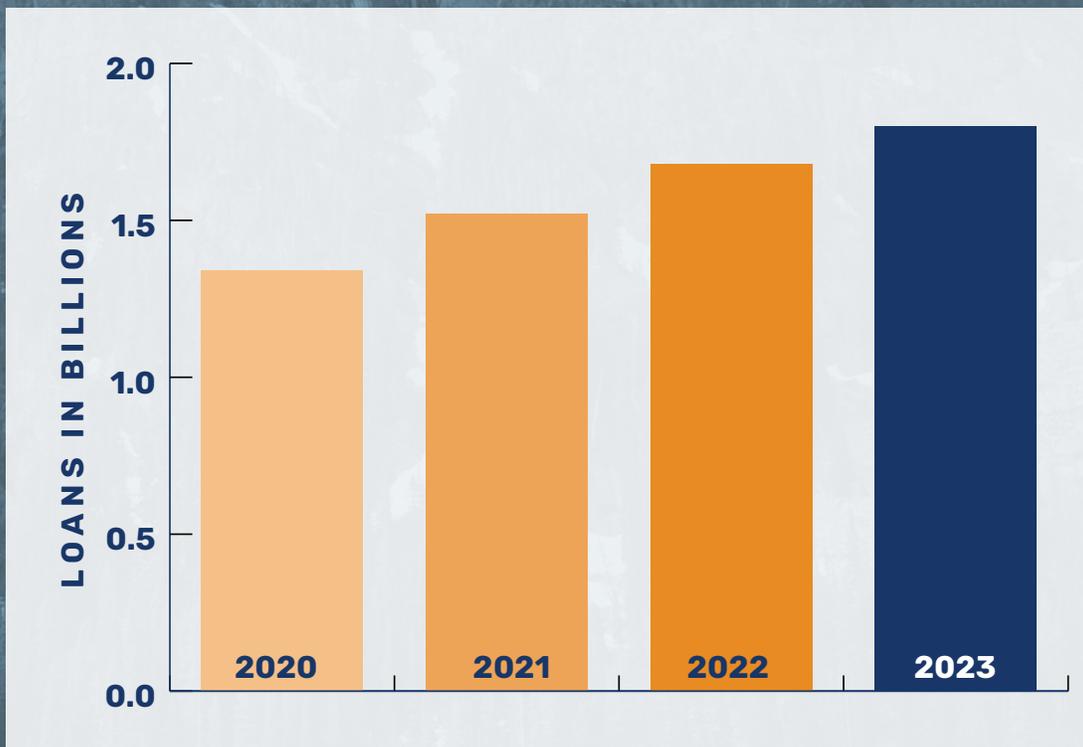
P1FCU's growth rate has remained strong over the last several years allowing good control over our operational environment. Economic trends have continued to be very dynamic following the Covid pandemic, and during this time P1FCU has closely monitored these trends and adjusted our operations accordingly for the benefit and financial protection of our members.



## LOANS

Lending for our members is at the core of P1FCU's operations. The Executive Management Team and Board of Directors spends much time analyzing the financial market and needs of our members within our lending programs. Loan growth for 2023 was

6.9% resulting in \$116,443,920 of increased loan balances at the end of 2023. We continue our efforts to offer what our members need with consumer loans, mortgage loans, business loans, and credit cards.

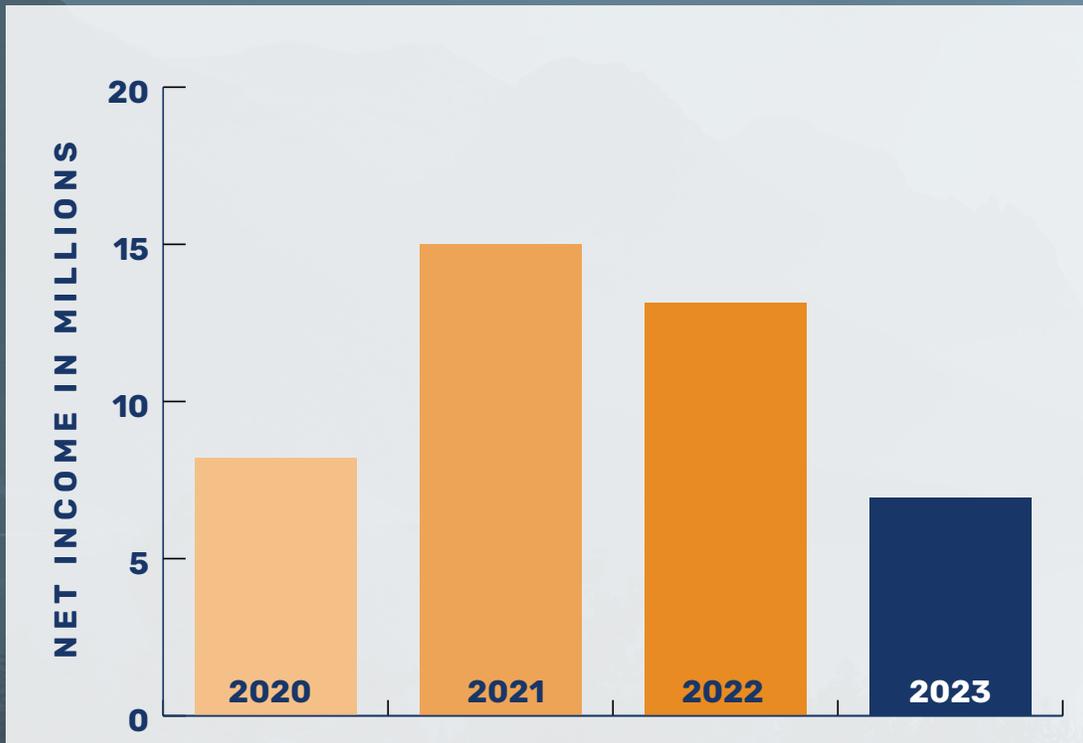


# FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

## NET INCOME

P1FCU generated \$6,929,778 in net income for 2023 compared to our five-year average from 2019 through 2023 of \$10,665,716. Net Income was below budgeted projections of \$9,541,491 for 2023 by \$2,611,713. National trends in the shift of regular share, checking and savings accounts to CD accounts was unprecedented, and significantly impacted P1FCU as well. Even though a net new 14,843 regular share, checking and money market accounts were opened during 2023, the overall balances of these accounts declined by \$158,032,863 during the year and were replaced by expensive CD accounts to maintain

funding for loans. The cost to the credit union from this shift of deposit balances was \$7,797,403. Alternative financial strategies were implemented during the year which offset a substantial portion, but not all, of this additional expense. The Staff and Board Asset Liability Management Committees spend much time throughout the year reviewing operations and planning for our financial performance. P1FCU's Loan Loss Reserves are well funded to help the strength of the credit union and our Net Income over the last 5 years has continued to increase our overall financial reserves, which in turn allows the credit union to increase products and services available to our members.

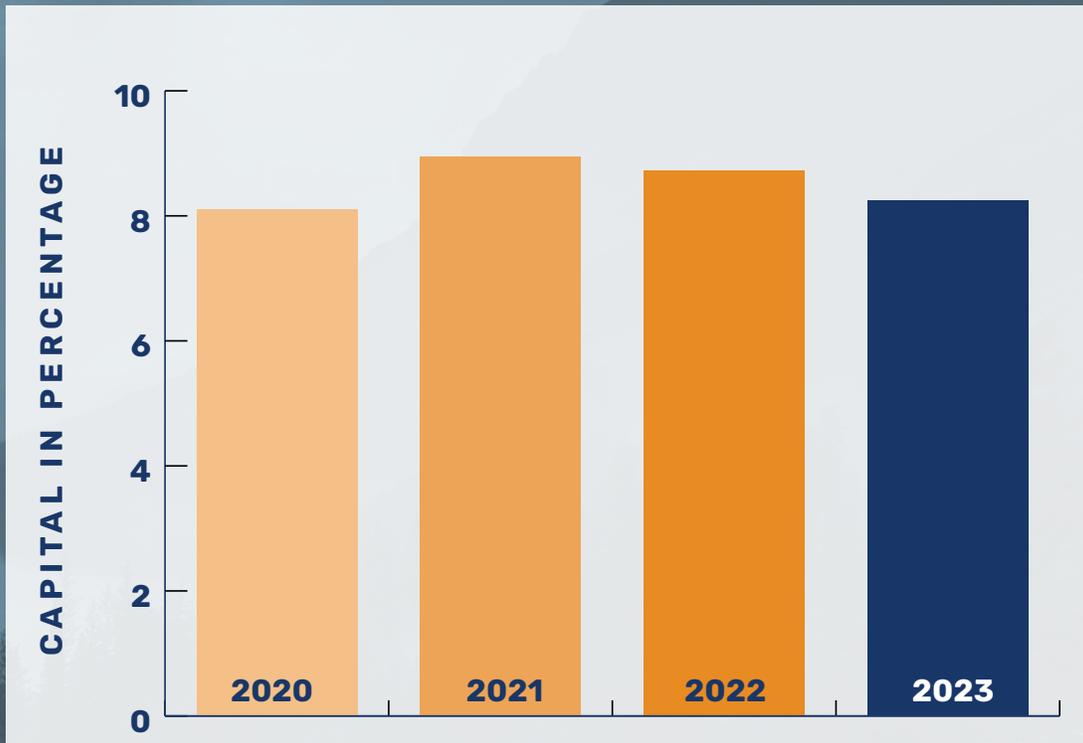


# FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

## CAPITAL

P1FCU's Net Worth Ratio at 12/31/23 is 8.24% with Regulatory Capital of \$178,311,920. P1FCU's Net Worth Ratio is 17.7% above the 7.0% regulatory level of Net Worth Ratio to be considered "Well Capitalized," the highest regulatory ranking available, and Regulatory Capital in excess of the "Well Capitalized" level was \$22,481,562 at the end of 2023. Increased capital requirements were implemented by the NCUA during 2022 in the form of a new risk-based capital (RBC) ratio. The RBC ratio for P1FCU at the end of 2022 was 10.50% which is well above the 10.0% regulatory level of RBC to be considered "Well Capitalized."

We focus on the financial health of the credit union for the benefit of our members. P1FCU has not only weathered economic downturns and challenges in the United States over the years but has actually flourished while keeping the credit union financially stable. P1FCU is looking forward to our member's future with a wide array of affordable products and services for our members while still maintaining competitive loan and share interest rates for our members' benefit.



# STATEMENT OF FINANCIAL CONDITION

ASSETS	2021	2022	2023
<b>TOTAL LOANS</b>	<b>\$1,524,987,447</b>	<b>\$1,682,306,295</b>	<b>\$1,798,750,215</b>
Less: allowance for loan losses	(\$7,121,367)	(\$5,139,367)	(\$7,689,460)
Cash and cash equivalents	\$25,304,162	\$24,653,129	\$22,189,045
<b>NET LOANS &amp; CASH</b>	<b>\$1,543,170,241</b>	<b>\$1,701,820,057</b>	<b>\$1,813,249,800</b>
<b>Investments</b>			
Overnight funds–corporate credit union	\$243,322,952	\$21,716,682	\$57,100,835
Mortgage Backed Securities	–	\$83,178,764	\$76,759,750
All other Investments	\$5,472,852	\$6,789,397	\$8,633,470
<b>TOTAL INVESTMENTS</b>	<b>\$248,795,803</b>	<b>\$111,684,843</b>	<b>\$142,494,055</b>
<b>TOTAL OTHER ASSETS</b>	<b>\$150,614,072</b>	<b>\$207,310,431</b>	<b>\$234,173,203</b>
<b>TOTAL ASSETS</b>	<b>\$1,942,580,116</b>	<b>\$2,020,815,331</b>	<b>\$2,189,917,058</b>

# STATEMENT OF FINANCIAL CONDITION

<b>LIABILITIES, SHARES &amp; EQUITY</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>TOTAL LIABILITIES</b>	<b>(\$21,884,704)</b>	<b>\$16,076,821</b>	<b>\$158,856,832</b>
<b>Shares &amp; Deposits</b>			
Share drafts	\$373,397,082	\$423,435,443	\$406,265,840
Regular shares	\$548,604,983	\$556,380,668	\$479,499,044
IRA/Keogh & Retirement Accounts – Certificates	\$75,610,907	\$67,702,225	\$73,431,077
IRA/Keogh & Retirement Accounts – Shares	\$12,851,633	\$13,849,881	\$11,930,283
Money market shares	\$431,120,862	\$336,693,271	\$274,660,959
Share certificates	\$375,715,574	\$467,505,675	\$631,432,848
All other shares & deposits (non-member)	–	–	\$5,000,000
<b>TOTAL SHARES &amp; DEPOSITS</b>	<b>\$1,817,301,042</b>	<b>\$1,865,567,165</b>	<b>\$1,882,220,051</b>
<b>TOTAL EQUITY</b>	<b>\$147,163,779</b>	<b>\$139,171,345</b>	<b>\$148,840,175</b>
<b>TOTAL LIABILITIES, SHARES, &amp; EQUITY</b>	<b>\$1,942,580,116</b>	<b>\$2,020,815,331</b>	<b>\$2,189,917,058</b>

# STATEMENT OF INCOME

INCOME	2021	2022	2023
<b>TOTAL INTEREST ON LOANS TO MEMBERS</b>	<b>\$58,399,760</b>	<b>\$66,450,816</b>	<b>\$84,394,071</b>
Income from investments	\$274,844	\$8,856,373	\$21,868,188
Fee income	\$12,534,162	\$9,144,937	\$9,586,123
Other operating income	\$12,560,768	\$13,860,392	\$14,240,805
<b>TOTAL GROSS INCOME</b>	<b>\$83,769,535</b>	<b>\$98,312,518</b>	<b>\$130,089,188</b>
<b>EXPENSES</b>			
<b>OPERATING EXPENSES</b>	<b>\$61,069,323</b>	<b>\$70,865,268</b>	<b>\$74,703,640</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>\$22,700,212</b>	<b>\$27,447,250</b>	<b>\$55,385,548</b>
Less: provision for loan losses	\$1,751,830	\$1,599,032	\$4,014,182
INCOME FROM OPERATIONS AFTER PROVISION	\$20,948,382	\$25,848,218	\$51,371,367
NON-OPERATING GAINS OR (LOSSES)	\$4,105,850	\$3,255,008	\$5,692,063
COST OF FUNDS	\$10,030,892	\$15,941,224	\$50,133,651
<b>NET INCOME</b>	<b>\$15,023,340</b>	<b>\$13,162,002</b>	<b>\$6,929,778</b>

## THE P1FCU KIBBIE DOME

We've been part of the Palouse landscape for over 20 years, serving our members and giving back to the community. In 2023, we entered into a partnership with the U of I that allows us to give back to students through a naming rights agreement for the iconic Kibbie Dome.

In the words of our President and CEO, Chris Loseth, "The University of Idaho partnership and P1FCU Kibbie Dome naming sponsorship creates a great opportunity to further invest in young adults and empower them through a high-impact, high-value financial literacy education with support from our staff."



# 2023 BRANCH GRAND OPENINGS

## PULLMAN, WA

Our Pullman Branch celebrated its Grand Opening in June with prizes and a ribbon cutting with the Pullman Chamber of Commerce. The new branch is located across the street from our former Walmart location. We're excited to help even more members in this larger facility and thankful for the continual support from our members on the Palouse.



## GARDEN CITY, ID

Our Garden City Branch celebrated its Grand Opening in February with prizes and a ribbon cutting with the Boise Metro and Garden City Chambers of Commerce. Located in the Garden City Fred Meyer, this is our third branch in the Treasure Valley. We're thankful for the continued support that allows us to open more branches. We're looking forward to furthering our mission of financial empowerment for more members in the Treasure Valley.



