



# **84<sup>th</sup> P1FCU ANNUAL BUSINESS MEETING**

**2021** ANNUAL REPORT

# AGENDA

**Call to Order by the Chair**

**Ascertain Presence of Quorum**

**Reading of Minutes of 2021 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***

## **2021 BOARD OF DIRECTORS**

**Doug Mushlitz** – Chair

**Tara Leer** – Vice Chair

**Tom Pfliger** – Treasurer

**Michelle Bly** – Secretary

**Kyle Morscheck**

**Wanda Keefer**

## **SUPERVISORY COMMITTEE**

**Tom Luper** – Chair

**Doug Mushlitz**

**Becky Sturmer**

## **EXECUTIVE MANAGEMENT**

**Chris Loseth**

President & CEO

**Patti Meshishnek**

Executive Vice President

**Troy Sandvick**

Chief Data Officer

**Craig Emerson**

Chief Financial Officer

**Mike Vogeler**

Chief Operations Officer

**Brent Gifford**

Chief Information Officer

**Andrew Heimgartner**

Chief Lending 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 84th 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 85th operational year. We are known for these traits that have become our brand. This has been our tradition for 84 years, and we are continually building on these traits for the benefit of our members.

COVID-19 issues are still prevalent across the United States and the world and continue to be a challenge. P1FCU altered branch schedules, work schedules, adjusted our operations, and strived to meet the challenges presented to us in continuing to provide our much-needed products and services to our members. We have been able to help thousands of members and businesses and assisted our staff through these trying times. We appreciate our membership understanding the many needed adjustments we and other businesses have made to accommodate the needs of our members.

In 2021 we completed a merger with a Nampa, Idaho credit union that allowed us to expand our field of membership to include Boise, Ada, Canyon, and Owyhee counties in Southern Idaho, along with opening a branch office in Nampa. We are currently evaluating additional branch locations in the Treasure Valley and other branching opportunities in Washington and Oregon as we move into the various regions of our three-state field of membership. We keep moving the credit union forward to benefit the many residents of the community areas we are proud to serve.

P1FCU continues to experience strong membership growth with 11,289 net New Members this year for a 12-month growth rate of 11.10%. Our assets continue to grow as more members use the credit union, with an increase of \$371,495,205 or 23.65% in assets for 2021. Lending also had excellent growth for 2021. Our loans grew \$178,488,914 from 2020 to 2021 for a growth rate of 13.26%. 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 unions' financial performance in the United States, has once again given P1FCU excellent ratings as of 9/30/21. P1FCU is rated in the 96th percentile of all credit unions in the United States for Total Return to Members. The Total Return to Members is a rating based on Return to Savers, Return to Borrowers, and Member Service Usage. Additionally, P1FCU is in the Top 2% or 98th percentile in the United States for Total Return to Savers and Top 1% or 99th percentile in the United States for Total Return to Borrowers.

Our Board of Directors and Executive Management Team continue to monitor our Strategic Plan and analyze the operations of the credit union, the environment we operate in, and develop strategies and objectives to keep P1FCU strong and relevant to our members while positioned for continued success. P1FCU operates in a competitive financial market that demands close attention to all the details of our operations and ongoing analysis of the financial environment.

We want to thank Tara, Tom, Kyle, Wanda, and Michelle for their volunteer service on our Board of Directors in 2021. Holli Balmer and Jame' Davis resigned from the Board this year, and we thank them for their service to the credit union. Sadly, Chris Martson passed this year. He served as a volunteer in several roles for the Board for nearly 36 years as a well-loved and very competent board member with the best interests of the credit union at the core of his volunteerism. 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.

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 84th Annual Business Meeting.

Sincerely,



**Board Chair**



**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 (NCUA), an agency of the U. S. Government Agency, 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 engaged the auditing firm of Clifton, Larson, Allen, Certified Public Accountants, to conduct our annual independent audit, and Eide Bailly, Certified Public Account, to complete our internal audit. The independent audits conducted by our outside auditing firms, along with the co-examination conducted by the State of Idaho, Department of Finance, our state regulator, and our federal regulator, the National Credit Union Administration, is your assurance that the assets of your credit union are carefully guarded.

**Your credit union is sound and growing. During the past year our growth was as follows:**

**MEMBERSHIP**  
GREW FROM **101,733** TO

**113,022**

**REGULATORY CAPITAL**  
GREW FROM **\$125,451,408** TO

**\$160,463,222**

# ***SUPERVISORY COMMITTEE REPORT***

## **ASSETS**

GREW FROM **\$1,571,084,811** TO

**\$1,942,580,116**

## **SHARES**

GREW FROM **\$1,427,947,240** TO

**\$1,817,301,042**

## **LOANS**

GREW FROM **\$1,346,498,533** TO

**\$1,524,987,447**

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 in excess of \$250,000.

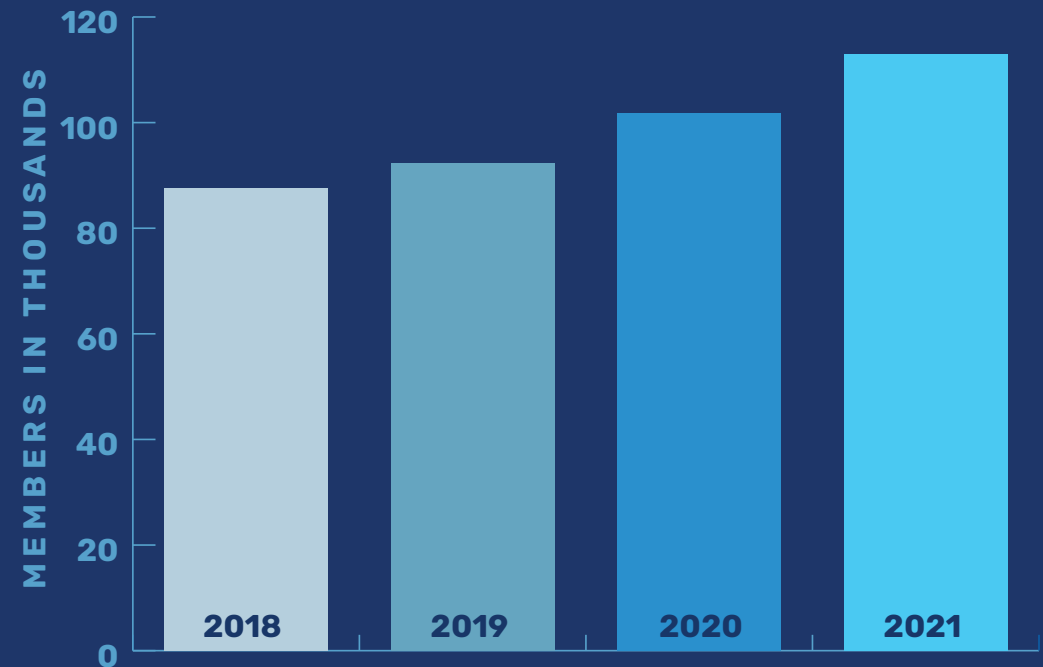
Brochures are available at the credit union pertaining to the National Credit Union Share Insurance Fund or their website, **[www.ncua.gov](http://www.ncua.gov)**.

# FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

P1FCU's 2021 financial results have been very impressive. We have experienced increases in all our major financial areas and our membership. The credit union has increased its financial stability to record levels while providing quality lending products and services to an ever-increasing membership base.

## MEMBERS

Membership continues to grow in our credit union at a rate of 11.10% for 2021, with 11,289 net new members during the year. With the opening of 10 new branch offices in Idaho, Washington, and Oregon during 2020, an additional three branches opened during 2021, and expansion of our field of membership into the Boise/Nampa area with the Mountain Gem Credit Union merger completed during the year, we expect membership growth to continue. We now have well over 100,000 members, with 113,022 members at year-end. The national member growth rate average for all credit unions with \$1 billion to \$3 billion in total assets was 3.59% through September of 2021. Continued growth is consistent with our long-term objectives to strengthen P1FCU.

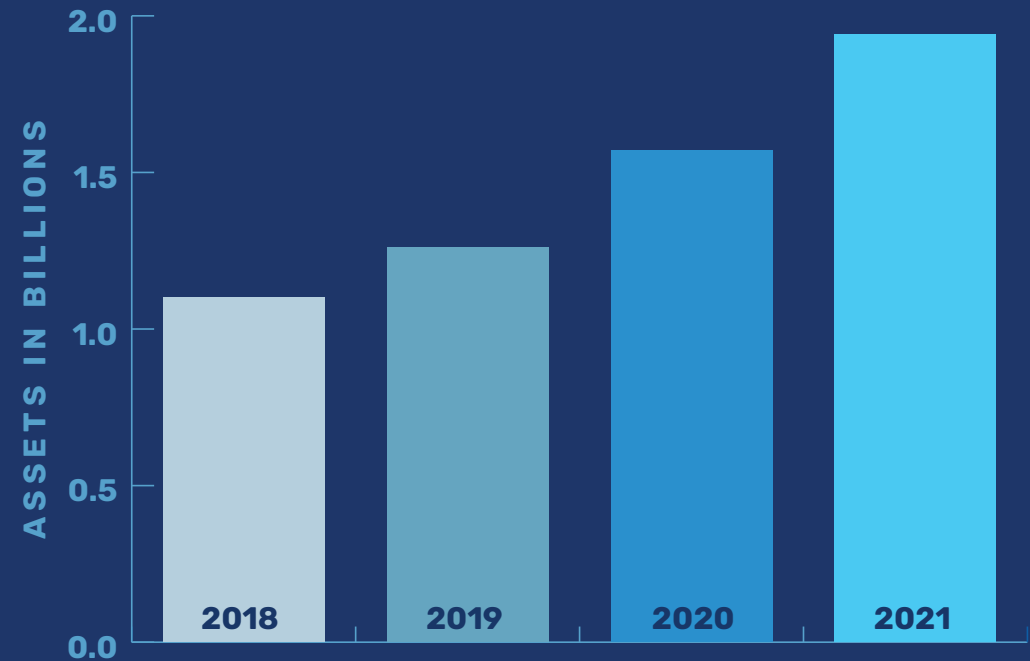


# FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

## ASSETS

P1FCU's asset growth rate for 2021 was 23.65% compared to our 5-year average asset growth rate of 16.76%. This growth is represented by an increase in assets of \$371,495,305 from 2020 to 2021.

P1FCU's growth rate has remained strong over the last several years allowing good control over our operational environment. Economic trends have been very dynamic, with the Covid pandemic during 2020 continuing into 2021. During this time, P1FCU has closely monitored these trends and adjusted our operations accordingly for our members' benefit and financial protection.

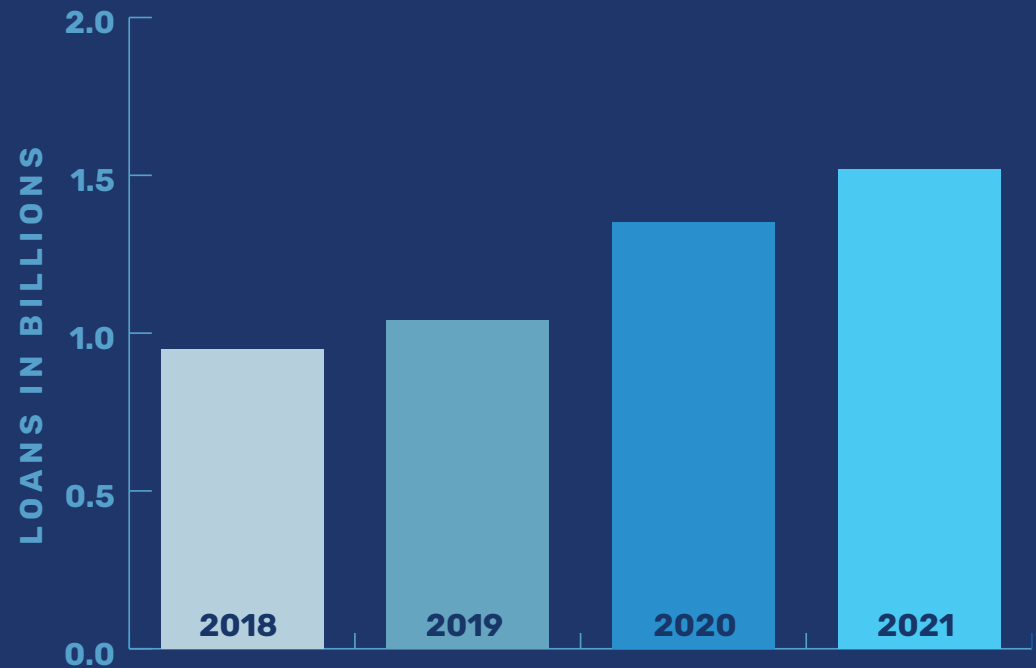




# FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

## LOANS

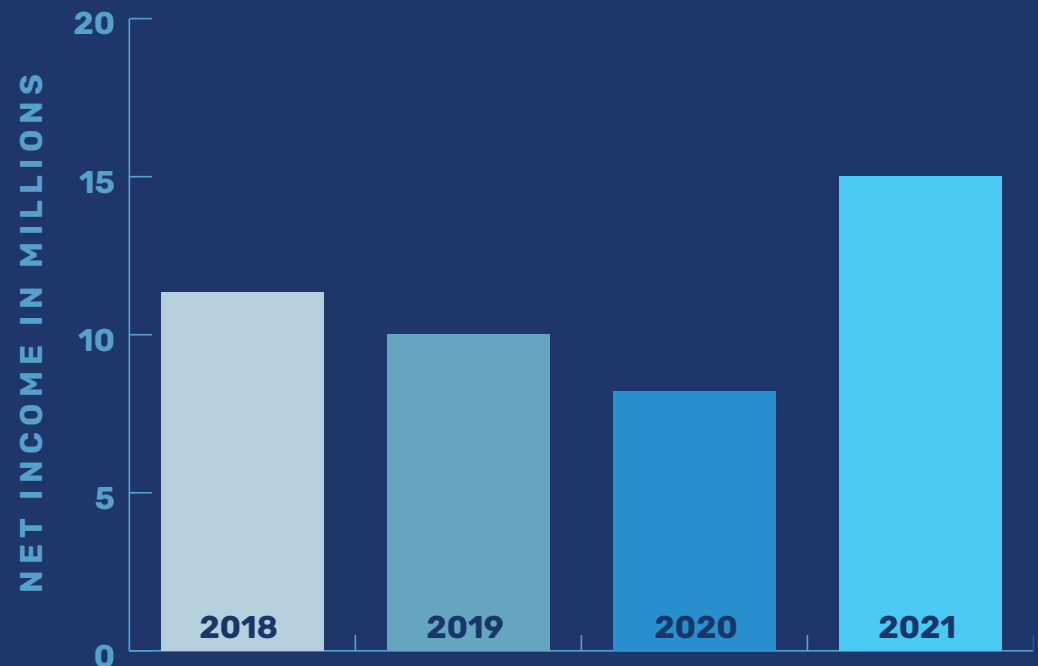
Lending for our members is at the core of P1FCU's operations. The Executive Management Team and Board of Directors spend much time analyzing our members' financial market and the needs of our members within our lending programs. Loan growth for 2021 was 13.26% resulting in \$178,488,914 of increased loan balances at the end of 2021. We continue our efforts to offer what our members need with consumer loans, mortgage loans, and business loans, including 476 SBA Payment Protection Program loans (PPP loans) totaling \$26,127,393 funded during 2020 with an additional 349 loans totaling \$10,436,703 funded during 2021, which helped many of our members manage the economic impact of the COVID-19 pandemic. P1FCU assisted our members with obtaining debt forgiveness for over 98% of the PPP loans funded. Our success is a strong indicator of how P1FCU serves the needs of its members. P1FCU is the #1 auto lender in our 15 county North Central and Northern Idaho area, and we are gaining significant growth in our new Southern Idaho area. We are a strong mortgage lender with approximately a 17.5% share of the Lewis Clark Valley mortgage market through November 2021 and continued growth in our other operational areas. We are also experiencing continued strong growth in the business lending arena.



# FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

## NET INCOME

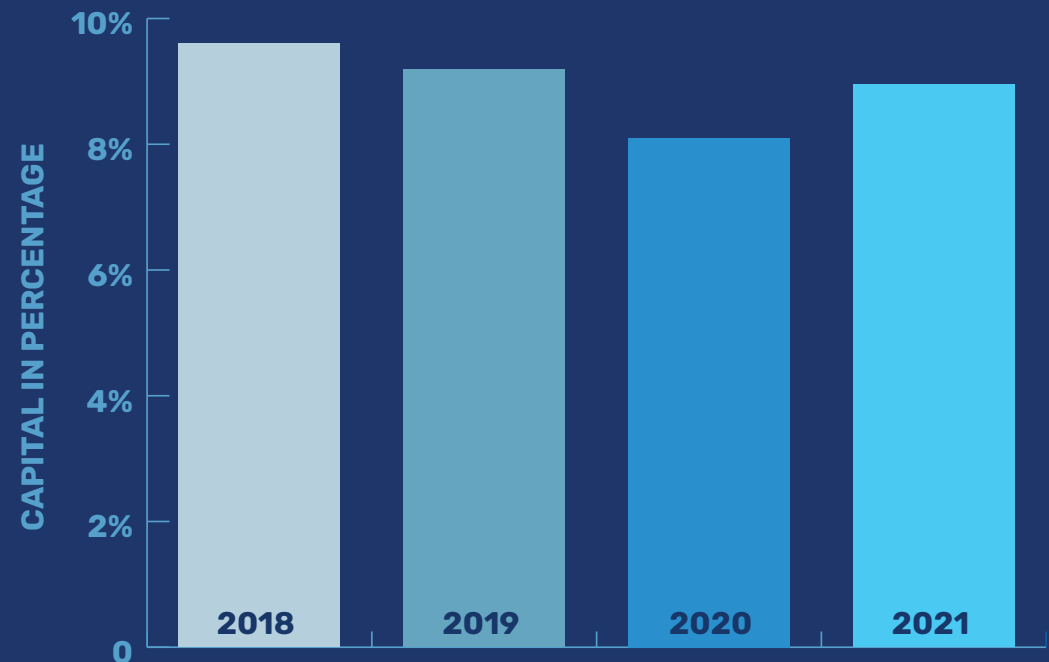
P1FCU generated \$15,023,340 in net income for 2021 compared to our five-year average from 2017 through 2021 of \$10,664,130. Total Gross Income increased in 2021 due primarily to lending growth, while expenses during 2021 were higher than prior periods due to significant strategic technology and personnel infrastructure investments made during 2019 and 2020. Net Income exceeded budgeted projections for 2021 by \$3,124,717. The Board Asset Liability Management Committee spends much time throughout the year reviewing operations and planning for our financial performance. P1FCU's Loan Loss Reserves are well funded to help the credit union's strength. Our consistent Net Income over the last five years has helped 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 12/31/21 is 8.95%, with Regulatory Capital of \$160,463,222. P1FCU's Net Worth Ratio is 27.9% above the 7.0% regulatory level of Net Worth Ratio to be considered "Well Capitalized," the highest regulatory ranking available, and Net Worth in excess of the "Well Capitalized" level was \$34,110,961 at the end of 2021. We focus on the financial health of the credit union for the benefit of our members. P1FCU has weathered economic downturns in the United States over the years. Still, it has flourished while keeping the credit union financially stable, and this was demonstrated again during 2020 and 2021 in the face of the challenges presented with the COVID-19 pandemic. Due to the significant deposit growth during 2020 and 2021 resulting from the government stimulus response to the COVID-19 pandemic, P1FCU obtained secondary capital during 2021 in the amount of \$19,000,000. At the time this secondary capital was issued, it was the largest amount of secondary capital approved by the NCUA in the country, and the issue was well accepted by the market with funding of the secondary capital obtained at the lowest rate in the country for this type of capital issue. P1FCU is looking forward to our members' future with a wide array of affordable products and services while still maintaining competitive loan and share interest rates for our members' benefit. Increased capital requirements are being considered for 2022 by the NCUA in the form of a risk-based capital ratio, and P1FCU is capitalized well above the federal regulator's proposed new risk-based capital levels to benefit our membership.



# STATEMENT OF FINANCIAL CONDITION

ASSETS	2019	2020	2021
<b>TOTAL LOANS</b>	<b>\$1,041,458,792</b>	<b>\$1,346,498,553</b>	<b>\$1,524,987,447</b>
Less: allowance for loan losses	(\$7,185,761)	(\$6,721,367)	(\$7,121,367)
Cash and cash equivalents	\$12,206,362	\$20,580,889	\$25,304,162
<b>NET LOANS &amp; CASH</b>	<b>\$1,046,479,393</b>	<b>\$1,360,358,055</b>	<b>\$1,543,170,241</b>
<b>Investments</b>			
Overnight funds-corporate credit union	\$109,280,306	\$81,214,290	\$243,322,952
Deposits in commercial banks, S&Ls, Mutual Savings Banks	—	—	—
All other Investments	\$4,172,428	\$4,473,454	\$5,472,852
<b>TOTAL INVESTMENTS</b>	<b>\$113,452,735</b>	<b>\$85,687,744</b>	<b>\$248,795,803</b>
<b>TOTAL OTHER ASSETS</b>	<b>\$100,919,821</b>	<b>\$125,039,012</b>	<b>\$150,614,072</b>
<b>TOTAL ASSETS</b>	<b>\$1,260,851,949</b>	<b>\$1,571,084,811</b>	<b>\$1,942,580,116</b>



# STATEMENT OF FINANCIAL CONDITION

LIABILITIES, SHARES & EQUITY	2019	2020	2021
<b>TOTAL LIABILITIES</b>	<b>\$6,828,122</b>	<b>\$32,460,440</b>	<b>(\$21,884,704)</b>
<b>Shares &amp; Deposits</b>			
Share drafts	\$154,584,375	\$241,575,204	\$373,397,082
Regular shares	\$277,413,217	\$393,211,072	\$548,604,983
IRA/Keogh & Retirement Accounts – Certificates	\$70,825,330	\$74,171,356	\$75,610,907
IRA/Keogh & Retirement Accounts – Shares	\$9,231,462	\$9,845,354	\$12,851,633
Money market shares	\$234,306,479	\$355,472,589	\$431,120,862
Share certificates	\$401,437,297	\$353,671,666	\$375,715,574
All other shares & deposits (non-member)	—	—	—
<b>TOTAL SHARES &amp; DEPOSITS</b>	<b>\$1,147,798,160</b>	<b>\$1,427,947,240</b>	<b>\$1,817,301,042</b>
<b>TOTAL EQUITY</b>	<b>\$106,225,667</b>	<b>\$110,677,130</b>	<b>\$147,163,779</b>
<b>TOTAL LIABILITIES, SHARES, &amp; EQUITY</b>	<b>\$1,260,851,949</b>	<b>\$1,571,084,811</b>	<b>\$1,942,580,116</b>

# STATEMENT OF INCOME

INCOME	2019	2020	2021
<b>TOTAL INTEREST ON LOANS TO MEMBERS</b>	<b>\$46,660,233</b>	<b>\$51,990,287</b>	<b>\$58,399,760</b>
Income from investments	\$2,524,143	\$596,498	\$274,844
Fee income	\$7,846,124	\$11,006,903	\$12,534,162
Other operating income	\$8,183,470	\$9,949,826	\$12,560,768
<b>TOTAL GROSS INCOME</b>	<b>\$65,213,971</b>	<b>\$73,543,514</b>	<b>\$83,769,535</b>
<b>EXPENSES</b>			
<b>OPERATING EXPENSES</b>	<b>\$36,591,160</b>	<b>\$49,007,622</b>	<b>\$61,069,323</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>\$28,622,810</b>	<b>\$24,535,892</b>	<b>\$22,700,212</b>
Less: provision for loan losses	\$5,069,585	\$2,943,188	\$1,751,830
INCOME FROM OPERATIONS AFTER PROVISION	\$23,553,225	\$21,592,704	\$20,948,382
NON-OPERATING GAINS OR (LOSSES)	(\$594,701)	\$509,542	\$4,105,850
COST OF FUNDS	\$12,951,236	\$13,896,075	\$10,030,892
<b>NET INCOME</b>	<b>\$10,007,289</b>	<b>\$8,206,172</b>	<b>\$15,023,340</b>

# 2021 NEW BRANCHES



**WALLA WALLA, WA – MAY**



**NAMPA, ID – AUGUST**



# 2021 GRAND OPENING CELEBRATIONS



**CLE ELUM, WA**



**SPANAWAY, WA**



**OSBURN, ID**



**WALLA WALLA, WA**



**TONASKET, WA**



# 2021 GRAND OPENING CELEBRATIONS



**ATHOL, ID**



**BREWSTER, WA**



**ONTARIO, OR**

# 2021 ANNUAL REPORT



**P1FCU**

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