



Providence  
FEDERAL CREDIT UNION

# 2023 ANNUAL REPORT



# CHAIR & CEO REPORT

**As a credit union, sound and steady stewardship is at the heart of our growth strategy. Deliver the financial services members need and want today while anticipating the hurdles and opportunities that lie ahead.**

Throughout these challenging past few years, we never stopped doing all the things we should be doing to serve our members and communities. We continue to invest vigorously in digital services, strategy, and capabilities to stay in step with members’ financial expectations. We launched a new website, added another convenient option to pay a loan, enriched our direct deposit, and enhanced our digital banking platform.

Despite our steady growth, rising interest rates, delinquencies, and inflation impacted all financial institutions in 2023. While we saw positive loan growth in 2022, our business model was stretched to new limits by unprecedented rising interest rates, loan losses, and increase in fraud.

**Facing challenges head-on**

Our business model in 2021 was based on significant membership growth from our UDW partners. While that initiative translated to a successful 4% membership growth, the credit union was negatively impacted by many dormant accounts.

We faced this challenge head-on, seizing the opportunity to streamline and simplify our operations. We closed dormant accounts, created a management system, and improved our overall operating processes.

These advances in efficiency are expected to drive significant savings in the years ahead, preserving stability and fueling future growth.

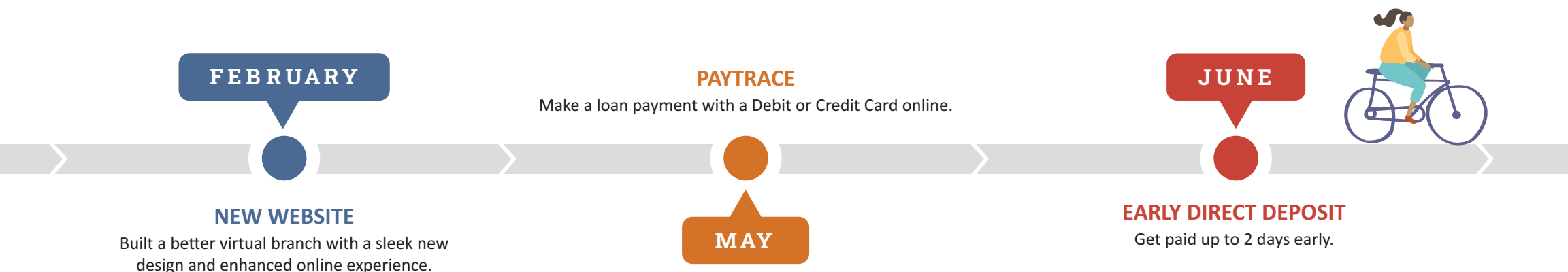
**Continuing the good work**

Our team moved into this year with a lot of energy, a renewed commitment to growth and a companywide focus on fundamentals and efficiency.

In 2024, we’ll continue to leverage technology and innovation to foster financial inclusion and well-being. We’re improving our online applications that will allow members to apply for a loan in less than five minutes. Meanwhile, we’re building and developing competitive new products and services, including accounts that will continue to give back to the membership and enhance our relationships.

**Moving forward for the long-term**

As you know, we are champions of a credit union’s essential role — its potential for bringing people together, lifting individuals and communities up, and being





a source of strength in difficult times. We have demonstrated remarkable resilience in just the past two decades, weathering challenges such as Y2K, the 9/11 attacks, the Great Recession of 2008, and the global pandemic. Our collective strength and unity have been pivotal in surviving and thriving, especially during adversity.

Looking ahead into 2024, we expect industry uncertainty, but we believe the groundwork we have laid will help us navigate it effectively. We are strengthening our product lines and technologies most relevant to our members while staying focused on gaining deposits, increasing membership, and monitoring expenses to build on our multiyear growth trajectory.

We're also realistic about the future, and how it will keep challenging us to be agile, resilient, and responsive as we sustain our steady record of caring for our members, PFCU team, and communities. We appreciate your continued support and look forward to the value we'll create together this year.



*Mary Savage*

Mary Savage, Board Chair



*Shirley K. Cate*

Shirley Cate, President/CEO

DIGITAL BANKING UPGRADE

New Online Banking and Mobile Banking App with LiveChat, free credit monitoring, and improved Video Banking.

OCTOBER







# SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is appointed by the Board of Directors to assist in overseeing Providence Federal Credit Union's (PFCU) accounting and financial reporting processes and auditing its financial statements.

As such, we represent members' interests by ensuring:

- Assets are adequately safeguarded
- Policies and procedures are in place
- Internal controls are effective
- Applicable laws and regulations are followed

The Supervisory Committee retained the services of the independent accounting firm Hauser Jones & Sas, which recently concluded its comprehensive of PFCU's financial statements for the period ending March 31, 2023.

The independent auditor's report confirmed that the financial statements fairly present, in all material aspects, the credit union's financial position and conform with generally accepted accounting principles.

The Supervisory Committee is pleased to report that PFCU remains financially sound. We'd like to thank volunteers and staff for their ongoing commitment to improving internal controls and strengthening the credit union, allowing us to prosper and maintain stability for the membership.

**Bill Borquist**, Chair

**Rebecca Martinson**, Member

**Bert Sperry**, Member



# Financial Statements

AS OF DECEMBER 31, 2023

## Statement of Income

| INCOME                          | 2023               | 2022               |
|---------------------------------|--------------------|--------------------|
| Loan Income                     | \$6,427,526        | \$4,606,273        |
| Investment Income               | \$444,857          | \$516,701          |
| Fee Income                      | <u>\$1,705,239</u> | <u>\$1,566,149</u> |
| <b>TOTAL INCOME</b>             | <b>\$8,577,622</b> | <b>\$6,689,123</b> |
| <b>EXPENSES</b>                 |                    |                    |
| Operating Expenses              | \$3,580,783        | \$3,634,057        |
| Compensation / Benefits         | <u>\$3,042,167</u> | <u>\$2,632,460</u> |
| <b>TOTAL OPERATING EXPENSES</b> | <b>\$6,622,950</b> | <b>\$6,266,517</b> |
| Interest Expense                | \$1,503,218        | \$344,791          |
| Provision for Loan Loss         | <u>\$866,991</u>   | <u>\$549,962</u>   |
| <b>Total Expenses</b>           | <b>\$8,993,159</b> | <b>\$7,161,270</b> |
| <b>TOTAL NET INCOME/(LOSS)</b>  | <b>(\$415,537)</b> | <b>(\$472,147)</b> |

## Statement of Financial Condition

| ASSETS                                | 2023                 | 2022                 |
|---------------------------------------|----------------------|----------------------|
| Loans                                 | \$107,451,922        | \$110,621,759        |
| (Less Allowance for Loan Loss)        | <u>-\$765,030</u>    | <u>- \$366,000</u>   |
| Net Loans                             | \$106,686,892        | \$110,255,759        |
| Cash                                  | \$9,131,680          | \$10,372,855         |
| Investments                           | \$53,126,611         | \$53,930,529         |
| Other Assets                          | <u>\$3,559,499</u>   | <u>\$3,859,339</u>   |
| <b>TOTAL ASSETS</b>                   | <b>\$172,504,682</b> | <b>\$178,418,482</b> |
| Liabilities w/o Suspense              | \$7,993,968          | \$9,413,590          |
| Shares                                | <u>\$147,873,696</u> | <u>\$152,824,059</u> |
| Equity                                | \$155,867,664        | \$162,237,649        |
| Retained Earnings                     | <u>\$16,637,018</u>  | <u>\$16,180,833</u>  |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$172,504,682</b> | <b>\$178,418,482</b> |



## DIRECT DEPOSIT

9,126

Members get paid up to 2 days early



## FINANCIAL CALCULATORS

1,457

Members used online calculators to plan their future



## LIVECHAT

2,312

Members used LiveChat to get answers in real time via online and mobile banking



## ESTATEMENTS

73%

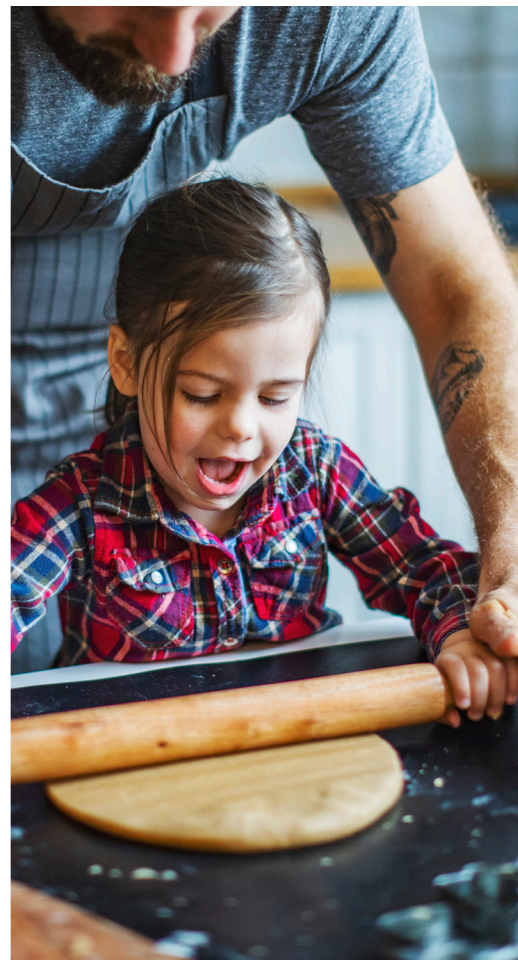
Online banking users switched to paperless bank statements



## MOBILE BANKING

6,827

Members banked on the go using mobile banking app



## ONLINE BANKING

6,212

Members ditched waiting in line and banked online



## ITMs

8,723

Interactive Teller Machine (an ATM + live Teller) transactions



## BILL PAY

3,323

Members used free Bill Pay to pay their bills online



# BE PART OF SOMETHING BIGGER

At Providence Credit Union, our core purpose is to positively impact the lives we touch. Afterall, as a health care credit union, it's in our DNA.

From volunteering our time to supporting charitable causes, we are committed to serving those around us in ways that go beyond financial services.

In 2023, we continued our tradition of supporting charitable organizations through donations, sponsorships, and volunteer initiatives. We are proud to have contributed to a variety of non-profit organizations including sponsoring Providence Holiday Craft Fair and SOLVE Oregon Beach Clean Up.

**We've donated more than half a million dollars over the years, but we also support events that lift our communities and people.**

During 2023, we were delighted to be involved in events like the Providence Festival of Trees, and the Willamette Falls Gala event.

Our employees were also humbled by requesting 20 gift tags from the Center for Medically Fragile Children at The Providence Child Center. Our compassionate team donated sensory toys, personal care items, and gift cards. Helping and being there for each other is what's needed in this world.

## Here are just some of the contributions we made:

|   |          |
|---|----------|
| GoWest 2023 CULAC Holiday Giveaway Echo Show  | \$280    |
| Providence Milwaukie Foundation Sponsorship ( <i>Foundation Partner in Health</i> )           | \$1,500  |
| Providence Portland Medical Foundation ( <i>Employee Garden</i> )                             | \$5,000  |
| Providence Portland Medical Foundation ( <i>Providence Festival of Trees</i> )                | \$5,900  |
| Providence Willamette Falls Medical Foundation ( <i>Gala at the Falls Games Sponsorship</i> ) | \$3,000  |
| Providence Willamette Falls Medical Foundation ( <i>Gala at the Falls Donations</i> )         | \$6,850  |
| TOTAL   | \$22,530 |



EXECUTIVE LEADERS



**Shirley Cate**  
President/CEO



**Bill Kearney**  
VP of Administration



**Leo Lee**  
VP of Technology



**Kasey Rockwell**  
VP of Operations



**Annie Spencer**  
VP of Finance



**Carolyn Mah**  
VP of Marketing



**Aaron Wiggins**  
VP of Lending

OUR TEAM

Adam Alcala  
Alberta Moranchel  
Amber Flores  
Andrew Cecka  
Angela Allen  
Angela Hiestand  
Becky Davalos  
Billy Cha  
Chris Nguyen  
Cindy Light  
Crystal Thai

Loan Underwriter  
Member Services  
Assistant Operations Manager  
Internal Auditor  
Member Services  
Member Services  
Member Services  
Accounting Specialist  
Information Systems Analyst  
Member Services  
Electronic Service & Payments  
Administrator

Diana Fackrell  
Dolores Gomez  
Jannet Figueroa  
Kathy Johnson

Member Care Manager  
Member Services  
Accounting Specialist  
Member Services

Katie Johnson  
Kelly Hottenroth  
Linda Carlson  
Luke Hooper  
Maria Ceapa  
Nora Griffin

Olivia Wiley  
Paul Ethier  
Rebecca Foord  
Sharon Hughes  
Sharon Popp  
Shelley Woodruff  
Tiffanie Cantua  
Tuan Tran

Business Development  
Senior Collection Officer  
Financial Advisor Assistant  
Digital Marketing Coordinator  
Assistant Operations Manager  
Electronic Service & Payments  
Administrator  
Interactive Video Teller  
Loan Processor  
Loan Processor  
Business Development  
Director of Operations  
Member Care Specialist  
Member Services  
System Administrator

BOARD OF DIRECTORS



**Mary Savage**  
Chair



**Tammy Pierce**  
Vice Chair



**Robert Berry**  
Secretary



**Henry Vera**  
Director



**Kevin Matheny**  
Director



**Tam Everard**  
Director



**Joann Pfister**  
Director

SUPERVISORY COMMITTEE



**Bill Borquist**  
Chair



**Rebecca Martinson**  
Member



**Bert Sperry**  
Member



MEMBER CARE  
CALL CENTER SERVICE HOURS  
MON-FRI, 7:30AM-4:00PM



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