

Statement of Financial Condition

For the years ended December 31, 2021 and 2022

Assets	2021	2022
Loans to members (net)	\$29,364,200	\$34,268,264
Cash & Investments	10,992,277	4,963,496
Equipment / Facilities (net)	1,024,359	1,030,576
All Other Assets	<u>453,120</u>	<u>482,525</u>
Total Assets	<u>\$41,833,956</u>	<u>\$40,744,861</u>
Liabilities		
Accounts Payable	\$ -9,895	\$ -13,466
All Other Liabilities	<u>-133,351</u>	<u>272,177</u>
Total Liabilities	<u>\$-143,246</u>	<u>\$ 258,711</u>
Equity		
Shares	\$37,629,988	\$35,735,991
Regular Reserve	781,321	781,321
Undivided Earnings	<u>3,565,893</u>	<u>3,968,838</u>
Total Member Equity	<u>\$41,977,202</u>	<u>\$40,486,150</u>
Total Liabilities & Equity	<u>\$41,833,956</u>	<u>\$40,744,861</u>

Statement of Income & Expense

For the years ended December 31, 2021 and 2022

Income	2021	2022
Interest on Loans	\$1,419,694	\$1,631,158
Income on Investments	32,760	92,387
Other Income	<u>439,317</u>	<u>481,852</u>
Total Income	<u>\$1,891,771</u>	<u>\$2,205,397</u>
Expenses		
Employee Compensation & Benefits	\$773,667	\$846,972
Professional & Outside Services	284,156	291,544
General Office Expense	171,448	181,839
All Other Expenses	<u>400,230</u>	<u>448,094</u>
Total Expenses	<u>\$1,629,501</u>	<u>\$1,768,449</u>
Income Before Dividends	\$262,270	\$436,948
Dividends	\$32,789	\$26,981
Net Income <Loss>	<u>\$229,481</u>	<u>\$409,967</u>



CONNECTION
CREDIT UNION

2022 Annual Report

65th Annual Meeting
March 23, 2023

Supervisory Committee Report

The Supervisory Committee works to ensure that the credit union operates in a safe & sound manner, financial statements are accurate and correct, and the credit union's system of internal controls works to manage risks, ensure legal and regulatory compliance, and safeguard member assets.

The Committee engaged the accounting firm of Randall Audit & Consulting to perform a certified audit in accordance with regulatory guidance. Based on this external audit, as well as our own internal audits of credit union operations and controls, it is our opinion that that the credit union is financially sound, and the interests of its member-owners are well served.

The Supervisory Committee wishes to thank Credit Union management, staff, Board of Directors, and members for their assistance and cooperation throughout 2022.

James Benlein, James McKenna, Richard Hayes, Brandi Wilson
Supervisory Committee Members

Office Location
10200 Silverdale Way NW
(360) 307-6400 / fax (360) 307-6440

Monday – Friday 9:00 AM to 5:00 PM
(Drive-up open until 5:30)

Mailing Address
P O Box 3990
Silverdale WA 98383

www.connectioncu.org

President's Report

65 years in business is a reason to celebrate and we have much to be thankful for. 2022 was a very positive year for your credit union as we emerged from the pandemic with very solid income of \$409,967 and total assets of \$40,744.861. We ended the year on solid financial footing and a net worth ratio of 11.79% which is an increase of 1.28% from December 2021.

Some key pieces in our digital transformation journey were completed in 2022 making it easier to do business with us. In November, we launched a new online loan origination system which streamlines the entire loan process. We also upgraded our business texting solution allowing us to communicate securely with our members. We continue to explore new ways to utilize this tool as it is proving to be an efficient way to conduct business for all involved. It seems no one really wants to talk on the phone these days.

After a couple of years of pause related to the pandemic, we were able to restart our efforts to better engage our community and community partners as we continue our mission to help more of the 'underserved' in Kitsap. We are often the best choice for those in need of a little bit of help with accounts, loans, financial education and guidance. Our simple and straightforward approach and smaller size is a great fit. We continue to explore new and creative ways to have greater impact.

As we look forward towards the future, we will continue with technology investments making it easier to do business with us. This includes a new online account and membership opening solution plus improvements in our card programs with digital cards and the "Pays" - Apple, Google, Samsung, etc. Our efforts to engage more community referral partners will expand as we are a terrific option and the need is increasing. While investments in technology remains critical for our continued relevance and growth, we have no plans to deviate from the cooperative principles that have made us successful for the

past 65 years. We remain steadfast in our focus on serving the *local* Kitsap community in our own unique way with the resources and connections we have. We are the smallest financial institution in Kitsap County (it's not even close) and the only one focused exclusively on serving our local community. We still believe that is important.

You can help by continuing to trust us with your business and refer others to us. We proudly serve a very loyal membership base and recognize you have many choices for financial services. Thank you for choosing us.

Scott Prior
President/CEO

Chairman's Report

What makes small credit unions different?

There are so many financial options available today that sometimes it is difficult to choose. When you add in costs and fees associated with your finances it makes those choices harder. For those of us who choose Connection we know why big is not necessarily better.

We are friendly and accessible.

Let's face it. The big banks and credit unions can seem unfriendly and impersonal at times. Branch managers often must consult with corporate to make decisions to help you, or that the bank itself is so big that you are just another customer, or another fee, or another opportunity.

At Connection we work with you personally to meet your financial needs at every level. Smaller credit unions have more flexibility to see you as you are, rather than fitting you into a set of specifications that make you a good customer.

We are a cooperative, not a corporation.
We are members serving members, not a

corporation designed to return the investment to our shareholders. Our goal is to help members address their needs with a jointly owned and democratically controlled enterprise, not to make money from our members. You are members that share our mission, not customers that pay for it.

As a small credit union, we are member-owned and member-run. This empowers us to make decisions that benefit our members, not investors or corporate officers who may have different interests than our members. We keep our members first, and work together as a community, not a corporation.

We go beyond banking.

At Connection we go beyond banking to serve our members and our community. We are working with underserved communities to help bring financial education and services to those parts of community that lack them. We are working on programs to help ex-inmates rebuild their finances after serving their time. We spend time with members to help them form the decisions that secure their financial future. We make good things happen for our members, and work hard to ensure needs are met.

We've been here for 65 years!

Members serving members is perhaps the best approach to building strong communities. As we celebrate our 65th anniversary we are not applying for social security and planning to kick back and retire. This isn't the end, but rather a new beginning. We're looking forward to the next 65 years and the ways we'll respond to the changing financial economy. Thank you for being a member, and for supporting the credit union philosophy!

Douglas E. Bear
Chairman of the Board

Board of Directors

- Chairman: Doug Bear
- Vice Chair: Allison Satter
- Secretary: Heidi Robnett
- Member: Dena Swisher
- Member: John Jogerst
- Member: Gerrit Tulp
- Member: Jim Rogers
- Assoc Mbr: Torrie Matz

Supervisory Committee

- Chairman: James Benlein
- Member: James McKenna
- Member: Brandi Wilson
- Member: Richard Hayes

Management & Staff

- President/CEO: Scott Prior
- Vice President: Cindy Berry
- Accountant/CFO: Corey Suraci
- Mbr Svc Supervisor: Jennifer Beaton
- Member Service Rep: Esmeralda Lee
- Member Service Rep: Sheree Onofre
- Member Service Rep: Courtney Carter
- Member Service Rep: Kayla Stufflebeam
- Loan Supervisor: Summer Schurr
- Loan Advisor: Shaleen Ormberg
- Loan Advisor: Jeff Yeager
- Mortgage Loans: Kathy Denton
- Mortgage Loans: Shannon Austin
- Loan Support: Zenaida Romero
- Collections: Anne Donahue
- Internal Auditor: Kathryn Barto.
- Bus. Development: Evie Webb