

## Statement of Financial Condition

For the years ended December 31, 2013 and 2014

Assets	2013	2014
Loans to members (net)	\$14,699,728	\$20,395,951
Cash & Investments	9,156,240	4,656,523
Equipment / Facilities (net)	1,206,750	1,180,149
All Other Assets	<u>365,646</u>	<u>402,795</u>
<b>Total Assets</b>	<b><u>\$25,428,364</u></b>	<b><u>\$26,635,418</u></b>
<b>Liabilities</b>		
Accounts Payable	\$ 2,636	\$ 5,020
All Other Liabilities	<u>207,880</u>	<u>288,552</u>
<b>Total Liabilities</b>	<b><u>\$210,516</u></b>	<b><u>\$293,572</u></b>
<b>Equity</b>		
Shares	\$21,537,908	\$22,575,016
Regular Reserve	791,321	791,321
Undivided Earnings	<u>2,888,619</u>	<u>2,975,509</u>
<b>Total Member Equity</b>	<b><u>\$25,217,848</u></b>	<b><u>\$26,341,846</u></b>
<b>Total Liabilities &amp; Equity</b>	<b><u>\$25,428,364</u></b>	<b><u>\$26,635,418</u></b>

## Statement of Income & Expense

For the years ended December 31, 2013 and 2014

Income	2013	2014
Interest on Loans	\$ 899,388	\$ 1,199,311
Income on Investments	99,081	79,045
Other Income	<u>230,914</u>	<u>264,535</u>
<b>Total Income</b>	<b><u>\$1,229,383</u></b>	<b><u>\$1,542,891</u></b>
<b>Expenses</b>		
Employee Compensation & Benefits	\$ 568,747	\$ 622,823
Professional & Outside Services	281,143	299,377
General Office Expense	176,983	193,768
All Other Expenses	<u>497,792</u>	<u>315,538</u>
<b>Total Expenses</b>	<b><u>\$1,524,665</u></b>	<b><u>\$1,431,506</u></b>
<b>Income Before Dividends</b>	<b>&lt;\$ 295,282&gt;</b>	<b>\$111,384</b>
<b>Dividends</b>	<b>\$ 37,310</b>	<b>\$ 24,495</b>
<b>Net Income &lt;Loss&gt;</b>	<b><u>&lt;\$332,592&gt;</u></b>	<b><u>\$86,890</u></b>



## 2014 Annual Report

### 57th Annual Meeting April 30, 2015

Silverdale Office  
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)

Bremerton Office  
Inside the Fire Station  
911 Park Ave  
(360) 479-1560  
Monday – Thursday 9:30 AM to 5:00 PM  
Friday 9:30AM to 5:30 PM  
(Closed 1:30 PM to 2:30 PM for lunch)

Port Orchard Office  
Givens Community Center  
1026 Sidney Ave, Room 145  
(360) 337-7009  
Monday – Thursday 8:30 AM to 4:30 PM  
Friday 8:30AM to 4:30 PM  
(Closed 1:30 PM to 2:30 PM for lunch)

Mailing Address  
P O Box 3990  
Silverdale WA 98383

[www.connectioncu.org](http://www.connectioncu.org)

### Mission

*Building financial futures one relationship at a time.*

### Vision

*Connection Credit Union is a premier financial organization that provides superior service to our member/owners in a personal and respectful manner.*

# OFFICIAL FAMILY

## Board of Directors

Chairman: Doug Bear  
Vice Chair: Jim Svensson  
Secretary: Richard Hayes  
Member: Mike Eslava  
Member: Allison Satter  
Member: Jim Durham  
Member: Jim Rogers

## Supervisory Committee

Chairman: Tom Saunders,  
Member: Madeline Durham  
Member: Wayne Hamilton  
Member: Jim McCreedy

## Management & Staff

President/CEO: Scott Prior  
Vice President: Cindy Berry  
Operations Manager: Scott Haeg  
Member Service Rep: Jennifer Beaton  
Member Service Rep: Chari Dean  
Member Service Rep: Mary Ann Hansen  
Member Service Rep: Amber Henry  
Member Service Rep: Taylor Surowiec  
Loan Officer: Evie Webb  
Loan Processor: Anne Donahue  
Loan Support: Kaitlyn Bear  
Support Svcs/Loans: Sharon Edinger  
Mktg/Bus Dev: Claudette Tulp  
Accts Payable: Villa MacNealy  
Office Support: Kristina Emery

## Chairman's Report

Welcome to the 2015 annual membership meeting for Connection Credit Union. As our nation emerges from the recession, the role of credit unions has never been needed more. We've been able to help our membership re-establish their financial foundation and brought many new members into our family.

As we move forward into the next year we want you to help secure the future of our credit union. To that end your Board of Directors is launching a new initiative tonight. We call it "Tell 3." We want you to tell three people three things.

We want you to tell them about credit unions. Tell them why they exist and how they are formed. We want them to understand the unique opportunities in a member-owned, member-driven financial organization.

We want you to tell them the difference between credit unions and banks. Talk about our low fees and liberal lending policies. Talk about the family nature of credit unions, where you are more than an account. Tell them about the myriad of services today's credit union provides, and how credit unions serve our community.

And we want you to tell them about Connection Credit Union. We want to be known as the best little credit union in all of Kitsap County. Because we are local we know our members personally. We work hand-in-hand to build financial futures, one member at a time.

We've produced a video to help launch this campaign. You'll see it tonight. It is our hope, as your Board of Directors, that you will take this personal call to action and share our story with someone you know. In fact, we would like you to share it with three people you know. Tell 3! And help secure the future of our credit union.

**Douglas E Bear**  
*Chairman of the Board*

## President's Report

2014 was a year of gradual and sustained improvement in our local and national economy as well as your credit union. We turned a corner and generated a net profit of \$86,890 for the year as compared to a loss of \$332,592 in 2013. We also ended the year with a very healthy capital level of 14.15%. This is more than double the 'well

capitalized' level of 7%. A strong level of capital is critical as it allows us to weather challenging economic times. Your credit union will continue to be diligent with our expenditures and good stewards of the hard earned dollars our members have entrusted to us.

Your credit union had very solid loan growth in 2014 of 36% as compared to 3.29% for our peer group. (Credit unions under \$50 million in assets). We also had positive net membership growth of 20% (compared to -0.68% for our peer group). For the year, we had a net membership growth of 578 members. These are very positive trends for our institution and leaves us very optimistic for the future success of our financial cooperative. If we are growing members and growing loans, that is an important barometer that we are still relevant to our membership and community.

We ended the year with a loan to share ratio of 91% which means 91% of the member funds on deposit are loaned out to members. This is the best use of member funds (compared to investments) as those dollars go back to our community to help fellow members with their loan needs. This is another example of your credit union living the credit union philosophy.

In 2014, we were able to provide loan opportunities to many new and existing members of our credit union. Our 'acting like a credit union' philosophy allows us to dig deeper on a loan request. We work hard to get to the story behind the credit score. With each loan request, one of the factors we consider is if the request is a good use of our member's hard earned dollars. Your credit union has always operated in this manner and we are proud to continue with a true credit union philosophy in our operations. This philosophy is becoming more and more unique in the financial services marketplace and represents a competitive advantage for your credit union.

We give people an opportunity but we also hold them accountable for their financial actions. We ended the year with a delinquency rate of 1.20% and a charge off ratio of .74%. These ratios are significantly below industry standards for comparative lending and we owe much of this success to the financial education we provide with each loan. We are very clear, direct and communicate often as this helps us ensure our delinquency and charge off ratios remain in acceptable ranges. Another example of how we act like a credit union.

Service to our community is also important to us and we continue to be good corporate citizens and contribute to the communities in which we serve. In 2014, we actively supported the Kitsap Community Resources, Credit Unions for Kids (which supports our local Children's Hospital) as well as local food banks and schools. We also participate in local community events such as Whaling Days, the Kitsap County Fair and Manette Fest.

As we look to the future, you can rest assured that your credit union will remain true to our not-for-profit financial cooperative roots and retain a member-oriented approach to our business. Acting like a credit union and protecting our credit union spirit is important to us. We'll continue to focus our efforts on you – our member/owners. We are also expanding our reach to better serve our core membership groups and our local Kitsap community. Our community needs institutions like ours to continue to provide financial choice.

Our mission is building financial futures, one relationship at a time. We are *your* credit union and we stand ready and willing to serve. Thank you for your membership.

**Scott Prior**  
*President/CEO*

## Supervisory Committee Report

The Supervisory Committee is responsible for making sure the credit union's financial records are in order and that internal controls are in place to protect the assets of the credit union and its members.

The Committee meets regularly to review and discuss internal controls and auditing matters. They also perform the bi-annual verification of member accounts, hire an accounting firm to perform the required audits, and review the actions of the board of directors and officers to ensure they are exercising proper control over the credit union's affairs.

The financial statements presented in this report and the results of the 2014 annual audit performed by the Jones & SAS CPA firm have affirmed our belief that Connection Credit Union has adequate financial controls and is financially sound.

**Tom Saunders, Madeline Durham,  
Wayne Hamilton, Jim McCreedy**  
*Supervisory Committee Members*