

Supervisory Committee Report

Federally chartered credit unions such as St. Helens Community are required to have a Supervisory Committee, made up of credit union members appointed by the Board of Directors. The committee is responsible for ensuring that the board and management: 1) meet financial reporting objectives, and; 2) establish practices and procedures to safeguard member's assets. To achieve these goals the committee meets monthly to determine if management and staff are conducting the affairs of the credit union in such a way as to:

- Establish and maintain effective internal controls.
- Promptly prepare accounting records and financial reports to accurately reflect operations and results.
- Properly administer relevant plans, policies, and control procedures established by the Board of Directors.
- Establish policies and control procedures that safeguard against error, carelessness, self-dealing, and fraud.

In order to carry out these responsibilities, the Supervisory Committee relies on outside auditors that report directly to the committee. We contract with an experienced credit union professional to conduct monthly internal audits ranging from compliance with the Bank Secrecy Act (BSA) to whether loans are being made in accordance with established procedures and lending limitations.

Written, monthly reports are submitted to the committee. No major non-compliance issues were identified in 2014.

The committee also works with an accounting firm to perform a comprehensive annual financial audit. Three years ago the committee chose the firm of Moss Adams from among four firms that submitted proposals. Moss Adams conducted an audit of the Credit Union's financial statements and operations as of September 2014. The audit performed led to a positive opinion and did not identify any major issues or areas of concern. The audit also determined that the Credit Union's financial statements were "fairly stated."

Based on our work during the past year we are confident that St. Helens Community Federal Credit Union has met its financial objectives and that member assets are being adequately safeguarded.

Scott Bremmer
2014 Supervisory Committee Chairman



Board of Directors

Tom Tussing, Chairman, **David Graham**, Vice Chairman, **Michael Ismert**, Secretary
Richard Louie, Treasurer, **Steven Correll**, **Seth Holmes**, **Amanda Komp**

Supervisory Committee

Scott Bremmer, Chairman, **Marty Borrevik**, **David Graham**, **Gordy Jarman, Jr.**, **Darrel Purkerson**

Senior Management

Brooke Van Vleet, President/CEO, **Robin Balza**, Chief Operations Officer
Randy Goshow, Chief Risk & Financial Officer, **Steve Jensen**, Vice President, Lending
Ryann Weaver, Vice President, Marketing, **Ron Winter**, Chief Information & Technology Officer



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Building a Better Community, Together Annual Report 2014



Message from the Chairman and CEO

Growing and supporting the community, together

St. Helens Community was just an idea before the employees of two local paper mills got together and formed a financial cooperative that would withstand the test of time, the economy, and changes throughout the region. Since 1938, we have been building a better community, together.

In 2014, we accomplished a lot as a community of members. Together, we built a new branch in St. Helens, remodeled the Scappoose Branch, and introduced a new and improved Online Banking. Together we brought more products and services to the residents of Clatsop and Cowlitz Counties. And together we built a new website, created a new look for the Credit Union, and helped thousands of local families and business owners achieve their financial goals and dreams.

All that togetherness added up to positive returns. Last year, ECONorthwest completed an independent analysis of all Northwest credit unions, including St. Helens Community. The results can be seen on the adjacent page. In that report, we were able to see how we had a direct impact on local jobs, personal income and total output for the area – especially the economic impact of nearly a billion dollars.

You are the Cooperative

This is your Credit Union, which means you deserve sensible and meaningful management of your money. In 2014, we put a large portion of the Credit Union’s 2014 net income into reserves. This was done proactively to offset the possibility of any future loan losses. On a balance sheet, this looks like a loss, when in reality it’s a smart move to protect your Credit Union well into the future – it’s similar to putting money away for a rainy day.

Even with this transfer, our net worth ratio surpasses regulatory benchmarks and shows that St. Helens Community is well capitalized. In other words, this is a safe and sound financial institution. We’re here to ensure your finances are always protected.

While we have accomplished much together, as illustrated by ECONorthwest’s findings, we want to take the time to thank every individual employee, volunteer and member for making it all possible. Your commitment and faith in the ideals and principles of a financial cooperative are what have contributed to the success of countless families and businesses – to achieve more, dream bigger, and work toward a brighter financial future, together.

Tom Tussing
Chairman, Board of Directors

Brooke Van Vleet
President/CEO

Economic Impact



\$6.8 BILLION

Northwest credit unions generated \$6.8B in economic impact across Oregon and Washington in 2014.



4,908 JOBS

Northwest credit unions created 4,908 jobs in Oregon in 2014.



\$969,000

St. Helens Community delivered \$969,000 of direct benefit value to its members in 2014.



\$62 PER MEMBER

St. Helens Community delivered an average of \$62 per member of direct benefit value in 2014. Members realize this value in the form of lower account fees, higher interest rates on savings and checking accounts, and lower interest rates on loans.

Financials

STATEMENT OF INCOME	2014	2013
Interest Income		
Loans to Members	7,363,358	7,577,268
Investment and Cash Equivalents	386,999	332,253
Total Interest Income	7,750,357	7,909,521
Interest Expense		
Dividends on Member Shares	612,003	696,376
Interest on Borrowed Funds	22,627	32,425
Total Interest Expense	634,630	728,801
Net Interest Income	7,115,727	7,180,720
Provision for Loan Loss	1,276,085	2,647,470
Net Interest Income After Prov for Loan Loss	5,839,642	4,533,250
Non-Interest Income	2,249,650	2,317,535
Non-Interest Expense		
Salaries and Benefits	4,356,009	3,863,502
Occupancy, Equipment and Operations	2,558,078	2,174,386
Other Operating Expenses	1,374,338	1,337,810
Loss on Sale of Assets	677,580	412,846
Total Non-Interest Expense	8,966,005	7,788,544
Income Before NCUA Stabilization Fund Assessment	(876,713)	(937,759)
NCUA Stabilization Fund Assessment	0	(116,680)
Net Income	(876,713)	(1,054,439)

STATEMENT OF FINANCIAL CONDITION	2014	2013
Assets		
Cash and Cash Equivalents	11,337,728	16,231,950
Investments	14,888,457	2,502,377
Loans to Members	138,027,305	139,331,628
Allowance for Loan Loss	(4,064,731)	(3,799,709)
Fixed Assets	4,286,487	2,452,161
Other Assets	13,526,717	14,192,595
Total Assets	178,001,963	170,911,002
Liabilities and Equity		
Members' Shares	163,156,752	150,436,138
Borrowed Funds	0	5,000,000
Other Liabilities	1,164,199	970,570
Total Liabilities	164,320,951	156,406,708
Regular Reserves	4,157,102	4,157,102
Undivided Earnings	9,452,702	10,329,415
Unrealized Gain/Loss on Investments	71,208	17,777
Total Equity	13,681,012	14,504,294
Total Liabilities and Equity	178,001,963	170,911,002