

2023  
ANNUAL REPORT



GROWING IN  
community

 **first community**  
credit union



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## **OUR VISION**

We are the financial institution of choice in our market.

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## **OUR MISSION**

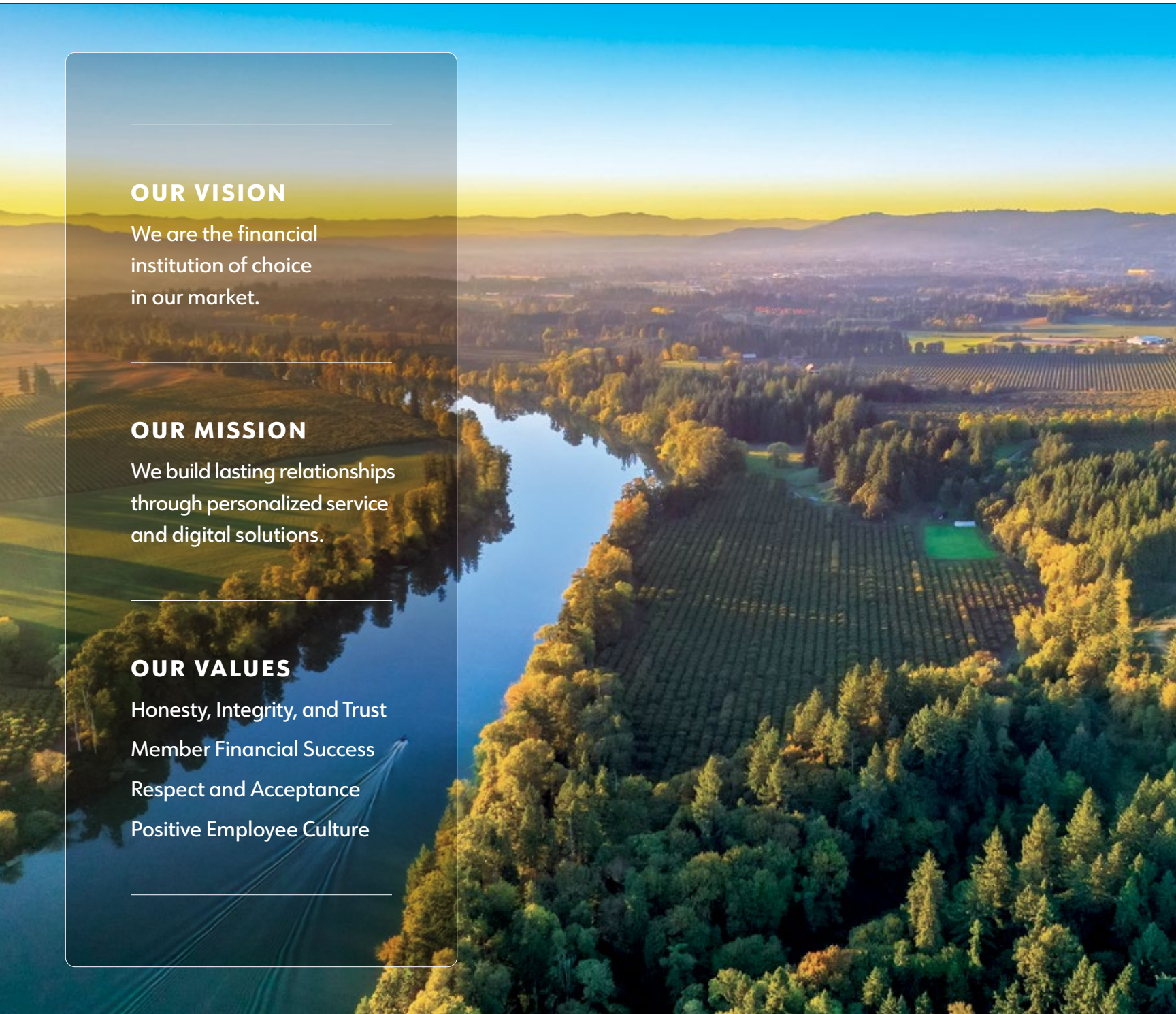
We build lasting relationships through personalized service and digital solutions.

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## **OUR VALUES**

Honesty, Integrity, and Trust  
Member Financial Success  
Respect and Acceptance  
Positive Employee Culture

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*Cover: Ripe wine grapes ready for harvest in Yamhill County vineyards.*

*Left: Agriculture thrives along the banks of the Willamette River.*





**David S. Elmer**  
President and CEO

**"The Credit Union's  
legacy of growth and  
financial strength is  
made possible by loyal  
members and talented  
employees who serve  
our communities  
day after day."**

# president's message

**T**he Credit Union completed its 67<sup>th</sup> year of operation in 2023. In each of those years, First Community achieved positive net income and increased its financial reserves. The results of 2023 were exceptional, with net earnings over \$15 million, strong liquidity, and regulatory net worth (i.e., equity and financial reserves) surpassing \$190 million. Like nearly all banks and credit unions, the majority of First Community's assets are invested in loans to its members. At year end, asset quality remained among the best in the nation and nearly 15 times better than peer average. It is my honor and privilege to report that First Community Credit Union remains financially strong.

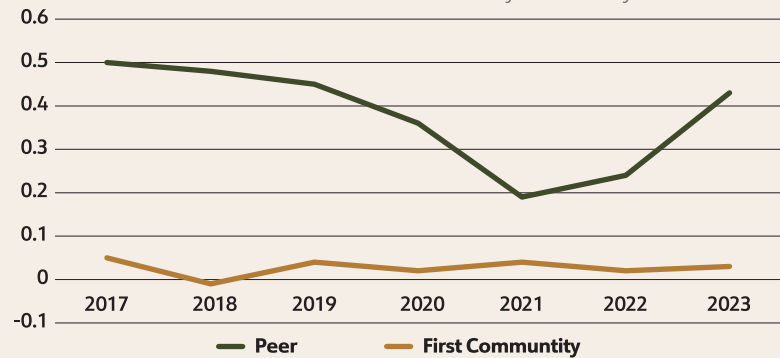
As money continued to flow out of the banking system in 2023, many financial institutions struggled to maintain enough deposits to meet their liquidity needs. The banking system as a whole is very strong; however, many banks and credit unions did not adequately plan for the current market conditions and were forced to borrow to continue their operations. First Community has no borrowings, more cash and short-term investments than peers, and more liquidity than the prior year. The Credit Union's success and continued financial strength are evidence of its effective strategic planning and enterprise risk management practices.

The Officials and Management at First Community recognize the significance of effective planning. The ability to create and execute successful strategic plans ensures the Credit Union's long-term success and becomes the means for it to keep its promises, operate consistent with its core values, and fulfill its mission. Effective planning means that First Community will be able to keep its promise to its 350 employees – that they will never be laid off – no matter the circumstances. It also means that the individuals, families, and businesses that rely on the Credit Union for their banking needs will always have access to the lending and deposit tools they need as First Community continues to grow and expand. Effective planning is just one of the ways the Credit Union continues to put people before profits.

As part of the Credit Union's growth plans to ensure that financial strength is maintained in the future, First Community is beginning construction on three additional branches in 2024. The locations of the branches were chosen to support the continued membership growth in Deschutes and Jackson counties. The new branches will be constructed on First Community-owned lots in Redmond, Bend, and Central Point, Oregon.

### Historical Net Charge Off Rate

*The NCO Ratio includes loan losses and is a Key Asset Quality Ratio*



The Credit Union's legacy of growth and financial strength is made possible by loyal members and talented employees who serve our communities day after day. On behalf of the First Community team, I wish to offer our gratitude to our membership for their continued support and promise our commitment to your financial success now and in the future.

Respectfully,

David S. Elmer  
President and Chief Executive Officer  
First Community Credit Union

# who we are

**W**e are First Community Credit Union, and we have been happily serving Oregonians since 1957.

First Community is among the strongest credit unions in the nation—but we have never lost sight of our roots and what makes us who we are: the small, tight-knit communities that we call home.

First Community is not some large nationwide institution based in a far-off city. We are your neighbors. Your morning commutes are our morning commutes, and our kids play where your kids play. We share your pride and connection to this beautiful state, and we are committed to helping you achieve your goals. When you thrive, we thrive.



*New branches are coming soon to Redmond, Bend, and Central Point.*





**Robin McAlpin**  
Chairperson  
*Canby*



**Brian Menefee**  
Vice Chairperson  
*Roseburg*

# board of directors

**A**t the center of any successful financial institution is a strong governance model. Board members are elected by credit union members and govern the affairs of the credit union to protect the interests of its members.

The First Community Credit Union Board of Directors sets the vision and the strategy for the credit union's future. The directors' individual views and diverse backgrounds help represent member interests from their geographic regions and various walks of life. Collectively, they provide a unified direction to guide First Community on a path of success and financial strength.



**Linda Furman Grile**  
Secretary  
*Coos Bay*



**Dennis Erickson**  
Treasurer  
*Cornelius*



**June Chadbourne**  
*Midland*



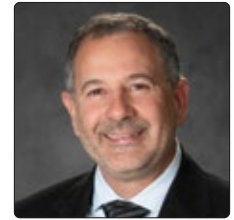
**Elizabeth Davis**  
*Roseburg*



**Joseph Deutz**  
*Pilot Rock*



**Daniel Gibson**  
*Portland*



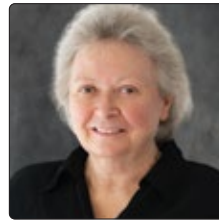
**Shaun Hoback**  
*Grants Pass*



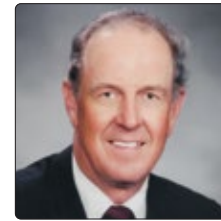
**Steve Mohrland**  
*Pendleton*



**Gerald Prickett**  
*Myrtle Point*



**Mary Ellen Robbins**  
*Troutdale*



**Hall Thomas**  
*Myrtle Point*





**88,500**

total members\*

**\$16,790**

average shares per member\*

**\$193.8 million**

member certificates\*

**65,042**

total checking accounts\*

**\$441,660,797**

total checking accounts balance\*

**\$1.6 billion**

total member deposits\*

**6,475**

all new loans granted in 2023

**\$269.9 million**

all new loans granted in 2023

*\*As of December 31, 2023*



# our members

## PERSONAL BANKING

**F**or a credit union, membership means ownership. When our members succeed financially, so do we. And as a not-for-profit institution, we are entirely focused on this one principle: *Your success is our success.* This focus drives us to operate on the lowest possible profit margins and to design products and services that cost you less.

Our promise to you is to always put people before profits while ensuring that First Community Credit Union remains financially strong for years to come.

*At the Newberg Branch, Anita assists a member with a transaction (top left); a child opens her first saving account (top right); Patrice greets a member to help with a loan (right); and Yenifer and Mary assist a member with a deposit (below).*



## BENEFITS

- Low fees
  - First Community Credit Union charges less than half as much in fees as other credit unions in the same asset class
- Low interest rates
  - First Community offers significantly lower loan rates than other credit unions in the same asset class.
- Local loan servicing, always
- Mortgage loans
- Home equity lines of credit
- New and used vehicle loans
  - Shop like a cash buyer with an auto loan check
- Financing for RVs, boats, ATVs, motorcycles, and travel trailers
- Debit and credit cards
- Free checking and savings accounts

# coming soon

## DIGITAL BANKING UPGRADES

**W**hether at your computer or on your phone, you need secure, seamless, and convenient banking. At First Community, we get that. That's why we have developed a significant upgrade to our mobile banking app and browser-based online banking. We are excited to share it with you soon!

Here are some of the new features you can expect:

### Enhanced Security Measures

Bank with confidence. Our upgraded app includes state-of-the-art security features to safeguard your personal and financial information at home and on the go.

### Streamlined User Interface

Engage with our revamped interface and easily access all the features you need in just a few taps.

### Faster Transactions

Enjoy lightning-fast transactions, including transfers, bill payments, and mobile check deposits, helping you manage your finances efficiently on the go.

We believe these enhancements will significantly improve your digital banking experience and empower you to take control of your finances with greater ease and confidence.

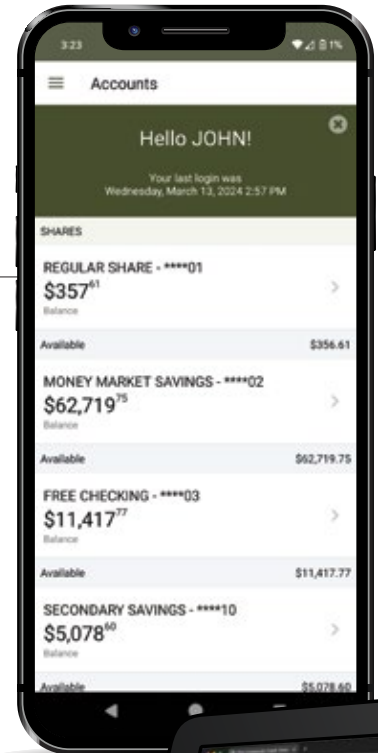
Look for the new version in your App Store or Google Play Store soon!

### Check Your Credit

Get credit reports to help you stay on track with your financial goals and make informed, real-time decisions about spending, borrowing, and saving.

### Expanded Functionality

Our upgraded app offers more functionality, such as a new document portal for securely uploading financial information and Positive Pay for businesses, which automatically verifies checks to prevent fraud. Coming in early 2025 is FedNow Send, which enables payments to be sent within seconds so that the receiver can use the funds immediately.

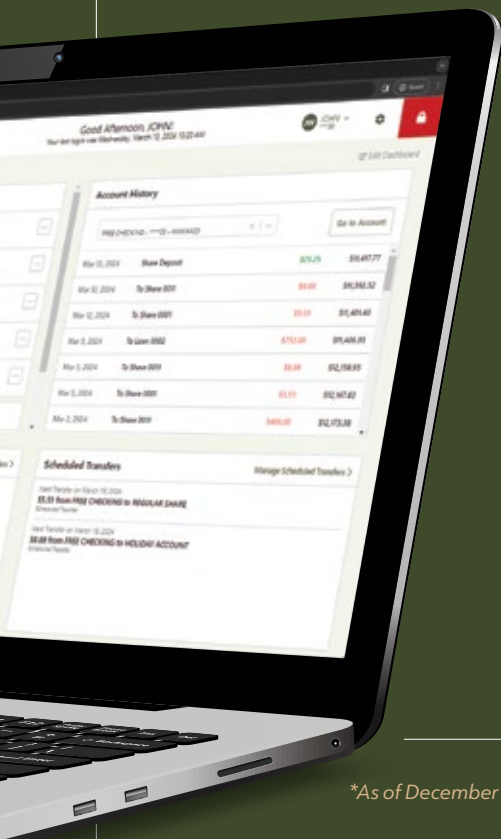


*Right: Jordann at the Newberg branch helps a young member view his account in the mobile app.*

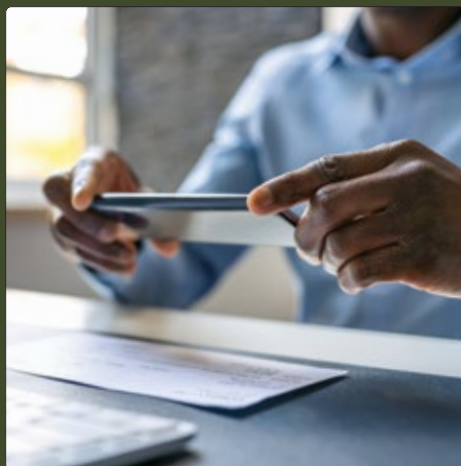
**66,300**  
digital banking users\*

**2,859,000**  
digital banking transactions\*

**61,500**  
mobile deposits\*



\*As of December 31, 2023







**6,088**  
commercial accounts\*

**\$227.6 million**  
commercial loan portfolio\*

**\$219,327**  
average commercial loan\*

**\$9.8 million**  
public funds on deposit\*

*\*As of December 31, 2023*



# our members

## BUSINESS BANKING

**F**irst Community Credit Union is proud to partner with and work alongside business owners and corporations large and small, helping them achieve their financial goals. We offer a variety of business services and solutions to our members, including payroll services and lower-than-average loan rates, and are a qualified public depository for government entities in the state of Oregon.

### A Diverse Membership

Industries in which First Community members work:

- Agriculture/farming
- Arts and entertainment
- Aviation
- Bottling and vending services
- Fishing and shipping vessels
- Food and beverage
- Healthcare
- Hospitality
- Landscaping
- Livestock
- Real estate
- Retail
- Timber
- Trucking
- Waste management
- Wood manufacturing

### Loan Types Available for Business Banking Accounts

- Agriculture and land
- Business chattel
- Business operating line of credit
- Business revolving line of credit
- Commercial construction and development
- Commercial real estate
- Letters of credit
- USDA guaranteed

## BENEFITS

- Business loans
  - No prepayment penalties
- Business credit cards
- Business checking and money market
  - Earn a higher monthly interest rate and still easily access your funds
  - Increase revenue and cash flow for your business with electronic payments
- Merchant services
- Process standard credit and debit cards and maintain direct links with electronic funds transfer networks nationwide
- Remote deposit capture
- Payroll origination
- Vendor pay
- Collect pay

*Left: First Community is proud to serve a wide range of businesses and industries. Read just a few of our member stories featured in our Spotlight on Business.*



# spotlight on business







# serving up community

## CARAVAN COFFEE • NEWBERG

**P**ete Miller is all about community. "I want to do business with people I know and trust," he says.

Pete opened the Coffee Cottage in his garage in 1990 so coffee lovers in Newberg would have a place to gather and share ideas. Soon, it was a thriving meeting spot.

In 1998, he founded a specialty roasting house, Caravan Coffee, named after the stories about how coffee is grown and farmers treat their people. He engaged with coffee growers around the world and came to know their challenges. Inspired to make a difference, Pete sourced his coffee with standards that benefit both the communities that grow it and those that drink it. Caravan supports projects from fresh water supply to a community band.

Today, Caravan Coffee remains a local artisan coffee house and also ships its single-sourced roasted coffees across the country.

It's that same community connection that brought Pete to First Community Credit Union. He met Esther through community projects and chose First Community for his bank about 15 years ago.

"I enjoy doing business with people in the same town," he says. "FCCU is truly a community business and I love the staff at the Newberg branch."

Through Rotary, Pete participates in numerous service projects, and he donates coffee services to nonprofits. "I am passionate about partnering with our local community that way," he says. "People here care about our community, and it's reciprocal. Like-minded people do business with us."

*Top left: Caravan Coffee baristas prepare a latte for Mary Nielsen, Newberg VP/Branch Manager.*

*Above left: Esther Frank, VP of Commercial Lending and Pete Miller, owner of Caravan Coffee, discuss business.*

*Above right: A Caravan Coffee barista finishes preparing the perfect mocha.*



# a deep connection

## VETERINARY SERVICES OF OREGON • ST. PAUL

**R**aised on his father's dairy in St. Paul, Oregon, Dr. Richard Veeman's love of animals and the farming community has deep roots.

That love led him to a career in veterinary medicine. He earned his doctorate at Oregon State and Washington State Universities in 1995. He began practice at Yelm Veterinary Hospital in Washington. Two years later, he moved back home to St. Paul, where his father and brother still operate the family dairy, and went to work for Newberg Veterinary Hospital. In 1999, Dr. Veeman started Veterinary Services of Oregon, a primarily mobile practice specializing in large animal veterinary services.

For over 25 years, he has served the local farming community and has grown his business to a successful multi-doctor practice.

A friend recommended First Community for home and business loans. "They understand my business and my personal banking needs," Dr. Veeman says. "Their recommendations are always in my best interest. The staff can make decisions and help me quickly. With my busy schedule this is important to me."

*Left: Dr. Veeman performs a health check visit at a local dairy.*





# community en pointe

**CHEHALEM VALLEY DANCE ACADEMY • NEWBERG / MCMINNVILLE / SALEM**

**K**risten Stoller's life of dance began with lessons in 5th grade. For her, dance connected and empowered people. She dreamed of owning a dance studio and, in 2009, her dream was realized with the purchase of Chehalem Valley Dance Academy.

Kristen and her 25 staff members provide high quality dance instruction and an apprentice program with leadership opportunities. At CVDA, "Dance skills are life skills," and students are nurtured to be great dancers and contributing community members.

Kristen was a "big-bank" customer and was unhappy with her banking relationship. She knew Esther Frank, VP of Commercial Lending and Mary Nielsen, VP/Branch Manager through community activities. She posed her banking issues to Esther, who was quick to resolve them. Kristen now does all her banking with First Community.

"Service is so personal," Kristen says. "They have fast and practical solutions so I can focus on my business, knowing FCCU has my banking handled. Additionally, First Community supports events and organizations in our community that I am passionate about. I love that!"

*Above: Kristen Stoller, owner of Chehalem Valley Dance Academy, instructs dance and ballet at the Newberg studio.*





# fields of dreams

## ASPEN CREEK LANDSCAPING • SHERWOOD

Scott Picker knows about working hard for one's dreams. Raised on a farm in Eastern Oregon, Scott joined Future Farmers of America in high school and started his own landscaping business.

He leveraged that business to pay his way through college at Washington State University where he met his wife, Amelia. After college, he gained turf management experience as a field man for several golf courses. Eager to build his business, he moved to Corvallis and started Aspen Creek Landscaping in 2000 while Amelia finished veterinary school. Today, Aspen Creek employs over 50 people and specializes in high-end landscape design for residential and commercial clients, including several wineries.

Always thinking forward, Scott desired a bank that would work with his dreams. "I get pretty creative at times," he says, "and Esther Frank at FCCU always makes it work for me. It's great! I wouldn't bank anywhere else."





# sharing a passion

## A&S LAND & CATTLE • DUNDEE

Not far from Dayton, Oregon, nestled between the Yamhill and Willamette rivers, you might come across a pastoral surprise: Texas Longhorns grazing in the afternoon sun. How did they get there?

It began when Scott and Amelia Picker purchased five registered Texas Longhorn cattle from a local breeder who was calling it quits. After one year, they were hooked.

"It was a hobby in the beginning," Scott says, "but it has become a true business passion. Watching the herd grow and seeing each year's higher quality of offspring brings a lot of personal satisfaction."

A practicing veterinarian, Amelia loves breeding and raising their show-quality Texas Longhorns. Their goal is to maintain a herd of 100 of the most beautiful, healthy, and conformationally correct cattle possible.

Among their prized Longhorns is a female with the ninth-longest horns in the industry, measuring 105 $\frac{7}{8}$  inches, valued at \$250,000. But for Scott and Amelia, the true value is the joy in raising such magnificent animals.

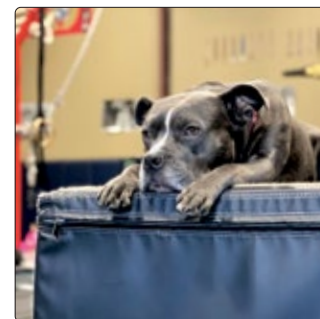
When Scott and Amelia had banking needs to start and operate their unique ranch, they turned to First Community Credit Union. "I was frustrated with my previous bank," says Scott. "A friend introduced me to Esther Frank, VP of Commercial Lending at First Community. She and her team have helped me with every need."

Scott adds that Longhorn ranchers are more than happy to share ideas, open up their ranch for tours, and talk about what makes a great cow great. "You are always welcome to talk Longhorns at our home."

*Left: Scott Picker, owner of Aspen Creek Landscaping specializes in high-end designs.*

*Above: Owner of A&S Land & Cattle, Scott Picker is passionate about raising prized Longhorns.*





# empowering others

## IMPACT TRAINING CENTER • NEWBERG

**W**hen Dewey Nielsen moved to the Newberg area he was already working as a personal trainer. His wife, Mary, was starting her career at First Community Credit Union.

Dewey liked his work, but something was missing. His pursuit of fitness and life balance led him to Brazilian Jiu Jitsu, a martial art not well known at the time. Dewey immersed himself and was the first in the area to earn a black belt. He became an instructor, and his student count quickly grew.

Dewey wanted to do more for his students and clients. He dreamed of creating a boutique-style personalized experience, a place where people maximized their fitness, health, and their mental spirit. In 2006, he opened Impact Training Center.

"Our first location was just a few blocks from First Community," Mary recalls. "We soon outgrew that and moved to the current location. Some clients have trained with Dewey for over 20 years."

*Above: Dewey Nielsen, owner of Impact Training Center, and rescue pup Marsha, spend a lot of time together in the gym.*



Today, Impact Training Center is a health hub in the Newberg community. Dewey has cultivated an environment that challenges people to pursue their wellness goals with the positive support of a passionate and knowledgeable team. They are dedicated to empowering members to thrive in mind and body through high-quality fitness training, specialized Brazilian Jiu Jitsu programs, youth programs, and personalized nutrition coaching. And, with any luck, you'll meet Impact's honorary coach and rescue pup, Marsha. She loves ear scratches and can often be found sitting on members' laps as they take a break.

Dewey has extended his passion for empowering others through Functional Anatomy Seminars, where he teaches training systems to optimize health and performance. He travels internationally to certify trainers, coaches, and therapists for many organizations including the NBA, NFL, NHL, MLB, the US and Canadian military, and even NASA to help prepare astronauts for in-space missions.

First Community is also dedicated to empowering its members, and we are proud to be the financial institution of choice for Impact Training Center.



# Mary Nielsen

**VP/BRANCH MANAGER • NEWBERG**

**A** Newberg native, Mary Nielsen graduated high school in 2000 and moved to Portland to attend community college. Life in the big city only deepened her appreciation for Newberg, and she was thrilled to return in 2002 to start her career at the new First Community Credit Union branch in Newberg.

She worked her way to operations manager and then branch manager in McMinnville. She transitioned to a credit analyst position to assist members with loan modification requests to help them navigate through the Great Recession. In 2013, Mary returned to manage the Newberg branch where she articulates and champions member service every day.

"I have had the pleasure of working for First Community for over 20 years and serving the community where I grew up," she says, pointing to the over 80 years combined experience of the staff. "I have a passion for team building and mentorship and am very proud of the Newberg team."



26

Oregon communities served

350

total employees

63

new employees in 2023

0

layoffs... ever!

# shaping our culture

**F**irst Community Credit Union has always been about people. We are proud to hire and invest in the most talented individuals in the communities we serve. We are committed to offering our employees rewarding careers and meaningful benefits, as well as plentiful opportunities for advancement.

*Left: Corie, Senior Financial Service Representative and Mary, Newberg VP/Branch Manager reviewing a loan.*

*Below: Grayson, Information Technology Support Specialist, upgrades a computer.*



## KEY EMPLOYEE BENEFITS

- Competitive wages
- Annual bonus and incentive plan
- 401(k) plan with employer match
- 100% employer-paid medical and dental insurance
- Generous personal, vacation, and sick days
- Wellness and fitness reimbursement
- Tuition reimbursement
- Paid volunteer leave



## devoted friends

Great friendships are built on values, not just liking the same things. For Esther Frank and Mary Nielsen, that couldn't be more true. Mary is "outdoorsy" while Esther is self-professed "indoorsy," but, Mary says, "We share a mutual respect and delight in our differences."

That respect has made for a great, supportive friendship that started in high school on the softball team. When Mary worked at a local coffee shop, she recommended Esther for a position. Later, Esther introduced Mary to her future husband, Dewey Nielsen. After Mary started her career at First Community, she encouraged Esther to apply. Now, they have worked together at First Community for over 20 years, putting values and collaboration, the keys to their friendship, first.

"We always seek to exceed our members' expectations and serve our hometown community," says Mary.

*Good friends since high school (above), Esther Frank and Mary Nielsen have worked together at First Community for over 20 years (left).*



# making a difference

**H**elping our communities thrive is a priority at First Community Credit Union. From scholarships to schools, sports to parks, and public safety, in 2023 we supported 250 organizations with over \$582,000 in donations. The following are just a few highlights of our commitment to supporting the communities we serve.

## \$66,000

- Founders Scholarships
  - 22 scholarships of \$3,000 each were awarded to graduating high school seniors or returning college students

## \$25,000

- Newberg - A Family Place
  - Champions for Children Masquerade Gala

## \$10,000

- Hearts With A Mission
- Hillsboro Tuesday Marketplace
- Lake County Round Up
- PlayEast! East County Recreation
- Redwood Elementary Inclusive Playground
  - Grants Pass (now under construction)
- Sutherlin Throwdown



*A Family Place Champions for Children Masquerade Gala*



*Lake County Round Up*





Hearts With A Mission Superhero Run



Hillsboro Tuesday Marketplace



PlayEast! East County Recreation

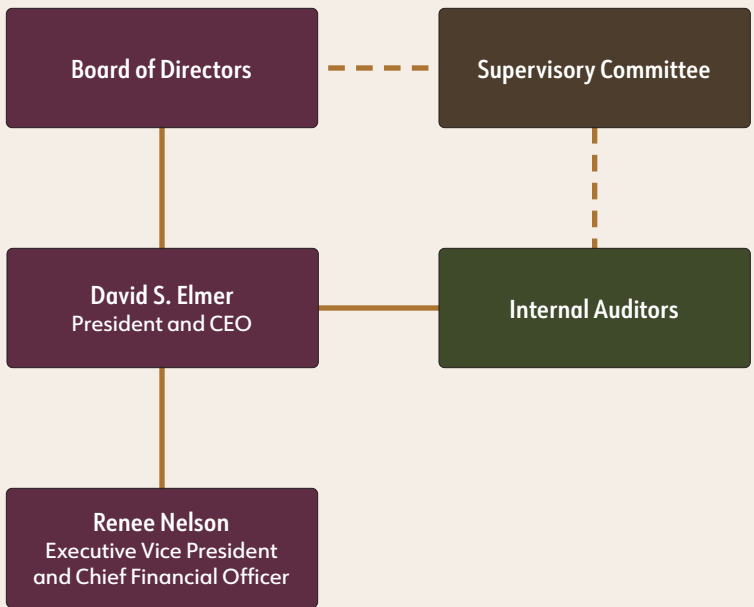


Sutherlin Throwdown

# supervisory committee

The Supervisory Committee oversees and relies on the work of qualified internal and external auditors to independently evaluate and monitor First Community’s operations. The Committee ensures that management implements sound internal controls and maintains practices and procedures that adhere to generally accepted accounting principles. In so doing, these are their primary responsibilities:

- Protecting credit union members’ funds and interests
- Safeguarding credit union assets
- Fully complying with regulations, policies, and procedures
- Maintaining reliable and accurate financial records



**Joseph Deutz**  
Chairperson  
*Pilot Rock*



**Julie Hargraves**  
Vice Chairperson  
*Roseburg*



**Greg Holden**  
*Pendleton*



**Carl Olson Jr.**  
*Grants Pass*



**Chris Pendleton**  
*Bandon*



**Hall Thomas**  
*Myrtle Point*



# supervisory committee report

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**T**he Supervisory Committee is organized in accordance with the Oregon Credit Union Act and the bylaws of the Credit Union. The Committee fulfills an essential role in ensuring the safety and soundness of the credit union with the help of internal and external auditors. The Committee is formed from the membership and appointed by the Board of Directors.

The Committee meets regularly with the Board of Directors, participates in annual planning activities, and communicates directly with internal and external auditors. Each quarter the Committee holds its meetings and receives reports from the Credit Union's full-time internal auditors and risk management team. Annually the Committee engages with a qualified public accounting firm to ensure that a comprehensive and independent audit is performed. The work of the internal and external auditors provides the Committee with important information to allow them to carry out their required oversight.

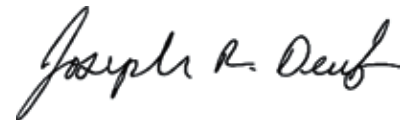
## **Summary of 2023 Financial Audit**

The Committee contracted with Moss Adams LLP to conduct an audit of the credit union's consolidated financial statements for the fiscal year ending September 30, 2023. While conducting their audit work, Moss Adams considered the internal controls of the credit union to identify the most appropriate audit procedures. Audit activities included the review of qualitative aspects of accounting practices as well as sensitive estimates made by Management. Member loan and share account confirmations as of September 30, 2023 were also included as part of the audit process.

Moss Adams identified no material weaknesses in Management's practices and issued their opinion that the consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Their letter summarizing their report is included in this report for reference.

The Supervisory Committee is pleased to present the Credit Union to the membership as being managed in accordance with generally accepted accounting principles and looks forward to the continued cooperation with the Board of Directors and Management in the coming year.

Respectfully Submitted,



Joseph Deutz  
*Chair · Supervisory Committee*

# independent auditor's report

The Board of Directors and Supervisory Committee  
First Community Credit Union and Subsidiary · Coquille, Oregon

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the consolidated financial statements of First Community Credit Union and its Subsidiary (the Credit Union), which comprises the consolidated statements of financial condition as of September 30, 2023 and 2022, and the related consolidated statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of First Community Credit Union and its Subsidiary as September 30, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Moss Adams LLP  
Portland, Oregon  
December 11, 2023



**CONSOLIDATED  
STATEMENT OF**

financial condition

	<i>September 30, 2023</i>	<i>September 30, 2022</i>
<b>Assets</b>		
Cash and cash equivalents	\$ 108,963,265	\$ 212,239,685
Investments	555,387,293	615,186,272
Loans receivable, net	951,881,028	929,047,124
Accrued interest receivable	4,433,551	3,762,514
National Credit Union Share Insurance Fund	15,115,126	14,927,931
Property and equipment, net	72,101,298	64,266,020
Goodwill and other intangibles	15,235,698	15,363,423
Other assets	6,405,960	10,325,644
Total assets	<b>\$ 1,729,523,219</b>	<b>\$ 1,865,118,613</b>
<b>Liabilities</b>		
Members' shares	\$ 1,543,003,658	\$ 1,699,228,100
Accrued expenses and other liabilities	7,414,400	5,599,307
Total liabilities	1,550,418,058	1,704,827,407
<b>Members' Equity</b>		
Undivided earnings	152,306,979	134,361,646
Equity acquired in merger	22,900,000	22,900,000
Regular reserves	7,561,911	7,561,911
Accumulated comprehensive income	-3,663,729	-4,532,351
Total members' equity	179,105,161	160,291,206
Total liabilities and members' equity	<b>\$ 1,729,523,219</b>	<b>\$ 1,865,118,613</b>

# CONSOLIDATED STATEMENT OF income

	September 30, 2023	September 30, 2022
<b>Interest Income</b>		
Loans receivable	\$ 35,665,937	\$ 30,104,588
Investments	12,690,295	7,627,224
Total interest income	48,356,232	37,731,812
<b>Interest Expense</b>		
Dividends on members' shares	3,329,152	452,920
<b>Net Interest Income</b>	45,027,080	37,278,892
<b>Provision for the Recapture of Loan Losses</b>	562,850	(279,090)
<b>Net Interest After Provision for Loan Losses</b>	44,464,230	37,557,982
<b>Noninterest Income</b>		
Service charges and fees	12,881,779	12,684,887
Mortgage and servicing	2,275,754	2,877,492
Total noninterest income	15,157,533	15,562,379
<b>Noninterest Expense</b>		
Compensation and benefits	26,961,986	25,718,151
General and administrative	14,714,444	13,996,038
Total noninterest expense	41,676,430	39,714,189
<b>Net Income</b>	<b>17,945,333</b>	<b>13,406,172</b>
Unrealized losses on available-for-sale securities arising during the period	868,622	(4,298,985)
<b>Net Income</b>	<b>\$ 17,954,019</b>	<b>\$ 9,107,187</b>



# CONSOLIDATED STATEMENT OF cash flows

	September 30, 2023	September 30, 2022
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 17,945,333	\$ 13,406,172
<b>Reconciliation Adjustments</b>		
Depreciation and amortization	2,162,040	1,999,647
Activities from loans held for sale	2,186,780	1,450,756
Changes in other assets and liabilities	1,811,635	(2,186,085)
Other activities	688,699	(1,741,002)
Net cash from operating activities	24,794,487	12,929,488
<b>Cash Flows from Investing Activities</b>		
Property and equipment acquisitions	(8,647,719)	(9,638,472)
Net increase investment purchases	60,386,073	(207,940,535)
Net increase in loans receivables	(23,397,624)	(78,787,711)
Increase in NCUSIF deposit	(187,195)	(2,125,046)
Cash acquired in branch acquisition	—	—
Net cash used by investing activities	28,153,535	(298,491,764)
<b>Cash Flows from Financing Activities</b>		
Net increase in members' shares	\$ (156,224,442)	\$ 128,477,299
<b>Net Change in Cash and Cash Equivalents</b>	\$ (103,276,420)	\$ (157,084,977)
<b>Cash and Cash Equivalents, Beginning of Year</b>	\$ 212,239,685	\$ 369,324,662
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 108,963,265</u>	<u>\$ 212,239,685</u>
<b>Supplement Disclosure of Cash Flow</b>		
Dividends paid on members' shares	<u>\$ 3,329,152</u>	<u>\$ 452,920</u>
<b>Supplemental Disclosure of Noncash Investing/Financing</b>		
Unrealized gain on available-for-sale securities	<u>\$ 868,622</u>	<u>\$ (4,298,985)</u>
Lease liabilities arising from obtaining right-of-use assets	<u>\$ 508,461</u>	<u>\$ —</u>

# members' equity

First Community Credit Union is subject to various regulatory capital requirements administered by the National Credit Union Association (NCUA). Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by the regulators that, if undertaken, could have a direct material effect on First Community's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, First Community must meet specific capital guidelines that involve quantitative measures of First Community's assets, liabilities, and certain off-balance sheet items as calculated under generally accepted accounting

principles. First Community's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

As of September 30, 2023, the NCUA categorized First Community Credit Union as "well capitalized" under the regulatory framework. There are no conditions or events since that notification that management believes have changed First Community's category.

First Community's actual capital amounts and net worth ratios in accordance with regulatory requirements are presented in the following table.

	September 30, 2023		September 30, 2022	
	Amount	Ratio Requirement	Amount	Ratio Requirement
Amount needed to be classified as "adequately capitalized"	\$ 103,771,393	>6.00%	\$ 108,621,472	>6.00%
Amount needed to be classified as "well capitalized"	\$ 121,066,625	>7.00%	\$ 126,023,723	>7.00%
Net worth	\$ 186,692,640	10.79%	\$ 168,747,307	9.32%

In accordance with NCUA regulations, First Community has used its trailing four-quarter average assets to calculate the capital ratio requirement for the years ended September 30, 2023, and September 30, 2022.

# loans receivable, net

First Community Credit Union has several classes of consumer loans that carry distinct credit risks. Loan delinquency is a common credit quality indicator that First Community monitors and uses when evaluating the adequacy of the allowance for loan losses for the consumer portfolio segment.

The following table presents the outstanding balances from each class within the consumer portfolio by delinquency status as of September 30, 2023, and September 30, 2022.

	Days Past Due				
	Current or 0-29	30-59	60-89	90+ Nonaccrual	Total
September 20, 2023					
Consumer real estate secured	\$ 414,679,463	\$ 366,515	\$ 56,240	\$ 126,116	\$ 415,228,334
Vehicle loans	231,611,179	323,787	284,970	60,401	232,280,337
Other consumer loans	91,177,405	191,014	136,633	131,378	91,636,430
Total consumer	<u>\$ 737,468,047</u>	<u>\$ 881,316</u>	<u>\$ 477,843</u>	<u>\$ 317,895</u>	<u>\$ 739,145,101</u>
September 20, 2022					
Consumer real estate secured	\$ 418,765,883	\$ 246,027	\$ 233,413	\$ 278,753	\$ 419,524,076
Vehicle loans	248,228,784	186,592	84,308	129,087	248,628,771
Other consumer loans	96,798,922	122,946	10,486	32,590	96,964,944
Total consumer	<u>\$ 763,793,589</u>	<u>\$ 555,565</u>	<u>\$ 328,207</u>	<u>\$ 440,430</u>	<u>\$ 765,117,791</u>

There were no consumer loans over 90 days past due and accruing interest as of September 30, 2023, and September 30, 2022.



# branch directory

## **Bandon**

75 12th St. SE  
541.347.3521  
*Walk-up ATM*

## **Bend-Borden's Corner**

62080 NE Dean Swift Rd.  
Suite 180  
541.382.7280  
*Drive-up ATM*

## **Bend-15th Street**

*Coming Soon*

## **Burns**

524 W Monroe St.  
541.573.3533  
*Walk-up ATM*

## **Central Point**

*Coming Soon*

## **Coos Bay**

150 E Johnson Ave.  
541.267.5115  
*Walk-up ATM*

## **Coquille**

200 N Adams St.  
541.396.2145  
*Drive-up ATM*

## **Dallas**

372 E Ellendale Ave.  
503.831.3331  
*Drive-up ATM*

## **Fairview**

1531 NE Park Ln.  
503.492.8976  
*Walk-up ATM*

## **Florence**

2077 Highway 101  
541.902.9599  
*Drive-up ATM*

## **Forest Grove**

3924 Pacific Ave.  
503.992.1768  
*Drive-up ATM*

## **Grants Pass North**

108 NE Savage St.  
541.479.2601  
*Walk-up ATM*

## **Grants Pass South**

1551 Harbeck Rd.  
541.479.2601  
*Drive-up ATM*

## **Hermiston**

925 SE 4th St.  
541.567.8077  
*Drive-up ATM*

## **Hillsboro**

434 SE Washington St.  
503.648.8642  
*Walk-up ATM*

## **John Day**

150 W Main St.  
541.575.5950  
*Walk-up ATM*

## **Klamath Falls North**

3737 Shasta Way  
541.884.8387  
*Drive-up ATM*

## **Klamath Falls South**

3808 Brooke Dr.  
541.880.5380  
*Drive-up ATM*

## **Lakeview**

1 South E St.  
541.947.6701  
*Walk-up ATM*

## **Medford**

1380 Biddle Rd.  
541.282.7700  
*Walk-up ATM*

## **Milton-Freewater**

151 S Columbia St.  
541.938.2929  
*Drive-up ATM*

## **Myrtle Point**

710 8th St.  
541.572.2301  
*Drive-up ATM*

## **Newberg**

115 N Howard St.  
503.538.4620  
*Drive-up ATM*

## **North Bend**

2002 Inland Dr.  
541.756.5415  
*Drive-up ATM*  
*Walk-up ATM inside*

## **Pendleton**

705 SW Emigrant Ave.  
541.276.4876  
*Drive-up ATM*

## **Redmond**

*Coming Soon*

## **Reedsport**

1330 Highway 101 S.  
541.271.2145  
*Drive-up ATM*

## **Rogue River**

595 E Main St.  
541.582.0561  
*Drive-up ATM*

## **Roseburg East**

1771 NE Stephens St.  
541.673.6613  
*Drive-up ATM*

## **Roseburg West**

1960 W Harvard Ave.  
541.957.9099  
*Drive-up ATM*

## **Sutherlin**

624 E Central Ave.  
541.459.5444  
*Drive-up ATM*



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*Back cover: Redmond,  
Bend, and Central Point  
will soon be home to  
new First Community  
Credit Union branches.*



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[myfirstccu.org](https://myfirstccu.org)  
888.396.2145

# Membership Notice

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## **DUTIES AND RESPONSIBILITIES OF OFFICIALS**

First Community Credit Union (First Community) is a state-chartered, federally insured community Credit Union offering financial services to anyone who lives or works in its service area. The Credit Union is a member owned financial cooperative that is organized upon democratic principles that operates 28 branches in Oregon. First Community is governed by a board of directors (Board) elected by and from its membership. The Board is responsible for all aspects of the Credit Union's operations, compliance, risk management, investments, and lending activities as well as every other responsibility carried out by First Community. The Board hires and directs a chief executive officer to act as their agent and see to the daily operations of the Credit Union. The Board elects officers and organizes committees in accordance with the Credit Union's bylaws and policies to effectively fulfill its duty to its stakeholders. The Supervisory Committee (Committee) is appointed by the Board, in accordance with Oregon law, and has statutory authority to oversee and audit Credit Union operations. The Committee is independent of the Board and hires qualified outside auditors to assist them and the Credit Union's internal audit team to ensure business is conducted within the required regulatory framework and generally accepted accounting principles. Together the Board of Directors and Supervisory Committee members are the Officials of the Credit Union. The Officials live and work throughout the Credit Union's service area that covers much of Oregon. They travel and meet regularly for Board and Committee meetings as well as a multiday annual planning session to conduct required business and set the strategic direction of the Credit Union.

## **FINANCIAL PERFORMANCE OF FIRST COMMUNITY CREDIT UNION**

First Community is a full-service depository financial institution with complex financial products and operations. The Credit Union serves more than 88,000 members, including a wide array of small business owners from nearly all sectors of the economy. The industry is extremely competitive and highly regulated. First Community has set and consistently achieves high standards of financial performance and ethical conduct. The Credit Union exceeds the industry classification for being well-capitalized and has managed risks in a safe and sound manner, including maintaining a loan loss ratio that is among the best in the nation for banks and credit unions. Managing and overseeing the Credit Union's operations requires the leadership of competent professionals and Officials. The Credit Union's strong financial results are a direct result of competent leadership designing and pricing products and services to meet the needs of the membership in a safe and sound manner.

## **COMPENSATION OF OFFICIALS**

First Community believes that compensating its Officials is an important step in attracting and retaining qualified leadership and ensuring the safety and soundness of the Credit Union now and in the future. In considering the appropriate compensation of Officials, First Community reviewed independent surveys conducted by consulting and non-profit organizations who study the compensation of Credit Union officials to assess the value of providing such compensation and scope of how compensation is being provided in the industry. The Credit Union also reviewed compensation of Officials at banks and Credit Unions that were similar to First Community in size, complexity or location.



# Membership Notice

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The compensation amounts chosen were thoughtfully selected based on the complexity of the Credit Union's operations, its strong financial performance, requirements placed on its Officials, and First Community's long term strategic objectives. The approved amounts for 2023 and 2024 are listed below. First Community reviews compensation annually to ensure it remains reasonable and commensurate with like institutions, Credit Union performance, and requirements placed upon the Officials. Officials receive the annual compensation listed below in four stipends that are paid on the last day of the calendar quarter.

## COMPENSATION SCHEDULE

The Credit Union has thirteen (13) board members and five (5) supervisory committee members. A member of the Board of Directors serves as the Supervisory Committee Chairperson, as allowed by Oregon law. The total number of Officials is seventeen (17). Board officers are elected for one-year terms by the Board following the Annual Meeting. Supervisory Committee members are appointed annually by the Board.

Position of Official	2023	2024
Board Chairperson	\$25,000.00	\$25,000.00
Board Member	\$18,000.00	\$18,000.00
Supervisory Committee Chairperson*	\$20,000.00	\$20,000.00
Supervisory Committee Member	\$9,500.00	\$9,500.00

\* In 2023 and 2024 the Supervisory Committee Chairperson was also a Board Member, as allowed by Oregon law. That individual receives compensation for their role as a Board Member and an additional \$2,000 for their role as the Supervisory Committee Chairperson.