

CELEBRATING  
**40 YEARS  
OF SERVICE**  
TO THE LOGGING INDUSTRY



| 2023 ANNUAL REPORT

# A MESSAGE FROM THE PRESIDENT & CEO

We are thrilled to be entering our 40th year as a credit union. We are honored that we still get to serve those who started it all, people and businesses in the logging and timber industry. While we experienced some transitions in 2023, our commitment to our members and our community remained unchanged.

I would like to take this opportunity to introduce myself to you. I have extensive experience in the financial industry. My credit union background includes time as an examiner for the DFI and working at one of the largest credit unions in the country, BECU. I have admired WCLA CU since first moving to the Pacific Northwest over 10 years ago. Few credit unions have stayed true to their original charter, instead deciding to serve anyone and everyone. The fact that WCLA CU serves only people in the logging and timber industry sets us apart from almost all other financial institutions. I like being a part of an organization that knows its members so well. I am proud of that.

I know that I have very big shoes to fill. Brian did an amazing job guiding the credit union through some turbulent times. I am grateful that I had two full years to work with and learn from him.

## **The Year In Review and Looking Ahead**

2023 was a good year for the credit union. We enjoyed another strong year of loan growth, earnings, and overall successful performance. We expect this to continue into 2024, a result of the performance and commitment of our members to their businesses, and the engagement and dedication of our governing volunteers and hard-working credit union staff. On that topic, we are fully staffed, have also invested in our Information Technology and Security infrastructure to do the best we can to continue delivering timely, needed credit facility and services while protecting your information. The credit union will continue to engage with you, the membership, at industry events and in the field, while also looking to support sponsorships for students looking to start careers in forestry and jobs that support the timber industry.

The mission of WCLA Credit Union is to provide valuable financial services to people in the timber industry, primarily contract loggers and associated businesses. We are committed to supporting the sustainability of working forestry operations for our membership and future generations. WCLA Credit Union's vision is to be the financial partner of first choice for the PNW timber industry, furthering a legacy of sustained cooperation to "make loggers' lives better".

Thank you for this opportunity. We look forward to continued service to you.

**CHARLES THOMPSON**

President & CEO

# SUPERVISORY COMMITTEE REPORT

During the past year we oversaw cash counts of the credit union's teller drawers and cash vault. We audited bills paid including the corporate credit card statements. We monitored delinquent account reports and the timely follow-up for those accounts along with the completeness of the Allowance for Credit Loss Account. We reviewed Bank Reconciliations, Accounts Payable, Dormant Account and Employee Account Activity. We also performed a quarterly verification of closed accounts. We found the credit union to be operating in a manner that protects the members' privacy while following established government regulations.

We are also responsible for ensuring that the credit union follows prudent accounting practices and operates in a safe and sound manner. One way we do this is to hire an outside auditor, who is an expert in this area, to review these practices. For 2023, we hired Hauser Jones & Sas, LLC to audit the operations of the credit union. The firm has many years of experience providing accounting and auditing services to credit unions. We engaged them to perform a Financial Statement Opinion audit this year, considering the change in leadership at the credit union. After this review, the auditors found the credit union to be following proper accounting practices, as well as finding the books and records of the credit union to be in proper balance. The credit union also hired the Credit Union Business Group to conduct a thorough audit of our Member Business Loans, which resulted in a very complimentary assessment. For 2024, the credit union has engaged a reputable IT Services company to conduct an IT audit of the credit union and its Managed IT Services provider.

Finally, we participated in the annual examination of the credit union as conducted by the State of Washington Department of Financial Institutions, Division of Credit Unions. This examination covers adherence to current laws and regulations as established by the Department as well as their determination that the credit union is operating in a safe and sound manner. In Winter 2023, the credit union was visited by both state and federal examiners as part of their periodic examination routine. The examiners were satisfied with the safety and soundness of the credit union's operations.

The Supervisory Committee will continue to be the watchdog of the credit union for the Board of Directors and the credit union membership.

The Supervisory Committee would like to thank you, the membership, for continuing to use and trust this credit union, recognizing it as a valuable partner in your financial transactions.

**KATHY THOMSEN**

Acting Chairperson

WCLA Credit Union Supervisory Committee

## Supervisory Committee MEMBERS

Carmen Smith, R. L. Smith Logging, Inc.  
Kathryn Thomsen, Thomsen Timber, LLC  
Robert Thomsen, Thomsen Timber, LLC  
Susan Vessey, Vessey & Sons, Inc.  
Shane Meese, BECU  
Veronica Bains, BECU

# A MESSAGE FROM THE BOARD CHAIRMAN

On behalf of WCLA Credit Union's Board of Directors, I am pleased to report that, once again, your credit union grew in financial strength in 2023. The credit union ended the year with total assets exceeding \$120 million and total loans to our members of over \$87 million. Your deposits go directly to the much-needed loans that help our industry thrive.

President and CEO, Brian Bahs, announced his retirement in 2020 and celebrated his final day in that role on December 31, 2023. We were happy to find a seasoned credit union veteran to fill the role.

Charles Thompson has been acting in the transitional role since late 2021, serving as Executive Vice President and then President. Thompson's career in financial services began as an active-duty US Marine. He earned his undergraduate degree in business from the University of Maryland and his graduate degrees at Northern Illinois University and the University of Chicago. After his tenure in the military, he worked in the civilian sector, in heavy equipment financing at Komatsu Financial. After moving to the Pacific Northwest, Charles began a career as a financial examiner at the Washington State Department of Financial Institutions (DFI), before working at BECU.

I wish to thank my fellow board members and supervisory committee volunteers for their time and diligence in working tirelessly to ensure your credit union's success. Their efforts on your behalf are what drive the credit union's future.

The credit union staff also deserve our gratitude. They continue to serve the membership well and have put our vision into action.

And lastly, I would like to thank you, our member. We know you have many options for where to put your money and we do not take it lightly that you entrust us. Our commitment to you and our community is always our top priority.

**GREG HORSLEY**

Chairman

## **BOARD MEMBERS**

**Rob Allen, Allen Brothers Forest Management**  
**Edward Gould, Gould-Sunrise Logging, Inc.**  
**Greg Horsley, Horsley Timber and Construction, Inc.**  
**Roger Smith, R.L. Smith Logging, Inc.**  
**Blair Stadin, Precision Forestry**

# TRIBUTE TO BRIAN BAHS

The board, supervisory committee, and staff of WCLA CU would like to thank Brian Bahs for his 20 years of service to our credit union.

During his tenure as CEO, Bahs grew the credit union from \$8 million in total assets to over \$120 million, providing needed financing for logging equipment in the PNW's vital timber industry, working with companies primarily in Washington, Oregon, Idaho, and even Montana.

We are incredibly grateful for Brian's leadership and guidance over the years. His commitment to the credit union's membership, knowledge of the industry, and sheer will of purpose over 20 years as CEO have provided a great service to our industry and grown the credit union into the success story it is today. WCLA CU has helped facilitate the growth and success of many local businesses, which is a legacy to be proud of and one we are committed to upholding.

Brian was an exceptional leader and a good friend.

Thank you, Brian.

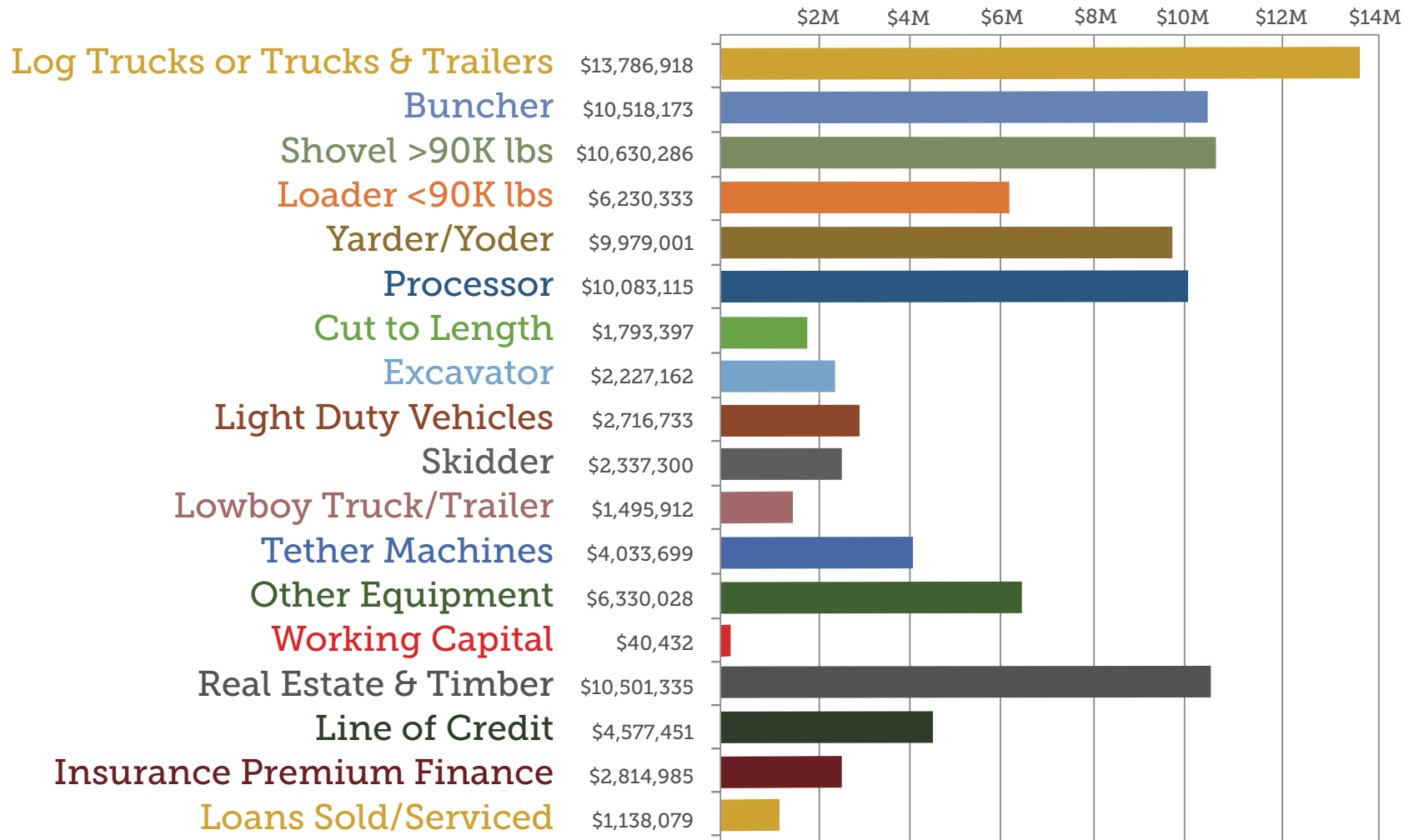


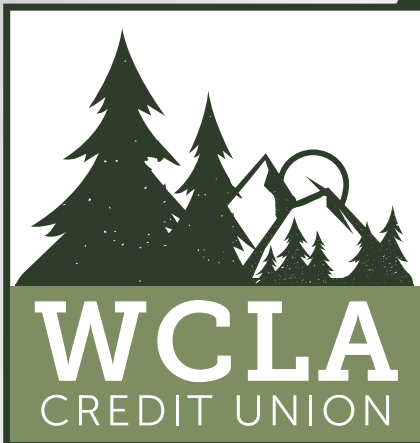
# STATEMENT OF FINANCIAL CONDITION

	Year 2022	Year 2023	YoY Change
<b>GROSS LOANS</b>	87,688,246	103,839,123	16,150,877
Allowance for Loan Loss	(536,473)	(703,271)	(166,798)
Collateral in Process of Liquidation	370,000	-	(370,000)
<b>Net Loans (less origination fees)</b>	<b>87,012,790</b>	<b>102,577,653</b>	<b>15,564,863</b>
Cash + Investments	16,194,584	17,779,756	1,585,172
Total Other Assets	453,566	675,507	221,941
<b>Total Assets</b>	<b>103,660,940</b>	<b>121,032,916</b>	<b>17,371,976</b>
Borrowings & Misc. Liabilities	3,981,769	5,896,890	1,915,121
Share Deposits	82,142,923	95,888,240	13,745,317
<b>Total Liabilities</b>	<b>86,124,692</b>	<b>101,785,131</b>	<b>15,660,438</b>
Total Equity	17,536,248	19,247,784	1,711,536
<b>Liabilities &amp; Equity</b>	<b>103,660,940</b>	<b>121,032,915</b>	<b>17,371,975</b>
<b>INCOME AND EXPENSE</b>	<b>Year 2022</b>	<b>Year 2023</b>	
Total Income from Assets	4,649,961	6,302,173	1,652,212
Less Interest Expense	(797,009)	(2,380,331)	(1,583,322)
Less Provision for Loan Loss	(8,000)	(142,900)	(134,900)
<b>Gross Spread</b>	<b>3,844,951</b>	<b>3,778,942</b>	<b>(66,009)</b>
Less Operating Expenses	(1,858,713)	(2,185,460)	(326,747)
Plus Fee & Other Income	155,767	118,054	(37,713)
<b>Net Income (ROA)</b>	<b>2,142,006</b>	<b>1,711,536</b>	<b>(430,470)</b>
<b>YEAR TO DATE RATIOS</b>	<b>Year 2022</b>	<b>Year 2023</b>	
Operating Expense Ratio	1.89%	1.93%	0.04%
Gross Spread Ratio	3.91%	3.37%	-0.54%
Return on Assets (ROA)	2.18%	1.53%	-0.65%
Net Worth Ratio	16.92%	15.90%	-1.02%
Loan to Share Ratio	106.75%	108.29%	1.54%
Loans to Total Assets	84.59%	85.79%	1.20%

# COMMERCIAL LOAN PORTFOLIO

## AS OF 12/31/23





YOUR CREDIT UNION.  
YOUR DEPOSITS.

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TOGETHER WE FINANCE THE TIMBER INDUSTRY.

