

2021 Community Impact Statement

**14 years of trust:
The NW Furniture Bank
and Harborstone partnership
transcends the typical
business relationship.
Read the story on page 7.**



NW Furniture Bank staff Jeremy Simler, Vae Nofoa, and Sara Tedder inside their warehouse, where families in need will have the chance to furnish their new home free of charge.



Dear Valued Member,

Every new year brings an opportunity to reflect, to look back on the ways we were able to support our members and our community. Members of the Harborstone Credit Union family, including every one of our members, staff, and community partners, has had to alter their way of living and doing business as we all strive for financial health in the midst of a seemingly endless pandemic. Each of our personal experiences with COVID has been unique, but together we have found the resilience and perseverance to face the challenges that continue to come our way.

By the start of 2021, we'd already had months of practice being nimble and adapting through the twists and turns, and so we — gratefully — can recount numerous successes despite last year's hardship.

We progressed in our work to expand our partnerships with Black, Indigenous, and People of Color (BIPOC)-owned businesses. We continued to assess and improve culture and hiring practices with an eye toward advancing equity and inclusion in our organization and community. We are proud of the progress with our Seven Immediate Actions to help improve the lives of our BIPOC team and community members. We took careful and consistent measures to keep staff and members safe from COVID. And — of course — we worked every day to provide our members the resources, advocacy and support they needed to continue on their path to financial prosperity.

This year, we are optimistic for a return to whatever “normal” used to mean for us, or for a version that allows us to take the learnings and innovation from the past two years to restore a feeling of comfort and security for ourselves and our families. I speak for myself and everyone at Harborstone when I say that we look forward to walking alongside you this year to build a future that is bright, for all of us.

Sincerely,

Phil Jones
CEO and President

Our Why

It's not just what we do. It's HOW we do it, and WHY.

Harborstone's mission is to create a thriving community by helping members realize their full potential through trusted relationships.

Our Values

Simplicity

We are easy to work with and committed to improving the banking experience.

Empathy

We care about people, show respect at all times, and strive to understand everyone's unique circumstances and needs.

Advocacy

Advancing the best interests of our members is the foundation of everything we do. We believe it's our obligation to empower our members with the knowledge they need to make informed financial choices.

Prosperity

We are optimistic and aim to help everyone reach their full financial potential.

Equity

We meet our members where they are in life, advocate for their well-being, and proactively look for opportunities to help them flourish.

Trust

We continually strive to earn and maintain trust by doing the right things and doing things right.

Harborstone's Commitment to Equity

Harborstone Credit Union's leadership, board of directors and staff acknowledge that entrenched racism and discrimination exists in our society, and we are publicly committed to making a meaningful, positive impact in our local BIPOC communities.

People who are part of BIPOC and other underserved communities routinely face inequity in their financial lives. We believe that there are intentional things that we can do as an organization to bring about change – including creating new financial products, finding ways to improve access to services, considering new physical locations, and more.



Seven Immediate Actions

In June 2020, we committed to **Seven Immediate Actions** to address and confront systemic racism. While the pandemic severely limited in-person activity and influenced our approach to these actions, we found creative ways to further our efforts throughout 2021. (Visit harborstone.com/equity to learn more about the Seven Immediate Actions.)

As part of this work, Harborstone's Equity and Inclusion (E&I) Team assesses current needs and assembles training and other initiatives to help guide our cultural evolution. A generous annual budget allocation supports the team's work; and we recommitted to sustain this investment through 2022.

Leaning in and Learning

In 2021, all team members and board members completed foundational education related to equity and inclusion. In addition, Harborstone engaged an external diversity expert to provide leadership training for vice presidents and executives to help ensure that broader business objectives align with our Seven Immediate Actions.

Not all E&I training and activity takes place in a classroom. The E&I team organized a variety of experiential training opportunities for team members – ranging from monthly, guided discussions following recommended reading or videos, to group outings at cultural events in the community, to regular team meetings that provide a non-judgmental space where team members can freely offer observations, opinions and suggestions for improvement related to E&I.

HR Commitment

Our commitment to diversity and equity in hiring, pay, promotions, and other human resources matters has always been more than a “check the box” effort. Like most companies, we rely on software to double-check that the language used in job postings and other HR communications is unbiased and promotes representation and participation among different groups of individuals.

We strive to continue to evolve our HR practices beyond compliance to become a cornerstone of our culture – and to affect real change. The HR team continually examines their processes and materials with a critical eye toward any unintended bias and to ensure representation – so that the

makeup of our team truly reflects the communities we serve.

Nurturing Local Talent

Though 2021 brought numerous logistical challenges, we adapted and continue working with new and existing programs that have a proven impact in our community.

Harborstone has been a strong employer and partner with BankWork\$, helping to provide free, industry-specific job training, job-placement assistance, and ongoing coaching and mentoring for career advancement in the banking industry. In the last three years, 19 BankWork\$ graduates have been hired as Harborstone team members.

2021 was our 10th year partnering with Business Impact Northwest (BIN), including sponsoring the IMPACT Pitch competition to offer small business owners personal business coaching, planning and strategy tools, and other support – along with cash prizes for the winning idea or business plan (and smaller cash prizes for all participants). In 2021, we increased our corporate contribution to \$30,000 and our E&I events committee organized watch parties for our branches and departments to tune in remotely to the award presentation event, which was held as a hybrid in-person/virtual celebration this year.

Innovative Services

In 2021, we made advancements by working with the Tacoma Urban League and BIN. We learned what products and services would best serve our local Black and minority-owned community members who are just starting out or need support as they build their existing businesses. This ongoing work will help us understand where we can best focus our efforts to meet current needs.

(Commitment to Equity continued on page 4)

Harborstone's Commitment to Equity

(continued from page 3)

Supporting local restaurants

Starting in spring 2021, we partnered each month with a local BIPOC-owned eatery and purchased \$8,601.25 in gift cards to give away to members at our branches throughout the year. It was a great way to surprise and delight recipients, while promoting and supporting a small business at the same time.

Featured restaurants:



April: Tukwila—Spice Bridge



May: Spanaway—Reyna's Amazing Mexican Restaurant



June: 74th Street—Patty's Burgers



July: Kent—Altha's Louisiana Cajun



August: Lacey—Beau Legs



September: Bothell—Sushi Chinoise



October: Gig Harbor—Easy Thai Easy Go



November: Puyallup—Los Amigos Taqueria

Influencing Economic Growth

As we continue partnerships with local community organizations, their own E&I work has become an important part of our conversations. And as we seek new, prospective partners, we're looking for those who have sought and received Community Development Financial Institutions (CDFI) Fund grants. The CDFI Fund plays an important role in generating economic growth and opportunity in the U.S.; its grants are awarded to mission-driven financial institutions that take a market-based approach to supporting economically disadvantaged communities.



Juneteenth

Juneteenth is a federal holiday commemorating the emancipation of African-American slavery. In 2020, Harborstone began officially recognizing this day, closing early and encouraging reflection among staff about the meaning of the holiday. Our Equity & Inclusion Team also provides learning materials and moderates a learning discussion amongst team members. In 2022 and moving forward, Harborstone branches will be closed in observation of this holiday.

Community Engagement

Demonstrating the Heart of Harborstone

Harborstone's community partnerships span so many unique and impactful organizations. From our team members' time donated as volunteers and board members, to cash sponsorships, to discussions with BIPOC-oriented organizations who help us apply intention in our culture and business practices, these partnerships comprise some of the most meaningful aspects of our work.

The pandemic has required us to dramatically reduce our in-person involvement, so in many cases we substituted increased financial support to help meet the need. We look forward to the day when we can safely return to more face-to-face events, activities, and volunteering. (Even during the pandemic, Harborstone staff members recorded 1,007 volunteer hours in 2021; this number does not include contributions they made of their personal time.)

Among the highlights of our 2021 community activities, from just a few of our many key partners:

• Boys and Girls Club (King and Pierce Counties):

- In February, Harborstone continued our annual sponsorship for the Legacy of Hope event, which recognizes the organization's Youth of the Year candidates' accomplishments and raises money for scholarships and other youth support programs.
- Harborstone contributed \$10,000 for the Boys and Girls Club Project Learn program, which reinforces academic enrichment and school engagement through an evidence-based curriculum designed to develop young people's cognitive skills. Activities include reading, writing and homework help. The program served more than 350 children.
- At the end of the year, an anonymous donor contributed \$50,000 to the club to help families in need during the holidays. When they asked if Harborstone could help with administration, we were very pleased to be able to convert the cash into 171 gift cards in varying amounts.

• Junior Achievement:

- **Youth Month:** As part of Youth Month and Financial Literacy Month in April, Harborstone partnered with Junior Achievement of Washington to get kids

interested in responsibly dealing with money.

The program mixed education and entertainment to keep children engaged as they learned how to manage their financial resources. Harborstone team members taught the curriculum and our credit union provided \$50 to each student to boost their savings.

- **2021 Junior Achievement's Dare to Dream event:** In September, Harborstone sponsored the annual Dare to Dream fundraiser. This event raises money to support Junior Achievement's mission to have kids from all around the state learn the basics about money and finances. Harborstone helps promote this event, championing the message and encouraging participation and donations.

• United Way of Pierce County:

- In 2021, we continued our ongoing financial support of United Way programming and sponsorship of the annual From Poverty to Possibilities Summit, which brings the broader Pierce County community together each year to address barriers to economic equity. This year's summit focused on racial equity and how we can prosper together.

- **Support of our local military:** Harborstone has deep roots in our military, having opened on what was then McChord Air Force Base, as McChord Federal Credit Union back in 1955. In 2021, Harborstone sought opportunities to support airmen and their families stationed at McChord by supporting a variety of events, including the annual Community College of the Air Force (CCAF) Graduation, Team McChord's Summer Bash and Operation Cookie Drop (made possible by McChord spouses). We also were contributors to and organizers of the annual Turkey Drop and Ham Grenade, coordinated through the Air Force Association's McChord Field Chapter.

- **Gift of Savings:** This program is designed to help young people start saving and make financial goals. We offer a special incentive gift to minors who open a savings account and commit to saving at least \$10 a month. We also deposit an extra \$20 each quarter to help boost

(Community Engagement continued on page 6)

Caring for our members and staff

After many months of virtual-only banking, we re-opened our doors to walk-in traffic on April 19, 2021. Team members were provided Harborstone masks, and we "kept our distance" while maintaining safety guidelines.

We celebrated International Credit Union Day on October 21, 2021, by recognizing members and staff. Harborstone reflected on how credit unions around the world contribute to a brighter future by helping members improve their financial wellbeing. Our festivities consisted of an in-branch decorating contest, branded Harborstone cookies from a local business and other goodies delivered to branches to share with members, as well as a fun credit union trivia and coloring contest where one lucky kiddo took home a \$25 gift card!



Community Engagement

(continued from page 5)

their balance and provide parents with materials to help parents guide their kids in tracking the balance, make goals and learn the value of saving.

- **Member calendar contest:** As in past years, we asked members to submit their best works of photography and compiled their photos into calendars, which we provided free to members.
- **Business Money Management Coach program:** Our Business Money Management Coach Denise Parker stopped by King 5's New Day Northwest to talk about our new program to help all business members personally navigate their way through any issues or obstacles they encounter with their Harborstone account. (Learn more about this program on page 7.)
- **Sound Outreach.** In 2021, we continued our partnership with Sound Outreach, located in Tacoma's Hilltop neighborhood, helping Pierce County residents experiencing low and/or fixed incomes build financial security through financial coaching, job training and other related services. While our partnership includes stationing embedded Harborstone staff at their location, due to the pandemic this past year we organized a "road show," where Sound Outreach counselors toured Harborstone branches, educating staff on the services they offer and how to refer clients who may need more assistance than Harborstone Money Management Coaches can provide.
- **UW Foster School of Business Leadership Seminar Series & Impact Awards**
 - In 2021, Harborstone continued a long partnership with University of Washington on a variety of programs. To help small businesses in the Seattle region, Harborstone and UW partnered to create a microlending program to help small businesses grow and thrive.
 - To help new UW graduates, Harborstone also created summer internship opportunities. These new graduates work with women-, minority- and veteran-owned businesses and Harborstone loan officers to craft loan applications that allow these businesses to access much-needed capital. This experience also acts as a career development opportunity for these graduates, helping them learn valuable workplace skills.
- **King County Giving Program:** Harborstone has been the Presenting Sponsor of the King County Employee Giving Program (EGP) for over 30 years. Our support purchases thank you gifts for those employees engaged in the program. The EGP was established in 1988 to create an easy and cost-effective way for King County employees to support their favorite nonprofit organizations, reduce the disruption to the workplace that multiple campaigns caused, and introduce an avenue for different nonprofits to participate. Over the years, more than \$30 million has been donated by

King County employees, making this the third largest public sector workplace giving program in the state.

- **2021 King County Big Backyard 5K:** Harborstone sponsored this popular event, which took place on three Sundays in June showcasing three different regional trails. Participants could join in person or virtually in their own neighborhood, trail or treadmill to help raise money for parks (runners who upgraded their registration even left the event with a Harborstone hoodie in their swag bag).

Paying It Forward

2021 was our seventh year for our annual Pay It Forward campaign. Each holiday season, our teams seek out a local nonprofit in their community to serve by providing much-needed resources that allow the nonprofit to continue their service. Essentially, they find a way to "pay it forward" through a combination of financial support, volunteer hours or another creative approach. This time, 32 Harborstone teams participated, with staff members generously contributing their time as volunteers; \$9,000 made its way to 32 local nonprofits. Our board chose the top five organizations, but the grand prize winner was chosen by our members via Facebook. **The Coffee Oasis at the Tacoma Youth Shelter** won an additional \$1,000!

The Center Street branch paid it forward to Catherine Place, a local nonprofit focused on improving quality of life for women.



The 74th Street branch chose My Sister's Pantry, a local food bank that helps homeless and low-income families.



The Lakewood branch selected Women, Infants, and Children (WIC), an organization that helps local families.

Something To Look Forward To

The Filipino Chamber of Commerce of the Pacific Northwest serves Filipino businesspeople and professionals in the Pacific Northwest, and Harborstone is hosting its national convention Aug. 18-20, 2022, in Seattle. Our very own Business Member Experience Manager, Galileo Tan, serves on this organization's board.



Business Member Highlight

NW Furniture Bank

When Jeremy Simler, Northwest Furniture Bank's director of development, talks about his organization's experience with Harborstone, he says less about their 14-year-old business account and more about the times Harborstone team members have helped out in unexpected ways. The non-profit agency often hires formerly incarcerated individuals and connects them with "wraparound" services to help them get back on their feet. Jeremy recalls one employee who had just completed a five-year prison sentence and was rebuilding his life. The employee needed a new car, and when he sought financing, he found that with no credit, he could only qualify for an extremely high-interest loan.

Jeremy connected his employee with Harborstone and their trusted partner, Sound Outreach, to get started on a credit counseling program to help repair the employee's finances and set him up with an auto loan with an affordable interest rate.

"It's just one example," Jeremy says. "Over the course of a 14-year relationship, a 'trust transfer' between our two organizations has developed. The partnership goes beyond client and service provider; it comes from really knowing the people who work there and knowing they're there when we ask for help."

Financial Sustenance for Businesses in the Community

Harborstone participated in both waves of the Paycheck Protection Program (PPP). This SBA-backed loan program helped businesses keep their workforce employed during the COVID crisis. This support was critical for survival for some local businesses and helped to strengthen the financial position of all who were awarded grants or loans. In 2021's second PPP wave, Harborstone approved PPP loans for 168 businesses. Over the course of the program, we welcomed 30 new business members to our Harborstone family.

Need a Coach?

Running a business can be a daunting task, requiring time, money and a lot of perseverance in this fast-paced world. That's why we added **Business Money Management Coaches** to our team at Harborstone. These experienced advisors are here to listen to business members' financial goals and help create a plan for achieving them. Over the course of the pandemic, our business team grew exponentially to meet the evolving needs of our business members. The coaches provided dedicated business support, allowing business owners to spend more time growing their business and less time worrying about their finances. (Visit harborstone.com/businesses to meet our Business Team members.)

Consolidated Statements of Financial Condition

(in thousands)

		2021	2020
ASSETS	Loans	\$1,292,952	\$1,187,601
	Loan Reserves	(16,059)	(15,458)
	Cash and Investments	513,045	440,771
	Fixed Assets	24,498	25,387
	Interest Receivable	4,285	3,985
	NCUA Share Insurance	14,822	13,506
	Other Assets	43,597	40,376
	TOTAL ASSETS	\$1,877,140	\$1,696,168
LIABILITIES and MEMBERS' EQUITY			
Liabilities		\$13,116	\$12,860
MEMBERS' DEPOSITS	Savings	\$625,383	\$540,785
	Checking	463,542	415,035
	IRAs	42,803	44,453
	Certificates	149,204	163,211
	Money Market	383,873	330,971
	TOTAL MEMBERS' DEPOSITS	\$1,664,805	\$1,494,455
Total Liabilities		\$1,677,921	\$1,507,315
Total Members' Equity		199,219	188,853
Total Liabilities and Member's Equity		\$1,877,140	\$1,696,168

What's in Store

We appreciate each and every one of our members, and we are grateful for the support you show us in our branches and in the community. Your support allows us to make a difference in the lives of so many.

In the past two years — more than ever before — each of us has learned that there's little we can take for granted. But some things are sure. In the year ahead:

- We will continue to prioritize our actions over words as our Seven Immediate Actions guide us forward.
- We will contribute to creating thriving communities and helping all of our neighbors reach their full financial potential by educating and advocating for financial empowerment.
- We will strive to maintain trusted relationships with our members by doing things right and by doing the right things.

From all of us at Harborstone Credit Union, we wish you the best in 2022.



Phil Jones
CEO & President



Ann Anderson
Board Chair

Board of Directors

Ivan Barron, *Director*
Jim Buck, *Director*
Franklin Donahoe, *Director*
Walt Frost, *Director Emeritus*
Michael Gedeon, *Secretary*
Bonnie Kern, *Director*
Linda Crane Nelson, *Director*
Rick Stevens, *Vice Chair*
Shellie Willis, *Director*

Supervisory Committee

Dennis Barnes, *Vice Chair*
Richard Dahl, *Secretary*
Justin Maryanski, *Member*
Kaye Moore, *Chair*
Jeanie Rieke, *Member*



[harborstone.com](https://www.harborstone.com)

P.O. Box 4207
Tacoma, WA 98438-0207
1-800-523-3641

