

# *Evolving Together*

2022 ANNUAL REPORT



  
**BluPeak**  
CREDIT UNION



# Board of Directors *Report*

2022 was a year of transition for many of us. The new normal arising out of the pandemic, coupled with the changes we are making to our credit union, has given us the opportunity for Evolving Together.

Our most visible evolution has been the change to our name. As *University and State Employees Credit Union*, we enjoyed a rich history of working with some of the finest institutions and individuals. Over time, the breadth and depth of our membership is evolving and the name change to BluPeak Credit Union reflects our being intentional about serving a diverse cross-section of individuals and households.

This past year has been an important time for us to stretch our thinking beyond the products and services provided by BluPeak and reflect on what can be the greater purpose of BluPeak. This led to our public announcement in February 2023 that BluPeak will strive to be a conduit for positive change by supporting access to clean water. While simple in concept, providing access to clean water is a powerful means by which to bridge socioeconomic gaps and provide aid to those in need. We believe this is how we will broaden our membership and deepen our relationship with you—with shared values and common concerns.

We look forward to the year ahead and extend our sincerest appreciation to you, our valued members, for your trust in BluPeak Credit Union.

Joshua Lawrence  
Board Chair



# Letter from the CEO

It is a great honor to lead this credit union into a new era, where we are Evolving Together. When we changed our name from *USE Credit Union* to BluPeak Credit Union last fall, you could feel the excitement in the air. Our new name was our way of reaffirming we are a purpose-driven and inclusive financial institution, embodying the energy and optimism of the human spirit.

2022 saw us accelerating our “digital-first” approach to doing business, which includes deploying the right technology in the right locations for our members. This empowered us to increase our efficiency and effectiveness in serving members and conducting credit union business. We have always prioritized excellent service. As a digital-first organization, that priority includes optimizing the human experience by giving our members intuitive and easy-to-learn technology.

Our evolution includes an ongoing strategic review of our products and services to increase member value. We have significantly upgraded our Online and Mobile Banking, to make it easier to join and transact, as a member. We also began a multiphase approach to lowering costs and fees to our members. We continue to drive meaningful progress for making our staff and leadership match the diversity of our membership and the communities we serve.

I am extremely proud of Management’s collaboration with our Board of Directors, to reflect on what is the greater purpose for the work we do as an entity. Out of that work was born a vision for BluPeak to be a new and evolving kind of financial services firm, choosing to prioritize our purpose over profits, helping employees live their best lives, and being committed to delivering extraordinary services and results for our members.

Last year, we shared with the board our research indicating BluPeak can be a conduit for positive change by supporting access to clean water. This led to our public announcement in February 2023 that we will donate 1% of this year’s revenue to supporting access to clean water. We embrace our new BluPeak identity and seek to align our values with those of our members, before we do business with them.

Most importantly, we are committed to executing our mission to empower you to achieve your own peak financial wellness. After all, our credit union exists for you!

Todd Tharp  
President and Chief Executive Officer

# Supervisory Committee *Report*

The volunteer Supervisory Committee represents member interests by upholding policies and procedures and ensuring regulatory requirements are met. To that end, the Committee meets regularly throughout the year to review internal and external audit reports. In keeping with its annual financial audit responsibilities, the Committee retained Moss Adams, LLP to review BluPeak Credit Union's books and records as of December 31, 2022. Moss Adams' resulting opinion states the Credit Union's financials present fairly, in all material respects, the financial position and results of operations in conformity with U.S. Generally Accepted Accounting Standards. A condensed version of the audited financial statements is included with this annual report. A full copy of Moss Adams' 2022 audit report has been provided to the Board of Directors, the State of California's Department of Financial Protection and Innovation, and will be made available to members, upon request.

Kimberly Floyd  
Chair, Supervisory Committee

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# Credit Manager's *Report*

BluPeak Credit Union offers its members loan products, at competitive rates, through our talented and committed team members who work with external partners, such as auto dealers and other credit unions. In 2022, BluPeak's loan portfolio increased 13.0% or \$107,716,564 versus a 7.0% increase or \$49,387,000 in 2021. We continued to review and adjust the portfolio mix to ensure we meet our member, financial and strategic needs. In 2022, our delinquency rate decreased to 0.03%, from 0.13% in 2021, and our loan losses decreased from 0.07% to 0.06%.

Matt G.M. Lyons  
Executive Vice President, Chief Operating Officer, Credit Manager

# Purpose over Profits 2022



**400+**

Hours of volunteering  
to community causes



**\$43k+**

Donated to  
community causes



**\$6,500**

In scholarships  
awarded

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## 2022 – A LOOK BACK

As in years' past, we remained committed to positively impacting the communities we serve. In 2022, we rolled up our sleeves for over 400 hours of volunteer time to various causes, ranging from feeding hungry families and giving out free backpacks filled with school supplies to buying gifts for children hospitalized over the holidays. We also donated more than \$43,000 to causes directly impacting the communities we're in, and awarded \$6,500 in scholarships to deserving members.

We also magnified our impact by teaming up with community partners like the San Diego Loyal soccer club. Presented by BluPeak, the Loyal's volunteer arm, Together San Diego, continues to unite community engagement and efforts. In 2022, BluPeak and SD Loyal combined to give back with more than 1,000 volunteer hours across 35 events, including youth soccer camps, food distribution and furnishing homes for families transitioning out of homelessness.

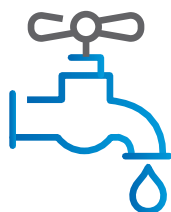
Our contributions also aligned with our core mission to empower people to achieve peak financial wellness. In 2022, we provided more than 40 hours of financial education on fundamental topics spanning from money matters for youth to preparing for retirement.

# Purpose over Profits 2023



**30 MIL**

Americans served by  
unsafe water systems



**2 BIL**

People lack  
clean-water access



**1 MIL+**

U.S. homes lack  
piped connection

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## 2023 – A LOOK AHEAD

At the start of the year, BluPeak announced its commitment to be a purpose-driven financial institution dedicated to building community, inspiring compassion, and being a conduit for positive change. We'll do this by supporting access to clean water—as a means for bridging socioeconomic gaps and providing aid to those in need. It is unacceptable that more than 30 million Americans still live in areas where water systems fail to meet federal EPA safety standards, and nearly 1.1 million U.S. households lack a piped water connection. So, BluPeak has pledged to donate 1% of its 2023 revenue to support charitable organizations promoting access to clean water. This year, our membership fees will be donated to Water For People, a global nonprofit dedicated to improving access to clean water for everyone.

This transition from a traditional credit union to a purpose-driven financial institution will only strengthen BluPeak's core business and ongoing commitment to member financial education, which is a key part of our business and mission as a financial cooperative.

"It's important to remember as a purpose-driven organization, we make a distinction between the products and services we provide, which is our business, and our larger reason for existing, which is our purpose," BluPeak President & CEO Todd Tharp said at the time of the announcement. "Our members, employees and the communities we serve are seeking to align themselves with organizations that share their values and concerns. Our purpose enables people to participate with us in making a positive impact in California and beyond, simply by banking with BluPeak."

Together, those of us who make up BluPeak, along with strong partners like SD Loyal and Water For People, are creating a ripple effect to support the health, wellness and well-being of the communities we're proud to serve.

# Financials

AS OF DECEMBER 31, 2022

## ASSETS

Cash and cash equivalents	\$	112,940,023
Available-for-sale investments		157,760,092
Federal Home Loan Bank (FHLB) stock		6,343,200
Loans, net		854,241,500
Accrued interest receivable		3,126,056
Premises and equipment, net		24,260,379
National Credit Union Share Insurance Fund (NCUSIF) deposit		10,380,972
Insurance contracts		22,694,815
Other assets		48,504,165
<b>Total Assets</b>	<b>\$</b>	<b>1,240,251,202</b>

## LIABILITIES AND MEMBERS' EQUITY

Members' shares	\$	1,104,347,204
Borrowed funds		33,500,000
Accrued expenses and other liabilities		24,816,301
<b>Total Liabilities</b>	<b>\$</b>	<b>1,162,663,505</b>
Retained earnings		107,780,544
Accumulated other comprehensive income		(30,192,847)
<b>Total Members' Equity</b>		<b>77,587,697</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$</b>	<b>1,240,251,202</b>

## INTEREST INCOME

Loans	\$	31,053,264
Investments and cash equivalents		6,415,549
<b>Total Interest Income</b>	<b>\$</b>	<b>37,468,813</b>

## INTEREST EXPENSE

Members' shares		2,441,390
Borrowed funds		125,249
<b>Total Operating Expense</b>		<b>2,566,639</b>
<b>Net Interest Income</b>	<b>\$</b>	<b>34,902,174</b>

## PROVISION (BENEFIT) FOR LOAN LOSSES

		875,768
Net interest income after provision (benefit) for loan losses	\$	34,026,406

## NONINTEREST INCOME

Interchange income	\$	3,059,569
Service charges and other fees		2,148,527
Gain on sales of loans		1,904,709
Gain on sale of securities available-for-sale		117,312
Courtesy pay fees		854,149
Other noninterest income		1,362,399
<b>Total Noninterest Income</b>	<b>\$</b>	<b>9,446,665</b>

## NONINTEREST EXPENSE

Compensation and benefits	\$	18,684,912
General and administrative expenses		17,588,937
Occupancy		3,601,452
Other noninterest income		314,909
<b>Total Noninterest Expense</b>		<b>40,190,210</b>
<b>Net Income</b>	<b>\$</b>	<b>3,282,861</b>



# Leadership

## BOARD OF DIRECTORS

Joshua Lawrence, Board Chair

Matt Adams, Board Vice Chair

David Ely, Board Member

Harry Le Grande, Board Member

Steven Lei, Board Member

Yvonne L. Marsh, Board Member

Les Overman, Board Member

Beverly Randez, Board Member

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## SUPERVISORY COMMITTEE

Kimberly Floyd, Supervisory Committee Chair

Steve St. Marie, Supervisory Committee Member

Carolynn Winship, Supervisory Committee Member

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## SENIOR LEADERSHIP TEAM

Todd Tharp, President and Chief Executive Officer

Matt G.M. Lyons, Executive Vice President and Chief Operating Officer

Margarita Guerra, Senior Vice President and Chief Financial Officer

Amber Fielder, Senior Vice President and Chief Marketing Officer

Charlie Williams, Senior Vice President and Chief Risk Officer

Sarah Swan, Assistant Vice President, Chief of Staff

# Annual Meeting of the Membership *Minutes*

## 1. CALL TO ORDER

USE Credit Union's Annual Meeting of the Membership was held virtually, via Zoom, on May 26, 2022. The meeting was called to order by Chair Lawrence at 5:01 p.m.

## 2. WELCOME AND INTRODUCTIONS

Chair Lawrence welcomed everyone to the 86th Annual Meeting of the Membership and introduced attending Corporate Officers, Board Members, and Supervisory Committee Members.

## 3. ROLL CALL

Corporate Secretary Guerra stated a quorum is 10% of total active members, or 50 members, whichever is less, present in person or by proxy. A quorum was present.

## 4. APPROVAL OF THE MINUTES

Chair Lawrence stated minutes of the Annual Meeting of the Membership on May 27, 2021, were made available via the Annual Report which was posted in advance on the credit union's website. He noted the report could be found within the "Community & About" section on the "Who We Are" page. Further, he noted attendees were encouraged to email questions, and comments, in advance of the meeting, to [annualmeeting@usecu.org](mailto:annualmeeting@usecu.org). Hearing none, Chair Lawrence declared the minutes approved by acclamation and ordered them filed as distributed.

## 5. REPORTS

**A Board of Directors Report:** Chair Lawrence noted the Board's report was included in the Annual Report for review and information.

**B President's Report:** Tharp welcomed everyone to the meeting and thanked them for attending. Next, he acknowledged the hardships many are experiencing right now in response to many acts of violence in our schools, churches, and communities.

Tharp then shifted and gave brief remarks on the credit union's overall condition. He stated that there was a lot to be proud of, despite challenges. He noted the credit union's focus always has been, and remains, to support our members and the communities around us. He reviewed a variety of accomplishments, including the new Mission Valley branch, new technologies, and safely re-engaging in our in-person community efforts.

Tharp reported USE's long-time CEO, Jim Harris, stepped down to enjoy a well-deserved retirement. On behalf of all at USE, he expressed appreciation for Harris' contributions over the years. He then expressed his gratitude for having been chosen as the credit union's next CEO. He noted taking the Board's trust very seriously and is grateful for the opportunity to lead in this new role.

He concluded by reconfirming USE's commitment to the members and community and thanked them for their business and support.

# Annual Meeting of the Membership *Minutes*

**C. Credit Manager's Report:** Lyons presented the Credit Manager's report noting a copy was included in the Annual Report for review and information.

**D. Supervisory Committee Report:** Committee Chair Floyd stated a copy of the committee's report was included in the Annual Report, as was a summary of our financials as of December 31, 2021. She noted we received good reports from all external regulators and auditors.

## 6. UNFINISHED BUSINESS

Chair Lawrence noted the opportunity to submit unfinished business was made to all attendees by emailing the credit union at [annualmeeting@usecu.org](mailto:annualmeeting@usecu.org); none was received.

## 7. NEW BUSINESS

Chair Lawrence noted the opportunity to submit new business was made to all attendees by emailing the credit union at [annualmeeting@usecu.org](mailto:annualmeeting@usecu.org); none was received.

## 8. ELECTION OF OFFICIALS

**A. Report of Nominations by Petition:** Corporate Secretary Guerra reported no nominations by petition were received.

**B. Election of Officials:** Nominating Committee Chair Overman reported at the close of nominations:

- On the credit union's Supervisory Committee:
  - Kimberly Floyd was nominated to serve a 3-year term
- On the Board of Directors:
  - David Ely, Joshua Lawrence, and Steven Lei were each nominated to serve 3-year terms.

On behalf of the Nominating Committee, and in keeping with its responsibilities, Chair Overman presented these candidates and moved them into nomination.

There being no nominations by petition, Chair Lawrence declared the nominees elected by acclamation.

## 9. ADJOURNMENT

There being no further business to report, Chair Lawrence thanked everyone for joining the meeting. He invited questions regarding the meeting or anything in the Annual Report to please be emailed to [annualmeeting@usecu.org](mailto:annualmeeting@usecu.org).

There being no further business, the meeting was adjourned at 5:10 p.m.

Margarita Guerra  
SVP, Chief Financial Officer, Corporate Secretary



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