



ANNUAL REPORT 2022

evolve
credit union

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86th Annual Meeting

WebEx

April 12th, 2023

AGENDA

- 1. Determination of a Quorum**
Ms. Linda Gonzalez-Hensgen, Chair
- 2. Minutes of Annual Meeting – April 20th, 2022**
Ms. Linda Gonzalez-Hensgen, Chair
- 3. Report from the Board of Directors**
Ms. Linda Gonzalez-Hensgen, Chair
- 4. Report from the President/CEO**
Mr. Kenneth Walters, President/CEO
- 5. Report from the Supervisory Committee**
Mr. Edmundo Calderon, Chair
- 6. New Business**
Ms. Linda Gonzalez-Hensgen, Chair
- 7. Election Report**
Ms. Linda Gonzalez-Hensgen, Chair
- 8. Adjournment**

Board of Directors

Linda Gonzalez-Hensgen – Chair
Fatuma Ereng – 1st Vice Chair
Dr. Ginger Raya – 2nd Vice Chair
James Brackenbury – Secretary/Treasurer
Belen Vigil
Matthew Behrens
Dr. Angelica Martinez
Lilia Worrell
Linda Imai-Dixon

Supervisory Committee

Edmundo Calderon – Chair
Maria Pasillas
Rolyne Kafka

Executive Staff

Ken Walters – President/CEO
Randy Glover – Chief Lending Officer
Art Juarez – Chief Financial Officer
Ismael Mendiola – Chief Operations Officer
Luis Terrazas – VP of Compliance
Gabriel Munoz – VP of HR
Elisa Terrazas-Arce – VP of Marketing
Adam Lozoya – VP of Lending
Isabel Meza – VP of Mortgage Lending
Patrick Lujan – VP of I.S.
Perla Lopez – AVP of Finance
Iban Torres – AVP of Operations
Josue Ornelas – AVP of Marketing
Bobby Vincent – AVP of I.S.





Ken Walters,
President/CEO

MESSAGE TO OUR MEMBERS

evolve FCU continues to provide our membership with great rates on both the share and loan side and we are expanding our footprint with three new micro branches with one to come in 2023 in Las Cruces. The net worth for evolve FCU remains very strong and we are continuing to pay back to our member owners when the credit union has a successful year. With the \$1.75mm Patronage Dividend paid in 2022 and over \$13mm since 2015 evolve FCU continues to reward our member owners.

Although 2022 was not a banner year for evolve FCU; it was not all gloom and doom either. We managed to generate a decent net income figure for 2022 but we are not as optimistic about 2023 as high inflation and the potential for a worsening economy could make net income hard to come by. The lingering effects of COVID in 2022 continued to play a significant role in equalizing our balance sheet but also played havoc in trying to complete the 2022 micro branch projects. As successful as 2021 was in getting these projects off the ground, 2022 was not as successful in getting them completed on time.

In spite of the problems we encountered in 2022 evolve FCU had a respectable year. We got some help from an unexpected source in the form of \$767k from NCUA, which was income generated from the legacy assets absorbed by NCUA when the Corporate Credit Unions failed in 2009. This extra-ordinary item definitely helped our bottom line. Eliminate that income from the equation and 2022 becomes a lackluster year for us. As it turns out we generated a decent bottom line, which allowed us to pay \$1.75mm back to our members in the form of a Patronage Dividend again in 2022. Net Worth remains strong ending the year at 10.66%.

We thank you for your continued support.

Linda Gonzalez-Hensgen,
Chairman, Board of Directors

Kenneth Walters,
President/CEO

STATEMENT OF INCOME & EXPENSE
 Periods Ending December 31, 2022 and 2021
ASSETS

2022 2021

Cash And Cash Equivalents	\$9,570,459	\$27,350,768
Investments	58,326,571	64,892,628
Loans To Members, Net Of Allowance For Loan Losses	225,502,780	215,589,266
Property And Equipment Net	14,667,869	12,394,111
NCUSIF Deposit	3,055,487	3,085,286
Other Assets	34,692,081	37,737,204
Total Assets	\$345,815,246	\$361,049,263

LIABILITIES and MEMBERS' EQUITY

Liabilities:		
Accrued dividends payable	239,309	181,840
Accrued expenses and other liabilities	11,769,011	16,122,262
Members Liability	311,389,981	312,977,888
Total Liabilities	323,398,302	329,281,990
Members' Equity:		
Regular Reserves	3,644,493	3,644,493
Undivided Earnings	18,772,452	28,122,780
Total Members Equity	22,416,945	31,767,273
Total Liabilities And Members' Equity	\$345,815,246	\$361,049,263

STATEMENT OF INCOME & EXPENSE
 Periods Ending December 31, 2022 and 2021

2022 2021

INTEREST INCOME		
Interest On Loans	\$8,564,004	\$8,793,514
Income On Investments	1,282,511	551,391
Total Interest Income	9,846,515	9,344,904
INTEREST EXPENSE		
Dividends On Member Share	3,574,341	3,686,337
Dividends On Non-Member Shares	91,022	673
Interest On Borrowed Money	3,376	0
Total Interest Expense	3,668,739	3,687,010
Net Interest Income	6,177,776	5,657,895
PROVISION FOR LOAN & SHARE LOSSES (PLL)		
Net Interest Income After PLL	6,567,234	5,677,819
NON-INTEREST INCOME		
Fees And Charges	5,126,137	4,404,295
Other Non-Interest Income	106,875	1,320,416
Total Non-Interest Income	5,233,011	5,724,711
NON-INTEREST EXPENSES		
Compensation & Benefits	5,379,450	3,334,888
Office Occupancy Expense	2,809,020	965,140
Office Operation Expense	848,137	2,830,512
Professional & Outside Services	550,615	625,442
Miscellaneous	1,713,789	2,610,226
Total Non-Interest Expense	11,301,010	10,366,208
Income From Operations	\$499,235	\$1,036,323
Non-Operating Income (Loss)		
Extraordinary Items - Write Down Of SWCorp MCA	0	0
Extraordinary Items - Impairment Of NCUSIF Deposit	0	0
Net Income	\$499,235	\$1,036,323

