



2023
ANNUAL REPORT

87th ANNUAL MEETING

WebEx
April 10th, 2024

AGENDA

- 1. Determination of a Quorum**
Ms. Linda Gonzalez-Hensgen, Chair
- 2. Minutes of Annual Meeting – April 12th, 2023**
Ms. Linda Gonzalez-Hensgen, Chair
- 3. Report from the Board of Directors**
Ms. Linda Gonzalez-Hensgen, Chair
- 4. Report from the Executive Vice President**
Mr. Randy Glover, EVP
- 5. Report from the Supervisory Committee**
Ms. Maria Pasillas, 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 – Executive Vice President
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
Thomas Teeter – AVP of I.S.



"I would like to thank our members for their continued loyalty as that is the key to our success."

Ken Walters

President/CEO

MESSAGE TO OUR MEMBERS

In spite of the difficulties financial institutions faced in 2023, evolve FCU continued to provide our membership with great rates on both the share and loan side. We have expanded our footprint with three new micro branches in the El Paso area and will have our Las Cruces location open by the middle of this year, which will allow us to expand our offerings to our members in that area. The net worth for evolve FCU remains very strong even though the year was difficult from a net income perspective.

This past year the Federal Reserve embarked on a round of unprecedented interest rate increases to curb inflation. You would think increased interest rates would benefit a financial institution, but the opposite is true. A sharp increase in rates increases our cost of funds and slows demand for new loans. The result is a tightening in our margins which makes net interest income difficult to obtain. Because of this, evolve Credit Union had a net loss for the year. Even with a net loss for the year, we were able to maintain our net worth at 10.90%.

Looking forward to 2024, we are expecting the Federal Reserve to keep rates higher for longer and will hope for a couple of interest rate reductions. This means net income will be difficult to come by in 2024 as well. The good news is we are well positioned to withstand these issues and get past 2024. Regardless of the rate environment in 2024, we will continue to get our Las Cruces location open and work on expanding our membership in that area. We will continue to offer and promote our e-priority checking account paying 7% interest. We will begin offering a Collegiate Checking account and have developed a special Healthcare Membership level for members who work in healthcare. We are also developing branded debit cards for our Social Purpose partners. Who knows, a few interest rate cuts by the Federal Reserve and we could have a better year than projected.

We thank you for your continued support.

Linda Gonzalez-Hensgen,
Chair Board of Directors

Ken Walters,
President/CEO

STATEMENT OF FINANCIAL CONDITION

Periods Ending December 31, 2023 and 2022

2023

2022

ASSETS

Cash and cash equivalents	\$11,851,018	\$9,570,459
Investments	47,675,804	58,326,571
Loans to members, net of allowance for loan losses	223,292,327	225,502,780
Property and equipment net	14,452,542	14,667,869
NCUSIF deposit	3,168,848	3,055,487
Other Assets	33,879,222	34,692,081
Total Assets	\$334,319,761	\$345,815,246

LIABILITIES and MEMBERS' EQUITY

Liabilities:

Accrued dividends payable	410,582	239,309
Accrued expenses and other liabilities	9,768,653	11,769,011
Members Liability	298,745,643	311,389,981
Total Liabilities	308,924,878	323,398,302

Members' Equity:

Regular Reserves	3,644,493	3,644,493
Undivided Earnings	21,750,391	18,772,452

Total members equity

25,394,884	22,416,945
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Total Liabilities and Members' Equity

\$334,319,761	\$345,815,246
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STATEMENT OF INCOME & EXPENSE

Periods Ending December 31, 2023 and 2022

2023

2022

INTEREST INCOME

Interest on loans	\$9,174,688	\$8,564,004
Income on investments	1,735,933	1,282,511
Total Interest Income	10,910,621	9,846,515

INTEREST EXPENSE

Dividends on Members Share	2,733,641	3,574,341
Dividends on Non Member Shares	579,504	91,022
Interest on borrowed money	18,491	3,376
Total Interest Expense	3,331,636	3,668,739

Net Interest Income

7,578,985	6,177,776
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PROVISION FOR LOAN & Share LOSSES (PLL)

302,933	-389,458
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Net Interest Income after PLL

7,276,053	6,567,234
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NON-INTEREST INCOME

Fees and Other Operating Income	3,975,369	5,126,137
Other non-interest income	-39,362	106,875
Total Non-Interest Income	3,936,008	5,233,011

NON-INTEREST EXPENSES

Compensation & Benefits	5,573,369	5,379,450
Office Occupancy Expense	959,257	2,809,020
Office Operation Expense	2,983,199	848,137
Professional & Outside Services	600,707	550,615
Miscellaneous	1,520,787	1,713,789

Total Non-Interest Expense

11,637,320	11,301,010
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Income From Operations

(\$425,260)	\$499,235
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Net Income

-\$425,260	\$499,235
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