



63RD

ANNUAL REPORT



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➤ ➤ ➤ I am honored to be the current Chairperson of Elko Federal Credit Union (EFCU). I have been a member of EFCU since 1991 and on the Board of Directors for over 15 years.

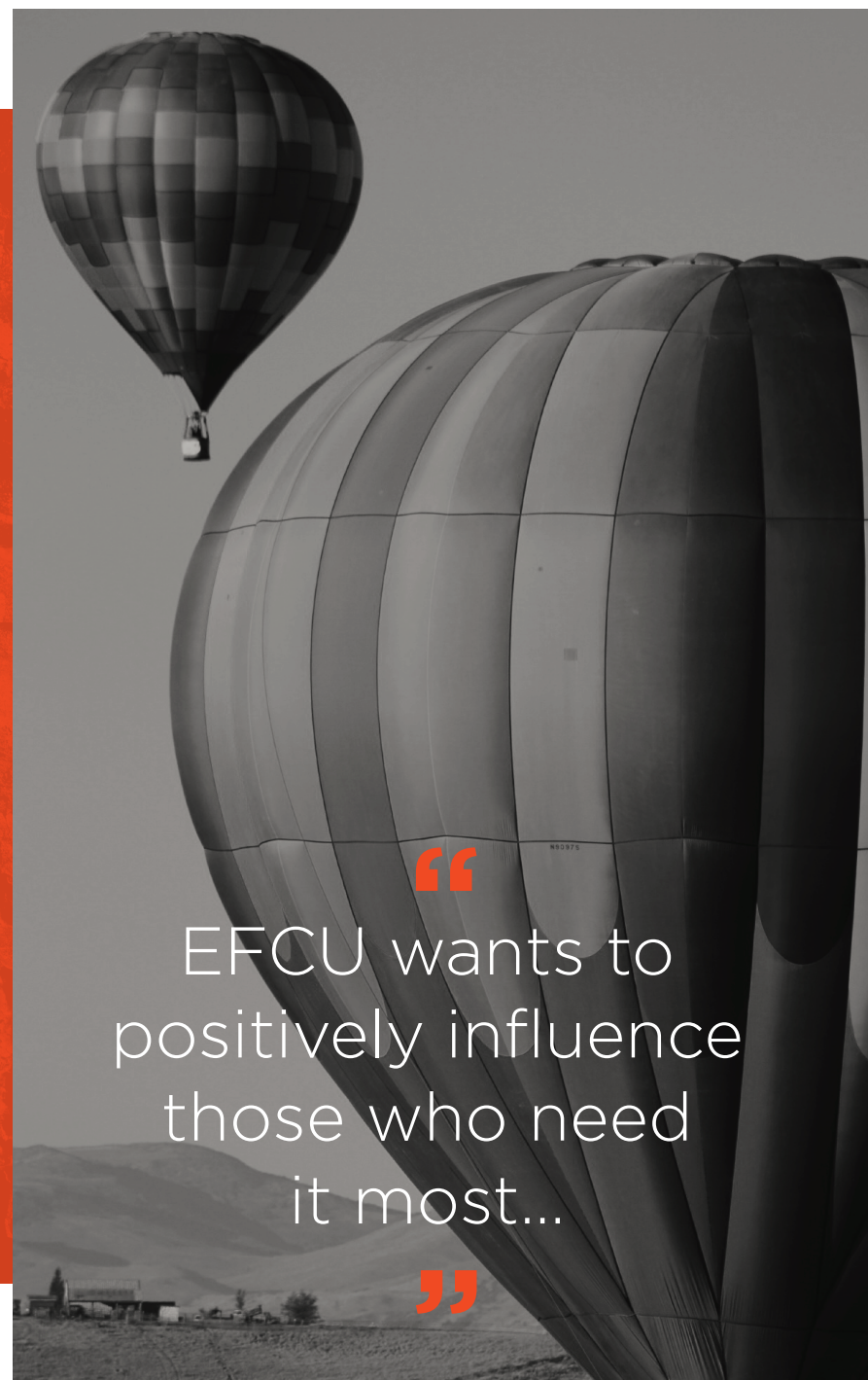
Thank you to the members of Northeastern Nevada who have been trusting EFCU for over 60 years with their financial needs! Whether it be learning to save with a Moola Moola account, purchasing that first car as a young adult, supporting small businesses that support our local economy or providing secure CD's and IRA's as members' near retirement! EFCU is here to service members for a lifetime!

The Board is focused on continuing to provide secure fundamental financial services to members in all geographic areas within our field of membership. We are exploring ways to provide services to the underserved members of our community and small businesses that are looking for a financial institution that can provide needed services, reliable long-term relationships, and the ability to change and grow as life & businesses evolve. The Board urges members of the community to challenge EFCU to meet needs that are not being met. We have an amazing team that is open to exploring new ideas!

The Board is also committed to being involved in our community! Prior to the 2022-2023 school year EFCU launched Cuts for Kids! Providing a clean cut to start the new school year for students, and an event that is now considered "annual". We look forward to

CHAIRPERSON'S REPORT

“EFCU wants to positively influence those who need it most...”





providing youth financial literacy training to schools in Northeastern Nevada and adult financial literacy to those interested. We are proud supporters of the Elko Boys & Girls Club, Elko Senior Olympics, Carlin Ranch Hand Rodeo, Silver State Stampede, Elko County Fair and the Elko/Spring Creek rivalry basketball game! In addition to these great organizations and events, EFCU is increasing its scholarship awards to 10; totaling \$10,000 to eligible high school seniors throughout high schools in our field of membership. These are but a few of the ways EFCU supports Northeastern Nevada – continually helping our community soar!

The Board ended 2022 by declaring a \$500,000 dividend back to members in addition to committing \$150,000 to mental health and education in our communities. Providing suicide prevention and behavioral health awareness to Northeastern Nevada, especially our youth, is imperative to the success of our community. Coming together as a community, recognizing needs of our neighbors, and acting on these needs is how we all can make a difference. EFCU wants to positively influence those who need it most...

In closing I want to give a shout out to the EFCU team led by Todd Sorenson! EFCU has flourished in so many ways this year and the members are the beneficiaries of this team! Expanded services, business products, enhancing customer service and recognizing our diverse community and the needs for all... the EFCU Team GETS IT DONE! Thank you!

Thank you to the members for trusting EFCU! We do not take this trust for granted!

Jan Baum

Chairperson

Elko Federal Credit Union Board of Directors


➤ ➤ ➤ By far, the best part of my day is when I have the chance to interact with our valued EFCU members, businesses large and small, and other members of our community (i.e.....future members!). These interactions have proved correct the intuition that what makes our community great is certainly its kaleidoscope of people

We recognize the special place that we hold in our Northeastern Nevada communities. As the only locally owned financial institution in the region, EFCU serves our membership in the same communities we live in. We have a vested interest in encouraging and assisting with the financial stability and success of our members and local businesses.

Speaking of financial stability, I want to pivot for a moment from the recognition of all of the great EFCU accomplishments of 2022 and speak briefly regarding more recent events impacting the financial institution's industry. The failure of banks in this country happens periodically, but in the latter half of this first quarter of 2023, the industry has certainly had its fair share of headlines. Rest assured, EFCU is healthy, well-capitalized (a regulatory term, but an important one), and stable. Credit quality remains strong. Your hard-earned share deposits are insured up to regulatory limits and backed by the full faith and credit of the U.S.

PRESIDENT & CEO REPORT


“ We have a vested interest in encouraging and assisting with the financial stability and success of our members and local businesses. ”



Government via the National Credit Union Insurance Fund via administration by the National Credit Union Association (NCUA). Regarding deposit insurance, please contact us with any questions you may have. There are many ways we can structure accounts to gain additional deposit insurance for our members' benefit.

EFCU's financial position includes having a net worth ratio greater than 10% of net assets, exceeding NCUA minimums to be well capitalized. We have a ratio of uninsured deposits to total deposits of approximately 7%, which is consistent with our peer credit unions, but significantly smaller than similar bank ratios. EFCU's risk profile is low and not at all similar to the industry concentrations seen in the banks capturing headlines. We are regularly examined by our regulator, the NCUA. Results of internal audits and external examinations are consistent with a stable and conservative credit union.

We had a great 2022! We started what we hope to be annual community involvement events within our membership, and we have stepped up to support our community where we can, and it makes sense. Additionally, we continue to enhance the available



products and product types to our members. We have responded to the rising interest rate environment by raising our share deposit rates. We are diversifying our operations by offering more and more business account options and functionalities. We are expanding our loan products to serve our members and businesses. Come to your closest branch or call us to find out more. We would love to share the exciting new things we are working on!

Lastly, I want to say thank you! I have been here at EFCU for almost a year, and it has been great. Individually, you have been warm and welcoming. As a community, you have shown why people love living here and enjoy all our communities offer. If I haven't had the chance to shake your hand and say hello, I look forward to the opportunity to get to know you.



Todd Sorenson
President & CEO

➤ ➤ ➤ The Supervisory Committee is responsible for arrangement of audits and other policy and procedure oversight activities over EFCU's operations.

The EFCU Board of Directors appoints members of the EFCU Supervisory Committee from members of this credit union. The Supervisory Committee is responsible for arrangement of audits and other policy and procedure oversight activities over EFCU's operations.

In regards to fulfilling its duties, the Supervisory Committee has engaged Eide Bailly LLP, a respected independent certified public accounting firm with financial institutions industry specialties, to conduct its required annual supervisory committee audit and verification of accounts in accordance with required timelines. In addition, the Supervisory Committee provides many hours of volunteer service related to other internal auditing functions.

The Supervisory Committee members participate in regularly scheduled Supervisory Committee meetings, other planning sessions, and special committees to assist with oversight and decision-making supporting EFCU's efforts to serve its membership.



Lynn Kingwell

Chairperson

Elko Federal Credit Union Supervisory Committee



SUPERVISORY COMMITTEE REPORT

Analysis of the financial condition & results of operations for 2022

The following commentary explains the principal aspects of the financial condition and results of operations of the Elko Federal Credit Union. This commentary should be read in conjunction with the accompanying financial statement and statement of income for the year ending December 31, 2022.

Overview

Elko Federal Credit Union was authorized and chartered in 1960 and is a community Credit Union offering a full line of financial services.

The financial statements and statement of income for the Elko Federal Credit Union are prepared by management, which is responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. In the opinion of management, and based upon my review, the financial statements fairly present the financial condition and results of operations of the Elko Federal Credit Union in conformity with generally accepted accounting principles appropriate in the circumstances.

TREASURER'S REPORT

“We sincerely believe that our loan products, financial services, and member base are stronger than ever.”

To meet its responsibility for reliable financial information, the Board of Directors depends on management's accounting and internal control systems, designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions are properly authorized and recorded. The systems have been designed to recognize that the cost must be related to the benefits derived. To monitor compliance, the Supervisory Committee is responsible for performing audits of the accounting records, reviewing accounting systems and internal controls, and recommending improvements as deemed appropriate.

The Board of Directors has the final overall responsibility for the Elko Federal Credit Union's system of internal control and financial reporting. The Board regularly consults with management and meets periodically with independent accountants and internal auditors to review the scope and results of their work. The independent accountants and internal auditors have direct access to the Board.

Results of Operations

During 2022, the Elko Federal Credit Union reported a net income of \$3,127,046. The capital-to-asset ratio, a key measurement of the overall soundness of the Credit Union, as of December 31, 2022, was 10.50%, which is well capitalized per the National Credit Union Administration. Effective December 31, 2022, the total capital was \$27,635,028.

Total assets as of December 31, 2022, were \$263,195,383. Net income from operations was \$3,127,046 on December 31, 2022.

Total gross income for the year ending December 31, 2022, was recorded in the amount of \$11,543,121.

Dividends paid during 2022 amounted to \$586,373. Effective December 31, 2022, total savings, shares, and deposits were \$234,745,283.

Loans Outstanding

Effective December 31, 2022, total loans outstanding were \$161,840,693. Total loans increased by \$30,771,293. Total loans closed during 2022 totaled 1,940 by number for \$77,664,915.

Total members as of December 31, 2022, were 16,350.

Loss Experience & Non-Performing Assets

During 2022, the Elko Federal Credit Union recorded loan charge-offs totaling \$69,714. We have 17 loans that are more than two months delinquent for \$229,384.

As of December 31, 2022, the Allowance for Loan Loss ("ALL") account was \$403,839. This account is adjusted monthly based upon several factors and charged to present earnings, and provides a specific fund provision for possible future credit losses.



Summary

We sincerely believe that our loan products, financial services, and member base are now stronger than ever. We are extremely proud of our relationship with our members as the key to our success largely depends on loyal and satisfied members. All of us at the Elko Federal Credit Union appreciate the support of our 16,350 members who have entrusted their businesses to the Elko Federal Credit Union over the past sixty-plus years. We look forward to a healthy and profitable 2023 meeting your financial needs while we grow and prosper together.

The undersigned certifies that this report and analysis of the financial condition and results of operation for 2022 have been prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate, and complete to the best of my knowledge.

D. Mike Smales

Treasurer

Elko Federal Credit Union Board of Directors

BOARD OF DIRECTORS

Jan Baum, Chairperson
Tom Ballew, Vice Chairperson
Mike Smales, Treasurer
Amanda Osborne, Secretary
Jon Wahrenbrock
Mark Wetmore
Robert Collyer

SUPERVISORY COMMITTEE

Lynn Kingwell, Chairperson
Amy Rodriguez, Secretary
Mark Wetmore, Board Representative
Al Plank

SENIOR MANAGEMENT

Todd Sorenson, President and Chief Executive Officer
Danny Benson, SVP Chief Lending Officer
Tawna Melton, Chief Operating Officer
Jody Borjas, VP Finance
Rhyan Meade, VP Information Technology

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EFCU

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Insured by NCUA