

# 2022 ANNUAL REPORT

*Options Credit Union*

*Together, we  
make it possible*

# 2022 YEAR IN REVIEW

**Sherry Espinoza, President/CEO**  
**Dawn McKnight, Chairman**

Unlike our "for-profit" counterparts, your credit union is a not-for-profit cooperative, owned by you and the other members using our services. Banks are owned by stockholders and must deliver profits to them, credit union's are essentially owned and governed by their members. Here, you can be assured that all decisions about the products and services offered are made in your best interest. Our cooperative structure inherently holds us accountable to all members and we do not engage in risky practices to meet stockholders' profit demands. We work hard to safeguard your money, manage risk, and make thoughtful decisions to improve our members financial well being.

To support our membership, and provide you with a safe space for deposits, we launched a new "High Yield Options" account. These accounts are liquid like a money market but earn like a CD. In other words, we are providing a market rate return on your liquid deposit while still allowing you to make penalty free withdrawals. It was important to us to make sure members could still access their deposits without worry, or loss of earnings, especially while the country is experiencing significant inflation and a possible recession. Talk to a staff member for more details, but here are some of the highlights:

### **High Yield Options**

- ~ Tiered Variable Rate (last declared rate as high as 3.15% APY)
- ~ Unlimited deposit capability
- ~ One penalty free withdrawal per month
- ~ \$10,000 minimum to open and earn
- ~ Interest paid monthly

We know the economy is fragile and unpredictable, but together we can make it possible to thrive by supporting one another. We'll continue to provide you with the solutions that you need, and help you save with lower fees and competitive rates. That is our commitment to you, and it doesn't change in challenging times.

Looking forward, we are now in the beginning stages of major project that has been a long time coming for Options. We will be undergoing a significant upgrade to our technology systems, which includes a brand new digital banking system. Stay tuned for more announcements to come so that you can be prepared for these exciting changes.

# TREASURER'S REPORT

## Tim Gaffigan, Treasurer

Options Credit Union offers an alternative to traditional banks and even larger credit unions. In 2022 we continued our focus on connecting with members, because here we are a family. As usual, this focus results in growth, stability of assets, strong lending and minimal delinquency. The greatest asset of Options is the staff, with the support of the volunteers, and their dedication to helping every member. We look forward to being able to continue to serve each member/owner for years to come.

### Statement of Financial Condition December 31, 2022 and 2021

| <b>Assets</b>                                    |           | <b>2022</b>      |           | <b>2021</b>      |
|--|-----------|------------------|-----------|------------------|
| Cash and Cash Equivalents                        | \$        | 365,149          | \$        | 719,582          |
| Loans Receivable, Net of Allowance for Loan Loss |           | 4,794,570        |           | 4,146,014        |
| Accrued Interest Receivable                      |           | 12,735           |           | 13,467           |
| Furniture and Equipment, Net of Depreciation     |           | 6,442            |           | 7,349            |
| Investments                                      |           | 32,000           |           | 32,000           |
| Corporate Credit Union Deposits                  |           | 22,487           |           | 22,487           |
| NCUSIF Deposit                                   |           | 45,242           |           | 51,309           |
| Prepaid Assets                                   |           | 16,229           |           | 11,631           |
| <b>Total Assets</b>                              | <b>\$</b> | <b>5,294,854</b> | <b>\$</b> | <b>5,003,840</b> |
| <b>Liabilities and Members' Equity</b>           |           |                  |           |                  |
| Liabilities                                      | \$        | 26,952           | \$        | 18,210           |
| Member Shares                                    |           | 4,803,677        |           | 4,524,195        |
| Regular Reserve                                  |           | 115,548          |           | 115,548          |
| Undivided Earnings                               |           | 348,677          |           | 345,888          |
| <b>Total Liability and Equity</b>                | <b>\$</b> | <b>5,294,854</b> | <b>\$</b> | <b>5,003,840</b> |

### Statement of Income December 31, 2022 and 2021

|   |    | <b>2022</b>    |    | <b>2021</b>    |
|---|----|----------------|----|----------------|
| Loans Receivable                            | \$ | 243,195        | \$ | 247,573        |
| Investments                                 |    | 5,817          |    | 1,387          |
| <b>Total Interest Income</b>                |    | <b>249,012</b> |    | <b>248,960</b> |
| Members' Share                              |    | 13,989         |    | 11,351         |
| Borrowings                                  |    | 0              |    | 0              |
| <b>Total Interest Expense</b>               |    | <b>13,989</b>  |    | <b>11,351</b>  |
| Provisions for Loan Losses                  |    | 17,692         |    | 14,723         |
| <b>Net Interest Income After Provisions</b> |    | <b>217,331</b> |    | <b>222,886</b> |
| Fees  |    | 37,580         |    | 31,833         |
| Other Income                                |    | 26,072         |    | 27,621         |
| <b>Total Non-Interest Income</b>            |    | <b>63,652</b>  |    | <b>59,454</b>  |
| Employee Compensations and Benefits         |    | 128,831        |    | 131,551        |
| Travel and Conference                       |    | 814            |    | 752            |
| Office Occupancy                            |    | 22,917         |    | 19,911         |
| Office Operations                           |    | 55,444         |    | 56,023         |
| Marketing                                   |    | 1,560          |    | 2,662          |
| Loan Servicing                              |    | 20,491         |    | 18,764         |
| Professional and Outside Services           |    | 51,567         |    | 49,185         |
| Operating Fee                               |    | 504            |    | 591            |
| Misc. Operating Expense                     |    | 1,343          |    | 293            |
| Non-Operating Inc/Exp                       |    | (5,277)        |    | (29,926)       |
| <b>Total Non-Interest Expense</b>           |    | <b>278,194</b> |    | <b>249,807</b> |
| <b>Net Income</b>                           |    | <b>2,789</b>   |    | <b>32,535</b>  |

# SUPERVISORY COMMITTEE REPORT

## Duanette Tendell, Chairman

The Supervisory Committee is responsible for ensuring that the Credit Unions financial records are in order and audited, and that internal controls are in place to protect the Credit Unions assets. The Supervisory Committee has accomplished this over the course of the past year through regularly scheduled audits as required by federal and state regulators, and by providing findings to the credit unions Board of Directors (“Board”) and Chief Executive Officer (“CEO”) and requiring action to address any identified issues as applicable.

The Supervisory Committee is currently comprised of two committee members and employs one independent external auditor to assist the committee in completing all of the required annual audits. The audits completed by the Supervisory Committee include quarterly and annual audit reviews, security risk analysis, Automated Clearing House (ACH) reviews, and Bank Secrecy Act (BSA)/OFAC audits. In addition to these audits, the Supervisory Committee also reviews and comments on internal credit union plans drafted by the Board (e.g. disaster recovery and business/strategic plans) for input. Additionally, the Supervisory Committee conducts a biennial membership audit, and reviews and assists in implementing any changes required by Colorado Division of Real Estate (“DORA”) and NCUA audits.

### **Summary of the Credit Unions Financial Condition:**

In fulfilling the audit and supervision function, the Supervisory Committee retained one independent audit firm, Waypoint, to assist with this year’s reviews.

The results of all Supervisory Committee audits and reviews concluded that the credit union is in stable financial condition, and that current internal controls are correctly protecting member assets. There have been no adverse findings found in this year’s reports, and all recommendations were successfully addressed by credit union staff and the Board to the Supervisory Committees satisfaction. As in past years, the Supervisory Committee would like to thank the credit unions staff and the Board for their continued support, and for being responsive to Supervisory Committee requests. A complete copy of the credit unions balance sheet has been provided to the CEO.

