

The ANNUAL REPORT

2023



The 2023 ANNUAL MEETING AGENDA

Call to Order
Ascertain Quorum
Reading and Approval of Minutes
Report from Chairman of the Board
Report from President/CEO

Annual Audit Report
Unfinished Business
New Business
Election of Board of Directors
Closing Remarks/Adjournment

The REPORT OF THE BOARD OF DIRECTORS

and Management, Year ending December 31, 2023

Dear Members,

First and foremost, your credit union endured a multitude of less than favorable economic challenges throughout 2023, yet through a commitment to strategies based on fiscal soundness, the overall safety and financial health remained strong.

Speaking specifically to the economic challenges, the combination of high interest rates and persistent, increasing consumer prices created significant hardships for many. Subsequently, First Basin Credit Union felt the negative effects, primarily with loan defaults which led to excessive loan loss expense, ultimately hindering earnings retention and reserves. Despite the setbacks, First Basin continued to put member needs first, providing competitive products and offerings, including the advancement of more than \$97 million in loans.

FBCU members at year-end 2023 totaled 29,389, an increase of 1,137 during the year.

The INCOME & EXPENSE YEAR TO DATE

	12/31/23	12/31/22
INTEREST INCOME		
INCOME, LOANS	11,661,124	9,371,219
INCOME, INVESTMENTS	1,101,263	1,238,965
TOTAL INTEREST INCOME	12,762,387	10,610,185
INTEREST EXPENSE		
TOTAL INTEREST, DEPOSITS	1,088,853	768,280
TOTAL INTEREST, NOTES PAYABLE	444,527	
TOTAL INTEREST EXPENSE	1,533,380	768,280
NET INTEREST INCOME	11,229,007	9,841,904
TOTAL LOAN LOSS EXPENSE	1,625,117	319,346
TOTAL LOSS PROVISION	1,625,117	319,346
NET AFTER LOSS PROVISION	9,603,890	9,522,559
NON-INTEREST INCOME		
SERVICE FEES	7,104,825	7,073,061
TOTAL OTHER INCOME	7,104,825	7,073,061
NON-INTEREST OPERATING EXPENSES		
TOTAL OPERATING EXPENSE	15,762,535	14,847,459
INCOME BEFORE EXTRAORDINARY ITEMS	946,180	1,748,161
EXTRAORDINARY ITEMS		
(GAIN) / LOSS ON NON-OPERATING ACTIVITIES	(69,879)	(1,019,299)
NET INCOME	1,016,059	2,767,460

The STATEMENT OF CONDITION

	12/31/23	12/31/22
ASSETS		
TOTAL LOANS TO MEMBERS	220,832,343	200,703,533
TOTAL ALLOWANCE FOR LOAN LOSSES	(1,804,683)	(1,786,918)
TOTAL RECEIVABLES	300,889	750,513
TOTAL CASH	9,341,681	11,156,913
TOTAL INVESTMENTS	58,055,805	83,618,522
TOTAL PREPAID AND DEFERRED EXPENSES	3,154,503	3,217,263
TOTAL FIXED ASSETS	24,976,077	25,567,438
TOTAL ACCRUED INCOME	814,009	708,763
TOTAL OTHER ASSETS	660,122	546,576
TOTAL ASSETS	316,330,744	324,482,602
LIABILITIES		
TOTAL ACCOUNTS PAYABLE	945,284	2,613,053
TOTAL NOTES PAYABLE	7,511,400	754,121
TOTAL CONTINGENT ITEMS	1,142,656	922,972
TOTAL OTHER LIABILITIES	6,621,600	7,444,092
TOTAL LIABILITIES	16,220,940	11,734,238
DEPOSITS		
TOTAL DEPOSITS	273,594,912	288,823,871
EQUITY		
TOTAL RETAINED EARNINGS & RESERVES	33,329,400	32,668,257
UNREALIZED LOSS ON MARKETABLE SECURITIES	(6,814,508)	(8,743,764)
TOTAL LIABILITIES, DEPOSITS & EQUITY	316,330,744	324,482,602

The BEGINNING OF A NEW ERA...

Throughout a year of economic challenges, First Basin remained steadfastly committed to our employees and members.

Although the year of economic challenges progressed, First Basin was able to celebrate the beginning of a new era in the City of Andrews. On Wednesday, August 23, 2023, FBCU broke ground on a 5,000 square-foot facility being built in the heart of Andrews at 1000 N. Main Street. Our new Branch not only recognizes a renewed partnership with the community we have been a part of for more than 20 years, but also serves as a new commitment to our loyal members.



In 2023, FBCU wanted to expand our horizons even farther and we began providing free educational classes for members through the "Something to Chew On" series. This series featured real-life topics and helped members answer questions on "The Life of a Mortgage" and "Car Buying 101: Be Bold, not Sold". The First Basin Lending Department facilitated these classes on-site at FBCU Headquarters, and out in the community at Medical Center Hospital and Ector County ISD.

The MISSION, STANDING FIRM...

First Basin continues to give back to the communities we call home by, not only supporting our local nonprofit organizations, but more importantly – building relationships.

FBCU helped purchase window coverings for campus safety at Zavala Magnet Elementary. Our staff volunteers read to students, teach financial literacy lessons, and have held mock interviews to simulate the conditions of an actual job interview. Tanya Galindo, principal of Zavala, shared that First Basin has also tremendously helped with staff morale by providing meals to kick off the school year, during the holidays, and to celebrate special occasions.

"First Basin has made a big impact on Harmony Home through the support and dedication they have for our community," said Executive Director Carrie Bronaugh. "They have supported us through our Thanksgiving and Christmas drives for more than four years – this has helped bring joy to more than 120 families!"

"I feel blessed to not only have a partnership with First Basin but to have such wonderful people care so much about our students and staff," Galindo said. "We are so grateful for their continuous support and look forward to having them as our partners for many years to come."

In 2023, First Basin also donated \$1,000 toward the Harmony Home Children's Advocacy Center Christmas Adopt-a-Family program that provides gifts to children. A donation that gives families peace of mind knowing their children will have presents under the tree on Christmas morning.

Loan programs can also go above and beyond being beneficial for our members. In September 2023, First Basin offered a "Bone-A-Fide" auto loan refinance and donated \$50 for every booked loan to Fix West Texas. FBCU raised \$1,600 that would be used to perform 22 spay/neuter procedures or to feed more than 50 puppies for three weeks.

When it comes to birthdays, First Basin knows how to throw a party and 2023 was no different. To commemorate 58 years, FBCU used its birthdate of February 4, 1965, to give donations to (4) nonprofit organizations in the amount of \$1,965. South Plains Food Bank of Lubbock, West Texas Food Bank, Senior Life Midland, and Spectrum of Solutions all appreciated getting to open these gifts for their organizations.

The HONOR OF SERVING...

First Basin appreciates the recognition we received in 2023 at the **Nonprofit Management Center Beacon Awards for "Excellence in Collaboration"** for the ECISD Education Foundation "Bookworms" program. Bookworms was designed to increase literacy and create a love of reading for ECISD students. Volunteers from FBCU stepped into pre-K, kindergarten, first and second grade classes at Zavala Magnet Elementary to read a story to the students. Through Bookworms, each student would then receive a copy of the book to take home.

FBCU was also selected as the **"Outstanding Business" Honoree at the 2023 Odessa College Honors Luncheon**. For 16 years, Odessa College has celebrated those who make a difference in education and make an impact in student success. First Basin stood out among the rest for our dedication to financial literacy in the classroom, supporting our youth through volunteerism, donations to help the success of programs, and our overall contribution to improving education in the Permian Basin.

The COMMITMENT...

While First Basin Credit Union cannot control the ever-changing economic climate, we can control our consistent commitment to making sure our staff, members and community remain at the forefront of all we do. We look ahead to 2024 with optimism and excitement that we will continue to provide the best financial solutions for our members and continue to evolve to make banking with First Basin an exceptional experience.

Shem Culpepper
President & CEO

Sam Gonzalez
Chairman



The REPORT TO MEMBERSHIP

First Basin Credit Union appreciates the commitment and dedication of the Board of Directors. FBCU paid each director \$400 per board meeting attended in the prior calendar year and budgeted the same to be paid in the current calendar year. The FBCU Board of Directors are presented below, along with the expiration dates of their terms.

Shem Culpepper	2/2024	Wesley Burnett	2/2025
Cathy Laracuente	2/2024	Sam Gonzalez	2/2026
Rebecca Marler	2/2025	Gary Windham	2/2026

FBCU amended Bylaw Section 3.04, modifying the rules for elections, eliminating the acceptance of nominations from the floor. However, because of timing constraints, the annual meeting held in 2024 will follow the previous rules, allowing nominations from the floor.



The ANNUAL AUDIT

The annual audit performed by Doeren Mayhew CPAs resulted in a determination that First Basin Credit Union's reported financial statements for December 31, 2022 present fairly, in all material respects, its financial position and are in conformity with accounting principles generally accepted in the United States of America. The financial statements for December 31, 2023 have not yet been audited.



The MISSION STATEMENT

First Basin Credit Union will do whatever it takes to exceed members' expectations by providing professional financial solutions that place members' needs first.

Board of Directors

Chairman – Sam Gonzalez
Secretary – Gary Windham
Treasurer – Rebecca Marler
Wesley Burnett
Cathy Laracuente
Shem Culpepper

Senior Management

President/CEO – Shem Culpepper
Chief Financial Officer – Ana Gonzalez-Alvarado
Chief Lending Officer – Doug Sypolt
Chief Marketing Officer – Tim O'Reilly
Chief Operations Officer – Brad Stillwell
Chief Retail Officer – Julia Tarin



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