



ANNUAL REPORT [2022]



OUR MISSION

is to build lifelong financial partnerships with our **union members** and **their families.**

[EXECUTIVE TEAM]

Mike Donohue, Chief Executive Officer/President

Jeff Hampton, Chief Operating Officer/EVP

Deepak Godhwani, Chief Financial Officer

Ron Poff, Chief Business Development Officer

Mike Miller, Chief Information Officer

Christina Boyd, Chief Member Operations Officer

Jenna Anderson, Chief Marketing & Training Officer

Gabriel Ybarrolaza, Chief Lending Officer

[BOARD CHAIR'S MESSAGE]

Dear Members,

As Chair of the Board, I am pleased to report that 2022 was a good year for OE Federal Credit Union. In the past 12 months, members accessed more than \$425 million in low-cost loans while \$4.5 million was returned to members through deposit dividends and loan bonuses. This credit union continues to be one of the most financially strong in the industry.

In 2023, we are committed to maintaining the same principled goals: Provide members with the products, services, and guidance necessary to help them prosper financially. We understand that the financial well-being of our membership has a direct correlation to the well-being of OE Federal Credit Union, and that's why we are committed to partnering with each of our 89,819 members to provide a positive impact on their financial health and stability.

On behalf of all the Directors, I want to thank you for your patronage and your confidence and support in our stewardship of OE Federal Credit Union.

Sincerely,

Dan Reding

Dan Reding, Chair

[CEO'S MESSAGE]

To Our Valued Members,

One thing that we all can count on is that change is inevitable and constant, and for OE Federal Credit Union, 2022 has been no exception. As an organization, we are fully committed to continual change and improvement. We collectively embrace change for the betterment of our membership and our pursuit of keeping OE Federal the premier Organized Labor Credit Union in the country.

Here are some of the more significant changes that have occurred in 2022.

Our New Core System

After 3 years of planning, negotiating, developing, and training, we implemented our new core operating system (Symitar) in May of this year. This was a collaborative effort with consultants, vendors, and our amazing OE Federal team to provide a better, more efficient service, to you, our loyal membership.

Expanding Field of Membership

For over 30 years, OE Federal has firmly established itself as the largest Credit Union for Organized Labor. As with any successful business, continued growth is essential. To that end, I'm excited to announce our new partnership with IUOE Local 12. With this partnership, OE Federal will expand its operation into Southern Nevada and Southern California. We will open a branch in Las Vegas, NV later this year, as well as an office in Pasadena, CA in early 2023. Join me in welcoming IUOE Local 12 to the OE Federal family.

Enhancements to our VISA Product

Another multi-year project will culminate this year. In November, we will introduce exciting enhancements to our OE Federal VISA Card, which includes our Debit and Credit products. Enhancements include contactless payments, improved fraud control, instant digital card replacement, updated card design, and enhanced card controls.

My Final OE Federal Chapter

In closing, after 30 years at OE Federal Credit Union and almost 40 years in the financial services industry, it is time for me to move on. Effective March 1st, 2023, I will step down as CEO of this unique and very special Credit Union. I want to thank all the amazing people I have had the honor to work alongside over the years. I would also like to specifically thank my Executive Team and the Credit Union Board of Directors for their trust, support, and guidance.

As it was for me when I assumed the reins, I'm confident that OE Federal is well positioned for continued growth and success.

Sincerely,

Mike Donohue

Mike Donohue, President/Chief Executive Officer

[**INDEPENDENT AUDITOR'S REPORT**]

Board of Directors and Supervisory Committee
Operating Engineers Local Union No. 3 Federal Credit Union

Opinion

We have audited the financial statements of Operating Engineers Local Union No. 3 Federal Credit Union, which comprise the statements of financial condition as of June 30, 2022 and 2021, the statements of income, comprehensive income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Operating Engineers Local Union No. 3 Federal Credit Union as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Operating Engineers Local Union No. 3 Federal Credit Union and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Operating Engineers Local Union No. 3 Federal Credit Union's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Operating Engineers Local Union No. 3 Federal Credit Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Operating Engineers Local Union No. 3 Federal Credit Union's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Turner, Warren, Hwang & Conrad

Comparative Statements-Assets, Liabilities, Capital
for years ending in June 2020, 2021 and 2022

	2022	2021	2020
ASSETS			
Cash and Cash Equivalents	38,363,596.43	137,122,785.80	88,523,285.07
Loans Outstanding	834,367,491.09	781,055,112.39	801,091,103.18
Allowance for Loan Losses	(6,098,764.16)	(10,870,434.14)	(11,047,908.00)
Investments	524,451,064.42	450,225,683.03	318,948,492.77
Land and Building	17,122,697.26	17,464,000.18	18,986,624.39
NCUA Share Insurance	10,447,179.01	9,496,898.43	8,197,775.39
Other Assets	9,364,944.02	6,673,052.92	7,759,041.71
Total Assets	1,428,018,208.07	1,391,167,098.61	1,232,458,414.51
LIABILITIES AND CAPITAL			
Share Accounts	560,357,177.73	518,038,567.27	422,763,131.16
Money Market Share Accounts	209,288,789.72	180,512,491.73	143,892,489.20
Share Draft Accounts	177,097,702.60	164,820,545.37	138,681,281.69
Share Certificate of Deposit	238,561,270.67	238,379,931.63	237,422,791.73
Individual Retirement Accounts	61,853,176.26	59,425,034.21	55,716,185.77
Total Shares and Member Deposits	1,247,158,116.98	1,161,176,570.21	998,475,879.55
Total Borrowings	-	27,641,802.00	41,937,639.00
Other Liabilities	11,174,542.12	7,948,213.90	6,276,159.07
Undivided Earnings	185,340,102.78	172,674,139.93	160,803,579.64
Unrealized Gain or (loss)	(35,162,235.68)	2,218,690.70	5,457,475.38
Regular Reserve	19,507,681.87	19,507,681.87	19,507,681.87
Total Capital	169,685,548.97	194,400,512.50	185,768,736.89
Total Liabilities and Capital	1,428,018,208.07	1,391,167,098.61	1,232,458,414.51

Comparative Income Statement
for years ending in June 2020, 2021 and 2022

	2022	2021	2020
Income			
Interest on Loans	34,025,845.87	36,464,795.47	37,795,811.59
Interest on Investments	6,496,354.70	5,388,849.12	8,368,220.46
Fee Income	5,001,081.69	4,423,465.64	4,912,327.77
Other Income	8,168,590.85	6,993,944.64	6,306,061.59
Non-Operating Gains (losses)	170,372.61	717,545.24	259,201.16
Total Income	53,862,245.72	53,988,600.11	57,641,622.57
Operating Expenses			
Employee Compensation and Benefits	21,000,967.02	19,831,166.71	19,577,362.61
Organizational Development Expense	308,117.13	203,644.32	398,929.50
Office Occupancy Expense	2,371,781.08	2,213,562.68	2,189,717.11
Office Operations Expense	11,489,322.61	9,779,145.93	9,643,610.61
Educational and Promotional Expense	1,120,337.75	710,905.97	1,044,727.98
Loan Servicing Expense	812,254.44	1,018,754.53	1,254,553.16
Professional and Outside Services Expense	1,518,725.10	776,670.12	1,195,368.53
Provision for Loan Losses	(2,388,963.58)	1,399,414.59	6,843,387.70
Member Insurance Expense	0.00	13,337.27	24,461.92
NCUA Operating Expense	249,222.68	295,917.90	314,385.66
Miscellaneous Operating Expense	155,468.33	157,955.68	157,539.02
Total Operating Expense	36,637,232.56	36,400,475.70	42,644,043.80
Cost of Funds			
Dividends Paid to Members	4,530,486.80	5,625,922.23	6,842,935.09
Interest on Borrowed Money	28,563.51	91,641.89	713,118.14
Total Cost of Funds	4,559,050.31	5,717,564.12	7,556,053.23
Net Income	12,665,962.85	11,870,560.29	7,441,525.54

[SUPERVISORY COMMITTEE]

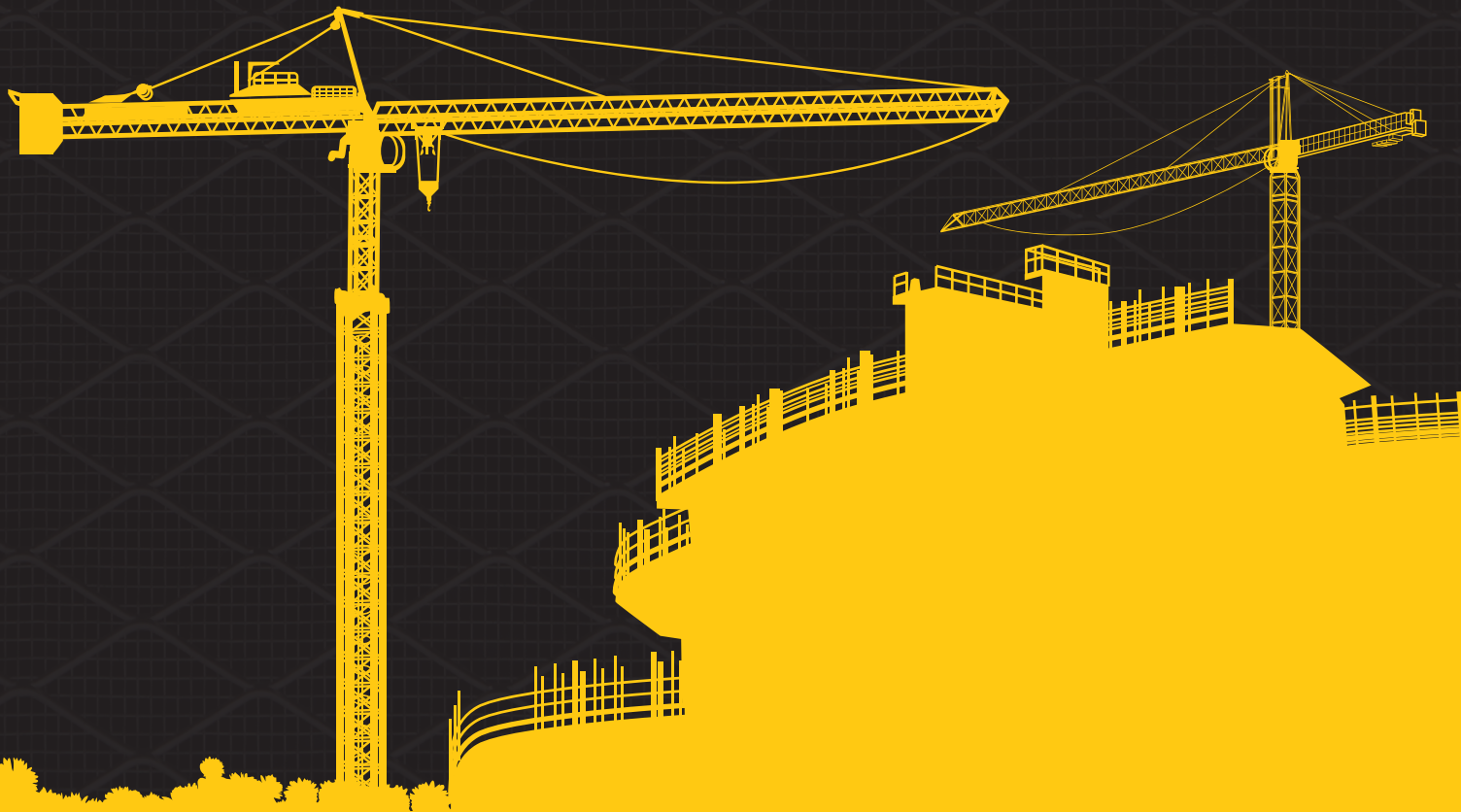
The OE Federal Credit Union Supervisory Committee is responsible for monitoring operations and ensuring compliance with federal regulatory requirements and internal policies and procedures to guarantee financial integrity. The Committee's goal is to help maintain OE Federal Credit Union's finances and safeguard member assets through fair and accurate representation.

At the conclusion of the audited year, June 2022, OE Federal Credit Union's financial records were audited by Turner, Warren, Hwang & Conrad, AC, Certified Public Accounts & Consultants. The Supervisory Committee is pleased to report that OE Federal Credit Union continues to maintain a healthy and financially strong position. In addition, OE Federal Credit Union continues to follow the guidelines of the National Credit Union Administration (NCUA), the government agency that oversees the financial strength of credit unions, to safeguard member and credit union assets.

The Supervisory Committee would like to extend a special thank you to the Board of Directors, Management Team, and Employees for their continued support in our mission to be fiscally sound. And a big thank you goes to our members. It's always a pleasure to serve you.

Yu-Ju Wu

Yu-Ju Wu, Chair Supervisory Committee



[BOARD OF DIRECTORS]

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Steve Ingersoll, Vice Chair

Bruce Noel, Secretary

David Harrison, Financial Officer

Justin Diston

Nate Tucker

Gening Liao

David Daneluz

Ron Kultti

James Spain

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Bryan Dorton

Frank Rojas

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Jerry Seiff

Korey Wygal

Frank Fuller

Larry Watson

Steve Nichols

Justin Pentz

Jamie Harvest-Silva



[SUPERVISORY COMMITTEE]

Yu-Ju Wu, Chair

Charles Lavery

Tanisha Williams



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