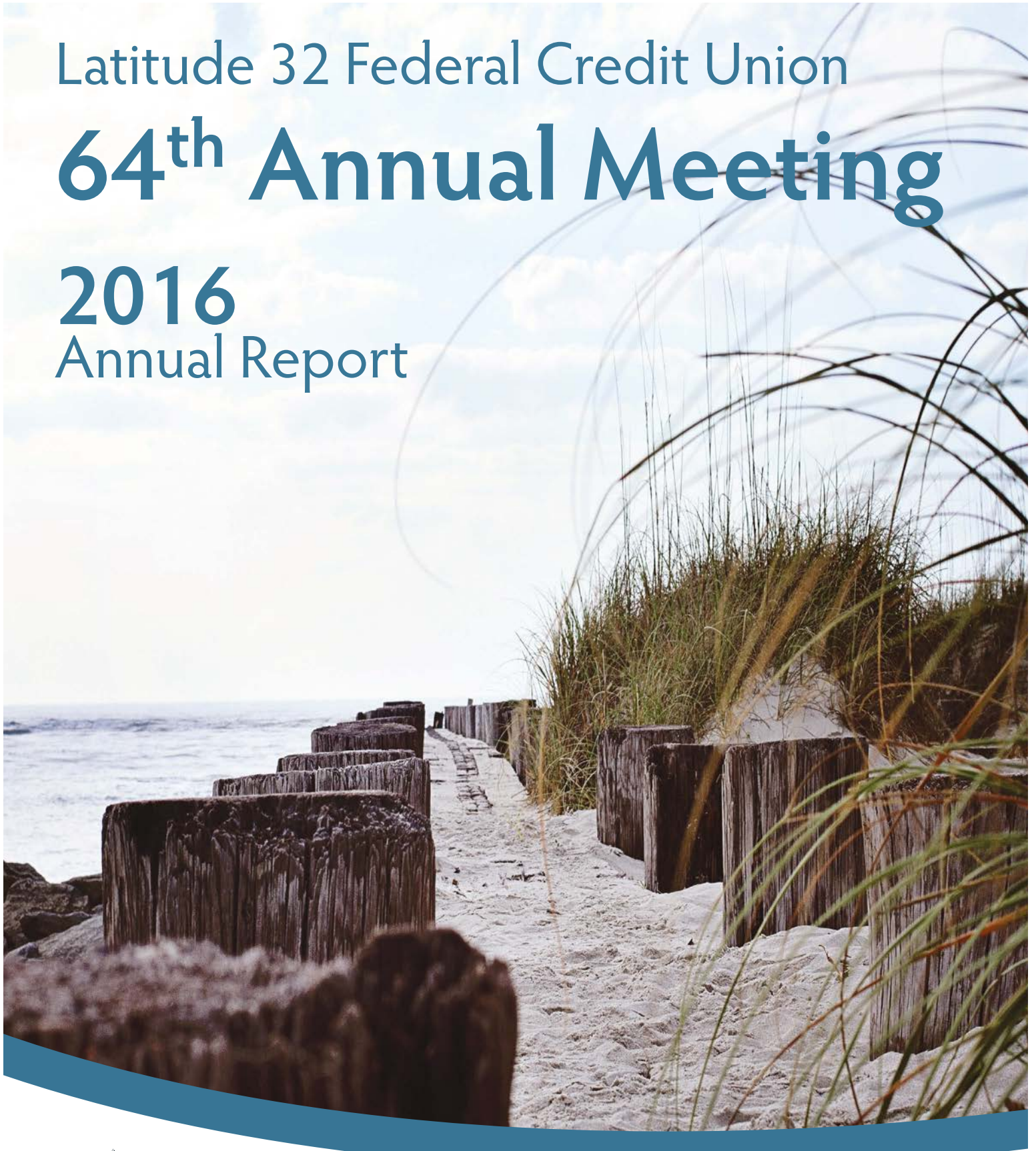


Latitude 32 Federal Credit Union

64th Annual Meeting

2016
Annual Report



Latitude 32[®]
credit union

Annual Meeting Agenda

January 26, 2017 • 5:30 p.m.

Call to Order

Ascertain that a Quorum is Present

Pledge of Allegiance

Please stand.

Moment of Silence

Please remain standing, in memory of our departed credit union members.

Introductory Remarks

Minutes of Last Year's Annual Meeting

Chairman's Report

Supervisory Committee Report

President's Report

Unfinished Business from Last Year

 New Business Other Than Elections

 Length of Service Awards

Elections

Adjournment



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Meeting Minutes from the 2016 Annual Meeting

Mr. Billy Hudson, Chairman of the Board of Directors, called the meeting to order at 5:30 pm on January 28, 2016 at the main office of Latitude 32 Federal Credit Union at 1845 Sam Rittenberg Boulevard, Charleston, SC. Mr. Hudson led the membership in the Pledge of Allegiance to the flag of the United States of America.

Following the Pledge of Allegiance, a moment of silence was observed for our departed credit union members.

At Chairman Hudson's request, Mr. Robert Gleaton, Secretary of the Board of Directors, ascertained that a quorum was present. Ms. Joy Knight asked for a motion to dispense with the reading of the Minutes from the 2015 Annual Meeting and approve them as published. A motion was made and seconded to dispense with the reading of the 2015 Annual Meeting Minutes and to approve them as published. All members present unanimously voted in favor of the motion.

Old Business

Mr. Hudson then presented the Chairman's Report. His report is contained in the 2015 Annual Report that was distributed to all attendees. He introduced the individual members of the Board of Directors and thanked them for their contributions to representing the membership of the Latitude 32 FCU during the previous year.

Mr. Hudson introduced Mr. Brad Rustin, President of Latitude32 FCU, who presented the President's Report to the members. His report is contained in the 2015 Annual Report. He introduced the members of our professional staff and thanked them for their contributions to the Credit Union's success during the previous year.

Mr. Hudson introduced Ms. Jane Williams, Chairperson of the Supervisory Committee, to present the Supervisory Committee Report. Her report is contained in the 2015 Annual Report. She stated that the primary purposes of the Supervisory Committee is to ensure the accuracy and soundness of the accounting practices and that all appropriate Rules and Regulations are being followed at Latitude 32 FCU. Additionally, the Supervisory Committee represents and responds to members' needs and concerns. She also stated that based on the results of our audits and examinations, it is the opinion of the Supervisory Committee that the assets of our credit union are being managed competently and professionally.

Following the presentation, Mr. Hudson asked if there was any unfinished business to come before the members. There being none, he concluded the Old Business portion of the meeting.

New Business

Mr. Hudson asked if there was any new business, other than elections, to come before the members.

Mr. Rustin indicated that he had some New Business that needed to come before the membership. After being recognized by Mr. Hudson, Mr. Rustin presented a Latitude 32 Length of Service Award to David Benjamin, which recognized his attainment of 5 years of service to our members and staff. Mr. Rustin presented a Latitude 32 Length of Service Award to Erin Southerlin, which recognized her attainment of 10 years of service to our members and staff. Mr. Rustin also presented Alneatha Buggs and Cathy McKeown a Latitude 32 Length of Service Award which recognized their attainment of 15 years of service to our members and staff.

Mr. Hudson next introduced Ms. Joanne Alexander, Chairperson of the Nominating Committee. Ms. Alexander reported that there were no nominations by petition received by the Committee. She then presented the Committee's recommendations and nominated the following members who have agreed to serve as volunteers on the Board of Directors for a two-year term: Mr. Billy Hudson, Mr. Chris Quick, Ms. Candice Herriott and Mr. Sean Lawless

Mr. Hudson thanked Ms. Alexander and the Nominating Committee for their efforts. A motion was made and seconded that the candidates be accepted by acclamation. All members present voted unanimously to accept the slate as presented.

There being no further business to come before the membership, Mr. Hudson adjourned the business portion of the Annual Meeting.

Respectfully Submitted,



Robert Gleaton
Secretary of the Board of Directors

Election of Board Officers

Latitude 32 FCU • January 28, 2016

Immediately following the adjournment of the 2016 Annual Meeting, The Board of Directors met to elect the Board Officers for the term January 28, 2016 until our next Annual Meeting in 2017.

The results of the elections are as follows:

Mr. Billy Hudson, Chairman

Mr. Chris Quick, Vice Chairman

Mr. Robert Gleaton, Secretary

Ms. Candice Herriott, Treasurer

Respectfully Submitted,

Robert Gleaton

Robert Gleaton
Secretary of the Board of Directors

Chairman's Report

On behalf of the Board of Directors, it is my pleasure to report to you, as members and owners of Latitude 32 Federal Credit Union, that your Credit Union closed the operating year of 2016 in sound financial condition and the Credit Union is in compliance with standards applied by the NCUA for financial soundness and stability. I would like to thank the officers and staff of our Credit Union for the effort they continue to put forth to implement the changing rules and regulations that continue to take place on an ongoing basis.

In 2016, we experienced the continuation of record low interest rates which are reflected in Latitude 32 FCU's loan interest income. The economy is making a slow recovery and is moving in the right direction. The forecasted gradual increase in interest rates is welcome news to Latitude 32 FCU and to the financial industry as a whole. Our service area continues to experience growth as new industries and manufacturing facilities come to the lowcountry. As Charleston continues to grow, Latitude 32 FCU is ready to meet the increased demand of our members and potential new members relocating to the area. Be assured that the officers, staff and volunteers are working diligently to manage your Credit Union's resources efficiently and to produce the maximum possible benefit to our members.

I would like to express my gratitude for the time and support that each of our Board of Directors and Supervisory Committee volunteers give so freely to our Credit Union. I will take just a moment now to introduce to you to the Board of Directors.

I ask each of you to continue your support of Latitude 32 FCU and to tell someone you know, about how Latitude 32 FCU has made a positive impact on you and your family. Tell your family, friends, and co-workers why you have confidence in Latitude 32 Federal Credit Union. We'll do our best to make them feel comfortable every time they come in to our West Ashley or VA branch.

Ladies and Gentlemen, thank you for your continued support. It is an honor and privilege for me to serve Latitude 32 Federal Credit Union as your Board Chairman.

Thank you for attending today. I look forward to seeing you next year.

Sincerely,

A handwritten signature in black ink that reads "Billy Hudson". The signature is written in a cursive, slightly informal style.

Billy Hudson
Chairperson, Supervisory Committee

Supervisory Committee Report

The Supervisory Committee of Latitude 32 Federal Credit Union is composed of three Credit Union member-volunteers who are not employees of Latitude 32. Your Committee members are Ms. Carol Onorato, Mr. Robert Gleaton and Mr. David Warren.

The primary role of your Supervisory Committee is to help ensure that the Credit Union's accounting records are accurately and fairly stated, that proper accounting and internal controls are in place and are being followed, that the Credit Union is in compliance with state and federal laws, and that our members' best interests are being served. As part of our compliance responsibilities, the Committee has instituted an ongoing program to help ensure that your Credit Union is in full compliance with the USA Patriots Act, the ethics requirements of the Gramm-Leach Bliley Act and the Dodd-Frank Act. Just as importantly, your Supervisory Committee is attentive to members' privacy and any other general concerns.

To help fulfill these responsibilities, the Supervisory Committee relies on the informed assessments of several outside professional organizations. The Certified Public Accounting firm of Cantey, Tiller, Pierce & Green, LLP, as of March 31, 2016 performed our annual Supervisory Committee Audit and our annual Bank Secrecy Act (BSA) compliance audit. The audit was made in accordance with Generally Accepted Auditing Standards and included such tests of the accounting records and such other auditing procedures as they and the Supervisory Committee considered necessary. Additionally, Cantey, Tiller, Pierce & Green, LLP was engaged to perform quarterly interim audits, loan audits, compliance audits and surprise cash counts during 2016.

Latitude 32 also retains the services of Mr. R. Todd Sherpy, Attorney at Law and the Sherpy-Jones Law Firm for our general legal representation including compliance, contract, collection and consumer law. Mr. Sherpy is a nationally acclaimed credit union and compliance law expert and has served the members of Latitude 32 for many years.

Your Supervisory Committee engages these firms to perform these activities to help ensure the safety and soundness of the assets that have been entrusted to Latitude 32 by its members. Based on our reviews and the results of these audits, it is the opinion of your Supervisory Committee that the assets of our credit union are safe, are being managed competently and professionally and our members' best interests continue to be a top priority.

Respectfully Submitted,

Carol Onorato

Carol Onorato
Chairperson, Supervisory Committee

President's Report

I join with Chairman Hudson in welcoming you to the Sixty-fourth Annual Meeting of your credit union. This evening, it is my responsibility and pleasure to report to you that Latitude 32 Federal Credit Union ended its 2016 fiscal year as a very safe, member-oriented and financially sound credit union. As a result of the hard work of your Board of Directors and Supervisory Committee, along with your professional staff's dedication to serving our members, Latitude 32 Federal Credit Union has once again received a five-star, superior rating from BauerFinancial, Inc., the nation's leading independent bank and credit union rating and research firm.

We are proud of serving our members and the results we have accomplished. Through these efforts, you are recipients of some of the best service and financial products available in the Charleston market. Our service philosophy of "A Better Banking Attitude" highlights what membership in Latitude 32 is all about: people coming together to form a democratically controlled, not-for-profit, financial cooperative. Through the cooperative efforts of all members and staff, we each gain financial strength, which can lead to better financial lives for our families.

When our members do well and prosper, we know that we are attaining the decades-old mission of the founding fathers of credit unions in America, which reads, "not for profit, not for charity, but for service". Latitude 32 FCU is doing well and we are prepared to move forward into 2017 and face the economic challenges that the new year will present to our members and to us.

The financial results, which you can find in your Annual Report, reflect our continuing efforts to provide high-quality financial products and services to our membership. We ended 2016 with \$51,655,935 in total assets, which represents an increase of \$964,502 over year-end 2015. Loans increased significantly from 2015 to 2016 as we assisted more than 1,500 families purchase something they needed. We ended the year with all-time record of \$39,438,623 in total loans outstanding. This 8.1% increase in loans outstanding, aided by a combination of our service philosophy and a slightly improving economy, allowed us to end 2016 with more loans to more members than ever before in our sixty-four year history.

In today's world, the safety and soundness of the financial institution with whom you choose to do business is more important than ever. I believe it is critical that I remind everyone that your Board of Directors, supported by our Supervisory Committee, is serious about their responsibility of providing a safe and sound credit union into which you can place your trust. One of the ways they help provide for the safety and soundness of Latitude 32 FCU is by regularly setting aside substantial amounts of our earnings into our Regular Reserve and Undivided Earnings accounts, which together make up our Capital Accounts. This money is set aside to help protect and reassure our members that during times of financial stress (periods of loss or negligible earnings), our Credit Union can continue to provide financial services. Your Board of Directors is dedicated to helping make Latitude 32 FCU one of the safest and most secure financial institutions in the nation. In 2016, they increased our Capital by \$135,114, giving our credit union a year-end reserve total of \$5,109,416.

Finally, I would like to thank you for your membership in Latitude 32 Credit Union. By joining, you united with thousands of other Charlestonians who were seeking a better place to conduct their financial business. A place where individuals and their needs matter to the institution. As a member of Latitude 32, you are united with nearly 1.5 million people in South Carolina and more than one hundred million other Americans who believe that owning your own financial cooperative is far superior to having to do business with a bank that is owned and controlled by for-profit investors.

We completed 2016 focused on how we can best serve your financial needs. Plans have been made for 2017 and we are working to see that they are accomplished and our members receive increased value for themselves and their families. I believe that many of our members have done their part in bringing their business to the Credit Union and I hope each of you will carry our message of creating value for our members, back to your families, friends and into your neighborhoods.

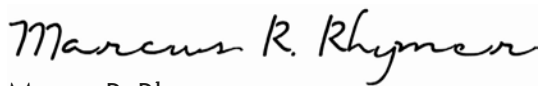
Our members should be confident that the decision to give their business to Latitude 32 FCU was financially sound and correct. We have listened to our member's financial needs and because of that, we will be adding new products and services which will offer additional safety and convenience for our members. From EMV Chip Cards to Online Payments and Mobile Rewards, among other new products and services, we will continue helping members achieve their financial goals.

This evening, it is my pleasure to introduce to you the people that faced the challenges and had the personal satisfaction of operating your credit union in 2016, your professional staff. By working alongside these individuals in various departments over the past fifteen years, I know firsthand of the hard work they do for our members every day. They truly care about the financial and personal well-being of each member they contact. Please join with me in expressing our thanks for a "job well-done."

In closing, let me say that Latitude 32 FCU is very good at what we do. Our credit union offers most of the products and services that large institutions offer, along with the personal member service that isn't found anywhere in Charleston. It is clear from our successes that our members find that their credit union offers them a unique financial opportunity not found elsewhere in Charleston. Further, I assure you that providing value to our members' relationships with the Credit Union is always in the minds of your Board of Directors, Supervisory Committee and professional staff. As we continue our journey into 2017, the vision of Latitude 32's "Better Banking Attitude" is more important than ever before.

Thank you for participating in this Annual Meeting of your credit union. As always, your comments and suggestions are welcome.

Respectfully Submitted,



Marcus R. Rhymer
President

Balance Sheet

Assets	2012	2013	2014	2015	2016
Loans to Members	\$32,122,020	\$30,192,295	\$33,622,562	\$36,485,057	\$39,438,623
Indirect Loan Fees	\$462,345	\$504,783	\$664,204	\$753,959	\$730,162
Repossessions	\$30,175	\$68,625	\$1,450	\$29,493	\$19,125
Allowance for Retail Loan Losses	-\$79,194	-\$71,680	-\$69,564	-\$70,184	-\$144,700
Allowance for Indirect Loan Losses	-\$70,677	-\$103,197	-\$94,654	-\$86,113	-\$62,794
Cash and Investments	\$17,331,981	\$18,254,224	\$15,042,820	\$12,686,641	\$10,848,524
Land and Building	\$630,782	\$598,676	\$565,249	\$531,823	\$499,902
Furniture and Equipment	\$94,577	\$69,262	\$123,606	\$103,662	\$64,417
Other Assets	\$224,591	\$242,729	\$304,753	\$257,095	\$262,676
Total Assets	\$50,746,600	\$49,755,717	\$50,160,425	\$50,691,433	\$51,655,935

Liabilities & Member Equity					
Accounts Payable	\$1,854	\$17,298	\$8,571	\$8,338	\$128,630
Accrued Dividends Payable	\$0	\$0	\$0	\$0	\$0
Other Liabilities	\$206,860	\$216,923	\$272,430	\$312,458	\$308,903
Total Liabilities	\$208,714	\$234,221	\$281,002	\$320,796	\$437,533
Member Investments	\$46,042,478	\$44,929,905	\$45,072,338	\$45,396,334	\$46,108,986
Regular Reserve	\$445,265	\$445,265	\$445,265	\$445,265	\$445,265
Undivided Earnings	\$4,050,143	\$4,146,326	\$4,361,821	\$4,529,038	\$4,664,151
Total Equity	\$50,537,886	\$49,521,496	\$49,879,424	\$50,370,637	\$51,218,402
Total Liabilities and Member Equity	\$50,746,600	\$49,755,717	\$50,160,425	\$50,691,433	\$51,655,935

Income Statement

Income	2012	2013	2014	2015	2016
Interest from Loans	\$1,540,723	\$1,472,167	\$1,317,116	\$1,498,198	\$1,579,154
Investment Income	\$50,969	\$68,716	\$55,111	\$48,851	\$67,271
Miscellaneous Income	\$1,128,271	\$1,199,286	\$1,306,339	\$1,197,593	\$1,262,065
Total Income	\$2,719,963	\$2,740,169	\$2,678,565	\$2,744,642	\$2,908,490

Expenses					
Compensation & Benefits	\$1,021,065	\$1,039,482	\$1,018,319	\$1,079,083	\$1,114,156
Office Occupancy & Operations	\$570,882	\$548,976	\$587,768	\$611,213	\$650,036
Professional & Outside Services	\$252,681	\$249,715	\$249,602	\$274,882	\$320,043
Promotional & Annual Meeting	\$97,982	\$32,323	\$59,852	\$56,322	\$47,485
Loan Loss Provision	\$53,682	\$143,637	\$77,600	\$68,126	\$178,576
Other Expenses	\$459,580	\$412,920	\$319,446	\$370,869	\$363,906
Total Operating Expenses	\$2,455,872	\$2,427,053	\$2,312,586	\$2,460,495	\$2,674,202

Dividends to Members	\$281,408	\$216,933	\$150,485	\$116,930	\$99,174
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Non - Operating Income or (Expense)	\$0	\$0	\$0	\$0	\$0
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Net Income	-\$17,317	\$96,183	\$215,494	\$167,217	\$135,114
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West Ashley Branch

1845 Sam Rittenberg Blvd
Charleston, SC 29407

VA Hospital Branch

109 Bee Street
Charleston, SC 29401



843.556.4809

www.latitude32.org



Latitude 32[®]
credit union

This credit union is federally insured by the National Credit Union Administration and is an Equal Housing Lender.