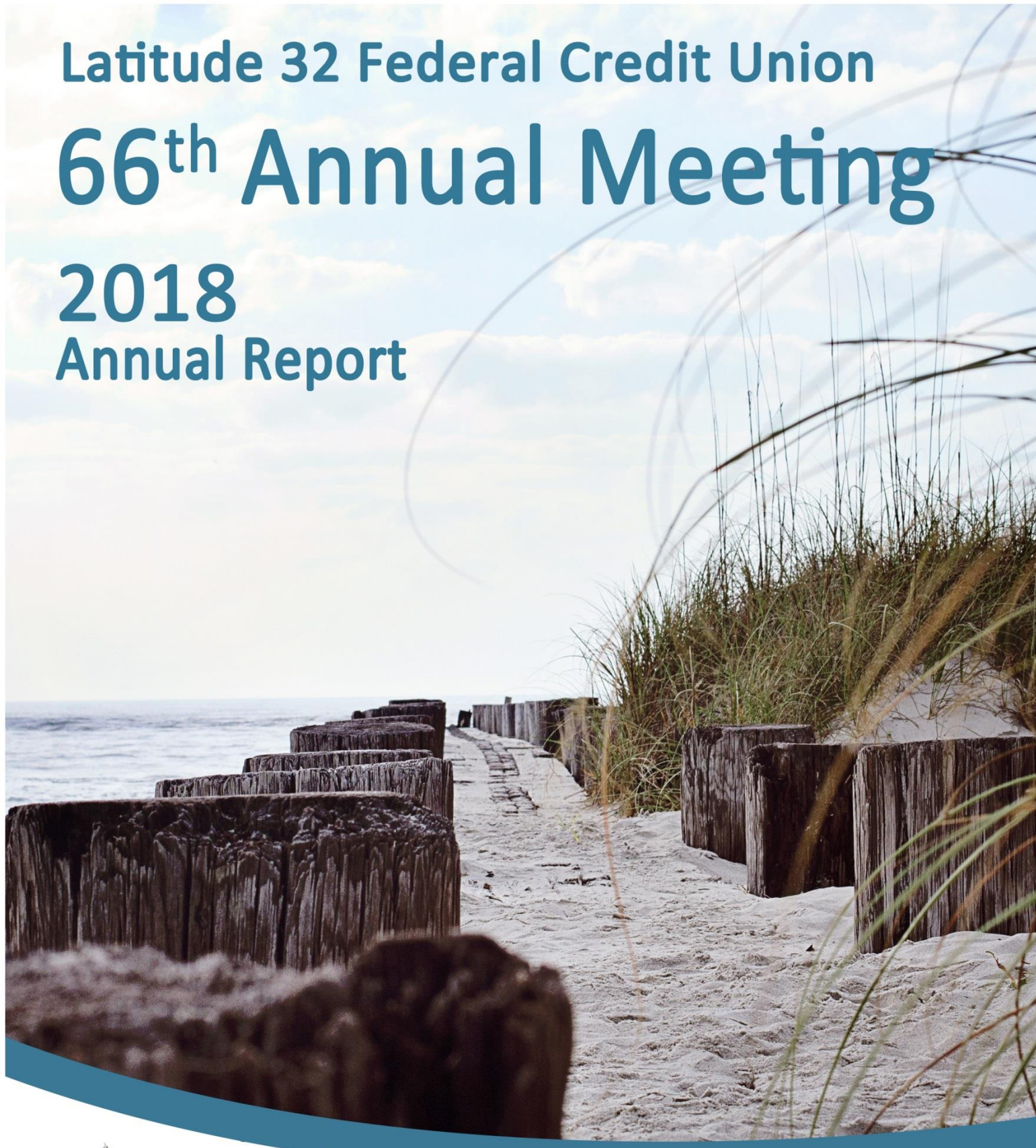


Latitude 32 Federal Credit Union

66th Annual Meeting

2018
Annual Report



Latitude 32[®]
credit union

Annual Meeting Agenda

January 24, 2019 • 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

President's Report

Supervisory Committee Report

Unfinished Business from Last Year

New Business Other Than Elections

Elections

Adjournment



Meeting Minutes from the 2018 Annual Meeting

Mr. Billy Hudson, Chairman of the Board of Directors, called the meeting to order at 5:30 pm on January 25, 2018 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. Mr. Chris Quick asked for a motion to dispense with the reading of the Minutes from the 2017 Annual Meeting and approve them as published. A motion was made and seconded to dispense with the reading of the 2017 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 2017 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. Marcus Rhymer, President of Latitude32 FCU, who presented the President's Report to the members. His report is contained in the 2017 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. Carol Onorato, Chairperson of the Supervisory Committee, to present the Supervisory Committee Report. Her report is contained in the 2017 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. Rhymer indicated that he had some New Business that needed to come before the membership. After being recognized by Mr. Hudson, Mr. Rhymer presented a Latitude 32 Length of Service Award to Tina Aull, which recognized her attainment of 15 years of service to our members and staff. Mr. Rhymer also presented a Latitude 32 Length of Service Award to Jamie Gombach, which recognized her attainment of 10 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

Robert Gleaton
Secretary of the Board of Directors

Election of Board Officers

Latitude 32 FCU • January 25, 2018

Immediately following the adjournment of the 2018 Annual Meeting, The Board of Directors met to elect the Board Officers for the term January 25, 2018 until our next Annual Meeting in 2019.

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 Credit Union, that your Credit Union closed the operating year of 2018 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 put forth to implement the changing rules and regulations that continue to take place on an ongoing basis.

In 2018, we experienced an increase from the record low interest rates of the past several years. While rates are still relatively low, we have begun to see a slight increase in Latitude 32's loan interest income. The economy has made a recovery and continues to move in the right direction. The continuation of the forecasted gradual increase in interest rates is welcome news to Latitude 32 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 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 and to tell someone you know, about how Latitude 32 has made a positive impact on you and your family. Tell your family, friends, and neighbors why you have confidence in Latitude 32. 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 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 script is cursive and fluid, with the first letters of "Billy" and "Hudson" being capitalized and prominent.

Billy Hudson
Chairman, Board of Directors

President's Report

I join with Chairman Hudson in welcoming you to the Sixty-sixth 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 2018 fiscal year as a very safe, member oriented and prosperous 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 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. Our service philosophy, "A Better Way of Banking" 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. Latitude 32 had a fantastic 2018 and we are prepared to move forward into 2019 and face the economic challenges that the new year will present 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 2018 with \$53,570,776 in total assets, which represents an increase of nearly \$700,000 over year-end 2017. Loans increased significantly from 2017 to 2018 as we assisted more than 1,500 families in purchasing something they needed. We ended the year with all-time record of \$43,548,000 in total loans outstanding. This 5.7% increase in loans outstanding, allowed us to end 2018 with more loans, to more members than ever before in our sixty-six 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. 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 is by regularly setting aside substantial amounts of our earnings into 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. In 2018, our Capital increased by \$424,683 giving our credit union a year-end reserve total of \$5,906,851. This is our largest Capital increase in twelve years.

As a member of Latitude 32, you are united with 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 have listened to our member's financial needs and because of that, we continue adding new products and services which offer additional safety and convenience for our members. I hope each of you will carry our message of creating value for our members, back to your families, friends and neighbors.

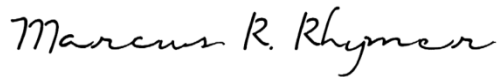
This evening, it is my pleasure to introduce you to the people that faced the challenges and had the personal satisfaction of operating your credit union in 2018, your professional staff. By working alongside these individuals in various departments over the past seventeen years, I know firsthand of the hard work they do for our members every day. They truly care about the financial and personal well-being of each member of Latitude 32. Please join with me in expressing our thanks for a "job well-done".

In closing, let me say that 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. 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. Further, I assure you that providing value to our members is always in the minds of your Board of Directors, Supervisory Committee and professional staff.

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Marcus R. Rhymer". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Marcus R. Rhymer
President/CEO

Supervisory Committee Report

The Supervisory Committee of Latitude 32 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, 2018 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 2018.

Latitude 32 also retains the services of Mr. 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
Chairperson, Supervisory Committee

BALANCE SHEET

Assets	2014	2015	2016	2017	2018
Loans to Members	\$33,622,562	\$36,485,057	\$39,438,623	\$41,192,178	\$43,547,994
Indirect Loan Fees	664,204	753,959	730,162	631,794	613,113
Repossessions	1,450	29,493	19,125	60,675	0
Allowance for Retail Loan Losses	(69,564)	(70,184)	(144,700)	(89,712)	(156,558)
Allowance for Indirect Loan Losses	(94,654)	(86,113)	(62,794)	(133,091)	(105,182)
Cash and Investments	15,042,820	12,686,641	10,848,524	10,360,527	8,910,524
Land and Building	565,249	531,823	499,902	469,653	441,701
Furniture and Equipment	123,606	103,662	64,417	53,673	52,405
Other Assets	304,753	257,095	262,676	328,665	266,779
Total Assets	\$50,160,425	\$50,691,433	\$51,655,935	\$52,874,362	\$53,570,776

Liabilities & Member Equity					
Accounts Payable	\$8,571	\$8,338	\$128,630	\$148,262	\$13,975
Accrued Dividends Payable	0	0	0	0	0
Other Liabilities	272,430	312,458	308,903	393,628	70,496
Total Liabilities	281,002	320,796	437,533	541,890	84,471
Member Investments	\$45,072,338	\$45,396,334	\$46,108,986	\$46,850,304	\$47,579,454
Regular Reserve	445,265	445,265	445,265	445,265	445,265
Undivided Earnings	4,361,821	4,529,038	4,664,151	5,036,903	5,461,586
Total Equity	49,879,424	50,370,637	51,218,402	52,332,472	53,486,305
Total Liabilities and Member Equity	\$50,160,425	\$50,691,433	\$51,655,935	\$52,874,362	\$53,570,776

Income Statement

Income	2014	2015	2016	2017	2018
Interest from Loans	\$1,317,116	\$1,498,198	\$1,579,154	\$1,675,407	\$1,680,035
Investment Income	55,111	48,851	67,271	91,038	154,791
Miscellaneous Income	1,306,339	1,197,593	1,262,065	1,196,170	1,397,843
Total Income	<u>\$2,678,565</u>	<u>\$2,744,642</u>	<u>\$2,908,490</u>	<u>\$2,962,615</u>	<u>\$3,232,669</u>

Expenses					
Compensation & Benefits	\$1,018,319	\$1,079,083	\$1,114,156	\$1,048,318	\$1,090,524
Office Occupancy & Operations	587,768	611,213	650,036	600,344	602,419
Professional & Outside Services	249,602	274,882	320,043	265,911	290,221
Promotional & Annual Meeting	59,852	56,322	47,485	65,521	64,167
Loan Loss Provision	77,600	68,126	178,576	131,518	216,511
Other Expenses	319,446	370,869	363,906	385,576	419,679
Total Operating Expenses	<u>\$2,312,586</u>	<u>\$2,460,495</u>	<u>\$2,674,202</u>	<u>\$2,497,188</u>	<u>\$2,683,521</u>
Dividends to Members	\$150,485	\$116,930	\$99,174	\$92,676	\$124,465
Non - Operating Income or (Expense)	\$0	\$0	\$0	\$0	\$0
Net Income	<u>\$215,494</u>	<u>\$167,217</u>	<u>\$135,114</u>	<u>\$372,751</u>	<u>\$424,683</u>

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.