

Latitude 32 Federal Credit Union 70th Annual Meeting

2022 Annual Report



Latitude 32[®]
credit union

Annual Meeting Agenda

January 25, 2023 • 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 2022 Annual Meeting

Mr. Billy Hudson, Chairman of the Board of Directors, called the meeting to order at 5:30 pm on February 23, 2022 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, Board Member, ascertained that a quorum was present. Mr. Chris Quick asked for a motion to dispense with the reading of the Minutes from the 2021 Annual Meeting and approve them as published. A motion was made and seconded to dispense with the reading of the 2021 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 2021 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 2021 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 Mr. Robert Gleaton, Chairperson of the Supervisory Committee, to present the Supervisory Committee Report. His report is contained in the 2021 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 Whitney Obrecht, which recognized her attainment of 15 years of service to our members and staff. Mr. Rhymer then presented a Latitude 32 Length of Service Award to Kristi Heupel, which recognized her attainment of 10 years of service to our members and staff. Mr. Rhymer then presented a Latitude 32 Length of Service Award to Ryan Dobbins, which recognized his attainment of 5 years of service to our members and staff. Next, Mr. Rhymer presented a Latitude 32 Length of Service Award to Nicole Cox, which recognized her attainment of 5 years of service to our members and staff. Mr. Rhymer then presented a Latitude 32 Length of Service Award to Stephanie Ross, which recognized her attainment of 5 years of service to our members and staff. Mr. Rhymer concluded by presenting a Latitude 32 Length of Service Award to Taylor Cartrett, which recognized her attainment of 5 years of service to our members and staff. Mr. Hudson then returned to the podium to present Marcus Rhymer with a Latitude 32 Length of Service Award to recognize his attainment of 20 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.

Mr. Hudson asked if there was any more business to come before the membership.

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 • February 23, 2022

Immediately following the adjournment of the 2022 Annual Meeting, The Board of Directors met to elect the Board Officers for the term February 23, 2022 until our next Annual Meeting in 2023.

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 2022 in sound financial condition and 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 adhere to the changing rules and regulations that take place each year.

In 2022, we continued to operate under the difficult circumstances from the previous year. Unemployment remained a significant issue for businesses as many continued to shut their doors and reduce hours. Interest rates rose dramatically from historic lows and look to continue rising before returning to somewhat normal levels. In this rising rate environment, we were able to maintain and surpass Latitude 32's projected loan interest income. While the economic outlook remains uncertain, it appears inflation is slowing and the supply chain is slightly improving. Our service area continues to experience modest growth as industries and manufacturing facilities come to the lowcountry. As Charleston continues to grow, Latitude 32 is prepared to meet the increased demand of our members. 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.

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 Seventieth 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 2022 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 Bauer Financial, 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 the cooperative efforts of all members and staff, we each gain financial strength, which can lead to better financial lives for our families. These efforts were showcased in 2022, as we continued working through another year post-pandemic related challenges. Inflation and unemployment challenges continued to be a central theme for most businesses and organizations, including our credit union. However, we adjusted and were successfully able to meet our goals. We are prepared to move forward into 2023 and face the economic and environmental 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 2022 with \$65,865,968 in total assets and a much-improved net worth from the previous year. Our overall loan portfolio increased by 29.3% as manufacturing and inventory returned to more normal levels. Retail loans increased 11.5%. as we assisted more than 1,400 families in purchasing something they needed. We ended the year with more than \$47 million in total loans outstanding.

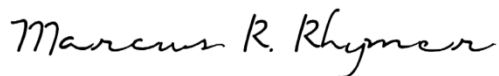
Your Board of Directors, supported by our Supervisory Committee, is serious about their responsibility of providing a safe and sound credit union into which you can place your trust. One of the ways they help provide for the safety and soundness of Latitude 32 is by regularly setting aside substantial 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 2022, our Capital increased by \$398,175 giving our credit union a year-end reserve total of \$7,556,572.

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 2022, your professional staff. I witness 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, we have listened to our member's financial needs and because of that, we continue adding new products and services which offer additional safety, convenience and value for our members. We strive to offer 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 cursive and fluid, with the first letters of each word 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 Mr. David Warren, Mr. Robert Gleaton, and Ms. Carol Onorato.

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 May 12, 2022 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 2022.

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,

David Warren

David Warren
Chairman, Supervisory Committee

BALANCE SHEET

Assets	2018	2019	2020	2021	2022
Loans to Members	\$43,547,994	\$40,936,207	\$37,738,045	\$36,677,199	\$47,433,149
Indirect Loan Fees	613,113	532,692	451,474	467,985	731,346
Repossessions	0	0	8,850	8,334	10,000
Allowance for Retail Loan Losses	(156,558)	(129,751)	(126,644)	(73,222)	(88,936)
Allowance for Indirect Loan Losses	(105,182)	(64,092)	(41,107)	(22,519)	(5,648)
Cash and Investments	8,910,524	12,201,567	22,351,447	29,056,516	17,066,029
Land and Building	441,701	411,797	388,894	368,323	357,555
Furniture and Equipment	52,405	103,599	77,126	46,534	38,171
Other Assets	266,779	251,881	293,309	260,725	324,302
Total Assets	\$53,570,776	\$54,243,900	\$61,141,394	\$66,789,875	\$65,865,968

Liabilities & Member Equity					
Accounts Payable	\$13,975	\$3,791	\$5,149	\$122,998	\$5,965
Accrued Dividends Payable	0	0	0	0	0
Other Liabilities	70,496	47,097	353,274	252,030	367,824
Total Liabilities	84,471	50,888	358,423	375,028	373,789
Member Investments	\$47,579,454	\$47,708,638	\$53,938,931	\$59,256,450	\$57,935,607
Regular Reserve	445,265	445,265	445,265	445,265	445,265
Undivided Earnings	5,461,586	6,039,109	6,398,775	6,713,132	7,111,307
Total Equity	53,486,305	54,193,012	60,782,971	66,414,847	65,492,179
Total Liabilities and Member Equity	\$53,570,776	\$54,243,900	\$61,141,394	\$66,789,875	\$65,865,968

Income Statement

Income	2018	2019	2020	2021	2022
Interest from Loans	\$1,680,035	\$1,769,904	\$1,687,536	\$1,514,459	\$1,631,784
Investment Income	154,791	208,025	129,126	62,723	213,445
Miscellaneous Income	1,397,843	1,359,934	1,140,846	1,171,587	1,147,754
Total Income	<u>\$3,232,669</u>	<u>\$3,337,863</u>	<u>\$2,957,508</u>	<u>\$2,748,769</u>	<u>\$2,992,983</u>

Expenses					
Compensation & Benefits	\$1,090,524	\$1,152,744	\$1,174,057	\$1,060,047	\$1,185,786
Office Occupancy & Operations	602,419	637,016	520,661	529,916	544,891
Professional & Outside Services	290,221	245,289	240,170	238,583	300,454
Promotional & Annual Meeting	64,167	70,607	63,316	66,366	66,695
Loan Loss Provision	216,511	28,830	46,920	(9,241)	10,095
Other Expenses	419,679	452,902	388,127	410,514	404,418
Total Operating Expenses	<u>\$2,683,521</u>	<u>\$2,587,388</u>	<u>\$2,433,251</u>	<u>\$2,296,185</u>	<u>\$2,512,339</u>
Dividends to Members	\$124,465	\$172,952	\$164,590	\$138,227	\$82,469
Non - Operating Income or (Expense)	\$0	\$0	\$0	\$0	\$0
Net Income	<u>\$424,683</u>	<u>\$577,523</u>	<u>\$359,667</u>	<u>\$314,357</u>	<u>\$398,175</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.