



MARSHLAND
CREDIT UNION

69th Annual Meeting

April 20, 2022

AGENDA

- | | |
|---------|------------------------------|
| 5:30 pm | Welcome |
| | Invocation |
| | Pledge of Allegiance |
| | Introduction |
| | Reading of Minutes |
| | Chairman's Report |
| | Treasurer's Report |
| | Audit Committee Report |
| | Scholarship Committee Report |
| | CEO Comments |
| | Old Business |
| | New Business |
| | Nominating Committee |
| 6:30 pm | Adjournment |



CHAIRMAN'S REPORT

Credit Union Members,

In early 2021 we started our search for a new CEO to replace Jeff Holcombe who planned to retire at the end of the year. Our search committee Paul McKenzie and Mark Hamil reviewed the many applicants. After interviews, the field was narrowed and they presented Mary Jenrette as the final selection. Confirmed by the Board, Mary took over as CEO in July and we welcomed her to our team. We also bid farewell to Jeff and wished him "All the Best" in his retirement.

2021 also presented nagging COVID concerns. Our staff handled it in stride continuing to do business even when our lobbies were closed to "face to face" traffic.

Financially 2021 was a good year with a strong loan portfolio and maintaining a net worth ratio well above other well capitalized credit unions.

We will continue to serve our members providing new programs and fresh ideas. Our Members are our strength and we will work hard with their help to continue our success.

On behalf of the Board of Directors, Management team and staff, we thank you for being part of Marshland Credit Union.

Respectfully,

Larry Rountree
Chairman

TREASURER'S REPORT

Marshland Credit Union continued to show a positive financial year and improved performance during 2021. Assets increased by \$23 million, ending the year just over \$202 million. Loans increased more than \$4.5 million and now total \$103.6 million. Member shares (deposits) increased by \$29 million and now total \$176.5 million. Due to the influx of cash into our economy shares grew at a rate of four times loan growth resulting in a slight decrease of .61% in Marshland's net worth ratio. Leaving us with a net worth ratio of 9.35%, still well above the 7% for well capitalized credit unions. Net income for 2021 was \$1,053,921.



Due to the continued strength of the economy during the pandemic delinquent loans-to-total loans decreased to .25% from .33% in 2020. Net charged-off loans-to-average loans decreased to .31% from .51% in 2020. Both are positive trends. Looking at the positive performance of your credit union over the last year, Marshland Credit Union continues to grow despite uncertainty in the global economy and COVID Pandemic. We are actively managing the loan and investment portfolio to hedge against an expected higher than normal inflation rate in the local and national economy. We look forward to another successful year ahead in 2022. Thank you for allowing me to serve as your Treasurer.

Respectfully submitted,

Jim Andersen
Treasurer

AUDIT COMMITTEE REPORT



The Audit Committee is made up of three board members: Jim Anderson, Kathy Stratton, Mark Hamil as Chairperson and Charlie Lovering as the credit union liaison. This committee continues to be responsible for ensuring that required financial reporting objectives are met and that practices and procedures are in place to safeguard members' assets. Several outside professionals are engaged to assist in this verification process. We also work closely with the board to monitor economic trends that affect our community.

Nearman, Maynard, & Vallez, CPA, PC performed an audit of our financial statements ending June 30, 2021. In their opinion, the financial statements are in order and fairly present the financial position of the credit union. A copy of their report is available upon request.

CU Audit and Compliance Group provided internal auditing services to test the internal controls of the credit union and to assure that board policies are followed in specific operational areas. Their report concluded that the management team has established an effective system of internal controls and operates in compliance with board policies.

CU Audit and Compliance Group provided a compliance review specialist to review policies and practices on a quarterly basis. Those reviews focused on meeting the requirements of applicable laws and regulations. The few exceptions noted were routinely addressed by management.

The Georgia Department of Banking and Finance is the lead auditor and the National Credit Union Administration (NCUA) follows their audit. Marshland Credit Union continues to thrive as we work to assure economic growth for our members and community.

Respectfully submitted,
Mark Hamil,
Chair, Audit Committee

MINUTES OF ANNUAL MEETING • March 16, 2021

The Annual Meeting of the Membership of Marshland Credit Union was held at virtually via Zoom. There were 39 members in attendance.

Call to Order: Chairman of the Board of Directors, Larry Rountree, called the Annual Meeting of Marshland Credit Union to order at 5:30 p.m. after assuring that a quorum was present. Members and guests were welcomed. Then he introduced the other Board members and Committee members. Paul McKenzie, Vice Chairman of the Marshland Board of Directors, gave the invocation. Everyone was asked to stand for the Pledge of Allegiance.

Reading of Minutes: A motion was made and seconded to dispense with the reading of the minutes and approve them as submitted. The motion carried. Copies of these minutes were distributed with the Annual Report.

The Annual Report follows these minutes in its entirety.

Chairman's Report: As you all know 2020 was a challenging year on many fronts. Covid 19 has changed the way we do business. Out of necessity we had to make our online banking better with more services. Our staff have become proficient with working from home and holding virtual meetings. Our financials are strong with a solid loan portfolio and net worth of 9.96% which is definitely in line with our peers.

We successfully changed our Charter from a Federal charter to a State Charter. This change will reduce some of the regulatory requirements and will give us the ability to pursue branches in more Counties. Our next branch will probably be in Chatham County.

In November a long time Board member Harry Clark tendered his retirement after 32 years of service to Marshland. We wish him all the best and thank him for his service

Marshland has its own Facebook and Twitter pages where you can see any promotions we are running, any branch changes and ask questions too! So please, Look us up and follow us.

For sure our success is not guaranteed. We will continue to make our Credit Union the best we can make it with our continued hard work and foresight.

On behalf of our Board of Directors, Management and Staff, we thank you for being a part of Marshland Credit Union. We will strive to grow and serve you in the coming year.

Treasurer's Report: Marshland Credit Union had survived 2020. One of our key ratios, Net Worth, ended the year at 9.96% down from last year, but well above the 7% for well capitalized credit unions. Loans increased more than \$2.8 million and now total \$99.7 million. Member shares (deposits) increased by \$24 million and now total \$147.2 million. Assets increased by \$30.9 million, ending the year just over \$179 million. Our net income was \$225,076 which was under our projections.

The Asset Liability Committee monitors changes in interest rates. Rates dropped dramatically during the year. The Federal Reserve Bank has said they will keep rates low for some time. Nevertheless, our mix of loans and deposits are carefully reviewed to limit interest rate risk.

The overall performance of 2020 was acceptable. Our projections for 2021 indicate another year of positive net income, strong net worth and growth.

Supervisory Committee Report: When Marshland completed the conversion to a State Charter, the former Supervisory Committee became the Audit Committee. This committee now includes three board members: Jim Anderson, Dale McNabb and Mark Hamil. This committee continues to be responsible for ensuring that required financial reporting objectives are met and that practices and procedures are in place to safeguard members' assets. Several outside professionals are engaged to assist in this verification process. We also work closely with the board to monitor economic trends that affect our community.

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CU Audit and Compliance Group provided a compliance review specialist to review policies and practices on a quarterly basis. Those reviews focused on meeting the requirements of applicable laws and regulations. The few exceptions noted were routinely addressed by management.

The Georgia State Department of Banking is now the lead auditor and the National Credit Union Administration (NCUA) follows their audit. During the conversion process, they reviewed our operational policies and monitored commercial loan and investment portfolios to assure compliance.

Marshland Credit Union continues to thrive as we work to assure economic growth for our members and community.

Memorial Scholarships: Four outstanding high school seniors were chosen by the Scholarship Committee to receive the \$1500 Memorial Scholarship. Harry Clark, Chairman of the Committee presented the Scholarship awards to Madison Bracewell, Ki Riddle, Nate Dickey and Isabel Del'Aqua.

Unfinished Business: None, **New Business:** None, **Old Business:** None

Election: The Nominating Committee reviews the letters and resumes' received from members requesting consideration to serve as a Director. Their responsibility is to select qualified individuals to fill each of three expired board seats. The Committee nominated Mark Hamil and Dale McNabb to serve on the Board of Directors for a term of three years and Kathy Stratton, to fill Harry Clark's term, to serve on the Board of Directors for a term of one year. Having received no petitions from the membership, Mark Hamil, Dale McNabb, and Kathy Stratton are elected by acclamation.

Adjournment: There being no further business, the meeting was adjourned at 5:43 p.m.

COMPARATIVE INCOME STATEMENT

The following financial statements present the financial situation of Marshland Credit Union as of December 31, 2021, and December 31, 2020, respectively, and the results of operations for the years then ended.

OPERATING INCOME

December 31

	2021	2020	Increase (Decrease)
			\$
Interest on Loans	\$ 5,299,542	\$ 5,314,509	\$ (14,967)
Investment Income	524,176	768,834	(244,658)
Earning Asset Income	\$ 5,823,718	\$ 6,083,343	\$ (259,625)
Less: Dividend Expense	599,743	696,661	(96,918)
Interest on Borrowed Money	148,258	216,605	(68,347)
Net Interest Income	\$ 5,075,717	\$ 5,170,077	\$ (94,360)
Other Income	3,359,477	2,818,558	540,919
OPERATING INCOME			
AFTER DIVIDENDS	\$ 8,435,194	\$ 7,988,635	\$ 446,559

OPERATING EXPENSE

December 31

	2021	2020	Increase (Decrease)
			\$
Employee Compensation & Benefits	\$ 4,422,062	\$ 4,385,609	\$ 36,453
Occupancy & Equipment	439,105	411,861	27,244
Data Processing & Professional Services	218,588	190,823	27,765
Marketing & Promotion	95,755	129,337	(33,582)
Other Operating Expense	2,450,547	2,229,397	221,150
Total Operating Expense	\$ 7,626,057	\$ 7,347,027	\$ 279,030
Net Operating Income	\$ 809,137	\$ 641,608	\$ 167,529
Less: Provision for Loan Losses	210,000	680,000	(470,000)
Net Operating Income After Loan Loss Provision	\$ 599,137	\$ (38,392)	\$ 637,529
Less: Loss on Disposal of Fixed Assets	44,341	28,149	16,192
Gain on Disposal of Fixed Assets	78,325	39,455	38,870
CHANGE TO UNDIVIDED EARNINGS & RESERVES AS A RESULT OF OPERATIONS	\$ 633,122	\$ (27,086)	\$ 621,337
Less: Loss on Investments	-	2,725	(2,725)
Gain on Investments	181,157	38,527	142,630
Gain on Loans Sold	239,642	216,361	23,281
Less: NCUSIF Assessment	-	-	-
Other Non-Operating Income	-	-	-
CHANGE TO UNDIVIDED EARNINGS & RESERVES INCLUDING NON-OPERATING ITEMS	\$ 1,053,921	\$ 225,076	\$ 828,844

COMPARATIVE BALANCE SHEET

The following financial statements present the financial situation of Marshland Credit Union as of December 31, 2021, and December 31, 2020, respectively, and the results of operations for the years then ended.

	ASSETS		Increase (Decrease)
	December 31	2020	
	2021	2020	\$
Cash	\$ 3,555,711	\$ 4,092,253	\$ (536,542)
Investments	84,886,651	66,279,184	18,607,467
Loans, Net of Allowance for Loan Losses	103,597,350	99,078,514	4,518,836
Fixed Assets	3,972,151	4,145,728	(173,577)
Accrued Income	416,845	425,209	(8,364)
NCUA Share Insurance Fund	1,596,683	1,350,494	246,189
All Other Assets	4,204,548	3,833,913	370,635
	<u>\$ 202,229,939</u>	<u>\$ 179,205,295</u>	<u>\$ 23,024,644</u>

	LIABILITIES AND EQUITY		Increase (Decrease)
	December 31	2020	
	2021	2020	\$
Accounts Payable	\$ 1,346,131	\$ 1,234,026	\$ 112,104
Dividends Payable	98,927	106,033	(7,106)
Notes Payable	5,005,394	11,118,014	(6,112,620)
Accrued Expenses & Other Liabilities	890,335	1,138,595	(248,260)
Share Drafts	43,917,602	37,309,455	6,608,147
Shares	81,517,988	65,395,120	16,122,868
Money Maker Shares	28,570,778	22,980,090	5,590,688
Share/IRA Certificates	22,509,079	21,552,052	957,027
Regular Reserve	2,819,440	2,819,440	-
Undivided Earnings	16,086,857	15,032,936	1,053,921
Accum. Unrealized Loss	(532,592)	519,533	(1,052,125)
	<u>\$ 202,229,939</u>	<u>\$ 179,205,295</u>	<u>\$ 23,024,644</u>