

2022 Annual Report



SOUTHERN PINE
CREDIT UNION



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2023 Annual Meeting
Wednesday, January 18, 2022

Agenda

- I. Welcome
- II. Call to Order
- III. Proof of Notice of Meeting
- IV. Declaration of Quorum Present
- V. Introduction of Board of Directors & Audit Committee
- VI. Adoption of Rules of Order
- VII. Reading and Approval of the minutes from the last meeting
- VIII. Directors Report
- IX. Financial Report
- X. Lending Report
- XI. Audit Committee Report
- XII. Unfinished Business
- XIII. New Business
- XIV. Door Prizes
- XV. Adjournment



Secretary's Report

Typically, our next order of business would be the reading and approval of minutes from our last Annual Meeting. However, I would like to make note for the record that during the calendar year of 2021, an Annual Meeting of the Southern Pine Credit Union membership was not held.

On June 11, 2020, the NCUA Board placed Southern Pine Credit Union into conservatorship. After a little over 21 months of operating in conservatorship under the oversight of the Agent of Conservatorship, Keith Morton, Regional Director of the NCUA, Southern Pine Credit Union was released from conservatorship and began operating under the leadership of its Board of Directors effective March 17, 2022.

During the term of conservatorship, June 11, 2020 through March 17, 2022, Southern Pine Credit Union did not hold an Annual Meeting of the membership, as it was not required by the NCUA Board.

Respectfully submitted,

Tylla Williams
Secretary / Director



Chairman's Report

As your Board Chair, I want to share how rewarding it is to help lead our Credit Union. Our Board and the employees of Southern Pine help to ensure that the Credit Union delivers the best financial products and services in the industry for you, the members. We are also part of planning and creating the vision for the future for Southern Pine Credit Union. We want the Credit Union to meet the needs of our members today and for generations to come. A lot has changed since the Credit Union was founded in 1954, but among what has remained constant is our focus on serving our members, the PCA community.

Southern Pine Credit Union stands apart because of our collective ability to embrace change and create opportunities. Our dedication is to continually create a personal membership experience for all members. Also, Southern Pine's Board and Leadership focus is on growing the Credit Union at steady sustainable pace.

Throughout 2022, our employees, management team, and Board have been focused on our future by developing Southern Pine Credit Union 2025 strategic path forward. As a result of that collective work, I would like to share our Strategic Framework for 2025.

In addition, we implemented several initiatives and savings efforts to assist our members:

- We launched our new website with a fresh new look and feel with improved navigation.
- We offered the Credit Union's first Auto Loan Promotion to provide our members with substantial interest savings on their auto purchase.
- We offered higher interest rates on targeted accounts in addition to a Certificate of Deposit promotion.
- We implemented Southern Pine's first Skip-A-Month program, which allows members to skip-a-payment on qualifying loans. Thus, we are enabling our members to put cash back in their pockets for other necessary expenses.

How do we do this? Because we are a member owned financial institution. Our members are the only folks that we serve. Your support of the Credit Union along with our continued focus on our members and our community continues to make Southern Pine Credit Union a sound and healthy financial institution. The Board of Directors is proud to act as representatives for the Credit Union. We take our responsibilities of making policy and setting strategic goals for Southern Pine Credit Union seriously.

As Chairman, I would like to sincerely thank everyone for their loyalty and continued support of Southern Pine Credit Union.

Sincerely,

Rusty Youngblood
Chairman of the Board



President and CEO's Report

As a member-owned financial cooperative, Southern Pine Credit Union exists for the benefit of our membership. At Southern Pine Credit Union, we know that leveraging the strength of our cooperative for our members and the PCA community has a meaningful impact. It's easy to say and can be hard to do, but it has been more important in the last 2 years than any other time in our 69-year history.

While we began 2022 in Conservatorship, we were quickly able to continue positioning the Credit Union for release from Conservatorship, which took place on March 17, 2022. This is certainly a day to be remembered and celebrated, as the Credit Union was released back into the care of the membership and the direction of a new Board of Directors.

Throughout 2022, we continued to remain focused on the Credit Unions Strategic Plan, which is built around achieving our mission. We believe we can achieve our mission by focusing on the following:

- Assuring the long-term sustainability of the Credit Union through balanced growth and financial performance.
- Supporting a balance loan portfolio, which is both sound and secure.
- Continued regulatory compliance in all areas of operation.
- Continued development of our Information Security Program.
- Developing a state of the art, welcoming, in-person and online membership experience

Through the continued commitment and guidance of the Board of Directors and management, we were able to finish 2022 celebrating the following successes:

- Establishing a staff of 6 Team Members with more than 100 years of collective industry experience
- Establishing an update-to-date Audit and Compliance program, meeting and exceeding regulatory requirements
- A Net Worth improvement from 7.65% in December 2021 to 8.93% in December 2022
- Finishing 2022 with a net charge-off ratio of -0.05%, exceeding the industry standard of 2%
- Finishing 2022 one of the largest lending years on record for Southern Pine Credit Union at over \$4.97 million in new loans

We remain focused on a strong future, and we know that Southern Pine Credit Union will continue to work for our members. We appreciate and are honored by the trust you, our member, place in Southern Pine Credit Union for your financial needs. Thank you for being a member!

Sincerely,

Heath Dawson
President & CEO



Audit Committee Chairman Report

Southern Pine Credit Union operates under the laws of the United States of America, and it is regulated by the Georgia Department of Banking and Finance, as a State Chartered Credit Union, as well as the National Credit Union Administration, also known as the NCUA, a federal government agency.

The Georgia Department of Banking and Finance and NCUA Examiners make periodic examinations to ensure the proper operations of the Credit Union. The Board of Directors also appoint an Audit Committee, who's responsibility is safeguarding the Credit Union's assets and protecting the interests of its members.

The committee engaged the services of the independent auditing firm, Lillie & Company CPAs, to conduct our 2021 annual comprehensive audit of Southern Pine Credit Union's financial condition. The certified audit is performed in accordance with generally accepted accounting principles (GAAP).

The management and staff continued to maintain control over the lending practices during the fiscal year, and the loan officers continue to adhere to good underwriting practices. All these efforts contribute to the overall quality of Southern Pine loan portfolio and helps put Southern Pine on solid financial footing as we continue through 2023.

Additionally, we utilize a well-known cyber security firm to conduct social engineering, penetration and vulnerability testing, and a cybersecurity risk assessment. The results of these vital reviews confirmed that the Credit Union team adheres to appropriate technology standards.

Because of the external audit, regulatory examinations, and meetings with the Credit Union's management, we believe the Credit Union's financial condition, internal controls and procedures are sound.

We extend our thanks to all committees and Mutual Savings employees for their assistance with the Credit Union's auditing and compliance functions.

Respectfully submitted,

Ed Martin
Audit Committee Chairman



Statement of Financial Condition

	December 2022 (Unaudited)	December 2021 (Audited)
Assets		
Loans (net of allowance for loan losses)	\$ 21,801,427	\$ 23,613,016
Cash and cash equivalents	\$ 7,261,786	\$ 8,980,464
Investments	\$ 10,157,725	\$ 8,870,135
Equipment and leasehold improvements	\$ 22,997	\$ 8,662
Other Assets	\$ 525,847	\$ 532,554
Total Assets	\$ 39,769,781	\$ 42,004,831
Liabilities and Member's Equity		
Share Accounts	\$ 26,026,303	\$ 28,518,034
Share Draft Accounts	\$ 1,880,622	\$ 1,802,971
Certificate Accounts	\$ 1,445,257	\$ 625,898
IRA Accounts	\$ 6,345,835	\$ 7,417,160
Club Accounts	\$ 95,119	\$ 94,470
Total Deposits	\$ 35,793,136	\$ 38,458,534
Other Liabilities	\$ 424,033	\$ 333,364
Total Liabilities	\$ 36,217,168	\$ 38,791,897
Undivided Earnings	\$ 3,552,613	\$ 3,212,934
Total Member's Equity	\$ 3,552,613	\$ 3,212,934
Total Liabilities and Member's Equity	\$ 39,769,781	\$ 42,004,831



Statement of Income

	December 2022 (Unaudited)	December 2021 (Audited)
Interest Income		
Interest on Loans	\$ 1,024,791	\$ 1,203,563
Interest on Investments	\$ 217,113	\$ 103,295
Total Interest Income	\$ 1,241,904	\$ 1,306,858
Interest Expense		
Dividends/Interest on Member's Accounts	\$ 97,211	\$ 99,459
Net Interest Income	\$ 1,144,693	\$ 1,207,399
Provision for Loan Losses	\$ (51,962)	\$ (190,949)
Net Interest Income After Provision for Loan Losses	\$ 1,196,655	\$ 1,398,348
Other Income	\$ 118,095	\$ 121,000
Operating Expenses		
Compensation and Benefits	\$ 483,855	\$ 415,149
Occupancy Expense	\$ 3,844	\$ 5,715
Office Operations Expense	\$ 163,198	\$ 184,705
Professional and Outside Services	\$ 276,924	\$ 465,993
Other	\$ 47,249	\$ 28,173
Total Operating Expenses	\$ 975,071	\$ 1,099,735
Net Income	\$ 339,679	\$ 419,613



Board of Directors and Staff

Board of Directors

Rusty Youngblood, Chairman

Cameron Engskow, Vice Chairman

Tylla Williams, Secretary

Ed Martin, Director

Jimmy Bridges, Director

Audit Committee

Ed Martin, Chairman

Rusty Youngblood, Vice Chairman

Tylla Williams, Committee Member

Staff

Heath Dawson, President & CEO

Patricia Sharpe, Director of Accounting & Compliance

Monica Williams, Loan Officer

Brett Smith, Loan Officer

Tammy Barden, Member Service Representative

Josh Sanchez, Member Service Representative





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