



Marshland

Credit Union

68th Annual Meeting

March 16, 2021

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
 Old Business
 New Business
 Nominating Committee
- 6:30 pm Adjournment



Credit Union Members,

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 on line 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 deals we are running, any branch changes and ask questions too! So please Look us up and follow us.

While success is not guaranteed in any operation, 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.

Respectfully,

Larry Rountree
Chairman

TREASURER'S REPORT

Marshland Credit Union 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 while assets increased by \$30.9 million, ending the year just over \$179 million. Our net income for 2020 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.

Thank you for allowing me to serve as your Treasurer.

Respectfully submitted,

Thank you for allowing me to serve as your Treasurer.

Respectfully submitted,

Jim Andersen

Treasurer



AUDIT 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.

Nearman, Maynard, & Vallez, CPA, PC performed an audit of our financial statements ending June 30, 2020. 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 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.

Respectfully submitted,

Mark Hamil,

Chair, Audit Committee

The following financial statements present the financial situation of Marshland Community Federal Credit Union as of December 31, 2020, and December 31, 2019, respectively, and the results of operations for the years then ended.

Comparative Balance Sheet

ASSETS December 31

	2020	2019	Increase (Decrease)
			\$
Cash	\$ 4,092,253	\$ 3,371,951	\$ 720,302
Investments	66,279,184	38,977,543	27,301,641
Loans, Net of Allowance for Loan Losses	99,078,514	96,447,725	2,630,789
Fixed Assets	4,145,728	4,491,515	(345,787)
Accrued Income	425,209	401,751	23,458
NCUA Share Insurance Fund	1,350,494	1,203,267	147,227
All Other Assets	3,833,913	3,317,218	516,695
	<u>\$ 179,205,295</u>	<u>\$ 148,210,970</u>	<u>\$ 30,994,325</u>

LIABILITIES AND EQUITY December 31

	2020	2019	Increase (Decrease)
			\$
Accounts Payable	\$ 1,234,026	\$ 1,320,194	\$ (86,168)
Dividends Payable	106,033	136,371	(30,338)
Notes Payable	11,118,014	6,008,046	5,109,968
Accrued Expenses & Other Liabilities	1,138,595	762,854	375,741
Share Drafts	37,309,455	24,953,622	12,355,833
Shares	65,395,120	55,363,824	10,031,296
Money Maker Shares	22,980,090	21,106,701	1,873,389
Share/IRA Certificates	21,552,052	20,962,712	589,340
Regular Reserve	2,819,440	2,819,440	-
Undivided Earnings	15,032,936	14,807,860	225,076
Accum. Unrealized Loss	519,533	(30,654)	550,187
	<u>\$ 179,205,295</u>	<u>\$ 148,210,970</u>	<u>\$ 30,994,325</u>

The following financial statements present the financial situation of Marshland Community Federal Credit Union as of December 31, 2020, and December 31, 2019, respectively, and the results of operations for the years then ended.

Comparative Income Statement

OPERATING INCOME

December 31

	2020	2019	Increase (Decrease)
	\$	\$	\$
Interest on Loans	\$ 5,314,509	\$ 5,196,773	\$ 117,736
Investment Income	768,834	941,790	(172,956)
Earning Asset Income	<u>\$ 6,083,343</u>	<u>\$ 6,138,563</u>	<u>\$ (55,220)</u>
Less: Dividend Expense	696,661	664,054	32,607
Interest on Borrowed Money	216,605	170,435	46,170
Net Interest Income	\$ 5,170,077	\$ 5,304,074	\$ (133,997)
Other Income	2,818,558	2,783,467	35,091
OPERATING INCOME	<u>\$ 7,988,635</u>	<u>\$ 8,087,541</u>	<u>\$ (98,906)</u>
AFTER DIVIDENDS			

OPERATING EXPENSE

December 31

	2020	2019	Increase (Decrease)
	\$	\$	\$
Employee Compensation & Benefits	\$ 4,385,609	\$ 4,169,527	\$ 216,082
Occupancy & Equipment	411,861	426,739	(14,878)
Data Processing & Professional Services	190,823	222,557	(31,734)
Marketing & Promotion	129,337	170,205	(40,868)
Other Operating Expense	<u>2,229,397</u>	<u>2,260,735</u>	<u>(31,338)</u>
Total Operating Expense	<u>\$ 7,347,027</u>	<u>\$ 7,249,763</u>	<u>\$ 97,264</u>
Net Operating Income	\$ 641,608	\$ 837,778	\$ (196,170)
Less: Provision for Loan Losses	680,000	445,000	235,000
Net Operating Income After Loan Loss Provision	\$ (38,392)	\$ 392,778	\$ (431,170)
Less: Loss on Disposal of Fixed Assets	28,149	26,527	1,622
Gain on Disposal of Fixed Assets	39,455	70,683	(31,228)
CHANGE TO UNDIVIDED EARNINGS & RESERVES AS A RESULT OF OPERATIONS	<u>\$ (27,086)</u>	<u>\$ 436,934</u>	<u>\$ (432,792)</u>
Less: Loss on Investments	2,725	18,871	(16,146)
Gain on Investments	38,527	53,445	(14,918)
Gain on Loans Sold	216,361	166,543	49,818
Less: NCUSIF Assessment	-	-	-
Other Non-Operating Income	-	-	-
CHANGE TO UNDIVIDED EARNINGS & RESERVES INCLUDING NON-OPERATING ITEMS	<u>\$ 225,076</u>	<u>\$ 638,051</u>	<u>\$ (412,975)</u>

The Annual Meeting of the Membership of Marshland Credit Union was held at virtually via Zoom. There were 45 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 6:00 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: I am pleased to announce that 2019 was another great year. Continuing to build on the gains from last year, Marshland grew both our loan portfolio and membership. Our financials are strong with a net worth of 11.90% which is definitely well above our peers.

We successfully opened a branch in Jesup GA last year, which has had strong growth so far under the leadership of Jodi Lewis and her home town staff.

As many of you know Jeff Holcombe has indicated he would like to retire at the end of 2021. Finding the right replacement will not be easy. We have formed a search committee and have interviewed several search firms. O'Rourke and Associates was selected to assist us in our search process. To some, this might seem premature, but we wanted ample time to find the right candidate.

Marshland has its own Facebook, Twitter and Instagram pages where you can see any deals we are running, any branch changes and ask questions too! So please Look us up and follow us. While success is not guaranteed in any operation, 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: Jim Andersen presented the Treasurer's Report. Marshland Credit Union had a good 2019. One of our key ratios, Net Worth, ended the year at 11.90% up from last year and, well above the 7% for well capitalized credit unions. Loans increased more than \$8 million and now total \$96.9 million. Member shares (deposits) increased by \$1.9 million and now total \$122.3 million. Assets increased by \$4.3 million, ending the year just over \$148 million. Our net income was \$638,051 which met our projections.

The Asset Liability Committee monitors changes in interest rates. Rates were range bound during 2019, but did finish lower. It is difficult to project exactly what the Federal Reserve Bank will do in 2020. Nevertheless, our mix of loans and deposits are carefully reviewed to limit interest rate risk. The overall performance of 2019 was good. Our projections for 2020 indicate another year of positive net Income, strong net worth and growth.

Supervisory Committee Report: Mark Hamil Presented the Supervisory Committee Report. The Supervisory Committee is 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.

Mauldin and Jenkins, LLC performed an audit of our financial statements ending June 30, 2019. 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.

Henderson Godbee, CPA, PC provided internal auditing services to test the internal controls of the CU 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 review specialist to review policies and practices on a monthly basis. Those reviews focused on meeting the requirements of applicable laws and regulations. The few exceptions noted were routinely addressed by management.

The National Credit Union Administration (NCUA), the agency of the federal government that insures credit union deposits up to \$250,000, also conducted its annual examination. They reviewed our operational policies and monitored commercial loan and investment portfolio to assure compliance. As was noted in the Chairman's report, our Net Worth remains high at 11.9%, well above the mark of 7% that is established for well capitalized credit unions. Marshland Credit Union continues to thrive as we work to assure continued economic growth for our members and community.

CEO's Report: CEO: Jeff Holcombe, CEO, began by explaining the difference between the State and Federal charters. He explained the process of approval and the importance of the member vote and how to vote. Declaring the results for the vote charter were approved for conversion to a state charter. He then thanked the staff for their work in producing the Annual Meeting. He also thanked the staff at Marshland Credit Union and the Board Members. He stressed that the members can contact us for any needs they may have.

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: Harry Clark explained that 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 Larry Rountree, Paul McKenzie, Dale McNabb, and John Catron to again serve on the Board of Directors for a term of three years. Having received no petitions from the membership, Jim Andersen, Harry Clark and Mark Hamil are elected by acclamation.

Adjournment: There being no further business, the meeting was adjourned at 6:20 p.m.

*Respectfully submitted,
Larry Rountree, Chairman
Prepared by Kya Hazzard*

Paul McKenzie, Vice Chair