

# 2011 Annual Report



## A Letter from the Chairman of the Board and President/CEO

Dear Members:

From the perspective of your Credit Union, two thousand and eleven can be best defined as a year of solidity and steadfastness. Although the economy has been in shambles with no recovery in sight, and we experienced government regulations that will change our industry forever, your Credit Union not only remained strong but solidified its financial position and standing in the community.

This position of strength is most revealing when you take a look at our financial statements. The highlights include growth in total assets of \$7.8 million that gave us a year-end total of \$159,734,637. We had solid earnings with year-end net income of \$1,095,178, giving us a 0.71% return on assets. Finally, the most enlightening number attesting to our annual success is that of our net worth which increased from 7.83% at the end of 2010 to 8.13% by the end of 2011.

In addition to our strong financial condition, concerted efforts of our staff show positive results in other arenas. The most significant of these is that of enhancing our ability to serve and compete within our community by creating a commercial lending department. The results of that effort have had the result of supporting multiple local businesses with the products and services we now provide. The convenience we offer through our branch offices in Valdosta, Moody AFB, and Tifton, along with the recent upgrades to our Internet and Mobile banking systems, have augmented our service quality.

We expanded our community outreach efforts significantly by our sponsorship of the new Financial Trading Center at Valdosta State University, which will be officially known as The Southeastern Federal Credit Union Financial Trading Center. Unique and rarely seen in a college setting, it permits students to learn to trade on the stock exchange with real dollars.

Looking back, we opened our doors in 1953 with a spirit of believing that each member should receive only the highest quality of service. That philosophy has become the backbone of a tradition which we continue to build upon these many decades later. Our achievements are no accident. They are the result of sincere effort, intelligent direction, and skillful leadership. We look forward with great anticipation to the many opportunities and challenges ahead of us with the confidence that we are well-positioned for continuing successes.

Thank you to each member, employee and each member of the board of directors for you have made this very successful year possible.

Sincerely,



*Charles M. Eidson*  
Charles Eidson  
Chairman of the Board



*Delbert Lee Morgan*  
Delbert Lee Morgan  
President/CEO

# Supervisory Committee Report

The certified public accounting firm of OCM & Co. assisted the Committee in its efforts by conducting a comprehensive annual opinion audit. OCM & Co. issued an unqualified opinion (the highest possible opinion) that in all material respects, the financial statements present fairly the respective financial position, changes in financial position, and cash flows for the year. Additionally, the local CPA firm of Brandon, Rackley, and Dukes was engaged to perform quarterly agreed upon procedures. The Committee is also pleased to report that Brandon, Rackley, and Dukes, CPAs found that the Credit Union is in compliance with the tested agreed upon procedures.

The Supervisory Committee commends management and the entire staff for receiving an unqualified opinion on the Credit Union's financial statements and demonstrating their compliance in following sound financial management practices.

Sincerely,



*John Leonard*  
John Leonard  
Supervisory Committee

The Federal Credit Union Act, which governs federally-chartered credit unions, and the bylaws of Southeastern Federal Credit Union provide for the establishment of a Supervisory Committee. The Supervisory Committee works independently of the Board of Directors and Credit Union management and is made up of Credit Union members who volunteer their time to support the credit union movement. Its principal function is to assure the fairness of the Credit Union's financial statements and its compliance with sound business practices and procedures.

# Treasurer's Report

As Treasurer of the Board of Directors, I am pleased to report that 2011 was a financially solid year for Southeastern Federal Credit Union. As of December 31, 2011, our assets totaled \$159,734,637, increasing 5.2% from December 31, 2010. Our loan portfolio increased during the year by \$334,812, which is phenomenal growth considering the state of the economy. The Credit Union experienced a net income of \$1,095,178, primarily due to the very conservative business approach of both the management team and the Board of Directors. Also, membership grew to a total of 23,297 members. These numbers represent disciplined growth based on sound, long-term financial goals. Your Credit Union remains above our peer group averages in almost all comparisons and continues to enjoy setting the standards for financial performance in the southeastern United States. You will find the comparative financial reports for 2010 and 2011 in your program.

It is the responsibility of the Board of Directors and the Credit Union management team to meet at least once each month to review and evaluate the financial condition of the Credit Union and to insure adherence to and implementation of various policies that affect each of your lives. If you have questions or comments regarding Southeastern Federal Credit Union's financial performance, please feel free to contact me at any time. I appreciate the opportunity to serve you in this capacity.

Sincerely,



Jerry W. Permenter  
Treasurer

# Growth Trend Graphs

## Total Assets



## Total Deposits



# Comparative Financial Statements

## Consolidated Statement of Financial Condition

As of December 31, 2011

|                            | 2011<br>(Unaudited) | 2010<br>(Audited) |
|----------------------------|---------------------|-------------------|
| <b>Assets</b>              |                     |                   |
| Cash                       | \$2,965,499         | \$2,965,881       |
| Investments                | 34,058,659          | 28,222,414        |
| Net Loans                  | 110,056,340         | 109,750,764       |
| Fixed Assets               | 9,881,261           | 9,974,630         |
| Other Assets               | 2,772,878           | 988,984           |
| Total Assets               | \$159,734,637       | \$151,902,673     |
| <b>Liabilities</b>         |                     |                   |
| Total Liabilities          | \$2,007,499         | \$1,296,010       |
| <b>Equity</b>              |                     |                   |
| Member Shares              | \$144,735,154       | \$138,716,512     |
| Other Equity               | 12,991,984          | 11,890,151        |
| Total Liabilities & Equity | \$159,734,637       | \$151,902,673     |

## Statement of Income

For the Periods Ended December 31, 2011

|                             | 2011<br>(Unaudited) | 2010<br>(Audited) |
|-----------------------------|---------------------|-------------------|
| Loan Income                 | \$6,834,308         | \$7,383,213       |
| Investment Income           | 103,690             | 89,583            |
| Other Income                | 3,415,413           | 3,323,509         |
| Total Gross Income          | \$10,353,411        | \$10,796,305      |
| Operating Expense           | \$7,660,867         | \$7,176,074       |
| Net Operating Income        | \$2,692,544         | \$3,620,231       |
| Non Operating Gain/Loss     | \$(55,148)          | \$(4,801)         |
| Net Income Before Dividends | \$2,637,396         | \$3,615,430       |
| Dividend Expense            | \$1,542,218         | \$2,081,203       |
| Net Income                  | \$1,095,178         | \$1,534,227       |

## Adjustments to Financial Records

2010

TCCUSF Premium – 0.134% of March 2010 insured shares

\$160,199.93

NCUSIF Premium – 0.1242% of June 2010 insured shares

\$151,503.74

2011

TCCUSF Premium – 0.25% of June 2011 insured shares

\$333,397.46

## Total Loans

2005 \$63,376,812

2006 \$71,155,639

2007 \$70,264,239

2008 \$91,133,763

2009 \$106,434,837

2010 \$110,616,218

2011 \$110,951,030

## Total Members

2005 19,217

2006 20,046

2007 20,339

2008 21,429

2009 22,828

2010 22,980

2011 23,297

# Minutes of 58th Annual Meeting

March 10, 2011

- I. Chairman Roy McNeal called the meeting to order at 7:00 p.m. at the Lowndes County Conference Center.
- II. The chairman appointed Steve Gupton as Parliamentarian and Jerry Permenter as recording secretary.
- III. The secretary determined a quorum was present with 41 members in attendance.
- IV. Chairman McNeal declared the meeting officially open and introduced the head table.
- V. Chairman McNeal asked for a moment of silence for the loss of a Southeastern employee, Crystal Cross. An invocation was given by Mr. Darryl Wood who is the Vice President of Lending.
- VI. The minutes were approved as presented.
- VII. Roy McNeal gave the Chairman's message.
- VIII. Anthony Payton gave the Treasurer's report.
- IX. Mike Beverly gave the Supervisory Committee's report.
- X. Lee Morgan gave the President's report.
- XI. David Wendel from Orth, Chakler, Murnane & Company, CPAs was called upon to explain the election process and results. There were three positions open for election to the Board of Directors. The nominating committee nominated one person for each open position. The Credit Union received one qualified petition for the nomination to the Board of Directors. The CPAs received 440 total ballots by March 4, 2011. Of the 440 ballots received, 402 were considered valid, while 38 were disqualified. The reasons for disqualified ballots received are inaccurate account number (2), incomplete ballot (9), and not primary member (27). The results of the valid ballots are as follows: Charles Eidson (288), Diane Kilgore (297), Roy McNeal (294), and Leland A. Gilbert (186). The new Board members are Charles Eidson, Diane Kilgore, and Roy McNeal.
- XII. Chairman McNeal recognized Elena Cozart and Mickey Garland with a 5-year service award, Monica Barnes and Dee Cosby with a 10-year service award, and Jennie Hadley with a 15-year service award.
- XIII. Old Business: There was none.
- XIV. New Business: There was none.
- XV. There being no further business, the meeting was adjourned at 7:20 p.m.

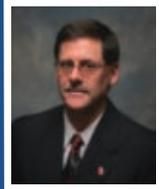
## Board Members



Charles Eidson  
Chairman



H. Michael Beverly  
Vice Chairman



Jerry Permenter  
Treasurer



C. Anthony Payton  
Secretary



John Leonard  
Supervisory Committee  
Chairman



Diane Kilgore  
Director



Roy McNeal  
Director

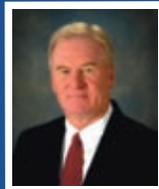
## Senior Managers



Delbert Lee Morgan  
President/CEO



Sharon Smith  
Vice President of  
Administration



Darryl Wood  
Vice President of  
Lending



Mickey Garland  
Vice President of  
Marketing &  
Business Development



Sharon LaBranche  
Vice President of Branch  
Operations



David Rouse  
Vice President of IT &  
Product Development