

Minutes of the 66th Annual Meeting

John Walker, Chairman of The Board called the meeting to order at 10:00 a.m. on March 16, 2019 at the First Presbyterian Church in Morristown, Tennessee. Todd Marshall gave the invocation, followed by the Pledge of Allegiance to the American Flag. A total of 257 people attended the meeting with 212 being voting members, 23 guests and 22 teens & children. The Secretary, Todd Marshall, verified that a quorum was present.

Cecil Mills was appointed the parliamentarian for this meeting.

The following reports were given:

Election of Directors— Mark Creech gave the Nominating Committee report on behalf of the Nominating Committee. There were three (3) chairs open and three (3) directors running for election the Nominating committee made a motion to elect these three (3) by acclamation, Charles Wilder seconded, and the motion passed, all were elected by acclamation. Three (3) years terms expiring in 2022 were: John Walker, Brandon Tomassoni, & Eddie Gilbert.

Charles Wilder made a motion to approve the minutes from the 65th Annual Meeting and Ronnie Moore seconded. A vote was taken and the motion passed.

The following reports were given:

Chairman's Report- John T. Walker

Treasurer's Report- Ronnie Moore

Audit Committee Report- Will McKinney

President's Report- Mark Creech

Old Business: There was no Old Business **New Business:** There was no New Business

Lee Johns scholarship recipients for 2018 were:

Teresa Lane, Daniel Thornton, Kellie Thornton, Rachel Watts, and Kendall Williamson

All Lowland Credit Union employees were recognized for their service.

Director Service Awards: Ronnie Moore was recognized for 15 years and Roy Arnwine was recognized for 30 years.

Staff Service Awards: Ellen Leach was recognized for 30 years of service, Mark Creech for 25 years of service, Monica Worley was recognized for 10 years of service, Sonya Antrican & Sue Garretson were each recognized for 5 years of service.

Door prizes were awarded and benediction was given by John Walker. The meeting was adjourned at 10:40 a.m.

LOBBY HOURS

Monday -Thursday: 9am-5pm

Friday: 9am-6pm

DRIVE THRU

Monday-Thursday: 8am-5pm

Friday: 8am-6pm

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67th Annual Meeting



Joint Report from Board & Management

What a fun and exciting year 2019 shaped up to be! Your credit union crossed a few milestones, opened a new office, and had a prosperous year. We faced all the usual challenges that we face each and every year: the ever increasing regulatory burden, bankruptcies, and a low interest rate environment (all these affect the credit union's bottom line) but this past year we managed to pull off some special things.

We hit \$100 million in assets and maintained \$100 million all throughout 2019. Crossing the \$100 million threshold places us in a new PEER group which means additional government oversight and added regulations. Our asset growth totaled 1.8% in 2019, our overall loan balance decreased \$908k or 1.58%, deposits grew 1.52%, we grew capital to 8.15% (up from 7.92% in 2018) and we had positive Net Income of \$368k. All in all, a good year financially for the credit union.

We moved into our state-of-the-art new headquarters this past year and it was the single largest project this credit union has undertaken to date. We are very proud of the investment that the credit union made in the local economy. As the only local financial institution remaining in Hamblen County, we wanted to build something that our members and the community could be proud of and something to make a bold statement that we are here to serve the Lakeway area.

We are very proud of the way the staff transitioned into the new facility and how well they have embraced all the new technology and improved ways to serve you, our members. Some of the new technology includes: 1) Teller cash recycling machines, which enable our tellers to do transactions without having to have a cash drawer. All monies are stored in a vault within the machine. This is a much safer and more efficient way for cash to be stored. 2) ITM machines which can serve both as a virtual teller and an ATM machine. Two machines in one! This is more efficient in that literally a teller can serve members from anywhere on the drive thru. (The teller doesn't have to be confined to a drive thru window.) This allows us to operate more efficiently as tellers can wait on multiple people at multiple locations from a single location. 3) Our new office is equipped with the latest in security technology which is much safer for our employees and more secure for your money.

We were subject to numerous audits and exams last year and we are proud to report that we passed each-and-every one of them. We had both a Federal and State Exam during 2019 and we received passing scores on each of those. We had an Internal Audit performed by Pugh CPAs out of Knoxville which we received and unqualified or clean audit opinion. In addition to these three financial audit/exams we underwent a BSA audit and ACH audit and passed these as well. As you can see, we are subject to numerous audits and exams each year and we are proud of the staff for making sure that all the rules and regulations are being followed appropriately.

While we are proud of the great strides our only local financial institution made in 2019, we owe a great debt of gratitude to you, our members, because if you do not support us then we become less and less relevant. We always encourage you to think of your credit union first for all your financial needs. We do our best to have competitive rates on both the deposit and share side and all decisions that govern this credit union are made on the local level. When you use us then you are directly impacting your local economy and your neighbors as all profits stay right here in Morristown and Newport. We thank you for another year of support and we commit to you that we will continue to invest in our people, newer & better technologies, the local economy, and will pledge to keep your money safe & secure for many years to come.

SUMMARY OF SIGNIFICANT CHANGES SINCE LAST ANNUAL MEETING 03/11/2018

Changes to Management	None
Changes to By-Laws	None
Important Notes to Changes in Financial Condition	No NCUA Corporate Stabilization deposit required for 2019. Partial refund is expected 2nd quarter
Changes to Membership Size	Members December 2018: 12,622 Members December 2019: 11,574 New Member Increase (Decrease): (1048)
Services offered since last Annual Meeting	None

BOARD OF DIRECTORS

Tommy Musser, Chairman
Brandon Tomassoni, Vice-Chairman
Ronnie Moore, Treasurer
Todd Marshall, Secretary
Roy Arnwine
Leon Cagle
Joann Jenkins
John Walker

Balance Sheet

	2019 Unaudited	2018 Unaudited
ASSETS		
Loans to Members	56,449,985	57,357,593
Allowance for Losses	(544,307)	(589,191)
Cash	2,488,098	2,716,730
Investments	33,980,211	33,192,769
Deposit in NCUSIF	913,444	892,558
Prepaid Expenses and Other Assets	963,872	471,952
Property & Equipment, Net	7,311,222	5,731,673
Total Assets	101,562,530	99,774,084
LIABILITIES & EQUITY		
Members' Savings Accounts	93,016,757	91,625,628
Interest Payable on Members' Savings	-	-
Other Liabilities	237,814	182,455
Total Liabilities	92,254,571	91,808,083
Retained Earnings, Substantially Restricted	8,307,959	7,966,001
Total Liabilities & Equity	101,562,530	99,774,084

Statement of Income

	2019 Unaudited	2018 Unaudited
INTEREST REVENUE		
Interest & Fees on Loans	2,648,063	2,582,194
Interest on Investments	754,841	539,389
Total Interest Revenue	3,402,904	3,121,583
INTEREST EXPENSE		
Dividends & Interest Expense		
On Member Savings	530,221	398,336
Total Interest Expense	530,221	398,336
Net Interest Revenue	2,872,683	2,723,247
Provision for Loan Losses	370,000	697,808
Net Interest Revenue after Provision for Loan Losses	2,502,683	2,025,439
Other Operating Revenue:	1,349,844	1,390,649
	3,852,527	3,416,088
Other Operating Expenses:		
Salaries & Employee Benefits	1,483,460	1,448,022
Office Occupancy	228,984	176,162
Professional Fees	1,047,384	940,705
Members' Insurance	56,216	54,828
Other Operating Expenses	892,200	808,576
Total Operating Expenses	3,708,244	3,428,293
Other Income (Expense)		
Potential Gain (loss) asset for sale	-	-
Gain (loss) on Disposal of Assets	(3,015)	(48,998)
Gain (loss) on Disposal of Investments	220,913	-
Net Income	368,211	(61,203)