

BOARD REPORT TO THE MEMBERSHIP

At last year's annual meeting we introduced our new President/CEO, Mr. Tim Cook. With Tim at the helm your credit union continued to flourish, experiencing prosperous outcomes by year end in 2013. The Credit Union had two very successful car sales on the premises for our membership in April and October. Not only do we own our lovely main office building on Magnolia Drive, as of July we went from leasing to owning the building on Maclay Boulevard for a permanent presence in northeast Tallahassee. October was an exciting month – we had a successful annual audit and NCUA (National Credit Union Administration) was complimentary of your credit union's progress; and that same month the Credit Union was awarded Community Development Financial Institution (CDFI) grant monies, which resulted in establishing and staffing our in-house financial literacy program to provide financial education and counseling free to our membership. To round out the year the Credit Union laid the groundwork to offer 30 year mortgages through Credit Union Members Mortgage beginning in 2014.

We continue to be a productive, financially strong and stable financial institution. It has been my pleasure to serve as the Chair of the Board of Directors for the past year. I appreciate your support and encourage you to continue using the credit union and sharing your experience with your healthcare friends and family.

Respectfully submitted:

Christie Sloan, Chair of the Board

SUPERVISORY COMMITTEE REPORT

Your Supervisory Committee, appointed by the Board of Directors, is the "watch dog" of the credit union's official family. It is our job to ensure the safety and security of the credit union. We monitor Board and management activities; provide for financial statement audits; verify compliance with policies, procedures, rules and regulations; and monitor the internal control environment. Daily operations must meet audit and regulatory tests - this process is required by the National Credit Union Administration.

During 2013, quarterly and annual audits were performed. In addition to the oversight of your Supervisory Committee, the professional audit firm Sanders, Holloway & Ryan, Certified Public Accountants, in Tallahassee, Florida conducted a full annual audit of Credit Union finances for 2013. The findings concluded 100% verification of member accounts, and a cash count of every dollar on credit union premises, including ATM.

And finally as is done every year, NCUA examiners reviewed the Credit Union's books and audit worksheets and tests. As a result of an extensive NCUA examination, we found that records are consistent with the NCUA requirements and there were no questionable practices or procedures.

We are happy to be celebrating with you the Credit Union's 52nd anniversary. It has been my great pleasure to serve on the Board of Directors and on your Supervisory Committee for the past 11 years. Be assured that your credit union remains stable, financially solid, and ready to meet the growing needs of our members.

Respectfully submitted:

J. Lynne Peters, CPA, Chair
Doug Nordby, CPA
Kelby Tardi, CPA
Jamie Sheffield, Internal Auditor

NOMINATING COMMITTEE MEETINGS

The 2014 Nominating Committee met on December 9, 2013 at the TMH FCU conference room. In attendance were Len Harvey, Director Premier Health & Fitness Center; Lisa Mullee, Director Cardiovascular Labs and, by conference call, Rob Moss, Director Medical Outreach. Christie Sloan, ex officio, Tim Cook, President and Maria Legate, VP Administration were also present.

The motion was made by Mr. Moss and duly seconded by Ms. Mullee, to elect Len Harvey to serve as Chair. All approved and the motion carried. The motion was made by Mr. Harvey and seconded by Mr. Moss to elect Lisa Mullee to serve as Recording Secretary. All approved and the motion carried. The meeting was called to order at 12:35 p.m.

There were two seats on the Board of Directors open. The candidates selected by the Nominating Committee to serve three year terms were:

- J. Lynne Peters, CPA – 3 year term
- Berinice Mercer-Lewis – 3 year term

Mr. Cook provided background on both candidates. The two candidates were contacted in person and both candidates agreed to serve another term if elected. Motion was made by Mr. Moss to have the names placed in nomination and presented to the Board and membership; the motion was duly seconded by Mr. Harvey. All approved and the motion carried. Mr. Cook was directed to notify the membership of the decision and encourage members to file by petition if interested in serving as a board member.

With no other business to come before this meeting, the motion was made by Mr. Harvey and seconded by Ms. Mullee and the meeting was adjourned at 12:40 pm.

Respectfully submitted,

Lisa Mullee, Recording Secretary

The 2014 Nominating Committee met electronically on December 10, 2013. In attendance were Rob Moss, Len Harvey and Lisa Mullee. Christie Sloan, ex officio, Tim Cook, President and Maria Legate, VP Administration were also present.

The purpose of the meeting was to nominate a new candidate to fill the 2014 expiring term for J. Lynne Peters, CPA. Mr. Cook explained that, subsequent to the December 9, 2013 Nominating Committee meeting, Ms. Peters sent email notification rescinding her agreement to serve for the upcoming term 2014-2017. It was noted that Ms. Sloan, Chair of the Board of Directors, charged Mr. Cook with communication to the Committee concerning Ms. Peter's rescinded agreement and that the Committee should consider Jamie Sheffield be placed in nomination (attached to original minutes).

By way of email response, Mr. Harvey made a motion for Jamie Sheffield's name to be placed in nomination and presented to the Board and membership to serve a 3 year term 2014-2017. The motion was duly seconded by Mr. Moss. All approved and the motion carried (attached to original minutes).

Mr. Cook was directed to notify the membership of the decision and encourage members to file by petition if interested in serving as a board member.

There being no other business, the meeting adjourned.

Respectfully submitted,

Lisa Mullee, Recording Secretary

PRESIDENT'S REPORT

YOUR Healthcare Credit Union had another excellent year in 2013. Even though our national economy continues to grow at a slower pace than normal, total loans grew by 6.88% to \$27,138,281 due to your support. Your credit union had two successful on site car sales generating 44 car loans totaling \$648,975. Your credit union also purchased the Maclay Branch to have another permanent home in the Tallahassee area.

In 2014, your credit union is now offering 30 year mortgages through CU Members Mortgage and will be converting to a new credit card processor to enhance features of our credit card products. Also, your credit union will be converting over to Checkfree for Internet banking bill payment processing. With this improved bill payment service, you will be able to view merchant invoices online in Virtual Branch and will be able to pay bills faster. You will also be able to send money via Pop Money to friends/family and will be able to transfer money to other financial institutions.

Thank you for your loyal membership to our credit union. Please be sure to share the word of membership with your immediate family members and fellow healthcare colleagues. Through your continued support your credit union is one of the safest and most secure credit unions in our area, offering a complete line of financial products to enhance the financial lives of our members.

Sincerely,

Timothy L. Cook, President



ANNUAL MEMBERSHIP REPORT

APRIL 17, 2014
6:00 P.M.

GOODWOOD CARRIAGE
HOUSE
1600 Miccosukee Road
Tallahassee, Florida

Improving the financial
life of each member is our
priority and our pleasure.

ANNUAL MEETING AGENDA

- I. Call to Order
- II. Roll Call
- III. Approval of 2013 Meeting Minutes
- IV. Report
 - A. Chairperson's Report
 - B. Supervisory Committee Report
 - C. Financial Officer's Report
 - D. President's Report
- V. Old Business
- VI. New Business
 - A. Nominating Committee Report
 - B. Elections
- VII. Adjourn to Drawings and Dinner

2013 ROSTER OF OFFICIALS

BOARD OF DIRECTORS:

Chair: Christie Sloan
 Vice Chair: Berinice Mercer
 Recording Officer: Glenn Strickland
 Financial Officer: Joseph Conklin
 Directors at Large: Al Parker
 J. Lynne Peters, CPA
 Paul Lucas

SUPERVISORY COMMITTEE:

Chair: J. Lynne Peters, CPA
 Doug Nordby, CPA
 Kelby Tardi, CPA
 Internal Auditor: Jamie Sheffield

SECURITY OFFICER and INFORMATION

SECURITY OFFICER: Tim Cook

BSA/COMPLIANCE

OFFICER: Brooke Bailey

2014 NOMINATING COMMITTEE:

Chair: Len Harvey
 Lisa Mullee
 Rob Moss

TMH FCU ANNUAL MEMBERSHIP MEETING MINUTES

I. Call to Order

Chairperson Christie Sloan called to order the Annual Membership Meeting of the TMH FCU membership at 6:10 pm, April 25, 2013 in the Elk's Lodge at 276 North Magnolia Drive, Tallahassee, FL 32301.

II. Quorum

Ms. Sloan called on Doug Nordby, CPA, of the Supervisory Committee to act as parliamentarian and determine that a quorum was present. Mr. Nordby declared a quorum of members present and the meeting continued.

III. Welcome

Ms. Sloan greeted the attendees and thanked them for their participation.

IV. Minutes from Prior Meeting

The minutes from the last meeting were presented in written form. A motion was made from the floor to approve the minutes as presented. The motion was seconded without changes or objections. The motion carried.

Ms. Sloan welcomed members and introduced the Board of directors, acknowledging each of their roles and responsibilities. Additionally, she recognized the Credit Union's Internal Auditor and the length of service Ms. Jamie Sheffield has devoted to the Supervisory Committee and to the Credit Union.

V. Reports

A. Christie Sloan, Chair of the Board presented the Chair's Report in written form and she stated that the Credit Union experienced a very good year, "rising to the occasion" in spite of the economic challenges. She included the purchased land and new main office building in her review of the accomplishments in 2012. She made known that her personal "mantra" has been \$50 million in assets in 50 years; and she was happy to report that, being all about growth, TMH FCU reached the \$50 million mark in March 2013. In closing, Ms. Sloan recognized the 26 years of service by the past President/CEO, Marion McCaskey, and also thanked the membership for their continued support.

B. Doug Nordby, CPA presented the Supervisory Committee report in written form. He reflected that the Committee had a big year in anticipation of reaching \$50 million in assets. With the Credit Union's growth the Committee decided it was time to obtain an external audit in conjunction with its internal audit services. The local firm of Sanders, Holloway & Ryan was hired and he noted that Chris Wallace was in attendance as a guest tonight. Although NCUA has always been complimentary of the Supervisory Committee's oversight, Mr. Nordby remarked that he feels confident with the steps being taken to engage an external auditing firm to further help guide the Credit Union.

C. Joseph Conklin, Financial Officer presented the Financial Report for 2012 in written form. He too noted reaching \$50 million in assets at the end of March 2013. He highlighted some of the necessary costs that came with the new main office building and paying the debt on the old building; NCUA is still struggling with corporate credit union losses; and the Credit Union's one foreclosure involved the large expense of getting it into shape to sell. But he assured the membership that overall TMH FCU is a financially healthy credit union. In closing, he encouraged the members to also urge their healthcare friends to come join us and to be a part of their credit union's growth.

D. Tim Cook, President presented his report in written form. He welcomed the attendees and thanked them for being loyal credit union members over the years. In addition to reaching the \$50 million mark this year, Mr. Cook talked about the growth of the Credit Union to 6,662 primary members with 3 full-service branches. He especially extended thanks to the tremendous volunteers – the Board and Committee members – who have donated so much time and effort to the Credit Union. Mr. Cook personally recognized and thanked Marion McCaskey for a job well done, remarking on her vision and dedication to TMH FCU for 26 years prior to her recent, well-deserved retirement. At this time he also introduced all of the staff by name and presented the Shining Star of 2012 to Yvonne Dorsey, Member Services Specialist.

Mr. Cook talked about the growth that has occurred and the long-term dream of the Credit Union to have a new building. He complimented the Board of Directors on its plan and diligence in the entire process. He also recognized the great support from Tallahassee Memorial Hospital throughout the history of this Credit Union.

Mr. Cook declared that the Credit Union is in the next level – it has reached \$50 million in assets and that is a big deal for a closed membership. He emphasized that growth will still be the main focus and he urged members to tell their colleagues and immediate family members about "your healthcare credit union." Mr. Cook noted that the Credit Union has been providing the Balance Financial Fitness Program free to the members on our website. Additionally, in 2013 the Credit Union will have eight staff members who will become Financial Counselors, certified in a service to provide counseling to strengthen our members' financial health and well-being.

In closing, Mr. Cook again thanked the membership for their loyalty to TMH FCU and that we - employees and volunteers - are here to serve them in meeting their financial needs.

At this time, the motion was made from the floor to accept all of the reports as presented. The motion was seconded without changes or objections. The motion carried.

VI. Old Business

There were no old business items.

VII. New Business

The Nominating Committee Report was presented by Ms. Sloan in written form with the slate of candidates to be elected to the Board for 3-year terms:

• Al Parker • Paul Lucas

There were no petitions filed and the slate of candidates was elected by acclamation.

VIII. Adjournment

Ms. Sloan ended the meeting by thanking the members again for their loyalty and urged them to "stick with us; we're with the big guys now!"

In closing, the membership enjoyed drawings for prizes and Ms. Sloan adjourned the meeting at 6:35 pm. The membership dinner followed the meeting.

Minutes Submitted By:

Glenn Strickland, Recording Officer

FINANCIAL OFFICER'S REPORT

As anticipated, your credit union fared very well by end of year 2013 after weathering the repercussions of 2012. In 2014 we will be working harder than ever to exceed your expectations.

From the perspective of your credit union's growth, share growth did slow down as expected but we had remarkable loan growth at an astounding increase of 6.88%. We had positive movement in member growth at 2.45% and although our delinquent loan ratio crept up to 1.01% as of December 31, 2013 due to a mortgage delinquency, that ratio was still very good in comparison to industry levels and well below a 1.42% peer level. Our regulatory entity, NCUA, defines a credit union having a net worth ratio of not less than 6% as "adequately capitalized". With our budgeting strategies for 2013 in operation, your credit union nearly doubled this to a very strong "well capitalized" 11.23%.

More specifically, in Lending Services, at close of business on December 31, 2013 we had disbursed \$8,831,450.28 in new loans. The outstanding loan total was \$27,138,281.23 which was a net increase of \$1,747,436.10 over the prior year. We strive to make sound lending decisions on a daily basis and even though our net losses did decrease for the year we still remain committed to recovering every dollar.

2013 LOAN LOSS REVIEW:

TOTAL LOSSES: \$202,720.60
 RECOVERED: \$35,966.93
 NET LOSSES: \$166,753.67

HISTORICAL COMPARISON

YEAR	LOANS	#APPROVED	# DENIED	%DENIED
2013	2647	1744	903	34.11%
2012	2774	1824	947	34.14%
2011	3174	2159	1015	31.98%
2010	2755	1777	978	35.50%
2009	2866	1857	1009	35.20%

Thank you for supporting your credit union - we are here to serve all of your financial needs and we thank you for your business. It has been my pleasure serving as your Financial Officer of the Board of Directors.

Respectfully submitted:

Joseph Conklin, Financial Officer



INCOME STATEMENT

DECEMBER 31, 2013

REVENUE	
Interest on Loans	\$1,643,694.68
Income on Investments	\$94,495.82
Total Interest Income	\$1,738,190.50
Dividend Expense	\$223,063.86
Provision for Loan/Share Loss	\$48,031.77
Non-Interest Income	\$1,094,108.82
OPERATIONAL EXPENSE	
Compensation/Benefits	\$923,165.69
Travel/Conference	\$23,146.15
Association Dues	\$27,502.92
Office Occupancy	\$118,090.80
Office Operations	\$175,338.48
Marketing	\$33,980.13
Loan Servicing	\$142,768.14
Outside Services	\$740,346.78
NCUSIF/Corp Stabilization Expense	\$34,592.27
NCUA Operating Fees	\$10,954.25
Cash Over Short	\$202.85
Annual Membership Meeting	\$4,816.20
Misc. Operating Expense	\$4,887.86
Total Operating Expense	\$2,239,792.52
Gain/Loss in Disposal of Assets	\$(3,495.00)
NET INCOME	\$317,916.17

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2013

ASSETS	
Total Loans	\$27,138,281.23
Allowance for Loan/Share Loss	\$(214,097.18)
Total Cash and Investments	\$19,507,685.97
Prepaid Expense and Accrued Income	\$140,639.15
Land and Building Net	\$1,961,208.65
Furniture and Equipment Net	\$141,504.99
All Other Assets	\$574,047.20
Total Assets	\$49,249,270.01
LIABILITIES	
Other Liabilities	\$603,806.03
Share	\$43,114,152.85
Capital	\$5,531,311.13
Total Liabilities & Equity	\$49,249,270.01