

## SUPERVISORY COMMITTEE REPORT

Your Supervisory Committee is appointed by the Board of Directors of the credit union to be the watchful guardians of the credit union's operations and assets. It is our job to ensure quarterly and annual audits meet the regulatory requirements and that the records of the credit union are maintained to meet the standards established by the National Credit Union Administration (NCUA).

Your Supervisory Committee is made up of three CPA's and a senior accountant; and in addition, NCUA sends examiners to review the credit union's books and the audit worksheets and tests. During 2012, your Supervisory Committee performed four quarterly audits and an annual audit at the close of the year. In addition, we performed a 100% verification of member accounts and performed a cash count of every dollar on credit union premises including ATM's.

During the 2012 examination, it was discussed that the credit union was nearly \$50 million in assets and it was probably time to bring in a professional audit firm to handle the annual audit. We have a fairly complex balance sheet and your Committee felt it was time. We then accepted three bids from various firms and made a decision based on not only cost, but experience within the credit union industry and selected a firm matching our philosophy, professional reputation and experience. The Committee selected Sanders, Holloway & Ryan, Certified Public Accountants, in Tallahassee, Florida. Starting in 2013, you may note some minor differences in our operations partly due to policy and procedures being underwritten.

As a result of our extensive NCUA examination, we found that records are consistent with the NCUA requirements and there were no questionable practices or procedures. Your credit union remains stable, financially solid, and ready to meet the growing needs of our credit union members.

Respectfully submitted:  
J. Lynne Peters, CPA

## Welcome Home, TMH FCU



## NOMINATING COMMITTEE MEETING

The Nominating Committee met on December 6, 2012 at the TMH Hospital Lab office. In attendance were Pete Chamlis, Ron Follmar, and Janis Nall, Chair; Christie Sloan ex-officio, and Marion McCaskey, President, were also present.

Pete Chamlis was elected to serve as recording officer. The meeting was called to order by Chair Nall at 10:40 a.m. The candidates selected by the Nominating Committee to serve three year terms were:

- Al Parker 3 year term
- Paul Lucas 3 year term

The three candidates were contacted in person by the Committee and agreed to serve another term if elected. Motion was made by Mr. Chamlis to have the names placed in nomination and presented to the Board and membership, seconded by Mr. Follmar.

Ms. McCaskey was directed to notify the membership of their decision and encourage members to file by petition if interested in serving as Board member.

Being no further business, the meeting was adjourned at 11:10 a.m.

Respectfully submitted:  
Pete Chamlis, Recording Officer

## BOARD REPORT TO THE MEMBERSHIP

At last year's Annual Meeting, we announced we would be purchasing a plot of land to build on during 2012, and that has come to pass. We purchased the land, built a building to our specifications and relocated into our new Main Office! We love our new building, and our members now have a permanent home for the first time in the more than 50 years of our existence. Our ATM and drive thru are back in service at the main office and all is going very well. Our members have three locations to do business in and all are full service. We continue to be a financially strong, productive and stable financial institution.

Operationally, we had some other changes. Effective Feb. 1, 2013 a new President/CEO of the credit union was announced. Mr. Tim Cook spent 14 years with another Tallahassee credit union and joined TMH FCU nearly three years ago. He was selected and promoted to replace the retiring president, Marion McCaskey.

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 our story with your healthcare friends and family.

Respectfully submitted:  
Christie Sloan, Chair of the Board

## PRESIDENT'S REPORT

WE ARE FINALLY HOME! Your credit union moved into its first permanent home on Magnolia Drive in October 2012 – if you have not had a chance, please come by and let us give you a tour! The construction period lasting from March to October was a challenge to both members and staff, and I thank you for your patience during that lengthy process which included the closure of the main office drive-thru and ATM. At that time we were fortunate that our full service branch locations in the Hospital and at Maclay Boulevard were also available for you.

The local and national economies continue to improve - per the U.S. Department of Labor - Bureau of Labor Statistics, the Tallahassee area unemployment rate dropped to 6.8% in January 2013 from a high of 9.3% in July 2011. Your credit union, under the leadership and direction of our dedicated Board of Directors, weathered the financial storm with flying colors. As of February 2013, our capital position remains strong at 10.75% - well above the 7% that our regulator defines as "well capitalized" - and the loan delinquency is very low at .56%.

With sound business practices, we continue in our efforts to offer a combination of effective products and efficient services that meet your financial needs. Fulfilling our mission - **Improving the financial life of each member is our priority and our pleasure** - is our ultimate goal. To help our members improve their financial health, your credit union offers the Balance Financial Fitness Program free of charge on the website and several staff members will become Certified Financial Counselors in 2013. Both of these services are a resource to assist you in improving your financial life.

Our members are some of the best people in our community. By choosing to work in health care, you make a difference in the lives of so many people. We know that you work long, hard hours to take care of us when we are having health issues. Over the last year, I have personally seen our health care professionals taking care of my loved ones. The caring attitude that each health care provider displayed to my loved ones was truly humbling. We are very fortunate to serve an exceptional group of members – our health care community.

Welcome Home,  
Timothy L. Cook, President

tmH  
federal credit union

ANNUAL  
MEMBERSHIP  
REPORT

Over 50 years of  
service to the  
TALLAHASSEE  
HEALTHCARE  
COMMUNITY

APRIL 25, 2013  
6:00 P.M.

ELK'S LODGE  
276 N. Magnolia Drive  
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 2012 Meeting Minutes
- IV. Reports
  - 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

## 2012 ROSTER OF OFFICIALS

### BOARD OF DIRECTORS:

Chair: .....	Christie Sloan
Vice Chair: .....	Berince 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, INFORMATION SECURITY AND BSA OFFICER:

Tim Cook

### 2013 NOMINATING COMMITTEE:

Chair: .....	Janis Nall Pete Chamliis Ron Follmar
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### OFFICERS

Timothy L. Cook, *President/CEO*  
Grace H. Chambers, *VP Member Services*  
Brooke L. Bailey, *VP Finance*  
Maria B. Legate, *VP Administration*

### MANAGERS

Valerie Papka, *Member Services Manager*  
Frances Locke, *Member Services Manager*  
Meghan Whitney, *Member Services Manager*  
Brenda Smith, *Technology Officer*  
Liz Thiele, *Marketing Officer*  
Debra Enfinger, *Collections Officer*

### COLLEAGUES

Patreka Daniels, *Member Services Representative*  
Lisa Crum, *Accounting Specialist*  
Yvonne Dorsey, *Member Services Specialist*  
Linda Falzone, *Member Services Specialist*  
Lisa Gray, *Member Services Specialist*  
Josh Marshall, *Member Services Specialist*  
Natasha Russell, *Member Services Specialist*  
Carolyn Wilson, *Member Services Specialist*  
Lee Ginter, *Marketing Assistant*

## TMH FCU ANNUAL MEMBERSHIP MEETING MINUTES

### I. Call to Order

Chairperson Al Parker called to order the Annual Membership Meeting of the TMH FCU membership at 6:08 pm, April 26, 2012 in the Elk's Lodge at 276 North Magnolia Drive, Tallahassee, FL 32301

### II. Quorum

Mr. Parker 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

Mr. Parker 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.

### V. Reports

A. The Lending Report was presented in written form to the members by Marion McCaskey, President. The report was accepted by the members as presented. Ms. McCaskey reported that net loan loss was very low! She emphasized the historical comparison of loans made between 2007 and 2011, noting that loan denial ratios were down between 2009 and 2011. She attributed that decrease to the financial stewardship of the members and the sound lending decisions carried out by the lending staff. She reported that the Credit Union disbursed \$5,723,663.19 in new loans, for a net increase of \$393,025.24 over the prior year 2010.

B. Mr. Parker presented the Chair Report. He stated that much had happened over the course of the year in 2011, which included opening a north east branch location on Maclay Boulevard and land purchase on Magnolia Drive for a new main office building. He thanked the employees and the Board of Directors for all the effort that contributed to a very good year in 2011 for TMH FCU. In closing, Mr. Parker raised the question to the attendees: 'Who owns the Credit Union?' He assured the membership that the staff and Board operate and treat members' money as if it was their own.

C. The Supervisory Committee report was presented in written form to the members by Doug Nordby, CPA, of the Supervisory Committee. The report was accepted by the members as presented. Mr. Nordby noted that the Committee members are all CPAs and he referenced Ms. Lynne Peters' report in the Annual Membership Report. He noted that the Committee works very closely with Jamie Sheffield, Internal Auditor, to assure that scheduled audits are completed. A motion was made from the floor to approve the Supervisory Committee report; the motion was duly seconded and the motion carried.

D. The Financial Report was given by Joseph Conklin, Financial Officer. He stated that 2011 ended up a great year – although losses were anticipated, he said that only a tenth of what was expected occurred. He reported total assets for 2011 at \$46,295,653.42 and net income of \$445,038.06. Mr. Conklin closed by stating that he is very proud of what the membership has accomplished -- TMH FCU was second in its peer group capital-to-asset ratio -- and he is looking forward to what will be accomplished in 2012.

E. The President's Report was given by Ms. McCaskey. She spoke about the 50<sup>th</sup> Anniversary of the Credit Union and what an exciting experience it is for her personally to have come this far in the success of TMH FCU with many of the employees and members. She shared congratulatory messages from previous employees and board members. She proclaimed the work and efforts put forth by the Board of Directors and the magnificent job performed by directors and staff; and she thanked the members for having faith and confidence in TMH FCU. Ms. McCaskey introduced the Credit Union staff and mentioned their roles and contributions to the daily operations.

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

Mr. Parker introduced Paul Lucas, Director at Large. He explained that Mr. Lucas was appointed to the Board to complete the term of Rob Moss, who resigned effective February 2012.

The Nominating Committee Report was presented by Mr. Lucas in written form with the slate of candidates to be elected to the Board for 3-year terms: Christie Sloan, Joseph Conklin, and Glenn Strickland. There were no petitions filed and the slate of candidates was elected by acclamation.

### VIII. Adjournment

In closing, the membership enjoyed drawings for prizes and Mr. Parker adjourned the meeting at 6:39 pm. The membership dinner followed the meeting.

Minutes Submitted By:  
Glenn Strickland, Recording Officer

## FINANCIAL OFFICER'S REPORT

During 2012 your credit union endured three major changes that impacted the balance sheet for year end. Thus, we ended up with a negative bottom line. We were prepared for it and weathered the storm and 2013 will be much better. The three items were:

1. We built a new home for the credit union! However, we had about 7 years amortization of leasehold improvements left on the books from the original lease in the previous building that had to be written off.
2. A member mortgage loan went into foreclosure and we had to write off the unpaid balance after the sale of the property.
3. Another special assessment from our regulator, NCUA.

From the perspective of growth, we had an exceptional year. Loans grew about 1.68% compared to the previous year's decrease of over 5%. Member growth was over 3% compared to the previous year of 2.51%. Our delinquent loan ratio declined to .66% from .95% the previous year. Share growth was very strong at 5.74%. Our capital dropped from 11.56% to 10.77%; which is still very strong and we have budgeted 2013 for restoration of the loss. Bauer Financial out of Miami, Florida rates all financial institutions based on various ratios from one to five stars. Your credit union again earned five stars, one of the strongest credit unions in the country even with a financial blip in 2012.

More specifically, in Lending Services, at close of business on December 31, 2012 we had disbursed \$8,237,480.00 in new loans. The outstanding loan total was \$25,390,845.13 which was a net increase of \$418,750.15 over the prior year. Our net losses were up for the year but we remain committed to recovering every dollar we can and we strive to make sound lending decisions on a daily basis.

### LOAN LOSS REVIEW

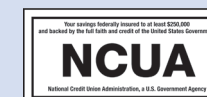
TOTAL LOSSES:	\$289,739.09
RECOVERED:	\$ 19,142.53
NET LOSSES:	\$270,596.56

### HISTORICAL COMPARISON

YEAR	LOANS	# APPROVED	# DENIED	% DENIED
2012	2774	1827	947	34.14%
2011	3174	2159	1015	31.98%
2010	2755	1777	978	35.50%
2009	2866	1857	1009	35.20%
2008	3241	2270	971	29.95%

In 2013 we will be working harder than ever to exceed your expectations. 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, 2012

### REVENUE

Interest on Loans	\$ 1,737,917.45
Income on Investments	\$ 98,484.23

**Total Interest Income \$ 1,836,401.68**

**DIVIDEND EXPENSE \$ 287,231.40**

**Provision For Loan/Share Loss \$ 304,039.84**

**Non-Interest Income \$ 1,112,304.94**

### OPERATING EXPENSE

Compensation/Benefits	\$ 1,031,232.49
Travel/Conference	\$ 16,587.11
Association Dues	\$ 28,965.01
Office Occupancy	\$ 135,581.49
Office Operations	\$ 179,470.50
Marketing	\$ 43,278.31
Loan Servicing	\$ 138,967.35
Outside Services	\$ 711,272.22
NCUSIF Stabilization Expense	\$ 39,843.12
NCUA Operating Fees	\$ 10,445.91
Cash Over/Short	\$ 86.61
Annual Membership Meeting	\$ 5,405.10
Misc. Operating Expense	\$ 5,099.35

**Total Operating Expense \$ 2,346,234.57**

**Gain/Loss In Disposal Of Assets \$ (155,343.76)**

**NET INCOME \$ (144,142.95)**

## STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2012

### ASSETS

Total Loans	\$ 25,390,845.13
Allowance for Loan/Share Loss	\$ (333,268.54)
Total Cash and Investments	\$ 21,038,856.12
Prepaid-Deferred Expense/Income	\$ 147,700.72
Land and Building Net	\$ 1,438,009.08
Furniture and Equipment Net	\$ 190,545.33
All Other Assets	\$ 576,013.18

**TOTAL ASSETS \$ 48,448,701.02**

### LIABILITIES

Other Liabilities	\$ 548,679.66
Shares	\$ 42,686,626.40
Capital	\$ 5,213,394.96

**TOTAL LIABILITIES AND EQUITY \$ 48,448,701.02**

### GROWTH CHART

	2011	2012	Growth +/-
Loans	\$ 24,972,094.98	\$ 25,390,845.13	\$ 418,750.15
Shares	\$ 40,364,684.65	\$ 42,686,626.40	\$ 2,321,941.75
Assets	\$ 46,310,988.05	\$ 46,448,701.02	\$ 137,712.97
Capital	\$ 5,357,537.91	\$ 5,213,394.96	(\$144,142.95)
Net Loan Losses	\$ 72,724.65	\$ 270,596.56	\$197,871.91