



EMPOWERING PEOPLE TO **ENHANCE LIVES.**

A photograph of a woman and a young girl high-fiving at a wooden table. The woman is on the left, smiling, and the girl is on the right, wearing glasses and a yellow shirt, also smiling. A pink piggy bank is on the table in front of them. The background is blurred, showing what appears to be a home interior.

2022 Annual Report

MESSAGE FROM THE CHAIRMAN AND PRESIDENT/CEO



It was another year of growth and transformation at SouthPoint. The year began with upgrading the main operating system the credit union uses to conduct business. This massive transformation effort brought significant change to the credit union, and we now move into the future with increased ability to add value and serve you. The change enabled us to introduce new products and services including premium savings and checking accounts, make improvements to overdraft services saving members more than \$250,000 each year, and introduce a new Student Lending Program.

In 2022, we also updated SouthPoint's vision to Empowering People to Enhance Lives. At the heart of this vision is the recognition that every member of our credit union is unique, with their own set of hopes, dreams, and aspirations. It is our duty to empower every member to achieve their goals and dreams, and ultimately enhance their lives.

We believe that financial empowerment is a fundamental human right, and we are committed to ensuring that every member of our credit union has access to the tools, resources, and support they need to achieve financial independence and security.

We also recognize that financial empowerment is not just about individual success, but about building stronger communities. By empowering our members, we are also empowering their families, their neighborhoods, and their communities. We are proud of this vision and a renewed sense of purpose. It is our call to action and our responsibility to live this out in each and every interaction we have with you.

SouthPoint's history of financial strength and solid growth continued in 2022. Total assets grew 4.7% to \$533 million, putting us in the top credit unions in Minnesota. Our total loans to members grew 14.8% to \$374 million, and total deposits fell

slightly as by -.5% to \$447 million. Earnings were strong with net income of over \$3.2 million and a return on assets of .62% at year-end. We continue to be well-capitalized with net worth to total assets of 11.04%, and nearly \$53 million in member equity. Additionally, we opened an impressive number of new accounts with over 2,000 new deposit accounts and providing over 1,000 new member loans.

The SouthPoint Foundation, the philanthropic arm of SouthPoint Financial Credit Union, hosted its first fundraising event raising nearly \$15,000, which helped to provide 8 grants and 11 scholarships totaling over \$35k. In addition to SouthPoint's philanthropic support, our staff and members worked together in support of Gillette's Childrens Hospital through the Credit Unions for Kids campaign by raising nearly \$14,000. Over the past 10 years, SouthPoint and its members have contributed over \$130,000 to Gillette's.

We wish to thank staff and our volunteer Board of Directors and Committee members for their guidance, foresight, and commitment to SouthPoint's purpose and its members. Their hard work and dedication to serving others and improving the lives of our members and communities is remarkable.

In the year ahead, we are committed to doing our very best work. As your financial partner, we're dedicated to truly empower people to enhance their lives. We will stand with our members and community just as we have for more than 87 years. Thank you for your membership, continued support and allowing us to serve you.

Matt Lux
Chairman of the Board

Jay Gostonczi
President/CEO

SOUTHPOINT FOUNDATION

The SouthPoint Foundation was created by SouthPoint Financial Credit Union to provide scholarship opportunities in our area, as well as focused philanthropic activity in support of the programming needs of our area nonprofit communities. 2022 was an expansion year for the Foundation, with over \$57,000 in contributions and \$40,000 in grants and other expenses.

First and foremost, I would like to express my gratitude to the members of SouthPoint Financial Credit Union. Through the ongoing support of the Foundation, we continue to increase our philanthropic impact. I also want to thank the Foundation Board of Directors who have worked tirelessly to help build a financial base for the Foundation, while at the same time investing back as they have in years past.

The most significant accomplishment of 2022 was the hosting of the first annual golf fundraiser of the Foundation. Held at Island View Golf Club in Waconia last August, this event helped diversify how funds are raised for the Foundation, as well as increased awareness across the credit union community in Minnesota of the philanthropic work being done by our credit union and the Foundation.

In conclusion, I would like to express my gratitude for the opportunity to serve as the President of the Foundation for the past year. I am excited about the progress we have made, and I look forward to continuing our work in the coming year to create a positive impact in our communities.

Troy Diedrich
SouthPoint Foundation President

LEADERSHIP TEAM



**JAY
GOSTONCZIK**
President/CEO



**PATTI
GOHL**
Chief Operations
Officer



**AL
PETERSON**
Chief Financial
Officer



**TROY
DIEDRICH**
Chief Experience
Officer

BOARD OF DIRECTORS



**MATT
LUX**
Chair



**MIKE
KRUEGER**
Vice-Chair



**BOB
WEISS**
Director



**MARK
BRUGGEMAN**
Director



**ASHOK
GOYAL**
Director



**SCOTT
SURPRENANT**
Director



**ADAM
SEIFERT**
Director



**JERRY
FORSTER**
Director



**CHARLIE
GRAVELLE**
Director

SUPERVISORY COMMITTEE



**TAMMY
HELGET**
Chair



**JENNIFER
ASMUS**
Member



**JORDYN
KERANEN**
Member

COMMUNITY ADVISORY COMMITTEE



**JACOB
SANKEN**
Member



**ANNE
SILSETH**
Member



**JOE
SCHOTZKO**
Member

SOUTHPOINT DIVISIONS



POINTING THE WAY HOME.



POINTING YOU TO THE NEXT STAGE.*

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POINTING TOWARDS SECURITY.

SUPERVISORY COMMITTEE REPORT

SouthPoint Financial Credit Union's Supervisory Committee is made up of three volunteers: Tammy Helget, Chair, Jennifer Asmus, Member and Jordyn Keranen, Member. The members of the committee are appointed by our Board of Directors annually. They meet on a monthly basis and as needed when the credit union is having their financial audits, regulatory exams performed, or other ad hoc meetings.

The main purpose of a Supervisory Committee is to safeguard members' assets by ensuring the credit union is operating properly. To do this, our committee reviews a number of different audits and risk assessments performed throughout the year, Board of Director minutes and policy changes and approvals, and a series of monthly reports that identify areas of potential risk within the credit union. At their monthly meetings, specific credit union staff are asked to attend to discuss these reports and share what SouthPoint is doing to mitigate risk and be available for any questions the committee may have.

One of the primary duties this committee holds is to secure a Certified Public Accounting firm to perform the annual Financial Audit. The responsibility of this firm is to ensure that the financial statements of the credit union are being presented fairly and in conformity with Generally Accepted Accounting Standards (GAAP). This year, the auditing firm of CliftonLarsonAllen LLP performed the audit, as well as member account confirmations. They presented the audit to the committee, board of directors and executive team and reported: "CLA has issued an unmodified opinion on the financial statements of the Credit Union."

Based on the Financial Audit, as well as the other audits and reports provided to them, it is of the committee's opinion that SouthPoint Financial Credit Union, its Board of Directors, Management and staff are conducting its affairs in a fiscally safe manner and the financial statements are presented fairly and in accordance with GAAP, as of December 31, 2022.

COMMUNITY ADVISORY COMMITTEE

In 2022, the Community Advisory Committee (CAC) continued to play a vital role in providing insights as to what is happening in the area communities. The CAC is made up a diverse group of credit union members who volunteer their time and expertise to provide insights to the branch presidents and marketing team. Throughout the year, the CAC meets bi-monthly to discuss financial education opportunities,

different products, and services that other financial institutions offer and how SouthPoint Financial Credit Union can better demonstrate what we do to help members.

Overall, the CAC had a productive and impactful year in 2022. The committee's dedication and expertise continue to be invaluable assets to the credit union and area communities. If you would

like to learn more about our CAC and how you can get involved, visit <https://bit.ly/SPFCUVolunteering>

Max Meine – Regional Branch President

Kim Peterson – Marketing & Communications Manager

FINANCIAL STATEMENT

Balance Sheet

	2021	2022
Assets		
Loans, Net	\$325,539,232	\$373,684,570
Cash and Cash Equivalents	\$68,930,901	\$39,708,495
Investments	\$75,834,457	\$77,626,146
Premises and Equipment, Net	\$14,983,993	\$15,473,231
Other Assets	\$24,008,558	\$26,598,654
Total Assets	\$509,297,142	\$533,091,096

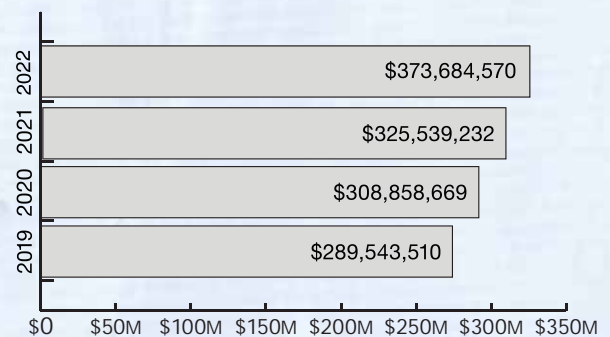
Liabilities & Members' Equity

Members' Shares and Savings Accounts	\$449,428,559	\$447,080,826
Borrowed Funds	\$0	\$27,995,000
Accrued Expenses and Other Liabilities	\$4,811,368	\$5,308,757
Members' Equity	\$55,057,215	\$52,706,513
Total Liabilities & Members Equity	\$509,297,142	\$533,091,096

Income Statement

Interest on Loans	\$12,660,127	\$14,135,078
Interest on Inv., Cash, & Cash Equiv.	\$440,653	\$1,420,768
Non-interest Income	\$8,267,609	\$5,986,203
Total Gross Income	\$21,368,390	\$21,542,048
Interest Expense	\$1,850,988	\$2,206,810
Non-Interest Expense	\$14,560,530	\$15,715,161
Provision for Loan Losses	\$440,996	\$405,095
Total Expense	\$16,852,514	\$18,327,067
NET INCOME	\$4,515,875	\$3,214,983

Loan Growth



Asset Growth

