



2023

**EMPOWER TOGETHER:
BUILDING BRIGHT FUTURES**



EMPOWER TOGETHER: BUILDING BRIGHT FUTURES

In 2023, we celebrated a membership milestone, reaching 30,000 members. Over the past 88 years, we have experienced both strategic and organic growth – of our membership and of a dedicated team with a passion of empowering our members. Through the years, we have embraced adaptability and empowerment, creating opportunities for our members to be empowered with their finances. These transformations will continue so we can deliver the best member experiences moving forward.

2023 MEMBER EMPOWERMENT

31,080
SOUTHPOINT MEMBERS

\$384,162.33
SAVED MEMBERS IN FRAUD LOSS

15,769,965
CREDIT CARD POINTS EARNED

\$15,758.07
YOU CONTRIBUTED TO CHAIN OF HEARTS

12,441,590
CREDIT CARD POINTS REDEEMED

1,583
LOANS SKIPPED UTILIZING SKIP A PAY

4,752,017
DEBIT & CREDIT CARD TRANSACTIONS

54,357
REMOTE MOBILE DEPOSITS

13,185
POUNDS OF CONFIDENTIAL DOCUMENTS
DESTROYED DURING SHRED DAY

95,500
GOOGLE, APPLE & SAMSUNG PAY
DEBIT CARD TRANSACTIONS

BUILDING SOUTHPOINT FOR THE FUTURE, TOGETHER

As we reflect on the past year, we are thrilled to share with you the milestones and successes that made 2023 a remarkable year for SouthPoint Financial Credit Union. Despite the challenges and uncertainties faced by the financial services industry, SouthPoint stood resilient against external factors beyond our control.

After years of historically low interest rates, the Federal Reserve increased its target Federal Funds rate 11 times during the 2022-2023 cycle, with 4 occurring in 2023. This was the most severe interest rate shock in four decades. These fluctuations in interest rates directly impacted our members, influencing both borrowing and saving opportunities. Despite this volatility, SouthPoint Financial Credit Union witnessed substantial growth, extending \$21 million in new loans. However, the surge in deposit rates elevated our cost of funds, resulting in a decrease in core earnings to 0.27% Return on Assets.

Despite the economic turbulence nationwide, SouthPoint maintained its position as a robust financial institution, recognized by both state and federal supervisory regulators. Ending 2023 with a net worth of 11.47%, well above the well-capitalized threshold, we also welcomed 2,100 new members to our family. Our commitment to providing exceptional service to both current and prospective members remains unwavering.

Amid these challenges, SouthPoint Financial Credit Union continued to pursue its vision with determination. In 2023, we achieved several milestones:

- Surpassed the 30,000 member milestone, and becoming Minnesota's 12th largest credit union by asset size.

- Acquired SouthPoint Insurance Agency, expanding our services to include Auto, Home, Life, Commercial, and Crop Insurance for our members.
- Established MN3 CUSO in partnership with two other credit unions, providing technology consulting services to credit unions.
- Introduced new construction loan products for mortgages and business lending.
- Supported charitable initiatives, raising over \$15,750 through the Credit Union's for Kids Chain of Hearts initiative, and facilitating the SouthPoint Foundation's fundraising event, raising over \$15,000.
- Received accolades, including recognition as the Best Bank or Credit Union in New Ulm and St. Peter, along with a Diamond Award for Marketing Excellence.
- Continued our commitment to financial literacy by certifying 11 staff members in financial counseling, and conducting financial education programs, such as SouthPoint Budget City, held in 9 schools and benefiting over 500 students across our field of membership.

SouthPoint is positioned for controlled growth that aligns with our strategic vision, reinforcing our brand, and geographic presence. The achievement of becoming Minnesota's 12th largest credit union by asset size is a testament to our deliberate investments in expansion, product diversification, service enhancement, and the dedication of our staff and volunteers.

As we look forward to 2024, we will continue our drive to add value and remain sustainable and relevant by widening our services later this fall to include the addition of our 8th branch location in Buffalo, MN. Additionally, we will be introducing Medicare Advisory services, improving our digital experience, and enhancing money movement abilities for members.

We express our heartfelt gratitude to our staff and our volunteer Board of Directors and Committee members for their unwavering guidance, foresight, and commitment to SouthPoint's purpose and its members. Their dedication to serving others and empowering individuals to improve lives is instrumental in making a positive impact in our communities.

In closing, we extend our sincere appreciation to all 31,000+ members of SouthPoint Financial Credit Union for your continued support and trust. Your loyalty is the cornerstone of our success, and we are eager to exceed your expectations and continue empowering you to improve lives in 2024 and beyond.



Matt Lux
Chairman of the Board



Jay Gostenczik
President/CEO

BUILDING BRIGHT FUTURES, TOGETHER

**SOUTHPOINT
BUDGET CITY
2023**

**555
OF STUDENTS**

**25.5
HOURS OF
LEARNING**

**10
OF SESSIONS**

You're a high-school student who has just been transported into the future with your friends.

Some of you have just graduated from college or technical school. Some of you are married. All of you already have kids. You've just started your first full-time, professional job. You're earning money and have bills to pay. Now you have to make lots of choices to provide for your family. Oh, and you need to build a budget based on your income and debt. **Welcome to SouthPoint Budget City!**

SouthPoint Budget City is a 2.5 hour simulation for high school students. Each participant receives an "about me" sheet that contains: an occupation and salary, student loan debt owed, credit card debt owed, and cost of medical insurance. Some participants will have a spouse; some will be single; and some will be single parents.

Participants build a monthly budget based on their incomes. They visit nine merchants in SouthPoint City to purchase housing, transportation, food, day care, and other needs. There's a mall for wants and, of course, a credit union for financial services. The Fickle Finger of Fate randomly visits each participant during the simulation and distributes unexpected windfalls and unplanned expenses.

Participants use debit cards for their purchases and must balance both their debit card registers and their budgets.

The SouthPoint Budget City simulation requires teenagers to integrate their knowledge of money, math skills, attitudes about choices, and money values. During the program, participants make decisions with immediate repercussions that might not occur for years in real life.

They have the opportunity to modify their decisions and actions and see the impact of changes right away. They have chances to experiment and make mistakes—and suffer the consequences of their decisions—in a realistic, but safe, environment.

Simulations are a good way for learners to practice real life by taking on responsible roles, finding ways to succeed, and developing problem-solving tools. Simulations make students hands-on participants, not just listeners or observers. Simulations motivate participants because their involvement in the activity is so personal that it leads them to want to learn more about the simulated subject matter.

BUILDING OPPORTUNITIES, TOGETHER

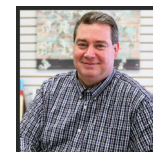
In March, 2023, SouthPoint Financial Credit Union expanded into the insurance business adding a division of SouthPoint, SouthPoint Insurance Agency LLC.

With the newly added division, our members have access to insurance options when applying for a loan. Before funding a home, auto or business loan, you are required to show proof of insurance. SouthPoint Insurance Agency, is a well

established insurance agency that has been serving the insurance needs in Minnesota since 1989. SouthPoint Insurance Agency is located in Willmar, Minnesota and currently has 3 employees.

SouthPoint Insurance Agency is committed to providing the highest quality insurance services combined with lowest rates available in your area.

As of December 31, 2023, SouthPoint Insurance Agency has over 760 policy holders and growing each month.



Christian Ochsendorf



Gina Pientka



Donald Jurek

BUILDING MINNESOTA CREDIT UNIONS, TOGETHER

MINNESOTA CREDIT UNION'S STATS



87
MINNESOTA
CREDIT UNION



2,212,419
MEMBER OWNERS



\$40 BILLION
IN ASSETS



406
CREDIT UNION
BRANCHES



5,843
CREDIT UNION
EMPLOYEES



\$182 MILLION
DIRECT FINANCIAL
BENEFITS



21,708
GRASSROOTS
EDUCATION ACTION
TEAM MEMBERS



14,500 HOURS
VOLUNTEERING
FOR CUFORWARD

BUILDING EXCELLENCE, TOGETHER



**BEST OF MANKATO
2ND PLACE**



**MN NETWORK
MARKETING AWARD
COMPLETE CAMPAIGN**



**NEW ULM JOURNALS
READERS CHOICE
BEST CREDIT UNION**



**CUNA
DIAMOND AWARD**



**ST. PETER HERALDS
READERS CHOICE
BEST CREDIT UNION**



**DESJARDIN YOUTH
FINANCIAL
EDUCATION AWARD**

SOUTHPOINT INVESTED

\$44,650

WITHIN THE LOCAL COMMUNITIES IN 2023

SOUTHPOINT FOUNDATION AWARDED

\$37,000

**IN SCHOLARSHIPS AND GRANTS
IN 2023**

FINANCIAL STATEMENT

Balance Sheet	2022	2023
Assets		
Loans, Net	\$373,684,570	\$395,013,393
Cash and Cash Equivalents	\$39,708,495	\$21,679,090
Investments	\$77,626,146	\$65,142,055
Premises and Equipment, Net	\$15,473,231	\$15,777,381
Other Assets	\$26,598,654	\$26,450,268
Total Assets	\$533,091,096	\$524,062,187
Liabilities & Members' Equity		
Members' Shares and Savings Accounts	\$447,080,826	\$451,479,381
Borrowed Funds	\$27,995,000	\$10,000,000
Accrued Expenses and Other Liabilities	\$5,308,757	\$6,285,217
Members' Equity	\$52,706,513	\$56,297,589
Total Liabilities & Members Equity	\$533,091,096	\$524,062,187
Income Statement		
Interest on Loans	\$14,135,078	\$18,877,418
Interest on Inv., Cash, & Cash Equiv.	\$1,420,768	\$1,414,686
Non-interest Income	\$5,739,858	\$5,832,787
Total Gross Income	\$21,295,704	\$26,124,891
Interest Expense	\$2,206,810	\$7,396,838
Non-Interest Expense	\$15,468,816	\$16,779,266
Provision for Loan Losses	\$405,095	\$528,962
Total Expense	\$18,080,721	\$24,705,066
NET INCOME	\$3,214,983	\$1,419,825

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 member's 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, in all material respects, and in conformity with Generally Accepted Accounting Principles (GAAP). This year, the auditing firm of CliftonLarsonAllen LLP (CLA) performed the audit, as well as member account confirmations. CLA 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, 2023.

SOUTHPOINT BOARD OF DIRECTORS

Matt Lux - Chairperson	Bob Weiss
Adam Seifert - Vice Chairperson	Mark Bruggeman
Charlie Gravelle - Secretary	Scott Surprenant
Jerry Forster	Ashok Goyal

SUPERVISORY COMMITTEE

Tammy Helget - Chair
Jennifer Asmus
Jordyn Keranen

COMMUNITY ADVISORY COMMITTEE

Jacob Sanken	Rebecca Boll
Jody Wills	Joe Schotzko
Paul David	

SOUTHPOINT LEADERSHIP

Jay Gostonczik - President/CEO	Troy Diedrich - Chief Experience Officer	Patti Gohl - Chief Operations Officer	Al Peterson - Chief Financial Officer
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*Please note: The 2022 Income Statement reflects a couple of minor line-item reclassifications from last year's annual report. However, Net Income is unchanged.

EMPOWER TOGETHER: BUILDING BRIGHT FUTURES



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