



SPACE COAST  
CREDIT UNION

# 2022 Annual Report



# A YEAR OF GROWTH

FEDERALLY INSURED BY NCUA. EQUAL HOUSING OPPORTUNITY.

## Chairman's and President's Report



John G. Oertel  
Chairman

As we close out another year, we want to once again reflect on what we have accomplished together. The credit union grew by over \$1 billion in assets, having crossed \$7 billion in March and more recently, \$8 billion in October. This growth is made possible by the over 1,000 dedicated Team Members serving you, our 590,000 members over our 300-mile footprint in 66 facilities. Thank you for continuing to trust in us for all of your financial service needs.



Timothy M. Antonition  
President, CEO

Even though the economy is different from anything we have seen, we delivered an unprecedented number of auto loans to our members in 2022, granting more than 101,000 loans, totaling \$3.9 billion. This represents twice as much funding as what we did in 2021. As you can imagine, this created many challenges for our Team Members who were asked to respond to the unexpected volume. In ONE SCCU fashion, they rose to the challenge and delivered loans to our members.

We have also seen tremendous membership growth, welcoming more than 62,000 members to the SCCU family. Many members joined while financing their new car at one of our dealer partners. If you are someone who joined this way, be sure to check out all we have to offer. We have great products and services backed by great Team Members.

We grew our branch footprint in 2022, adding two full-service branches in both Boca Raton and Daytona Beach. Branches are an important part of the way we deliver service to you. We will continue to open new locations and upgrade existing branches with services such as drive-thrus for your added convenience. On the digital side, we added Zelle® to our online offerings and launched the project for the next generation of online and mobile banking. Our member ratings are at their highest level in our history, closing out the year at 4.78 out of 5 stars. All Team Members here at SCCU take great pride in this accomplishment.

We have continued to focus on making SCCU a great place to work, enhancing Team Member benefits and improving work facilities. It is important to the Leadership Team that our Team Members want to come to work every day and provide great service to you,

our members. We want them to enjoy coming to work here and never leave because why would they go anywhere else?

We increased our giveback to our service-area communities, participating in a United Way fundraiser again this year. This was by far our best campaign, exceeding all expectations internally and beating last year's donation amount. Our campaign is currently #3 in our home county of Brevard, but all funds raised by Team Members go back to the counties in which they live. We also partner with Junior Achievement and supported a "JA in a Day" at a local elementary school, with over 60 Team Members spending the day improving the financial literacy of an entire elementary school. Additionally, we gave more than \$61,500 to support hurricane relief efforts. Part of this amount came directly from Team Members, as well as from members who donated at our branches.

2022 was not without its challenges. The economy that we are navigating is unlike anything we have seen. Inflation has a big impact on our members, not only with the cost of everyday items, but also in the cost of getting a loan. While we aim to keep our rates as low as possible, rising rates force us to raise our deposit rates, and in turn, loan rates rise as well. This will make some loans unaffordable to our members, which is the difficult part of our business. We are very mindful of this as we drive the credit union through uncharted territory.

Our upcoming challenge is the preparation for hitting \$10 billion in assets, which brings additional regulatory oversight as well as limitations on earnings due to the Durbin Amendment (feel free to research that). We can tell you we are well into our preparations and will be ready when the time comes. We have contracted with outside help to make sure everything is in order for this milestone.

We would be remiss if we did not talk about the financial side of the credit union. We continue to perform extremely well with net earnings at \$64.0 million, which is above the industry average. Our operating expense ratio is around 57.17%, which is well below the industry average. Our net worth is holding just below 10%, which is well above the 7% regulatory minimum. Rest assured that your credit union continues to perform well.

On behalf of our 1,000 Team Members, Executive Management Team, Board of Directors and volunteers, we wish you a safe and healthy new year.

John G. Oertel  
Chairman

Timothy M. Antonition  
President and CEO

## Credit Manager's Report

SCCU enjoyed another historic year of lending in 2022, but there were unique challenges. While inflation and rising energy prices impacted our members, the Federal Reserve Bank increased rates to cool an overheating economy. In spite of this, as promised at the end of 2021, we spent 2022 delivering more competitive products, improving service delivery, and creating value for our membership through trusted loan products. This focus resulted in a historic year of loan production, despite economic turbulence.

Last year, even with rising interest rates, we helped our members purchase over \$2.7 billion in vehicles by providing financing at the dealership. Partnering with our local vehicle dealerships contributed to adding 62,000 new members to the credit union. In the process, we estimate to have saved our members \$50 million of annual interest expense when compared to our competitors.

We also helped our members save money by refinancing vehicle loans they originated elsewhere. In 2022, we refinanced over \$178 million in vehicle loans and estimate to have saved our members \$3.5 million of annual interest expense. Additionally, approximately one-third of these members were pre-approved before applying and were able to obtain their loan in minutes through an expedited loan process.

We introduced multiple unique mortgage products to help our members obtain the dream of home ownership. One of those products was a salute to our thousands of military members. Our special financing for active duty and military veterans included up to 100% financing, no closing costs, and discounted rates. This product combined

with our other mortgage products delivered over \$373 million in first mortgages and nearly \$456 million in home equity loans. Providing affordable real estate financing is so important to us because it helps members build generational wealth through property ownership and preservation.

We continued to provide members with convenient financing through a completely refreshed credit card product line. Members responded by opening over 16,200 new credit cards in 2022. Additionally, member spend increased from \$382 million to \$452 million, a 19% increase over 2021.

Lastly, our credit losses continue to be at historic lows. While we expect credit losses will increase to normal levels in the future, we are pleased to report our loan portfolio is the healthiest it has ever been.

Our members' loyalty has resulted in SCCU becoming the auto loan market leader in Brevard, Volusia, Flagler, Palm Beach, Broward, and Miami-Dade counties. SCCU has also become a premier mortgage lender in the State of Florida. Our focus in 2023 will not waiver. We will continue to find new ways to deliver value and be more competitive. Our members deserve excellence and we are committed to delivering that in 2023 and beyond.

Gary A. Prager  
SVP, Chief Strategy & Growth Officer

# Audit Committee Report

The Audit Committee is appointed by the Space Coast Credit Union (SCCU) Board of Directors. The Audit Committee operates under the rules and regulations of the Florida Office of Financial Regulation, Division of Financial Institutions, and the National Credit Union Administration (NCUA). It's charged with determining that the financial condition of SCCU is accurately and fairly presented in the financial statements and that management practices are in place to safeguard members' assets.

The primary functions of the Audit Committee are (1) to direct the Internal Audit Department, which monitors credit union operations through the development of a risk-based audit plan; scheduling and conducting a continuing program of reviews of credit union processes and procedures; and (2) contracting for an independent, external audit of the credit union's financial statements.

The combined skills of the Certified Public Accounting Firm of CliftonLarsonAllen LLP, with that of our in-house Internal Audit staff, have proven to be effective in maintaining an efficient and effective internal audit function for the credit union. The Internal Audit Department has unlimited access to all credit union Team Members and operations. It has developed a risk-based audit plan for the credit union, which is revised as credit union operations and controls change during the year. The Annual Audit Plan, approved by the Audit Committee, is updated during the year as processes, controls, and events change. All audits on the updated 2022 Audit Plan were successfully completed by the end of the calendar year.

The Certified Public Accounting Firm of Warren Averett LLC was retained for the purpose of conducting the annual external audit of financial condition. In March 2022, Warren Averett's audit of the 2021 Financial Statements for SCCU resulted in an "unmodified opinion," which, in layman's terms, means everything went well and no irregularities were discovered. The financial information presented in this report for 2022 is unaudited, as the annual audit was not completed at the time of printing.

The Audit Committee reports the results of all internal and external audits to the Board of Directors.

Based on the results of the above-referenced activities and related reports, it is the Audit Committee's opinion that the books and records of Space Coast Credit Union are in order. The Audit Committee would like to thank the SCCU Board of Directors, Management, and all SCCU Team Members for their support and cooperation during this past year.

Respectfully submitted by,  
The Audit Committee



Stephen J. Bailey  
Chairman

Dr. Patricia Fontan  
Edith Lowery  
Dr. Karen O. Palladino  
Julie O. Robbins

# Condensed Financial Information\*

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION		
	As of December 31, 2022	As of December 31, 2021
<b>ASSETS</b>		
Cash and cash equivalents	\$573,371,864	\$424,598,883
Investments		
Available for sale	639,174,676	1,129,196,669
Other	41,357,454	3,084,381
Loans to members - net of allowance for loan losses	6,954,134,178	4,880,266,323
Accrued interest receivable	18,730,758	10,907,859
Prepaid and other assets	77,140,526	92,788,393
Operating lease assets	32,955,429	-
Property and equipment - net of accumulated depreciation	83,473,443	86,912,584
Goodwill	64,592,669	64,592,669
National Credit Union Share Insurance Fund deposit	59,052,799	53,656,742
<b>TOTAL ASSETS</b>	<b>\$8,543,983,796</b>	<b>\$6,746,004,503</b>
	As of December 31, 2022	As of December 31, 2021
<b>LIABILITIES</b>		
Members' shares and savings accounts	\$6,493,414,335	\$5,918,301,102
Non-member deposits	261,234,000	-
Borrowed funds	890,000,000	-
Dividends and interest payable	878,149	32,094
Operating lease liabilities	34,570,720	-
Other accrued liabilities	99,531,749	75,651,205
Total liabilities	7,779,628,953	5,993,984,401
<b>MEMBERS' EQUITY</b>	764,354,843	752,020,102
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$8,543,983,796</b>	<b>\$6,746,004,503</b>
CONSOLIDATED STATEMENTS OF INCOME		
	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
<b>INTEREST INCOME</b>		
Loans	\$216,442,338	\$160,066,754
Investments	17,226,864	6,549,962
<b>Total interest income</b>	233,669,202	166,616,716
<b>INTEREST EXPENSE</b>		
Members' share and savings accounts	20,117,194	15,300,275
Non-member deposits	1,322,242	-
Borrowed funds	10,005,378	1,744
<b>Total interest expense</b>	31,444,814	15,302,019
<b>Net interest income</b>	202,224,388	151,314,697
<b>PROVISION FOR LOAN LOSSES</b>	29,981,283	852,734
<b>Net interest income after provision for loan losses</b>	172,243,105	150,461,963
<b>NON-INTEREST INCOME</b>		
Fees and service charges	32,524,593	27,888,825
Other	46,252,562	54,018,895
<b>Total non-interest income</b>	78,777,155	81,907,720
<b>NON-INTEREST EXPENSE</b>		
Compensation and employee benefits	82,251,005	75,013,399
Office operating and occupancy costs	84,974,679	78,192,289
Other	19,751,016	9,028,373
<b>Total non-interest expense</b>	186,976,700	162,234,061
<b>NET INCOME</b>	<b>\$64,043,560</b>	<b>\$70,135,622</b>
	<i>*Unaudited</i>	<i>*Audited</i>

# 2022 Annual Report

## Board of Directors

### Executive Committee

John G. Oertel  
Chairman

Thomas J. Myers  
Vice Chairman

A. Desmond Almarales  
Treasurer

Herbert A. Fisher  
Secretary

### Board Members

A. Desmond Almarales  
Herbert A. Fisher  
Willie Howard, Jr.  
Kevin R. McKeown  
Thomas J. Myers  
Dale B. Neubert  
John G. Oertel  
Dr. Karen O. Palladino  
Julie O. Robbins

### In Memoriam

Martha E. Frasier  
Director Emeritus

William H. Paine, Sr.  
Director Emeritus

## Management Team

Timothy M. Antonition  
President, CEO

Linda A. Hart  
Senior Vice President,  
Chief Human Resources Officer

Shane W. Hoyle  
Senior Vice President,  
Chief Operating Officer

Chad Jaenke  
Senior Vice President,  
Chief Information Officer

Gary A. Prager  
Senior Vice President,  
Chief Strategy & Growth Officer

Christopher A. Matthews  
Senior Vice President,  
Card Services

Anthony Blunt  
Vice President,  
Business Services & Consumer Sales

Daniel J. Chiappone  
Vice President, Lending

Allison Matteson  
Vice President,  
Learning & Development

Ann M. Roberts  
Vice President,  
Payment Services & Loss Prevention

Beverly B. Smith  
Vice President,  
Retail Services, Central Florida

Tyler Snead  
Vice President,  
Enterprise Risk Management

Carmen M. Tapanes  
Vice President,  
Retail Services, South Florida

Kimberly K. Tyree  
Vice President, Loan Processing

Todd Wickard  
Vice President, IT Operations

## Audit Committee

Stephen J. Bailey,  
Chairman

Dr. Patricia Fontan  
Edith Lowery  
Dr. Karen O. Palladino  
Julie O. Robbins

## General Information

Headquarters Address  
8045 N. Wickham Road  
Melbourne, FL 32940-7920

Phone:  
321.752.2222

Email:  
info@sccu.com

Web Address:  
www.SCCU.com

## Branch Locations

Brevard County (20)  
Broward County (13)  
Flagler County (1)  
Indian River County (4)  
Miami-Dade County (14)  
Palm Beach County (2)  
Volusia County (10)



Your life. Your financial watchdog.