



**SPACE COAST
CREDIT UNION**

2023

Annual Report



SPACE COAST CREDIT UNION
CORPORATE HEADQUARTERS

Chairman's and President's Report



Thomas J. Myers
Chairman

As we enter another year, it's time to reflect on how far we have come as an organization. In 2023, we experienced further growth, with the Credit Union's assets expanding from \$8.5 billion to \$9 billion. We welcomed more than 53,000 new Members to the organization to bring our membership to over 644,000. This growth is supported by our 1,000 dedicated Team Members serving throughout our 300-mile, 34-county footprint. It's also made possible by you, our Members, who continue to trust us with your financial service needs.



Timothy M. Antonion
President, CEO

We continue to perform extremely well with earnings at 0.71%, which is above the industry average. Our operating expense ratio is at 46.55%, which is well below the industry average. Our Net Worth is holding above 9%, which is well above the 7% regulatory minimum to be considered well capitalized. Rest assured that your credit union continues to perform well and is financially healthy.

We keep seeing record numbers of auto loans. In 2023 we delivered over 67,000 loans totaling over \$2.47 billion. By design, this was a little less than in 2022, as the economy presented us with new challenges. Members no longer brought in deposits, which meant we had to find other sources of funds to lend to our Members. This created new challenges for the Team, but as always, they successfully overcame them, and we were able to continue meeting all of our Members' lending needs. We made significant progress in our mortgage area, building a very strong mortgage program.

Our branch footprint was improved again in 2023. We opened a new Viera South location in Brevard County. We also renovated two locations. We are expanding our facilities and adding drive-thrus to better serve the Florida market. Florida is a drive-thru

market and we are working to meet that need. In addition to physical locations, we began work on a new online banking platform, and we saw Zelle® transactions reach record numbers. We are especially proud of our latest member survey results which have reached the highest level yet. This is a great achievement and we are committed to maintaining the level of service that our Members have come to expect from us.

Our Team Members are passionate about the communities in which we serve and actively support initiatives to make them a better place to live and work. Our annual United Way campaign broke records again, and we held our spot as the #3 campaign in Brevard County, with 86% of donations coming from our very generous Team Members, who continue to increase their donations each year. We held our third Junior Achievement in a Day event, teaching financial literacy in two local elementary schools to more than 725 students. Our Team Members participated in the Making Strides Walks in the major counties we serve and raised money with their personal donations. We ran our No Shave November campaign for men's health again this year, with it being the most successful to date.

We continue our preparation to cross the \$10 billion mark, which brings more regulatory oversight. Financial institutions are one of the most highly regulated industries, and we have more coming at us due to our growth. We are well into our preparation plan and will be ready when the time comes.

Looking forward to 2024, we will see an equally exciting year with additional locations already underway, a new online banking application in development with more customization capabilities, and continued enhancements to our products and services. We expect 2024 to be busier than ever.

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

Thomas J. Myers
Chairman

Timothy M. Antonion
President and CEO

Credit Manager's Report

I am pleased to present the annual Credit Manager's report for 2023. It's my privilege to provide highlights of our lending activities, achievements, and overall health of our loan portfolio.

The past fiscal year has been marked by a robust lending performance, reflecting our commitment to supporting the financial well-being of our Members and the communities we serve. Despite the economic challenges posed by rising rates and inflation, SCCU has remained steadfast in its mission to provide accessible and affordable financial services to our membership base across Florida.

Our loan portfolio experienced steady growth in 2023 and now stands at \$7.3 billion. This represents an increase of 5.15% from the prior year, demonstrating our Members' confidence in our trusted products.

In 2023, over 54,000 Members used our trusted auto loans to purchase vehicles from auto dealerships. These loans amount to over \$2.1 billion, and despite a challenging rate environment, we estimate that SCCU saved Members over \$23 million in interest compared to our competitors.

Members seeking to purchase a home in 2023 faced a highly competitive market, and SCCU continued to be our Members' preferred choice for affordable purchase and new construction mortgage loans, helping over 800 Members achieve the dream of home ownership last year.

One of the significant hurdles for Members considering mortgages in 2023 was closing costs. In response, our No Closing Costs Home Loan option proved instrumental, benefiting over 500 Members by allowing them to close on a house with significantly reduced expenses compared to a traditional mortgage loan. Throughout the year, we covered over \$4.4 million in Members' mortgage closing costs, averaging over \$8,200

per loan. Additionally, our unwavering commitment extended to active duty and military veterans, offering them up to 100% financing, no mortgage closing costs, and discounted rates.

Home equity lending had a solid year as Members unlocked the equity in their homes at a record pace. In 2023, over 4,500 Members utilized this versatile tool for many purposes, including home improvements, debt consolidation, and educational expenses.

In addition to the success in consumer and mortgage lending programs, our credit union has experienced significant growth in the credit card portfolio. Credit cards play a vital role in meeting the dynamic financial needs of our Members, providing a convenient and flexible means of accessing credit. This year, the credit card portfolio grew by 15%, as SCCU issued nearly 12,000 new cards to Members.

Lastly, maintaining the integrity of our loan portfolio remains a top priority. Our loan portfolio remains healthy, with delinquency and losses ending 2023 better than our targets.

As we look ahead into 2024 and beyond, SCCU remains dedicated to enhancing our lending offerings, embracing technological advancements to streamline processes, and continuing to provide exceptional service to our Members. We are optimistic about the future and are confident that our credit union will continue to thrive as a trusted financial partner for all of our Members.

Daniel J. Chiappone
Senior Vice President, Lending

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 2023 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 2023, Warren Averett's audit of the 2022 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 2023 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
John G. Oertel
Julie O. Robbins

Condensed Financial Information*

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION		
	As of December 31, 2023	As of December 31, 2022
ASSETS		
Cash and cash equivalents	\$718,470,841	\$573,371,864
Investments		
Available for sale	403,014,223	639,174,676
Other	71,708,647	41,357,454
Loans to members - net of allowance for credit losses	7,312,427,505	6,954,134,178
Accrued interest receivable	22,876,705	18,730,758
Prepaid and other assets	159,915,313	77,140,527
Operating lease assets	32,523,931	32,955,429
Property and equipment - net of accumulated depreciation	96,059,997	83,473,443
Goodwill	64,592,669	64,592,669
National Credit Union Share Insurance Fund deposit	64,466,207	59,052,799
TOTAL ASSETS	\$8,946,056,038	\$8,543,983,797
	As of December 31, 2023	As of December 31, 2022
LIABILITIES		
Members' shares and savings accounts	\$6,542,000,887	\$6,493,414,335
Non-member deposits	272,468,000	\$261,234,000
Borrowed funds	1,140,000,000	890,000,000
Dividends and interest payable	10,860,284	4,019,141
Operating lease liabilities	34,295,953	34,570,720
Other accrued liabilities	114,397,664	96,390,758
Total liabilities	8,114,022,788	7,779,628,954
MEMBERS' EQUITY	832,033,250	764,354,843
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$8,946,056,038	\$8,543,983,797
CONSOLIDATED STATEMENTS OF INCOME		
	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
INTEREST INCOME		
Loans	\$329,600,865	\$216,442,338
Investments	33,043,121	17,226,864
Total interest income	362,643,986	233,669,202
INTEREST EXPENSE		
Members' share and savings accounts	63,589,808	20,117,194
Non-member deposits	13,288,163	1,322,242
Borrowed funds	44,601,763	10,005,378
Total interest expense	121,479,734	31,444,814
Net interest income	241,164,252	202,224,388
PROVISION FOR CREDIT LOSSES		
Net interest income after provision for credit losses	195,838,107	172,243,105
NON-INTEREST INCOME		
Fees and service charges	34,308,011	32,524,593
Other	37,718,547	47,762,314
Total non-interest income	72,026,558	80,286,907
NON-INTEREST EXPENSE		
Compensation and employee benefits	94,866,128	82,251,005
Office operating and occupancy costs	93,977,581	84,572,249
Other	16,624,022	21,663,198
Total non-interest expense	205,467,731	188,486,452
NET INCOME	\$62,396,934	\$64,043,560
	*Unaudited	*Audited

2023 Annual Report

Board of Directors

Executive Committee

Thomas J. Myers
Chairman

Dr. Karen O. Palladino
Vice Chairman

A. Desmond Almarales
Treasurer

Herbert A. Fisher
Secretary

Board Members

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

Management Team

Timothy M. Antonition
President & CEO

Gabriel I. Engman
Senior Vice President,
Chief Financial Officer

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

Shane W. Hoyle
Senior Vice President,
Chief Operating Officer

Chad C. Jaenke
Senior Vice President,
Chief Information Officer

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

Daniel J. Chiappone
Senior Vice President,
Lending

Zsuzsanna Leber-Kiss
Senior Vice President,
Marketing

Christopher A. Matthews
Senior Vice President,
Card Services

Anthony Blunt
Vice President,
Business Svcs. & Consumer Sales

Daniel Bryant
Vice President,
Member Service Center

David Canning
Vice President,
Operational Excellence

Erin Freeman
Vice President,
Operations

Jodie Kinley-Smith
Vice President,
Product Line Manager, Indirect

Allison Matteson
Vice President,
Learning & Development

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

Paul Roemer
Vice President,
Digital Experience

Tyler Snead
Vice President,
Enterprise Risk Management

Carmen Tapanes
Vice President,
Retail Services

Kimberly K. Tyree
Vice President,
Processing

Todd Wickard
Vice President,
IT Operations

Patrick Wood
Vice President,
Accounting/Controller

Audit Committee

Stephen J. Bailey
Chairman

Dr. Patricia Fontan
Edith Lowery
John G. Oertel
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 (21)
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.