



2023 ANNUAL REPORT

The 71st Annual Membership Meeting
For the period ending December 31, 2023

— *Members Helping Members Since 1954* —

Board of Directors

Chairman Wallace Dorning
Vice-Chairman.....Larry Smith*
Secretary/Treasurer Gary Sparks
Director Mark Clouser
Director Lesley Easter
Director Tenya Green*
Director Ron McLeroy*
Director Brett Reynolds
Director Corey Robinson

Supervisory Committee

Committee Chairman Jim Smith
Committee Secretary Janis Swaim
Committee Member Jane Brewer

President/CEO

Stephanie Moore

* Incumbent directors whose terms of office expire with this meeting and who have chosen to seek re-election

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Rocket City Federal Credit Union 70th Annual Membership Meeting Agenda

Call to Order..... Wallace Dorning
Invocation..... Larry Smith
Ascertain a Quorum Present..... Gary Sparks
Minutes of Previous Meeting..... Gary Sparks
Chairman's Report Wallace Dorning
President/CEO's Report.....Stephanie Moore
Supervisory Committee Report Jim Smith
Nominating Committee Tom Dozier
Old Business
New Business
Adjournment

Minutes of the 70th Annual Membership Meeting Held March 20, 2023

The meeting was called to order by the Board Chairman, Wallace Dorning, at the Jaycee's Building, Huntsville, AL at 7:00 pm on March 20, 2023.

The following directors were present physically: Ronnie Dodson, Wallace Dorning, Lesley Easter, Tenya Green, Doc Holladay, Ron McLeroy, Larry Smith, Gary Sparks.

The following Supervisory Committee members were present physically: Jane Brewer, Jim Smith and Janis Swaim

Others present included: Stephanie Moore, Credit Union President/CEO

Larry Smith led the pledge of allegiance.

Larry Smith gave the invocation.

Minutes of the 70th Annual Membership Meeting (cont.)

Wallace Dorning asked Gary Sparks, Board Secretary/Treasurer, to ascertain that a quorum was present. The by-laws require a minimum of 15 members be present to constitute a quorum. Mr. Sparks advised the Board Vice Chairman that a quorum was present.

- Motion was made by Sandy Ekstrom and seconded by Anita Dillaha to dispense with the reading of the minutes from the previous meeting and to approve as presented. Motion carried unanimously.

Wallace Dorning presented the Board Chairman's report.

Stephanie Moore presented the President's report.

Jim Smith presented the Supervisory Committee report.

Board member Doc Holladay addressed the membership regarding his not seeking re-election to the Board after 18 years of service. He thanked the Board and the membership.

Board member Ronnie Dodson addressed the membership regarding his not seeking re-election to the Board after more than 20 years of service. He thanked the Board and the membership.

Ronnie Dodson asked Tom Dozier of the nominating committee, to address the membership. The nominating committee consisted of Tom Dozier, Anita Dillaha, and Jennifer Vandiver. Tom Dozier reported that three (3)

openings existed on the Board of Directors. All were for the existing term expirations of Doc Holladay, Ronnie Dodson, and Wallace Dorning. Mr. Dozier further advised that there had been two qualified members that submitted petitions to be considered for the Board of Directors. Having current Board member Doc Holladay and Ronnie Dodson abdicate their positions on the Board without desire to run for the positions, the following actions were taken.

- Motion was made by Tom Dozier and seconded by Ronnie Dodson to nominate Mark Clouser, Brett Reynolds, and Wallace Dorning for the open positions on the Board of Directors. Motion carried unanimously.

- Motion was made by Tom Dozier and seconded by Ronnie Dodson to close nominations. Motion carried unanimously.

With no further nominations, Mark Clouser, Brett Reynolds, and Wallace Dorning were elected to the Board of Directors through acclamation.

There was no old business to discuss.

New Business

Door prizes were drawn from everyone registered for the meeting. Winners were as follows:

- Grand Prize winner of \$500.00 was Kathy Appel.

- Eight \$100.00 cash prizes won by Emma Bennett, (Minor) Click, Mark/Margaret Clouser, Ronnie Dodson,

James Hargrove, Ava McGuff, Kathrine Osborne, and Jim Smith.

- One \$100.00 cash prize (donated by Huntsville Firefighter Assn # 1833) won by Colleen Appel.

- Five \$50.00 cash prizes won by Mary Bradley, Stephanie Moore, Mary Parker, Bobby Simmons, and Stan Stone.

- One \$50.00 Target gift card prize (donated by American Income Life Insurance Company) won by Ron McLeroy.

- Ten \$25.00 cash prizes won by Jessica Carter, Sharon Click, Danny Cox, Alexandria Paige Daly, Marolyn Glasgow, Muriel Hargrove, Carolyn Norris, Brett Reynolds, Amija Taylor and Melvin Whitman.

- Two \$25.00 Sam's gift card prize (donated by Sam's Club) won by Rebecca Hopkins and Jennifer Vandiver.

- Motion was made by Gary Sparks and seconded by Ron McLeroy to adjourn the meeting.

Motion carried unanimously.

The meeting was adjourned at 7:44pm.

There were more than 100 members in person registered at this meeting.

President/CEO's Report

Stephanie Moore, CEO

This is a year of celebration for Rocket City Federal Credit Union as we have been serving members of this community for 70 years. We would like to thank our members for your loyalty and dedication. We thank you for allowing us to service your personal banking needs for 70 years and will continue to provide financial services that tailor your individual needs. If you have visited the branch lately, you may have noticed our family has grown. We have an awesome teller frontline ready to assist you in your personal banking needs. Our Loan Officers work hard to ensure you receive the best rates in the market and what's most suitable for your financial outlook. Next, our Executive Team, Leslie Stone, our Chief Financial Officer, holds a plethora of financial accounting knowledge and experience. She ensures the Credit Union maintains a sound financial outlook in accordance to GAAP standards. Our Chief Operations Officer, Cindy Nazario, has safeguarded the Credit Union's daily operations and has proven to be essential for over 25 years. She upholds the Credit Union operations to the rules and regulations set forth by NCUA.

The digital technology wave has increased pressure on Credit Unions to meet expectations of their members through innovation. While we realize that digital technology is demanding more seamless, personalized and readily available financial solutions, according to CU Insight; we believe our members embrace the more personable one-on-one service they receive from our tellers, loan officers and members service representatives. We enjoy the daily task of meeting your needs; however, we understand expectations of the type of service you would like to receive are ever more changing. In response to better serve your personal banking experience we are ramping up our digital transformation as an effort to keep up with an increasing digital banking landscape.

For the fiscal year ending December 31, 2023, the Credit Union continued to show a strong and secure financial statement. In the past year, we had an increase in loan volume of 25% but a slight decrease in shares of 9%. With these changes, there was zero effect on our total assets. Our delinquency rate is a low 0.60%, which is reflective of the diligence and loyalty of our members in repaying their loans. The NCUA defines a well-capitalized credit union as one having a net worth ratio of 7% or higher. As of December 31, Rocket City's net worth ratio was 15.38%, up over 2 ½ percent since last year. Therefore, we are very financially sound according to the NCUA's standards.

Membership increased and we would like to extend a warm welcome to all new members.

The financial outlook of the credit union in 2023 was exceptional, therefore, we are going to invest in

President/CEO's Report Cont.

innovative ways to streamline banking services and provide more convenient ways for our members to access their funds and other financial services. Our goal is to offer convenient and efficient banking services to our members as we all work to meet the demands of changes occurring today without losing the personal touch Rocket City FCU family has provided to its members over the years.

We, at Rocket City Federal Credit Union, are looking forward to more exciting changes going forward and the continued success of our Credit Union and its members.

Chairman's Report

Wallace Dorning, Chairman
Board of Directors

Welcome to the 71st Annual Membership Meeting of Rocket City Federal Credit Union. We have been members helping members for 70 years!

As Chairman of the Board, I greatly appreciate the members for their loyalty to this credit union. Any financial institution is only as good as the people who use its services. I believe that the sponsor groups of Rocket City Federal Credit Union are among the finest in the Huntsville area.

Your Board of Directors meets monthly to discuss the progression of the credit union. This group is made up of volunteers voted for by the members to represent them in making sound business decisions. In regards to approving policy and procedure, guidelines are established by the National Credit Union Association, the Consumer Financial Protection Bureau, and other government entities. Our best interest is to continue to approve financial and technical solutions to better serve our members within our permissible guidelines.

Audits that were performed during 2023, provided confirmation of the credit union's safety and soundness. Management and employees are to be highly commended for continuing to receive clean audits.

The credit union had steady membership growth in 2023. I challenge each of you to talk to family members and co-workers who are not members of Rocket City FCU and encourage them to come join us. We can help make dreams come true.

I encourage each of you to contact any board member, at any time with concerns or suggestions you may have.

The Board of Directors, along with the Supervisory Committee and the Executive Team of Rocket City Federal Credit Union, looks forward to an ever growing, bright, and successful future.



Supervisory Report

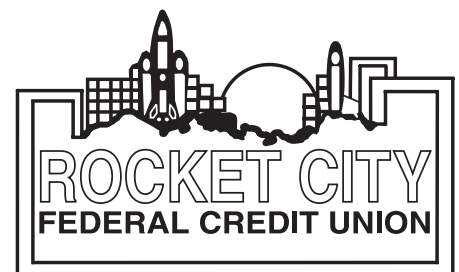
Jim Smith, CPA, Chairman
Supervisory Committee

The Supervisory Committee of the Rocket City Federal Credit Union would like to thank the Board of Directors for their ongoing support during 2023 and ensure the members that the credit union continues to be financially secured. Results of audits performed during the year by the Supervisory Committee, the League of Southeastern Credit Unions, Kudulis, Reisinger, and Price Law Firm, and the NCUA all support this statement.

Our primary responsibility and concern is to safeguard the assets of the credit union. Examinations including cashier activities, new and closed accounts, cash reconciliation, vault logs, credit card transactions, delinquent loans, verification of member accounts, dormant account activity, corporate statements, and other items revealed little or no abnormalities. By the performance of these activities, and especially by the results noted, the credit union membership can be assured that their funds, loans and other financial instruments are being handled in an excellent manner by the credit union staff and management.

The Supervisory Committee appreciated being allowed to be involved in monthly board meetings in 2023. We experienced that board members and credit union management are fully supportive and aggressive in improving member services and increasing membership in the credit union without compromising existing member benefits. We also saw that credit union management is committed to overseeing development in the pursuit of excellence.

The Supervisory Committee looks forward to a prosperous and productive 2024 and expects that the credit union's financial strength; member services and membership will continue to grow not only during 2024, but also well into the future.





ROCKET CITY FEDERAL CREDIT UNION

Financial Statements (Snapshot)

COMPARATIVE BALANCE SHEET

<u>ASSETS</u>	<u>12/31/23</u>	<u>12/31/22</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Loans	\$27,986,026.05	\$22,356,071.46	\$5,629,954.59	25%
Allowance for Loan Losses	(88,759.21)	(80,115.47)	(8,643.74)	11%
Cash	518,366.54	678,248.63	(159,882.09)	-24%
Investments	30,017,132.58	39,891,783.05	(9,874,650.47)	-25%
Accounts Receivable	4,741.78	497.36	4,244.42	853%
Prepaid and Deferred Expense	60,365.47	62,517.23	(2,151.76)	-3%
Fixed Assets	2,370,332.78	2,438,909.78	(68,577.00)	-3%
Other Assets	931,321.22	608,679.07	322,642.15	53%
NCUSIF Deposit	543,645.37	577,319.77	(33,674.40)	-6%
Total Assets	\$62,343,172.58	\$66,533,910.88	(\$4,190,738.30)	-6%
<u>LIABILITIES AND CAPITAL</u>				
Other Liabilities	759,662.45	759,481.98	180.47	0%
Shares	52,512,183.33	57,909,873.11	(5,397,689.78)	-9%
Other Comprehensive Income	(450,534.04)	(855,357.04)	404,823.00	-47%
Regular Reserves	1,353,276.36	1,353,276.36	0.00	0%
Undivided Earnings	8,074,379.85	7,317,986.23	756,393.62	10%
Net Income	94,204.63	48,650.24	45,554.39	94%
Total Liabilities & Capital	\$62,343,172.58	\$66,533,910.88	(\$4,190,738.30)	-6%
	\$0.00	\$0.00	\$0.00	

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

	<u>01/01/23 to 12/31/23</u>	<u>01/01/22 to 12/31/22</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<u>OPERATING INCOME</u>				
Interest on Loans	\$1,589,604.13	\$1,290,139.25	299,464.88	23%
Income from Investments	862,978.71	416,873.72	446,104.99	107%
Other Operating Income	878,599.64	849,952.24	28,647.40	3%
Total Operating Income	3,331,182.48	2,556,965.21	774,217.27	30%
<u>OPERATING EXPENSE</u>				
Employee Compensation & Benefits	918,957.96	895,715.05	23,242.91	3%
Association Dues	15,905.50	17,026.37	(1,120.87)	-7%
Office Occupancy & Operations	738,847.33	728,567.02	10,280.31	1%
Loan Servicing	181,162.36	183,720.74	(2,558.38)	-1%
Professional and Outside Services	195,697.57	174,925.73	20,771.84	12%
Member' Insurance	11,018.53	10,511.83	506.70	5%
Provision for Loan Loss	59,320.00	(21,527.00)	80,847.00	-376%
Other Expenses	192,508.41	194,160.34	(1,651.93)	-1%
Total Operating Expense	2,313,417.66	2,183,100.08	130,317.58	6%
 Net Income Before Dividends	 1,017,764.82	 373,865.13	 643,899.69	 172%
Non-Operating Income	0.00	0.00	0.00	0%
Cost of Funds	215,816.81	97,176.04	118,640.77	122%
 Net Income	 \$801,948.01	 \$276,689.09	 \$525,258.92	 190%