



Ms. Gordon reported on the financial condition of the Credit Union. Ms. Gordon detailed the overall financial health of the Credit Union and highlighted the increase in income by \$837K. She added that with the efforts of staff and leadership, revenues have increased and the Credit Union had the capacity to provide events such as the 75th anniversary at Knotts Berry Farm to members. Ms. Gordon explained that membership's success is the goal of the Credit Union. She attributed the success of the Credit Union to the patronage and performance of the membership.

In the Supervisory Committee Report, Mr. Gomez highlighted segments of the written report, and explained the Committee's responsibilities. Mr. Gomez then introduced the members of the Supervisory Committee present, Priti Kapoor and Tasha Cunningham. Mr. Gomez explained the role of the Supervisory Committee. Mr. Gomez stated that based on December 2014 results of the annual audit performed by Certified Public Accountants as well as examinations conducted by federal regulators, Schools Federal Credit Union had adequate financial control and is properly reporting its financial condition.

Mr. Boull't, Nominating Committee Chair, was introduced by Ms. Fairlie. Mr. Boull't introduced the nominees: Yoshiko Fong and Jeanne Marmalefsky, and Dr. Gayle Ball-Parker. Mr. Boull't delivered a brief biography of each candidate and their qualifications. The nominees will serve a three year term.

No qualified petitions for additional candidates had been received. Thus, Mr. Boull't announced the nominees were elected by acclamation. A motion to accept the nominees was made by Ms. Gordon, 2nd by Teresa Barboza. The motion carried.

Ms. Fairlie thanked Mr. Gomez who was instrumental in obtaining a proclamation from LAUSD honoring Schools Federal Credit Union's service. Mr. Gomez displayed the proclamation signed by Members of the Board of Education of LAUSD, which recognized Schools Federal Credit Union's service to the educational community of greater Los Angeles Area.

Ms. Fairlie called for any Old and New Business. There was none. As there was no further business, Ms. Fairlie adjourned the meeting at 11:33 am. She thanked the membership for their presence and welcomed them to enjoy lunch and the remainder of the day at Knott's Berry Farm.



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2015 Annual Report

Defining Our Future





CHAIRMAN'S REPORT

Dear Members:

I am pleased to report that 2015 was another good year for our credit union. Despite relentless competition from massive, multi-billion-dollar credit unions, our members continued to value the personal touch we provide, such as celebrating our 75th year of service with a great party at Knott's Berry Farm attended by more than 500 of our members. At year end, our assets totaled \$117 million and our net worth had grown to \$11.6 million, or 10.05% of our total assets (7% is considered well capitalized). Delinquency rates are less than 0.78% of all loans. Our online services include applications for membership, loans, bill pay, and account transfers. Getting cash and making deposits is available at more than 30,000 ATMs and over 5,000 branches (service centers) throughout the country.

Credit for our success is due to the leadership of John Drake, CEO, and our entire management team, and the hard work of our dedicated staff.

My personal thanks to my colleagues on the all-volunteer Board of Directors and Supervisory Committee who have worked so hard to serve our credit union. And to you, our members, who keep alive the credit union philosophy of "people helping people". Please continue to make us your first stop for checking accounts, loans, and other financial services. We invite you to visit us in person at our friendly branch locations. Remember to share the wealth of membership with your friends and family. Your referrals are greatly appreciated!

Sincerely,
Margaret Fairlie, Chair

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee of Schools Federal Credit Union independently evaluates the soundness of Schools Federal Credit Union's operations and activities. Throughout the year, the committee meets with management to monitor the internal controls and initiatives.

The Supervisory committee also meets with various regulators and oversees the internal audit function as well as meeting with the financial statement auditors to discuss the annual audit.

Based on the results of the December 31, 2015 audit on agreed upon procedures performed by Turner, Warren, Hwang & Conrad, certified public accountants, as well as examinations conducted by state and federal regulators, we conclude that Schools Federal Credit Union has adequate financial controls and is properly reporting its financial position.

COMPARATIVE BALANCE SHEET

as of December 31, 2015 (Unaudited)

ASSETS	2014	2015
Loans to Members	\$72,603,240	\$69,223,141
Allowance for Loan Loss	-1,665,187	-2,018,258
Property and Equipment	2,117,630	1,749,989
Cash and Cash Equivalents	10,303,445	13,993,170
Investments	21,139,284	30,288,980
Share Insurance Deposits	991,688	1,009,700
Account Receivables and Other Assets	3,291,117	3,363,737
Total Assets	\$108,781,217	\$117,610,459

LIABILITIES AND EQUITY	2014	2015
Accrued and Other Liabilities	\$662,590	\$643,622
Member's Share and Deposits	97,031,206	105,361,143
Member's Equity	11,087,421	11,605,694
Total Liabilities and Equity	\$108,781,217	\$117,610,459

COMPARATIVE INCOME STATEMENT

as of December 31, 2015

OPERATING INCOME	2014	2015
Interest on Loans	\$4,250,614	\$3,929,059
Investments	304,345	340,751
Fees and Charges	2,055,447	1,994,242
Total Operating Income	\$6,610,406	\$6,264,052

INTEREST EXPENSE	2014	2015
Dividends	\$288,559	\$257,670
Provision for Loan Loss	787,811	685,000
Net Income Before Expenses	5,534,036	5,321,382
Operating Expenses	5,072,799	4,990,904
Net Income After Expenses	461,237	330,478
Non Operating Income	122,589	105,006
Net Income	\$583,826	\$435,484



75th Annual Meeting Minutes

May 23, 2015

CALL TO ORDER

The 75th Annual Meeting of Schools Federal Credit Union was held Saturday, May 23, 2015 at Knott's Berry Farm, located at 8039 Beach Blvd., Buena Park, CA 90620. Margaret Fairlie, Chair of the Board of Directors, called the meeting to order at 11:11am, and welcomed all in attendance. The following officials were in attendance:

Board of Directors

Margaret Fairlie, Karen Hemingway, Yoshiko Fong, Enrique Boull't
Jeanette Gordon, Gayle Ball-Parker, PhD
Absent: Robert Zimring, Jeanne Marmalefsky

Supervisory Committee

Alex Gomez, Tasha Cunningham, Priti Kapoor
Absent: Larry Chatman, Yvette Merriman-Garrett

Credit Union Staff

• John Drake • Carlos Garrido • Philip Morgan
• Catherine Stinson • Terri Barboza • Lauren Rendon

Ms. Fairlie, Chair of the Board, opened the meeting by introducing herself. Ms. Fairlie stated that in 2015, Schools Federal Credit Union celebrated 75 years of service. Ms. Fairlie then introduced Yoshiko Fong, Vice Chair of the Board of Directors. Ms. Fong led the flag salute. Immediately following, Dr. Gayle Ball-Parker was introduced and led the invocation.

Ms. Fairlie introduced the Board of Directors and gave a brief biography of each member and thanked them for their participation in and commitment to the success of the Credit Union. Ms. Fairlie introduced Chief Executive Officer, John Drake. Mr. Drake introduced the Credit Union staff and recognized them for their efforts and service to the Credit Union. The floor was returned to Ms. Fairlie.

Ms. Fairlie next introduced the Supervisory Committee Chair, Alex Gomez. Mr. Gomez ascertained a quorum of eligible voting members were present for the Annual Meeting as required under Schools Federal Credit Union Bylaws. Ms. Fong, called the memberships' attention to the 2014 Annual Meeting Minutes. She requested a motion from the floor to approve the Minutes. A motion was made by John Drake, 2nd by Enrique Boull't. The motion carried.

Immediately following, reports were introduced by Ms. Fairlie:

In her Chairperson's report, Ms. Fairlie gave a brief overview of the Credit Union's accomplishments in 2014. She stated that a review of the accompanying financial statements showed a significant increase in financial strength over the past year. Ms. Fairlie commended CEO, John Drake and COO, Carlos Garrido, management and staff for their hard work and dedication to the CU and its members in 2014. In closing, Ms. Fairlie thanked the members for keeping alive the CU philosophy of "People helping people". She then introduced Jeanette Gordon, Treasurer of the Board of Directors.