



CHAIRMAN'S REPORT

Dear Members:

Our credit union had a good year in 2014. At year end, our assets totaled \$109 million and our net worth had grown to \$11.1 million, or 10.19% of our total assets (7% is considered well capitalized). Delinquency rates fell to a low of 0.68%. Average wait time to speak with a Call Center Representative was 1.25 seconds. Our mobile banking service enabled us to provide state of the art services to our members and continued to attract new users. Our online services include applications for new memberships, loans, bill payments, and account transfers.

Credit for the above is due to the leadership of our CEO, John Drake, our Chief Operating Officer, Carlos Garrido, 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, as we celebrate 75 years of service to the educational community, our success is thanks to you, our members, who keep alive the credit union philosophy of "people helping people." Please make us your first stop for checking accounts and loans, continue to like us on Facebook, follow us on Twitter, and visit us in person at our friendly branch locations.

Sincerely,
Margaret Fairlie, Chair

SUPERVISORY COMMITTEE

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, 2014 annual audits performed by Turner, Warren, Hwang & Conrad AC, Certified Public Accountants & Consultants, as well as examinations conducted by federal regulators, we conclude that Schools Federal Credit Union has adequate financial controls and is properly reporting its financial position.



SchoolsFCU.org
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866/459-2345

CONTACT INFORMATION

Member Service Center: (866) 459-2345
Email: info@schoolsfcu.org
Website: www.SchoolsFCU.org

HOURS & LOCATION

Monday to Thursday: 9AM–5PM
Friday: 9AM–6PM

South Bay

2200 W Artesia Blvd.
Rancho Dominguez, CA 90220

Los Angeles – Orsini II Building

850 W Cesar Chavez Ave.
Los Angeles, CA 90012

ATM & SHARED BRANCH LOCATOR

Phone: (888) SITE-COOP
Website: www.co-opcreditunions.org/locator

24/7 ACCOUNT ACCESS

eBanking — Touchtone Teller — Mobile Banking

BOARD OF DIRECTORS

Margaret Fairlie, *Chair*
Yoshiko Fong, *Vice Chair*
Robert Zimring, *Secretary*
Jeanette Gordon, *Treasurer*

Enrique Boull't
Jeanne Marmalefsky
Karen Hemingway
Dr. Gayle Ball-Parker

SUPERVISORY COMMITTEE

Alex Gomez, *Chair* Larry Chatman Tasha Cunningham
Priti Kapoor Yvette Merriman-Garrett

EXECUTIVE MANAGEMENT TEAM

John Drake, *CEO* Philip Morgan, *CFO* Carlos Garrido, *COO*
Catherine Stinson, *Director of Lending*
Terri Barboza, *Director of Human Resources*

For escalated issues: Schools FCU (Supervisory Committee),
PO Box 81-2144, Los Angeles, CA 90081



Serving the financial needs of the educational community since 1939



—2014 Annual Report—

BUILDING A SOLID FOUNDATION

74TH ANNUAL MEETING MINUTES

May 20, 2014

CALL TO ORDER

The 74th Annual Meeting of Schools Federal Credit Union was held on Tuesday, May 20, 2014 in the Community Room located at 2200 West Artesia Boulevard, Rancho Dominguez, CA. Margaret Fairlie, Chair of the Board of Directors, called the meeting to order at 7:02PM, and welcomed all in attendance. The following officials were in attendance:

BOARD OF DIRECTORS

Margaret Fairlie	Jeanette Gordon	Enrique Boull't
Yoshiko Fong	Karen Hemingway	Gayle Ball Parker, PhD

SUPERVISORY COMMITTEE

Sharon Thomas	Tasha Cunningham	Priti Kapoor
Alex Gomez		

CREDIT UNION STAFF (SENIOR MANAGEMENT)

John Drake	Philip Morgan	Terri Barboza
Carlos Garrido	Catherine Stinson	

Ms. Fairlie, Chair of the Board, opened the meeting by introducing herself, and invited members of the Board and Supervisory Committee, staff, and guests to introduce themselves to be acknowledged for their efforts. Ms. Fairlie then introduced Yoshiko Fong, Vice Chair of the Board of Directors. A moment of silence for recent tragedies was led by Ms. Fong followed by the flag salute. The floor was returned to Ms. Fairlie, who called on Sharon Thomas, Chair of the Supervisory Committee, to ascertain whether a quorum was present. Ms. Thomas confirmed the presence of a quorum.

Ms. Fong, Vice Chair of the Board of Directors, called the membership's attention to the 2013 Annual Meeting Minutes. She requested a motion from the floor to approve the Minutes. A motion was made by Jeanette Gordon, and seconded by Francis Gosun. The motion carried. Next, the following reports were introduced by Ms. Fairlie:

Board of Directors (left to right): Enrique Boull't, Yoshiko Fong, Margaret Fairlie, Dr. Gayle Ball-Parker, Karen Hemmingway, Jeanette Gordon.
Absent: Robert Zimring, Jeanne Marmalefsky, Kim Kennedy



Supervisory Committee (left to right): Tasha Cunningham, Alex Gomez, Priti Kapoor, Sharon Thomas; Absent: Larry Chatman

Chairperson's Report Ms. Margaret Fairlie
Treasurer's Report Ms. Jeanette Gordon
Supervisory Committee Report Ms. Sharon Thomas

Ms. Fairlie discussed the prior year's struggles and economic downturn. She commended the Interim CEO, John Drake, and the Interim COO, Carlos Garrido, for their leadership and efforts during these times, and thanked staff for their dedication to the CU (Credit Union) and its members. Ms. Fairlie stated the CU was beginning to realize success from these efforts as it had positive earnings at the beginning of 2014. Ms. Fairlie added that she continues to be optimistic about the future of the CU. She stated the CU was positioned to provide great value to the members for many years to come. Then, she introduced Jeanette Gordon, Treasurer of the Board of Directors.

Ms. Gordon detailed the overall financial health of the CU and highlighted the increase in fees and charges and total operating income. She stated that the 2013 financials were audited, and the CU received an unqualified opinion.

In the Supervisory Committee Report, Ms. Thomas, Chair, highlighted segments of her written report, and explained the Committee's responsibilities. She concluded by stating that the CU has adequate financial controls and is properly reporting its financial position.

Ms. Gordon, Nominating Committee Chair, was introduced by Ms. Fairlie. Ms. Gordon introduced the three Board candidates nominated by the Board for reappointment: Margaret Fairlie, Robert Zimring, and Enrique Boull't for three year terms, and Gayle Ball Parker, PhD for one year to serve the remainder of the term in the seat vacated by Greg Saks. Each candidate delivered a short biography. Ms. Fairlie gave a brief biography of Mr. Zimring.

No qualified petitions for additional candidates had been received. Thus, Ms. Gordon announced the nominees were elected by acclamation. A motion to accept the nominees was made by Mr. Drake, and seconded by Lauren Rendon. The motion carried.

Ms. Fairlie called for the Old and New Business. As there was no further business, Ms. Fairlie adjourned the meeting at 7:23PM. She thanked the membership for their attendance and invited them to enjoy the refreshments.

COMPARATIVE BALANCE SHEET

as of December 31, 2014 (Unaudited)

ASSETS	2013	2014
Loans to Members	\$78,724,375	\$72,603,240
Allowance for Loan Loss	-1,519,591	-1,665,187
Property and Equipment	2,509,780	2,117,630
Cash and Cash Equivalents	4,890,687	10,303,445
Investments	18,669,160	21,139,284
Share Insurance Deposits	998,461	991,688
Account Receivables & Other Assets	3,341,373	3,291,117
TOTAL ASSETS	\$107,614,245	\$108,781,217

LIABILITIES & EQUITY		
Accrued and Other Liabilities	\$645,160	\$662,590
Member's Share and Deposits	96,825,314	97,031,206
Member's Equity	10,143,771	11,087,421
TOTAL LIABILITIES & EQUITY	\$107,614,245	\$108,781,217

COMPARATIVE INCOME STATEMENT

as of December 31, 2014

OPERATING INCOME	2013	2014
Interest on Loans	\$4,385,039	\$4,250,614
Investments	177,271	304,345
Fees and Charges	2,160,057	2,055,447
TOTAL OPERATING INCOME	\$6,722,367	\$6,610,406

INTEREST EXPENSE		
Dividends	\$403,002	\$288,559
Provision for Loan Loss	516,095	787,811
Net Income Before Expenses	5,803,270	5,534,036
Operating Expenses	6,183,683	5,072,799
Net Income After Expenses	-380,413	461,237
Non Operating Income	126,734	122,589
NET INCOME	\$-253,679	\$583,826