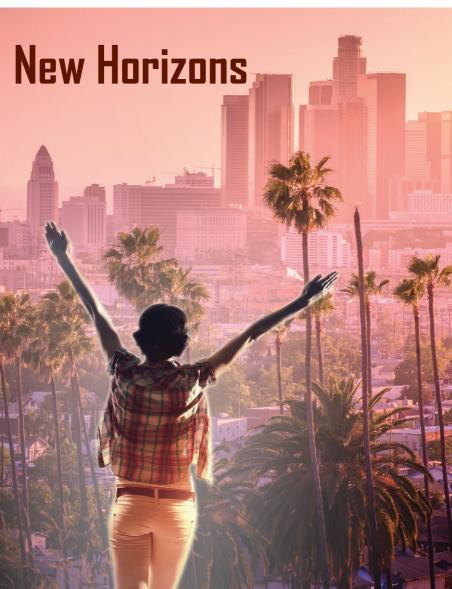


Serving the financial needs of the educational community since 1939

2017 Annual Report





CHAIRMAN'S REPORT

What a tremendous year we had in 2017. Schools Federal Credit Union continues to demonstrate that small community credit unions can thrive in today's financial climate as the better alternative to big banks and large corporate credit unions. This could not happen without you, our members, and the support from our major select employee groups (SEG): LAUSD ,LACCD, CSUDH and the Boys and Girls Clubs of America.

For the coming year, our members can depend on their credit union continuing to provide outstanding financial products and services that meet or exceed other financial institutions. We will continue to pursue state of the art technology to protect against fraudulent activities and we will always maintain our mission of putting you, our members, as the reason why we exist!

Enrique Boull't Board of Directors, 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, 2017 audit on agreed upon procedures performed by Turner, Warren, Hwang & Conrad, certified public accountants, 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.

Yvette Merriman-Garrett Supervisory Committee, Chair



COMPARATIVE BALANCE SHEET

as of December 31, 2017 (Audited)

Total Liabilities and Equity

ASSETS	2016	2017
Loans to Members	\$71,845,881	\$71,119,123
Allowance for Loan Loss	(2,210,885)	(2,322,635)
Cash and Cash Equivalents	8,109,599	9,485,649
Investments	33,183,261	39,812,518
Property and Equipment	1,445,088	136,178
Share Insurance Deposits	1,032,392	1,075,666
Account Receivables and Other Assets	3,098,780	3,696,539
Total Assets \$*	116,504,116	\$123,003,038
LIABILITIES AND EQUITY		
Accrued and Other Liabilities	\$899,731	\$780,090
Member's Share and Deposits	103,371,568	106,190,382
Member's Equity	12,232,817	16,032,565

\$116,504,116

\$123,003,037

COMPARATIVE INCOME STATEMENT

as of December 31, 2017		
OPERATING INCOME	2016	2017
Interest on Loans	\$3,711,732	\$3,551,740
Investments	446,343	553,911
Fees and Charges	1,892,477	1,797,054
Total Operating Income	\$6,050,552	\$5,902,705
INTEREST EXPENSE		
Dividends	\$242,308	\$216,521
Provision for Loan Loss	380,000	300,000
Net Income Before Expenses	5,428,244	5,386,184
Operating Expenses	(4,929,085)	(4,901,565)
Net Income After Expenses	499,159	484,619
Non Operating Income	138,638	3,242,616
Net Income	\$637,797	\$3,727,235



Arnold Blanshard Tasha Cunningham Yvette Merriman-Garrett Priti Kapoor Timothy Rosnick



77th Annual Meeting Minutes June 3, 2017 CALL TO ORDER

The 77th Annual Meeting of Schools Federal Credit Union was held Saturday, June 3, 2017, in the Gold Rush Camp at the Knott's Berry Farm Picnic Center, 8039 Beach Boulevard, Buena Park, California. Enrique Boull't, chair of the Board of Directors, led the flag salute and invocation, and called the meeting to order at 11:20 AM, on a motion by credit union member John Drake, and seconded by Olonzo Woodfin III. The following officials were in attendance:

Board of Directors

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

Supervisory Committee

Tasha Cunningham Priti Kapoor Yvette Merriman-Garrett Timothy Rosnick Arnold Blanshard (Absent: Alex Gomez)

Senior Management

John Drake, CEO Carlos Garrido, COO Philip Morgan, CFO Catherine Stinson, Director of Lending

Mr. Boull't opened the meeting by introducing himself and thanking everyone for attending the meeting celebrating 77 years of service to the Los Angeles Unified School District, Los Angeles Community College District, California State University–Dominguez Hills, and the Boys and Girls Club. Mr. Boull't introduced Tasha Cunningham, who is on the Supervisory Committee, to establish the Ascertainment of Quorum in adherence to the credit union's bylaws. The quorum was established.

Mr. Boull't introduced the members of the Board of Directors, Supervisory Committee, and Credit Union Executive Team, gave a brief biography of each affiliate, and thanked them for their participation in and commitment to the credit union's success.

Mr. Boull't proceeded to introduce Yoshi Fong, secretary of the Board of Directors. Ms. Fong called the membership's attention to the 2016 annual meeting minutes. She requested a motion from the stage to dispense reading of the minutes and approve them. John Drake made a motion, which Dr. Gayle Ball-Parker seconded. The motion carried.

Jeanette Gordon reported on the credit union's financial condition. Ms. Gordon detailed the overall financial health of the credit union and highlighted that the



year ended with approximately \$637K in net income. She added that with the efforts of staff and leadership, revenues have increased. Ms. Gordon explained that the membership's success is the credit union's goal. She attributed the credit union's success to the patronage and performance of the membership.

In the Supervisory Committee report, Tasha Cunningham highlighted segments of the written report and explained the committee's roles and responsibilities. Ms. Cunningham stated that based on the 2016 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 properly reports its financial condition.

In his report, Mr. Boull't gave a brief overview of the credit union's accomplishments in 2016. He stated that a review of the accompanying financial statements showed a significant increase in financial strength during the past year. In closing, Mr. Boull't announced a new headquarters location for the credit union, at 20101 Hamilton Avenue, in Torrance.

Karen Hemingway, the Nominating Committee chair, announced the following nominees: Enrique Boull't and Margaret Fairlie. Ms. Hemingway delivered a brief biography of each candidate and their qualifications. The nominees will serve three-year terms. No qualified petitions for additional candidates had been received. Thus, Ms. Hemingway announced the nominees were elected by acclimation. John Drake made a motion to accept the nominees, which was seconded by Jeanette Gordon. The motion carried.

Mr. Boull't then invited Dr. Ball-Parker to speak about the Olonzo Woodfin III scholarship. Dr. Ball-Parker gave some insight into the selection process and the scholarship recipients. Dr. Ball-Parker then passed the stage to Mr. Boull't. He introduced and invited former board member Olonzo Woodfin III to take the stage. Mr. Woodfin thanked the members for keeping alive the credit union philosophy of "People Helping People."

In closing, Mr. Boull't called for any old and new business. There was none. As there was no further business, Mr. Boull't adjourned the meeting at 11:41 AM and thanked the membership for their presence.



FEDERAL CREDIT UNION

Member Service Center

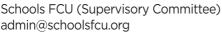
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(open Monday - Thursday, 9 am - 5 pm Friday 9 am - 6pm)

South Bay:

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Los Angeles:

Orsini II Building 850 West Cesar E Chavez Los Angeles, CA 90012



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