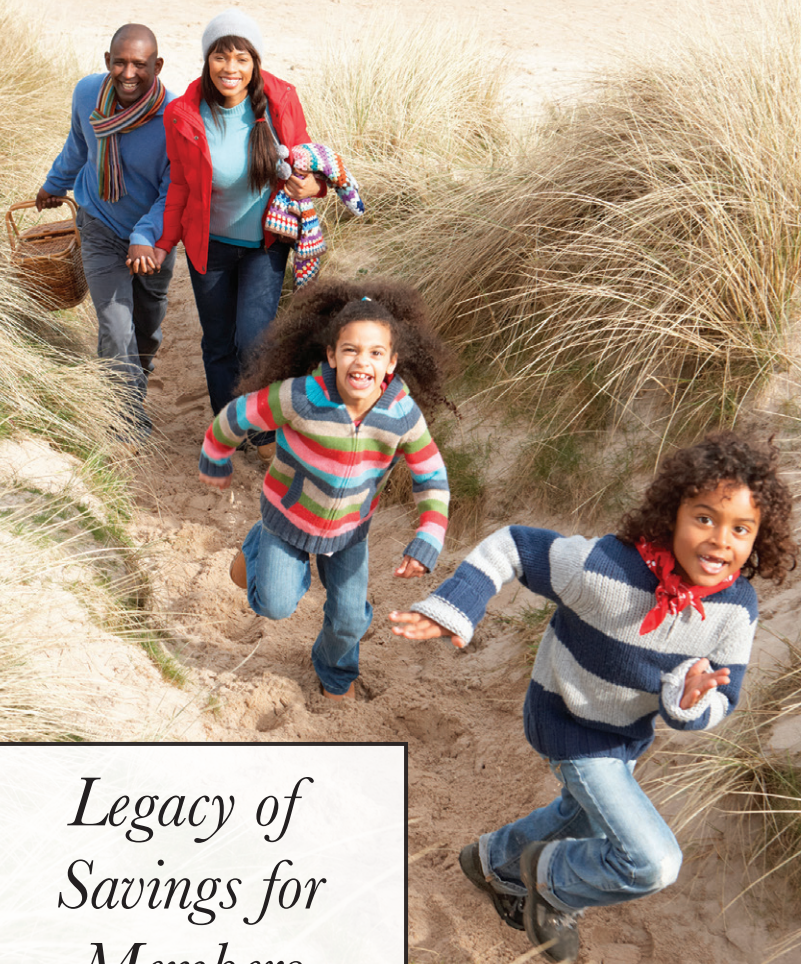




Serving the financial needs of the educational community since 1939

2016 Annual Report



*Legacy of
Savings for
Members*

over 77 years of service

CHAIRMAN'S REPORT

I want to start by thanking all of our members, families, and employees for joining us here at Knott's Berry Farm this morning. I'm glad to see so many of you that have come out today to celebrate our 77th year as your credit union of choice. I'd like to share with you that Schools Federal Credit Union enjoyed another successful year with strong financials, increasing assets, and exceeding our goals for 2016.

This year, we're introducing new and exciting services along with financial products to ensure that our credit union continues to meet our member's needs. Additionally, we look forward to our new main office in the South Bay which will better serve our LAUSD and educational community. Our credit union remains strong due to your ongoing support and the leadership of our CEO John Drake, our management team, and the rest of our professional staff, who strive to serve you daily.

I also wish to thank all of our volunteers serving on the Board of Directors and the Supervisory Committee. Their tireless commitment to this credit union is a true testament to how important maintaining Credit Unions are as an alternative to Big Banks for our field of membership and industry. Thank you again for the trust you have placed in us by maintaining your financial services and needs with Schools Federal Credit Union. Just know that you are our family and we're here for you!

Sincerely,

Enrique Boull't, 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, 2016 (Unaudited)

ASSETS	2015	2016
Loans to Members	\$69,223,141	\$71,845,881
Allowance for Loan Loss	(2,018,258)	(2,210,885)
Cash and Cash Equivalents	13,993,170	8,109,599
Investments	30,288,980	33,183,261
Property and Equipment	1,749,989	1,445,088
Share Insurance Deposits	1,009,700	1,032,392
Account Receivables and Other Assets	3,363,737	3,098,780
Total Assets	\$117,610,459	\$116,504,116
LIABILITIES AND EQUITY		
Accrued and Other Liabilities	\$643,622	\$899,731
Member's Share and Deposits	105,361,143	103,371,568
Member's Equity	11,605,694	12,232,817
Total Liabilities and Equity	\$117,610,459	\$116,504,116

COMPARATIVE INCOME STATEMENT

as of December 31, 2016

OPERATING INCOME	2015	2016
Interest on Loans	\$3,929,059	\$3,711,732
Investments	340,751	446,343
Fees and Charges	1,994,242	1,892,477
Total Operating Income	\$6,264,052	\$6,050,552
INTEREST EXPENSE		
Dividends	\$257,670	\$242,308
Provision for Loan Loss	685,000	380,000
Net Income Before Expenses	5,321,382	5,428,244
Operating Expenses	4,990,904	4,929,085
Net Income After Expenses	330,478	499,159
Non Operating Income	105,006	138,638
Net Income	\$435,484	\$637,797





76th Annual Meeting Minutes

May 24, 2016

CALL TO ORDER

The 76th Annual Meeting of Schools Federal Credit Union was held Tuesday, May 24, 2016 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 6:12pm, and welcomed all in attendance. The following officials were in attendance:

Board of Directors

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

Absent: Jeanne Marmalefsky, Jeanette Gordon

Supervisory Committee

Alex Gomez, Tasha Cunningham, Priti Kapoor, Yvette Merriman-Garrett

Credit Union Staff

John Drake • Carlos Garrido • Philip Morgan • Vaughn Simmons • Lauren Rendon

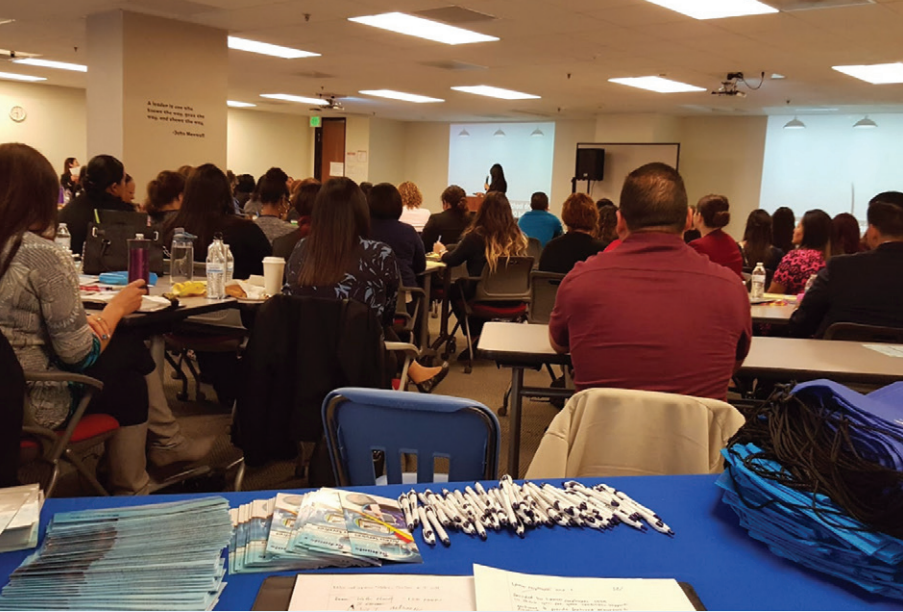
Ms. Fairlie, Chair of the Board, opened the meeting by introducing herself. Ms. Fairlie stated that in 2016, Schools Federal Credit Union celebrated 76 years of service. Ms. Fairlie then introduced Enrique Boull't, Vice Chair of the Board of Directors. Mr. Boull't led the flag salute and invocation.

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 then 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. The floor was returned to Ms. Fairlie.

Ms. Fairlie introduced Yoshi Fong, Secretary of the Board of Directors. Ms. Fong called the memberships' attention to the 2015 Annual Meeting Minutes. She requested a motion from the floor to dispense reading of the minutes and also to approve them. A motion was made by John Drake, 2nd by Dr. Gayle Ball-Parker. 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 2015. 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 2015. In closing, Ms. Fairlie thanked the members for keeping alive the CU philosophy of "People helping people".



Ms. Fong reported on the financial condition of the Credit Union. Ms. Fong detailed the overall financial health of the Credit Union and highlighted the year ended with \$435K in net income. She added that with the efforts of staff and leadership, revenues have increased. Ms. Fong 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, Tasha Cunningham and Yvette Merriman-Garrett. Mr. Gomez explained the role of the Supervisory Committee. Mr. Gomez stated that based on December 2015 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.

Yoshi Fong, the Nominating Committee Chair, announced the following nominees: Jeanette Gordon and Karen Hemingway. Ms. Fong 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, Ms. Fong announced the nominees were elected by acclamation. A motion to accept the nominees was made by Mr. Boull't, 2nd by Ms. Hemingway. The motion carried.

Ms. Fairlie called for any Old and New Business. There was none. As there was no further business, Ms. Fairlie adjourned the meeting at 6:43pm. She thanked the membership for their presence.





CONTACT INFORMATION

Member Service Center

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to apply for a loan, select option 3

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For escalated issues:

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South Bay:

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Rancho Dominguez, CA 90220

Los Angeles:

Orsini II Building

850 W Cesar Chavez

Los Angeles, CA 90012

