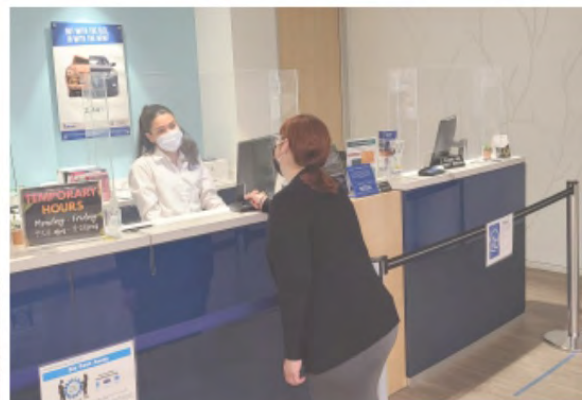
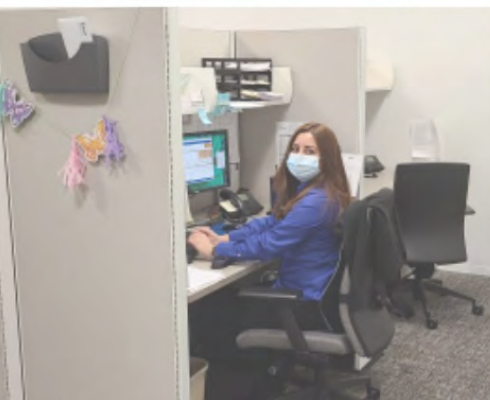


## Adapting to New Challenges

### 2020 Annual Report





## CHAIRMAN'S REPORT

It is humbling to know that Schools Federal Credit Union was founded back in 1939 by a group of employees of what was once known as the Los Angeles City School District (now LAUSD and LACCD), particularly classified employees. The credit union was founded with the same philosophy under which it continues to operate today: to provide discounted financial services to its field of membership. In 2020, our business philosophy regarding people helping people was put to the test as we collectively adapted to new practices and enhanced our products and services using remote channels to accommodate the needs of members and do our part in minimizing the spread of COVID-19.

In 2020, we provided the option to those financially affected by the pandemic to defer their loan payments based on the needs of their household. For those members who had their loan elsewhere, we offered to refinance those loans with terms that accommodated their budgets. We enhanced our Technology Loan to provide member with affordable means to upgrade or purchase new computers, as most had to work or attend school from home. We also reduced the interest rate on our credit cards and offered emergency loans, so members had affordable access to cash.

Despite the challenges we faced in 2020, the credit union continued to thrive because of the strong bond we have with our members. Our assets increased by more than \$24.7 million. We remained profitable with a net income of \$565,448, and closed the year with a capital ratio of 12.44% (7% is what federal regulators set as the threshold for being well-capitalized). These are all key benchmarks that tell us how financially sound our credit union remains. Because of your support, we were able to sponsor several initiatives at LAUSD, LACCD, and other educational communities we serve.

We look forward to the new year and to going forward!

Enrique Boull't  
Chairman of the Board

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is responsible for ensuring that the Credit Union's Board of Directors and management establish practices and procedures to properly safeguard members' assets. In addition, the Committee is responsible for securing the annual financial statement audit or agreed upon procedures from a licensed, independent auditor.

In accordance with Federal law, the Supervisory Committee is comprised of volunteer members and functions independently of Credit Union management. As an independent body, the Supervisory Committee manages various internal audit procedures and monitors the resolution of any audit findings from these reviews, external auditors, or regulating entities. The Supervisory Committee also investigates any member complaints received which were not resolved by management to member's satisfaction.

### **Supervisory Committee Members:**

Arnold Blanshard (Chair), Tasha Cunningham, Priti Kapoor, Timothy Rosnick

## **BOARD MEETING MINUTES | 80th Annual Meeting | May 26, 2020 | Virtual Meeting via Zoom Conference Calling**

Schools Federal Credit Union (SFCU) #3526 Board of Directors' (BOD) and 80th Annual meeting was held on Tuesday, May 26, 2020. The meeting was called to order at 5:09 pm by Chairman Enrique Boull't. The following individuals were in attendance:

### **Board of Directors**

Enrique Boull't ♦ Karen Hemingway ♦ Yoshiko Fong ♦ Jeanette Gordon ♦ Margaret Fairlie ♦ Dr. Gayle Ball-Parker  
Dr. Antoine Hawkins

### **Supervisory Committee**

Timothy Rosnick ♦ Tasha Cunningham ♦ Priti Kapoor ♦ Arnold Blanshard

### **Credit Union Staff**

Carlos Garrido, CEO ♦ Catherine Stinson, Director of Lending ♦ Dawn Williams, Office Administrator  
Mario Dalangpan, Marketing Manager ♦ Martha Franco, Torrance Branch Manager  
Loretta McDowell, Manager of Lending ♦ Janet Sanchez, Call Center  
*Absent- Philip Morgan, CFO*

### **Guests**

Arick Gevorkian, Recorder

## **OPENING & GREETING REMARKS**

- Mr. Mario Dalangpan, Marketing Manager initiated and moderated the meeting. He made a brief introduction of SFCU volunteers, BOD, Supervisory Committee Members, Senior Management and Staff members in attendance and presented the Q&A tool bar and a few housekeeping rules.
- Mr. Carlos Garrido, CEO welcomed everyone to the first ever virtual SFCU Annual Meeting and welcomed Chairman Enrique Boull't to officially start off the Annual Meeting.

## **CHAIRMAN WELCOMING REMARKS, INTRODCUTIONS & PLEDGE OF ALLEGIANCE**

- Chairman Enrique Boull't welcomed all participants to the unprecedented virtual annual meeting and thanked everyone for signing up and joining the meeting during these challenging times. He reiterated the role of members of BOD as volunteers in representing SFCU members and for upholding the policies, regulatory requirements and financials which are implemented and executed by staff and management.
- Mr. Dalangpan conducted the Pledge of Allegiance.
- Chairman Boull't remarked that even during this pandemic and stay at home times, SFCU has stayed open to provide services and products to our valued members, assisting the ones who may be going through difficult times. He commended SFCU staff and management for their dedication, knowledge, loyalty, and professionalism. He then introduced the members of BOD.
- Mr. Timothy Rosnick, Chairman of the Supervisory Committee introduced the committee members and stated the role/responsibility of the committee for ensuring credit union's BOD and management establish practices and procedures that properly safeguard members' assets.

## **CEO WELCOMING REMARKS, INTRODUCTIONS & INVOCATION**

- Mr. Carlos Garrido, CEO greeted everyone, especially the members for joining the meeting and thanked BOD and Supervisory Committee for their contribution to SFCU. He expressed his appreciation for Ms. Catherine Stinson, Director of Lending, Mr. Philip Morgan, CFO and all staff and management for their hard work to make sure CU operations are uninterrupted, especially during these uncertain and challenging times.
- Mr. Garrido invited all attendees to join him in the Invocation.

## **TREASURER REPORT**

- Ms. Jeanette Gordon presented an overview of 2019 financials (as of December 31, 2019), and stated CU's assets were increased by \$3.0M since 2018 and 2019 closed with \$1.0M Net Income. The financials included Comparative Balance Sheet, Assets, Liabilities & Equity, Comparative Income Statement, Operating Income, and Interest Expense. She stated that SFCU has been growing even during the pandemic and commended management for their leadership.





## INTRODUCTION OF NOMINEES AND ELECTION

- Ms. Jeanette Gordon (Nominating Committee Chair) introduced the nominating Committee which included herself, Ms. Karen Hemingway, and Dr. Antoine Hawkins. She then introduced the 2020 BOD nominees: Ms. Margarete Fairlie, and Mr. Enrique Boull't and read their respective bios.
- A motion to approve the slate of nominees; Ms. Margarete Fairlie and Mr. Enrique Boull't to serve for another term on SFCU BOD was made by Dr. Antoine Hawkins, 2nd by Ms. Yoshiko Fong.
- Mr. Dalangpan initiated the virtual poll for members to vote. 15 members voted aye with no objections. BOD and Supervisory Committee members voiced their approval with no abstentions. The motion carried.
- Ms. Gordon congratulated Ms. Margarete Fairlie and Mr. Enrique Boull't on their election to serve another term on SFCU BOD.

## APPROVAL OF 2019 MINUTES

- Ms. Yoshiko Fong, Secretary welcomed everyone to the annual meeting and directed everyone's attention to SFCU's 2019 Annual Meeting Minutes included in the email communicated to members. A copy of the May 25, 2019 (79th Annual Meeting Minutes) was shared on the screen for members to read.
- A motion to approve the 2019 79th Annual Meeting Minutes was made by Chairman Enrique Boull't, 2nd by Margarete Fairlie. The motion carried.
- Ms. Fong stated that hopefully if all goes well, next year's annual meeting will be held again at the Knott's Berry Farm.

## CEO REMARKS

- Mr. Garrido thanked the members for their consideration, support and care shown to staff and frontline team members during the pandemic. Mr. Garrido reiterated that SFCU is financially sound and strong and well capitalized despite the Covid-19 challenges. Staff and management work diligently to weather this storm and make sure to assist members with the best products and services. He acknowledged many members are going through tough financial hardships and loss of employment and encouraged members and their families to contact SFCU for assistance, programs, and guidance.
- Mr. Garrido introduced Ms. Catherine Stinson, Director of Lending for a few comments.
- Ms. Stinson thanked everyone, specially members, for being patient during these challenging times as staff are overwhelmed with many calls and inquiries. She encouraged members to reach out to the CU and learn about many beneficial programs and assistance available to them. Management and staff will work diligently to find solutions to help our members.

## SUPERVISORY COMMITTEE REPORT

- Mr. Timothy Rosnick, Chairman of the Supervisory Committee, asserted that, as an independent body, the Supervisory Committee manages various internal audit procedures and monitors the resolution of any audit findings from these reviews, external auditors, or regulating entities.
- The Supervisory Committee also investigates any member complaints received, which had not been resolved by management to the member's satisfaction.
- Based on the results of December 31, 2019 Agreed Upon Procedures Performed by Turner, Warren, Hwang & Conrad, certified public accountants, as well as examinations conducted by federal regulators, it was concluded that SFCU has adequate financial controls and is properly reporting its financial position.

## OLD AND NEW BUSINESS

- None

## ADJOURNMENT

Chairman Boull't thanked everyone again for joining the meeting and moved to adjourn the 2020, 80th SFCU Annual Meeting. The meeting was adjourned at 05:42 pm.

## COMPARATIVE BALANCE SHEET

as of December 31, 2020 (Unaudited)

ASSETS	2018	2019	2020
Loans to Members	\$ 72,063,505	\$ 74,866,158	\$ 75,244,053
Allowance for Loan Loss	(2,409,155)	(2,215,573)	(2,034,911)
Cash and Cash Equivalents	7,130,807	5,852,001	14,210,053
Investments	42,376,143	43,523,109	58,946,334
Property and Equipment	864,506	763,965	756,184
Share Insurance Deposits	1,094,163	1,099,172	1,232,914
Account Receivables and Other Assets	3,504,706	3,653,757.00	3,908,941.24
<b>Total Assets</b>	<b>\$ 124,624,675</b>	<b>\$ 127,542,589</b>	<b>\$ 152,263,568</b>

## LIABILITIES AND EQUITY

Accrued and Other Liabilities	\$ 634,366	\$ 555,158	\$ 1,508,127
Member's Share and Deposits	106,968,373	108,753,792	131,845,829
Member's Equity	17,021,936	18,233,639	18,909,612
<b>Total Liabilities and Equity</b>	<b>\$ 124,624,675</b>	<b>\$ 127,542,589</b>	<b>\$ 152,263,568</b>

## COMPARATIVE INCOME STATEMENT

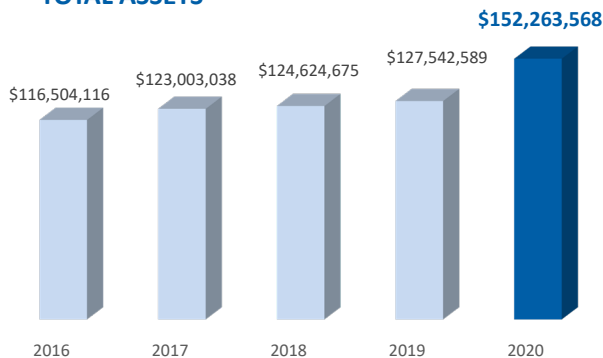
as of December 31, 2020

OPERATING INCOME	2018	2019	2020
Interest on Loans	\$ 3,476,436	\$ 3,644,679	\$ 3,771,917
Investments	894,338	1,126,981	790,371
Fees and Charges	1,984,588	2,092,577	1,632,191
<b>Total Operating Income</b>	<b>\$ 6,355,362</b>	<b>\$ 6,864,237</b>	<b>\$ 6,194,479</b>

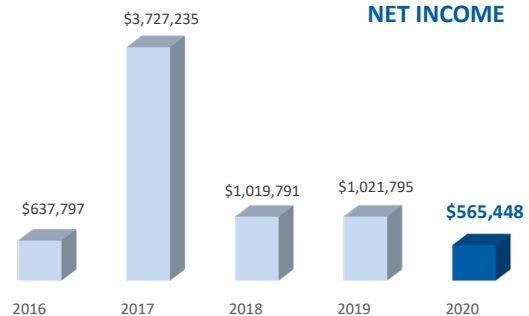
## INTEREST EXPENSE

Dividends	\$ 221,599	\$ 289,966	\$ 311,828
Provision for Loan Loss	300,000	300,000	150,000
<b>Net Income Before Expenses</b>	<b>5,833,763</b>	<b>\$ 6,274,271</b>	<b>\$ 5,732,651</b>
Operating Expenses	(4,875,537)	(5,308,110)	(5,221,787)
<b>Net Income After Expenses</b>	<b>958,226</b>	<b>\$ 966,161</b>	<b>\$ 510,864</b>
Non Operating Income	61,565	55,634	54,583
<b>Net Income</b>	<b>\$ 1,019,791</b>	<b>\$ 1,021,795</b>	<b>\$ 565,448</b>

### TOTAL ASSETS



### NET INCOME





Your Elected Volunteers

## 2020 Board of Directors



**MARGARET SCHOLL FAIRLIE**  
*Director*

**ENRIQUE BOULLT**  
*Chairman*

**YOSHIKO FONG**  
*Secretary*

**JEANETTE GORDON**  
*Treasurer*

**DR. GAYLE BALL-PARKER**  
*Director*

**DR. ANTOINE HAWKINS**  
*Director*

**Absent: KAREN HEMINGWAY** | *Vice Chair*

Picture was taken during our 2019 Annual Meeting at Knott's Berry Farm



🏠 [schoolsfcu.org](https://schoolsfcu.org)

☎ (866) 459-2345

✉ [info@schoolsfcu.org](mailto:info@schoolsfcu.org)

