

Chairperson's Message

Dear members,

I am pleased and proud to report that 2023 was another remarkable year for our Credit Union! We remain financially robust and continue to innovate in response to evolving challenges. As you know, we were founded in 1939 by a group of dedicated classified employees from the Los Angeles Unified School District (LAUSD) and the Los Angeles City College District (LACCD). From that day to this, we have stayed true to our original mission: people helping people.

In 2023, Newsweek, a nationally recognized publication, evaluated our operations and ranked us among the best-managed credit unions nationwide. We maintained our prestigious 5-star rating with Bauer Financial and kept our capital well above the level deemed well-capitalized by our federal regulator, the National Credit Union Administration (NCUA).

As do all financial institutions, we face the ongoing risk of cyber-attacks. We have remained vigilant in this area, continually enhancing our systems to ensure the security of our network.

Our commitment to serving our Field of Membership, particularly LAUSD and LACCD, remains strong. We sponsored several events throughout the year to give back to the community that has continually supported us since we were founded. Without our members, our not-for-profit financial cooperative could not exist.

Throughout the year, we proactively sought ways to best serve our members. We adjusted our programs to provide financial flexibility during labor strikes, offering sound financial solutions when our members needed us the most.

Looking ahead to 2024, we have several initiatives planned to enhance the membership experience. For example, in January, we expanded our contact center hours, allowing members to reach us as early as 6:00 am. We are also in the final stages of upgrading both our debit and credit card programs to incorporate the latest technology. We will continue to strive to provide our members with the best possible options while maintaining strong financial health.

I would like to thank the dedicated volunteer Board Members and Supervisory Committee members for their service to the Credit Union, and express my deep appreciation to our CEO Carlos Garrido, his management team and to all our employees for the excellent work that they do, as evidenced by the Newsweek recognition.

On a personal note, I have been a member of the Credit Union since 1969 and have served on the Supervisory Committee and then the Board for 40 years. But nothing and no-one lasts forever. So I encourage anyone here today who might have an interest in volunteering to serve the credit union, either on the Board or Supervisory Committee, to reach out to Mario Dalangpan, our Vice-President for Member Development. Mario will be pleased to share information about the work involved and will follow up as needed.

Thank you for your support and trust in our Credit Union.

Sincerely,

Margaret Fairlie, Board Chairperson

83rd Annual Meeting Minutes

Welcome and Call to Order — Schools Federal Credit Union's 83rd Annual meeting was held on Saturday, June 3, 2023, at Knott's Berry Farm, Buena Park, CA. The meeting was called to order at 11:32 am by Chairman Enrique Boull't.

Board of Directors in attendance: Chairman Enrique Boull't, Secretary Yoshiko Fong, and Treasurer Jeanette Gordon. Absent were: Vice Chairwoman Karen Hemingway, Margaret Fairlie, Dr. Gayle Ball-Parker and Dr. Antoine Hawkins.

Supervisory Committee in attendance: Arnold Blanshard, Tasha Cunningham, Priti Kapoor, Miriam Hironimus and Samuel Gonzales.

Credit Union staff in attendance: CEO Carlos Garrido, CFO Philip Morgan, VP of Member Development Mario Dalangpan, Call Center Manager Janet Sanchez, VP of Operations Lorena Hernandez, Administrative Assistant Denise Mills, IT Manager Francis Gosun, Controller Andy Foster, and service representatives Ana Javana, Martha Franco, Gabriela Diaz, Daniel Aispuro, Daisy Fuentes, Jaleesa Bruce, David Franco, Karla Vasquez, Joselyn Martinez, Jaqueline Vasquez, Jerome Powell, Joanna Estrada, Joanna Cardenas, Tiffany Ortiz and Maria DiMassa.

Guests in attendance: Arick Gevorkian, Recorder

Invocation and Pledge of Allegiance — Chairman Enrique Boull't greeted the members and attendees and thanked them for joining the SFCU 83rd Annual Meeting. He expressed his gratitude to the members for their trust in SFCU. Mr. Foster provided the Invocation. A member recited the Pledge of Allegiance.

Introductions — Chairman Enrique Boull't introduced the Board of Directors and Supervisory Committee, and thanked them for their service and volunteerism. He also acknowledged the Credit Union's staff for their hard work, and welcomed members from LAUSD, LACCD, and CSDH.

Appointment of a temporary Board Member — Chairman Enrique Boull't requested Secretary Yoshiko Fong to appoint a temporary volunteer/member to the Board from the Supervisory Committee to create a quorum to approve the 2022 Annual Meeting Minutes. Mr. Blanshard volunteered and was appointed as a temporary Board Member to have the ability to vote for the approval of the minutes.

Approval of the 2022 Annual Meeting Minutes — Secretary Yoshiko Fong welcomed everyone and requested approval of the 2022 Minutes. A motion to approve the 2022 Annual Meeting Minutes was made by member Lisa Marine, seconded by member April Taylor. The motion carried.

Chairman's Report — Chairman Enrique Boull't stated that he has been a member of SFCU since 1979 and has witnessed the struggles of the Credit Union from 2008 to 2010. Despite it all, the Credit Union maintained its course to serve its members and slowly grew from a \$60-\$70M Credit Union to close 2022 with \$177M in assets. He thanked the members for their loyalty and support and said, "We can't be here if you can't be here." The Chairman commended the Staff and Management for their dedication and hard work and requested all Staff members to rise and be acknowledged.

Treasurer's Report — Treasurer Jeanette Gordon praised SFCU's Staff and Management for their outstanding commitment, especially for their efforts in recovering from the challenges of COVID-19. She presented a recap of 2022 financials (details in annual report/pamphlet) which included: Total Assets (\$177 million), Liabilities and Equity, Operating Income, Interest Expense, and Net Income (1.4 million). She thanked the members for their loyalty and confidence in SFCU.

Supervisory Committee Report — Committee Chairman Arnold Blanshard presented a summary of the Committee's responsibilities and duties to ensure the Board, Management, Officers, and Staff follow the agreed-upon procedures, and internal controls and adhere to policies and processes. He was happy to report SFCU is compliant with no violations.

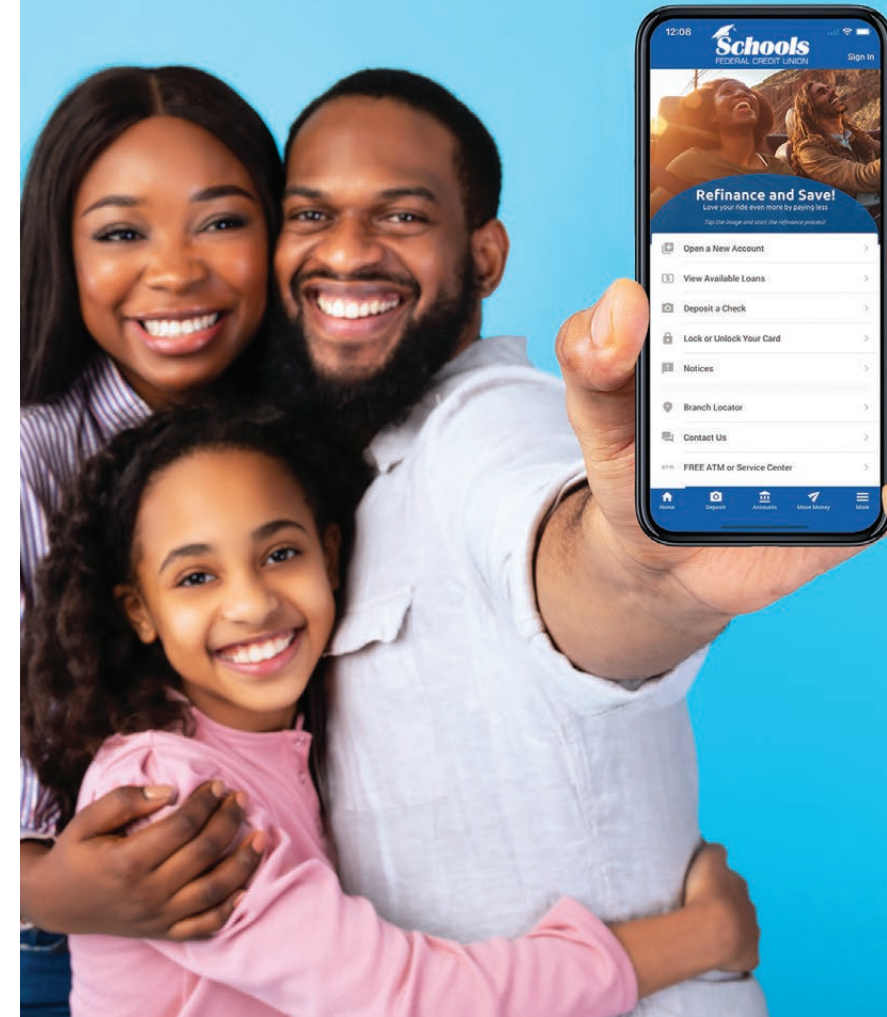
Introduction of Nominees — Treasurer Jeanette Gordon introduced the 2023 Board nominees currently serving on the Board and presented a recap of their bios; Mr. Enrique Boull't (member since 1979) and Ms. Margaret Fairlie (member since 1969). A motion to approve these nominees to serve for another term on the SFCU Board of Directors was orally called and members unanimously voted in favor. The motion carried. On behalf of himself and Ms. Fairlie, Chairman Boull't thanked the members for their vote of confidence.

Old and New Business — None.

Introduction of Scholarship Recipients — Chairman Enrique Boull't introduced Mr. Olonzo Woodfin III who had served on SFCU's Board for many years to introduce three recipients of the "Olonzo Woodfin III Scholarships". Mr. Woodfin III greeted the attendees and commented on life's challenges and how it took him 10 years to obtain his BA and never gave up. "Never Give Up. Dream it and it will happen" was his message in seeking success in life. Mr. Woodfin III introduced the winners: Zhangyang Wu-\$1,000, Yinglin Nie-\$1,000 and Keisha Reine De Castro-\$1,000. The recipients thanked SFCU and briefly described their goals and the colleges they'll attend.

Close — Chairman Enrique Boull't conveyed his appreciation to all and thanked staff and members for being part of SFCU. The Annual Meeting was adjourned at 11:53 am.

2023 Annual Report



Treasurer's Report

The Credit Union ended the year with Total Assets of \$175,404,125, marking a growth of 37.5% over the past five years. This achievement is a testament to the loyalty of our membership.

Our Total Operating Income reached nearly \$7.8 million, with \$4.5 million from interest on loans, \$1.4 million from investments, and \$1.9 million from fees. After covering all expenses, the Credit Union's Net Income was \$877,125.

Notably, the amount of dividends and interest paid to our members on their deposits increased by nearly \$320,000, representing a 66% increase from 2022. This was our way of rewarding our members for entrusting us with their deposits.

Overall, our capital ratio ended at 12.20% for the year, well above the 7% threshold that our federal regulator, the NCUA, considers being well-capitalized.

Sincerely,
Jeanette Gordon, Treasurer

How We've Grown

In the past five years, we've grown and have provided members with more value than ever, as you can compare here.



Supervisory Committee Report

The Supervisory Committee ensures the Board of Directors and Management establish practices to safeguard the assets of the membership. We are volunteer members, operate independently, and manage internal audits. The audits also ensure that accounting records and reports accurately reflect the credit union's financial position and operations, thus protecting our members' assets. We investigate unresolved member complaints and monitor audit findings. We are also responsible for providing reasonable assurance that the regulations, policies, and procedures that govern the institution are in place and properly followed.

Additionally, we are responsible for securing the annual financial statement audit or agreed upon procedures from a licensed, independent auditor. Based on the December 31, 2023 procedures by Turner, Warren, Hwang & Conrad, CPAs, and federal examinations, Schools Federal Credit Union is financially sound and has maintained accurate financial controls and reports following the established policies and procedures.

We wish to express our appreciation to the Board of Directors, management, and staff for their continued support.

Respectfully submitted,
Tasha Cunningham, Interim Committee Chairperson

Comparative Balance Sheet

Assets	2019	2020	2021	2022	2023
Loans to Members	\$74,866,158	\$75,244,053	\$86,139,284	\$96,371,552	\$90,413,582
Allowance for Loan Loss	(2,215,573)	(2,034,911)	(1,909,582)	(841,930)	(764,482)
Cash and Cash Equivalents	5,852,001	14,210,053	8,489,646	5,242,312	7,455,197
Investments	43,523,109	58,946,334	71,670,945	70,628,413	71,531,769
Property and Equipment	763,965	756,184	642,030	493,307	392,490
Share Insurance Deposits	1,099,172	1,232,914	1,393,493	1,478,123	1,480,209
Account Receivables and Other Assets	3,653,757.00	3,908,941.24	4,798,777	4,273,238	4,895,362
Total Assets	\$127,542,589	\$152,263,568	\$171,224,593	\$177,645,015	\$175,404,125

Liabilities And Equity

Accrued and Other Liabilities	\$555,158	\$1,508,127	\$1,843,791	\$3,477,036	\$2,032,692
Member's Share and Deposits	108,753,792	131,845,829	150,255,053	153,698,727	151,970,255
Member's Equity	18,233,639	18,909,612	19,125,749	20,469,252	21,401,177
Total Liabilities and Equity	\$127,542,589	\$152,263,568	\$171,224,593	\$177,645,015	\$175,404,125

Comparative Income Statement

Operating Income	2019	2020	2021	2022	2023
Interest on Loans	\$3,644,679	\$3,771,917	\$3,905,893	\$4,131,371	\$4,474,466
Investments	1,126,981	790,371	530,947	1,025,220	1,361,741
Fees and Charges	2,092,577	1,632,191	1,742,770	1,839,478	1,931,376
Total Operating Income	\$6,864,237	\$6,194,479	\$6,179,610	\$6,996,068	\$7,767,582

Interest Expense

Dividends	\$289,966	\$311,828	\$377,632	\$486,464	\$805,545
Provision for Loan Loss	300,000	150,000	0	(617,853)	440,328
Net Income Before Expenses	6,274,271	5,732,651	5,801,978	7,127,457	6,521,709
Operating Expenses	5,308,110	5,221,787	5,583,104	5,743,073	5,693,333
Net Income After Expenses	966,161	510,864	218,874	1,384,384	828,375
Non Operating Income	55,634	54,583	53,510	57,694	48,750
Net Income	\$1,021,795	\$565,448	\$272,384	\$1,442,077	\$877,125