

# 2017 ANNUAL REPORT



SAN FRANCISCO  
FEDERAL CREDIT UNION

# REPORT OF DIRECTORS

On behalf of the Board of Directors and management team, thank you for your membership. For over 63 years, our mission has focused on serving you and your family, making your financial life easier. As we reflect on 2017, it was a building year. The Credit Union focused on setting the foundation for long-term success and through every decision, our members were our top priority and deciding factor. We completed the year with a solid financial performance as a result of dedicated employees and members who support their Credit Union.

Our year-end milestones include all-time high assets of \$1.1 billion, and our loans and member shares hit a record-breaking \$721 and \$978 million, respectively. The Credit Union originated nearly \$135 million in residential mortgage loans and \$25 million in consumer loans. We opened over 2,500 new member accounts that included nearly 800 youth accounts through the San Francisco Summer Jobs Connect program.

## **Notable Accomplishments in 2017:**

- Brand messaging refresh

- Implemented a state-of-the-art mortgage loan origination system

- Offered competitive CD promotions to help our members earn more

- Delivered over 1,900 hours of in-person and web-based seminars

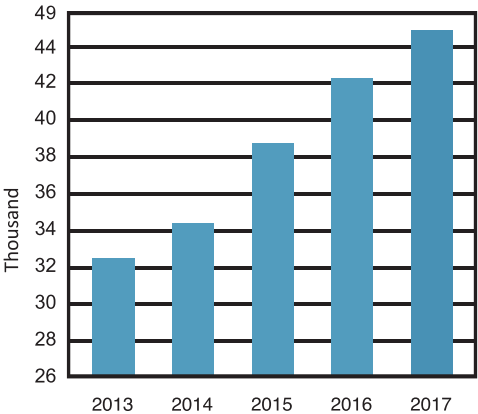
During 2017, we had some leadership changes and brought on new talents to drive the growth and sustainability of the Credit Union. We welcomed President and CEO Jonathan Oliver as well as three new senior executives: Chief Retail Officer, Ning Duong; Chief Lending Officer, Ray Shams; and Chief Operating Officer, Sherry Javad. Sadly, we lost a very good friend and director, Larry Doyle, who was part of the Credit Union family for over 40 years and an instrumental influence in our growth. He served in various volunteer capacities from 1994 – 2017.

With our leadership team in place, and the continued commitment of our employees, we are positioned to continue our growth, as more people learn about the benefits and value of membership with San Francisco Federal Credit Union.

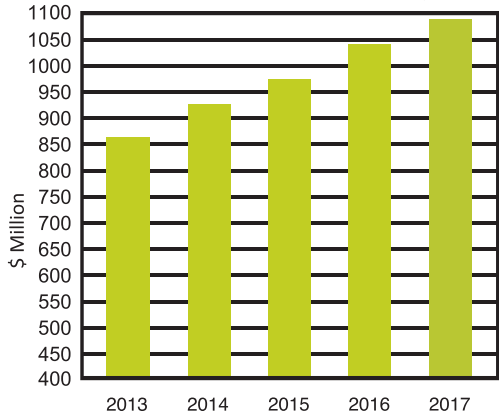
# SUPERVISORY COMMITTEE

The Supervisory Committee is responsible for ensuring the financial condition of the Credit Union is accurately and fairly presented in all our financial statements. The committee also ensures that management practices and procedures are sufficient to safeguard members' assets. To accomplish these responsibilities, the committee retained RSM US LLP, Certified Public Accountants, to perform an audit of our financial statements for the fiscal year ending September 30, 2017, and met regularly with management during the year to review current operations. We are pleased to report the Credit Union is in a good financial position and doing well.

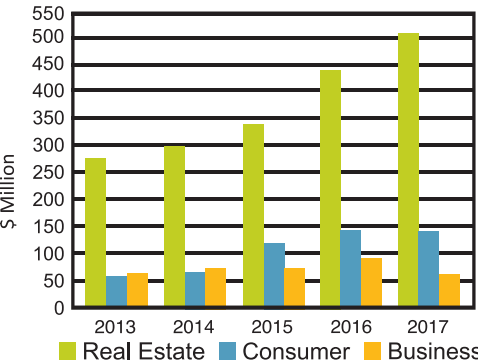
MEMBERS



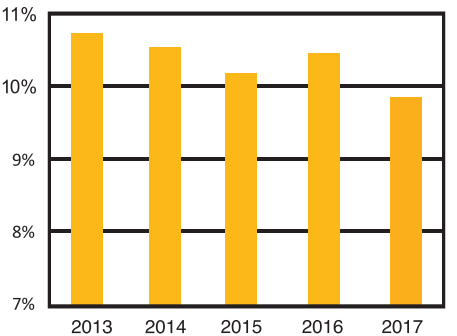
MEMBER SHARES AND EQUITY



LOANS OUTSTANDING



CAPITAL RATIO



# STATEMENTS OF INCOME

UNAUDITED

	YTD December 2017	YTD December 2016
Interest On Loans	\$27,899,651	\$24,542,709
Income From Investments	7,831,563	10,503,293
Fee Income	3,716,216	3,363,624
Other Operating Income	1,297,223	1,596,371
Non-Operating Income	625,806	634,103
<i>Total Gross Income</i>	<u>\$41,370,459</u>	<u>\$40,640,100</u>
Dividend On Shares	\$3,845,678	\$3,524,114
Interest Expense	1,183,662	148,971
<i>Total Cost Of Funds</i>	<u>5,029,340</u>	<u>3,673,085</u>
Income after cost of funds	36,341,119	36,967,015
Provision For Loan Losses	12,706,291	1,495,093
<i>Income After Cost Of Funds and Provision For Loan Losses</i>	<u>\$23,634,828</u>	<u>\$35,471,922</u>
Employee Compensation & Benefits	\$14,674,089	\$14,432,320
Training & Conferences	183,622	356,549
Office Occupancy	2,184,677	2,172,297
Office Operations	5,470,902	5,718,607
Educational & Promotional	359,922	419,140
Loan Servicing	3,720,104	1,822,257
Professional & Outside Services	866,549	1,235,467
Examination & Supervision Fees	242,796	181,902
<i>Total Operating Expenses</i>	<u>\$27,701,661</u>	<u>\$26,328,539</u>
<b>NET INCOME/LOSS</b>	<u><u>\$ (4,066,833)</u></u>	<u><u>\$ 9,143,383</u></u>

# STATEMENTS OF FINANCIAL CONDITION

UNAUDITED

## ASSETS

	December 2017	December 2016
Loans To Members	\$721,484,564	\$648,659,551
Loan Loss Allowance	(14,281,161)	(3,711,750)
Net Loans Outstanding	707,203,403	644,947,801
Cash On Hand & In Bank	3,025,511	3,755,416
Other Investments	1,044,518	2,753,330
UST/Agency Notes	236,736,015	312,573,277
Corporate FCU Deposits	90,267,417	45,962,768
Land & Building	3,992,019	4,516,447
Furniture & Equipment	690,795	1,169,396
NCUSIF Deposit	8,709,596	8,213,304
Accrued Income Receivable	2,982,135	2,869,342
Prepaid Exp/Other Assets	41,589,987	36,566,139
<b>TOTAL ASSETS</b>	<b>\$1,096,241,396</b>	<b>\$1,063,327,220</b>

## LIABILITIES AND EQUITY

Other Liabilities/Div Payable	\$9,241,137	\$9,269,918
Notes Payable	0	10,000,000
Total	9,241,137	19,269,918
Regular Shares	235,137,848	209,215,768
Share Checking	139,111,184	128,351,539
Money Market Shares	288,601,695	296,359,587
Term Account Shares	271,407,470	253,733,507
I.R.A. Shares	43,511,044	42,974,913
Total	977,769,241	930,635,314
Economic Reserve	40,000,000	40,000,000
Retained Earnings	62,872,033	67,063,003
Regular Reserve	6,358,985	6,358,985
Total	109,231,018	113,421,988
<b>TOTAL LIABILITIES AND MEMBER EQUITY</b>	<b>\$1,096,241,396</b>	<b>\$1,063,327,220</b>

# SENIOR LEADERSHIP TEAM



(L-R) Chief Operating Officer, Sherry Javad; Chief Technology Officer, Mark Michaels; President and CEO, Jonathan Oliver; Chief Retail Officer, Ning Duong; Chief Financial Officer, Michael Namba, and Chief Lending Officer, Ray Shams.

## BOARD OF DIRECTORS



William Smith  
Chairman



Kevin Kone  
Vice Chairman



Theodore Wong  
Treasurer



Carol Sam  
Secretary



Patrick Cox



Jelena Ewart



Ben Kurko



Todd Rydstrom

## SUPERVISORY COMMITTEE



Nancy Hom



Luenna Kim



Jeannie Wong



# GIVING BACK

The Credit Union and its employees are dedicated to community service. Through donations, volunteerism and fundraising activities, our CommunityShare program continues to give back to nonprofit, educational and civic organizations within the communities of San Francisco and San Mateo counties.



The Credit Union also provided \$16,000 in education scholarships to our college-bound youth members. In 2017, the Credit Union donated \$63,500 to community-based organizations, while the staff raised over \$11,000 for various

causes. Collectively, our employees participated in more than 52 community events, resulting in nearly 1,400 volunteer hours. Highlights of our participation include 136 hours at the San Francisco/Marin Food Bank; 16 employees participating in the Peninsula Beach cleanup project; 195 hours to clean up a local San Francisco playground; BMAGIC Backpack giveaway; and our successful support of “Light the Night,” benefiting the Leukemia & Lymphoma Society of San Francisco. We look forward to doing even more in 2018.



  
COMMUNITYSHARE



SAN FRANCISCO  
FEDERAL CREDIT UNION

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