



# Annual Report 2019

## Chair Message

## Supervisory Committee Report

The Supervisory Committee is of vital importance to the healthy operation of the credit union. It is the committee's responsibility to ensure that the credit union operates with sound internal controls, maintains records which accurately account for the credit union's assets, and adheres to practices that will safeguard those assets. These responsibilities are carried out by:

- Conducting periodic audits of the credit union's records and processes;
- Contracting for a financial statement audit at least annually; and
- Conducting annual member account verifications.

The annual financial statement audit of the credit union was completed as of March 31, 2019 by the Certified Public Accounting firm of Doeren Mayhew CPAs and Advisors. The audit report, issued directly to the Supervisory Committee and reported to the Board of Directors, did not identify any areas of material concern.

The Supervisory Committee believes that USF Federal Credit Union is a financially sound institution which will continue to provide outstanding service to each member. We encourage your participation as a key element for the continued success of the credit union. Your input is vital in enhancing the Supervisory Committee's ability to serve the membership.

You may contact Dr. Robin Ersing, Supervisory Committee Chair by writing to:

P.O. Box 770634, Orlando, FL 32837-0634.

Thank you for your continued support of USF Federal Credit Union.

**Dr. Robin Ersing, Chair**

The USF Federal Credit Union had a very successful year during 2019. Your credit union cooperative has grown in size and strength with continued focus on maintaining our financial health. Your deposits always remain secure, and our outstanding staff is ready to help you with your financial needs.

Our organizational and technological infrastructure has evolved to assist members with services to meet individual financial goals. We provide secure and convenient options for your banking needs with fair rates, low fees and financial education. The profits from your USF Federal Credit Union are returned to the members through lower loan rates, reduced fees and continued enhancements in service and technology.

USF FCU continued the PRIDE journey throughout 2019. This journey has provided continuous process improvements and organizational performance improvements. Based on the Baldrige Award criteria for achieving excellence with societal responsibility, this expedition has been and continues to be yet another mechanism to help us gain perspective on our challenges, our capabilities, and our opportunities to ultimately address the current and changing needs of you and all our members.

Your volunteers are engaged individuals who actively serve on the Board of Directors and the Supervisory Committee to provide the governance requirements of the National Credit Union Administration. In association with the management team, the Board of Directors is responsible for providing the direction and the mission for our credit union. Volunteers and management work together to ensure that our mission, vision and values remain relevant to supporting our membership. Your board also participates with various sub-committees that provide input to specific internal and external topics and opportunities. Your volunteers are engaged to help ensure we are the best credit union we can be. Your volunteers believe in the credit union mission of "people helping people."

USF Federal Credit Union truly is a member-owned financial cooperative. With over 6,000 co-op shared branches and 30,000 ATMs across all 50 states, combined with an impressive mobile application, we can certainly be your primary financial institution. We will continue to work with you to improve your financial security and protect the overall financial strength of your credit union.

**Dr. Richard Will, Board Chair**

## Treasurer's Report

USF Federal Credit Union achieved exceptional results for its members in 2019. We earned record profits, amassed record assets, achieved record loan growth, while at the same time strengthening our capital base.

The year's performance was driven by our efforts to improve the quality of our consumer loan portfolio and by our efforts to diversify our asset base with significant investments in quality real estate loans. In addition, our continued focus on process improvements, the leveraging of our digital banking platform, and the strengthening our teams across the institution has significantly improved our operating efficiency and thus enhanced our profitability.

The results reflect the significant attention and efforts of our entire team to lift service delivery across the credit union. We continue to see marked improvements as a result of a multi-year effort to re-engineer our operations to

improve service, reduce inefficiency, and strengthen our sales, underwriting and collection competencies. These investments have not only improved profitability, but have allowed us to consistently meet and exceed our members' expectations in service delivery, product quality and pricing.

USF FCU's net profit for the year was \$8.3 million, up 189 percent over the \$4.4 million reported in 2018. Our asset base rose from \$643 million to \$710 million, reflecting a 10 percent increase over the prior year. Driving the strong performance was enhancements in our loan approval and funding processes, investments in our real estate loan origination teams, focused efforts on improving credit standards, and strong credit demand from members as a result of the strong economy.

**Scott Brophy, Treasurer**

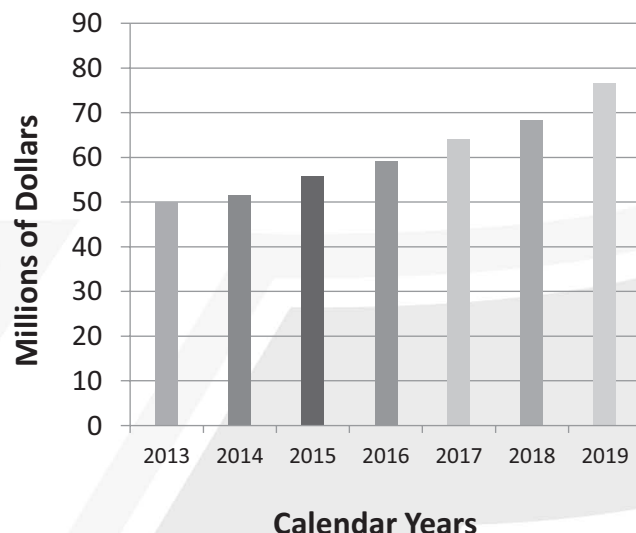
## STATEMENT OF FINANCIAL CONDITION December 31

ASSETS	2019	2018
Consumer Loans	\$297,151,184	\$278,880,942
Business Loans	4,918,874	5,179,743
VISA Loans	26,988,330	27,438,538
Participation Loans	41,125,267	47,706,871
Mortgage Loans	221,392,756	181,313,897
Student Loans	4,933,560	4,827,274
Less: Allowance/Loan Losses	-5,895,275	-6,134,410
Net Loans	\$590,614,696	\$539,212,854
Cash	5,741,116	6,609,015
Investments	76,552,176	67,235,401
Bldg., Furniture & Equipment, Net	13,108,458	9,439,535
Other Assets	23,510,282	20,333,232
<b>Total Assets</b>	<b>\$709,526,727</b>	<b>\$642,830,037</b>
<b>LIABILITIES</b>		
Accounts Payable	7,734,824	5,468,458
Members Shares and Savings Accounts	625,054,183	569,015,621
<b>EQUITY</b>		
Reserves	3,688,130	3,688,130
Undivided Earnings	73,049,590	64,657,828
<b>Total Liabilities &amp; Equity</b>	<b>\$709,526,727</b>	<b>\$642,830,037</b>

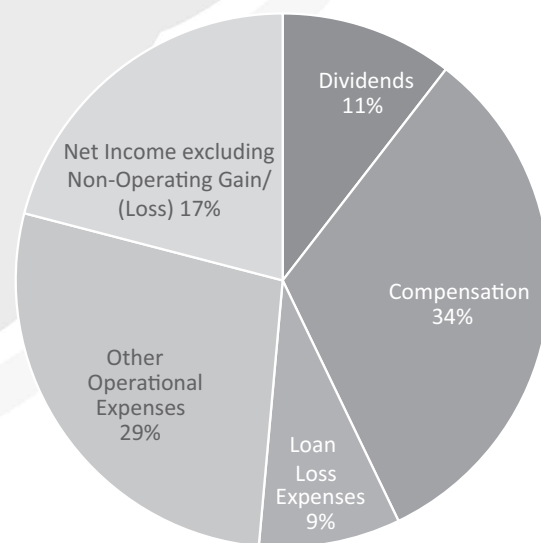
## STATEMENT OF OPERATIONS December 31

INCOME	2019	2018
Interest	\$25,843,305	\$23,299,900
Investment	1,703,073	1,665,221
Other	10,093,364	10,042,641
<b>Total Income</b>	<b>\$37,639,743</b>	<b>\$35,007,763</b>
<b>EXPENSES</b>		
Comp. & Employee Benefits	12,637,592	11,331,561
Other Operating Expenses	11,058,307	11,688,561
Provisions for Loan Losses	3,336,425	4,768,926
Total Expenses	27,032,323	27,789,047
Dividends	4,293,344	3,038,615
Gain/(Loss) on Investments	1,944,590	207,102
<b>Net Income</b>	<b>\$8,258,666</b>	<b>\$4,387,202</b>

## Capital Growth Chart



## Allocation of Current Year's Revenue



## Significant Balance Sheet Items

