



Annual Report 2018

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, 2018 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

Treasurer's Report

Significant progress was achieved in 2018 by USF Federal Credit Union, with the institution realizing record-high assets and loan portfolios along with net income. It also represented the first full year of our integrated operations, since the July 2017 acquisition of West Coast Federal Employees Credit Union.

The year's performance reflects the credit union's dedication to meeting the growing and diverse financial needs of our expanding member base. We continued on our path to building a better credit union by improving our processes, expanding the flexibility of our products, providing accessibility to a new digital banking platform, and strengthening our teams across the institution.

The results reflect the significant attention and efforts of our entire team to lift

USF Federal Credit Union continued our responsible growth in 2018, and the financial strength of your credit union is well-maintained. Your deposits always remain secure, and our outstanding staff is ready to help you with your financial needs.

Your credit union made important infrastructure modifications during 2018 in order to better serve you. USF FCU launched a new digital banking platform with updated digital applications, website navigation and relevant financial information. We also implemented the CU Realty HomeAdvantage® program to build relationships with new home buyers. We centralized our lending while consolidating our direct and indirect lending departments, to provide expedited and effective service. We won the Marketing Association of Credit Union's award for social media and were recognized by Forbes as the Best Credit Union in Florida!

USF FCU also accomplished many other process and organizational performance improvements throughout 2018 as part of our Pride Journey based on the Baldrige Award criteria for achieving excellence with societal responsibility. The Pride Journey 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 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. We listen to many perspectives. We monitor the financial status of your credit union. We pay careful attention to local, national and global economic conditions that may impact our membership. We confer with our Supervisory Committee and internal and external auditors. We work with our regulators and attempt to influence legislation in the best interest of our membership. Your board has 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 5,600 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

service delivery across the credit union. We have seen marked improvements and are beginning to more consistently meet and exceed our members' expectations in service delivery, product quality and pricing.

USF FCU's net profit for the year was \$4.4 million, up 155 percent over the \$1.7 million reported in 2017. Our asset base rose from \$624 million to \$643 million, reflecting a 3 percent increase over the prior year. The strong performance was driven in part by enhancements in our loan approval and funding processes, focused efforts on improving credit standards, and strong credit demand from members as a result of significantly better economic conditions.

Scott Brophy, Treasurer

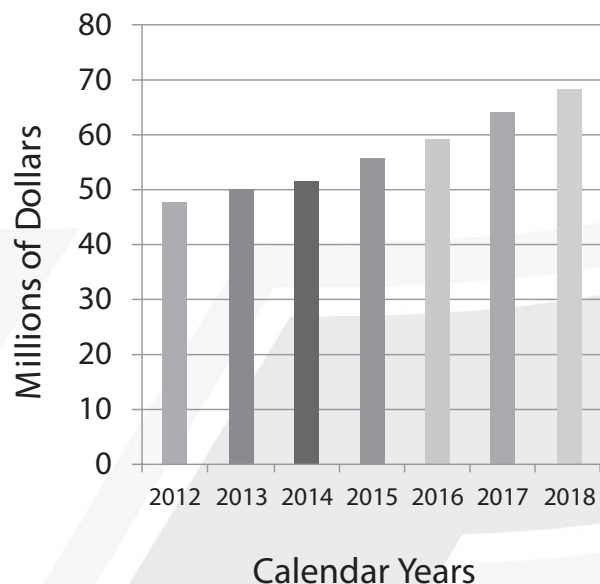
STATEMENT OF FINANCIAL CONDITION December 31

ASSETS	2018	2017
Consumer Loans	\$331,415,087	\$305,063,525
Mortgage Loans	181,313,897	170,784,938
VISA Loans	27,438,538	27,354,625
Business Loans	5,179,743	5,727,995
Less: Allowance/Loan Losses	-6,134,410	-5,806,130
Net Loans	\$539,212,855	\$503,124,953
Cash	6,609,015	6,745,301
Investments	67,235,401	84,331,011
Bldg., Furniture & Equipment, Net	9,439,535	10,060,872
Other Assets	20,333,231	20,417,358
Total Assets	\$642,830,037	\$624,679,495
LIABILITIES		
Accounts Payable	5,468,458	7,352,414
SHAREHOLDER'S EQUITY		
Members Shares and Savings Accounts	569,015,621	553,234,890
Reserves	3,688,130	3,688,130
Undivided Earnings	64,657,828	60,404,061
Total Liabilities & Equity	\$642,830,037	\$624,679,495

STATEMENT OF OPERATIONS December 31

INCOME	2018	2017
Interest	\$23,299,900	\$21,958,304
Investment	1,665,221	863,326
Other	10,042,641	8,993,840
Total Income	\$35,007,763	\$31,815,470
EXPENSES		
Comp. & Employee Benefits	11,331,561	10,769,013
Other Operating Expenses	11,688,561	10,216,150
Provisions for Loan Losses	4,768,926	6,243,716
Total Expenses	27,789,047	27,228,879
Dividends	3,038,615	2,843,809
Gain/(Loss) on Investments	207,102	-24,040
Net Income	\$4,387,202	\$1,718,742

Capital Growth Chart



Allocation of Current Year's Revenue



Significant Balance Sheet Items

