



Annual Report 2016

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, 2016 by the Certified Public Accounting firm of Nearman, Maynard, Vallez CPAs, P.A. 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 Janene Culumber, Supervisory Committee Chair by writing to:

13302 USF Palm Drive, Tampa, FL 33612.

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

Janene Culumber, Chair

Treasurer's Report

Permit me to say, as I have the previous two years, it has been an honor to represent the membership as the board of director's treasurer.

Over the course of three years, the financial team of our credit union has done an outstanding job of enhancing its reports to the board of directors. The results are significant because board members can now analyze trends and view business unit forecasting in the financial reports.

This has been an exciting year and I am proud to report that USF Federal Credit Union continues to provide positive financial support to the membership while either expanding the quality of its services or adding new services for the membership to access. From a financial prospective, the overall results were positive with an increase in assets during the year and all the ancillary functions were on par. Specifically, our credit union ended the year at \$563 million in assets, which represents a \$61 million increase over the previous year's assets, and net income exceeded \$3.5 million for the year.

Federally Insured by NCUA. | Equal Housing Lender.

The USF Federal Credit Union (USF FCU) performed well in 2016; the financial strength remains solid. USF FCU continues to maintain a superior (the highest) rating from BauerFinancial, Inc., which provides independent assessments of the financial positions of credit unions in the United States. What this means to you, our membership, is that your deposits are secure.

During the year, USF FCU received numerous prestigious awards that reflect how well the staff performs its day-to-day responsibilities. The credit union was named the League of Southeastern Credit Unions (LSCU) Credit Union of the Year in the category of credit unions with at least \$500 million in assets. This recognition is awarded to one credit union with \$500 million or more in total assets that demonstrated outstanding accomplishments in its daily operations. USF FCU was also presented with an Excellence in Lending Award from the Credit Union National Association (CUNA). This national award is presented to credit unions that exhibit "exemplary lending practices." (<https://cuna.org>) In addition, the credit union received four CUNA Diamond Awards for marketing campaigns that took place during the year. According to CUNA, these accolades result from "the most prestigious annual competition in the credit union industry" in the United States. (<https://cuna.org>)

As the credit union grows, it is important that the products and services grow as well so that members' financial needs are met appropriately. The management team continues to implement initiatives that both position USF FCU for future success and reflect the credit union's goal to serve as your primary financial services provider.

USF FCU continues to follow sound banking practices to ensure that both your interests are protected and the credit union remains financially strong in the long run. We also continue to work with members to develop products and services that provide mutually beneficial solutions to your financial needs.

Be assured that the volunteers who serve as members of the Board of Directors and the Supervisory Committee will continue to monitor the credit union's policies and practices to ensure that USF FCU remains financially sound. We want USF FCU to continue to be your primary financial partner.

Remember that the credit union's outstanding staff stands ready to help you to improve your financial well-being. Please contact a representative to see how the credit union can help you.

Scott Besley, Board Chair

As your treasurer, I believe that my primary responsibility is to ensure funds and resources are allocated to serve the membership. This year, as in past years, management gets high marks in that area. As an example, this year a marketing strategy was employed that focused on member savings. This marketing effort concentrated on certificates of deposit designed to introduce our members to long term savings with interest rates that are better than traditional share accounts. This is an example of what can only be considered as a positive action for the membership. Another positive is the continuing effort to provide risk-based services to our members. This has resulted in many members receiving loans or refinancing existing loans with a lower interest rate than they could have obtained in other markets.

As you will note from my report, USF Federal Credit Union is financially strong and moving forward with future plans to further enhance services to the membership in all operational areas.

Willie Stokes, Treasurer

STATEMENT OF FINANCIAL CONDITION

December 2016

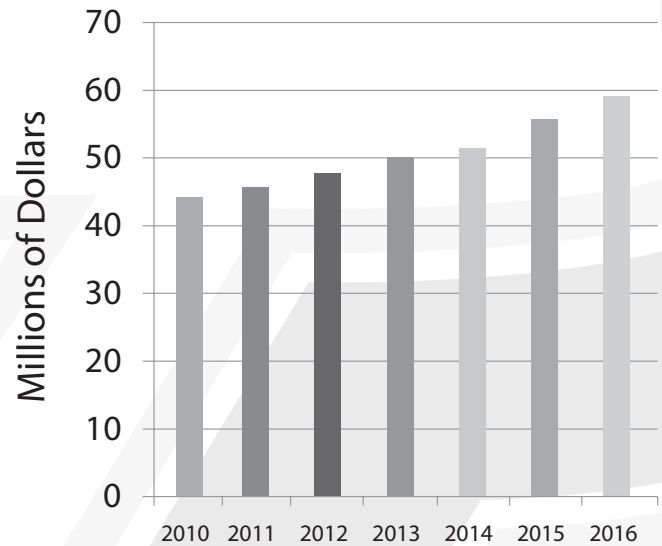
ASSETS	2016	2015
Consumer Loans	\$272,652,221	\$212,950,511
Mortgage Loans	149,161,393	144,192,262
VISA Loans	24,221,606	21,996,079
Business Loans	6,236,296	6,603,585
Less: Allowance/Loan Losses	-4,131,111	-3,323,757
Net Loans	\$448,140,405	\$382,418,680
Cash	6,398,968	6,167,892
Investments	83,008,081	89,203,940
Bldg., Furniture & Equipment, Net	4,420,178	4,284,636
Other Assets	21,097,700	20,407,412
Total Assets	\$563,065,332	\$502,482,560
LIABILITIES		
Accounts Payable	6,684,769	5,369,222
SHAREHOLDER'S EQUITY		
Members Shares and Savings Accounts	497,236,469	441,451,120
Reserves	3,688,130	3,688,130
Undivided Earnings	55,455,964	51,974,088
Total Liabilities & Equity	\$563,065,332	\$502,482,560

STATEMENT OF OPERATIONS

December 2016

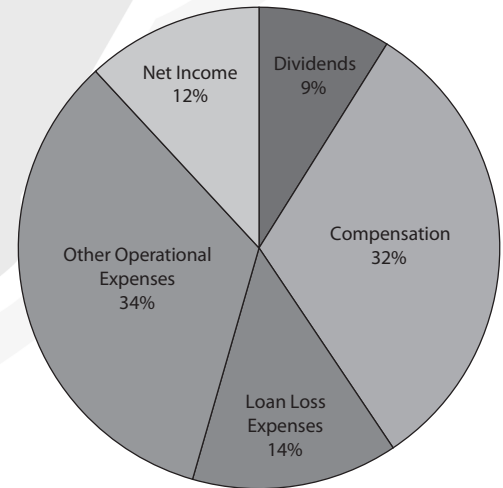
INCOME	2016	2015
Interest	\$20,024,952	\$16,596,465
Investment	622,588	1,175,977
Other	8,627,586	7,203,577
Total Income	\$29,275,126	\$24,976,019
EXPENSES		
Comp. & Employee Benefits	9,378,805	8,586,456
Other Operating Expenses	9,887,716	9,281,615
Provisions for Loan Losses	3,952,227	2,293,010
Total Expenses	23,218,748	20,161,081
Dividends	2,510,213	2,081,764
Gain/(Loss) on Investments	-34,618	43,958
Net Income	\$3,511,548	\$2,777,132

Capital Growth Chart



Calendar Years

Allocation of Current Year's Income



Significant Balance Sheet Items

