

# INCOME STATEMENT

December 2013

Income from Loans .....	2,340,528
Income from Investments .....	222,267
Other Income .....	1,222,070
<b>Total Operating Income .....</b>	<b>3,784,865</b>
Salaries/Benefits .....	1,274,105
Travel & Conference .....	35,994
Association Dues .....	19,659
Office Occupancy .....	85,500
Office Operations .....	439,549
Education/Promotion .....	92,326
Loan Servicing .....	127,388
Professional & Outside .....	519,699
Loan Loss Provision .....	166,000
Operating Fees .....	56,162
Other Expenses .....	99,424
<b>Total Operating Expenses .....</b>	<b>2,915,806</b>
Income before Dividends .....	869,059
Less Dividends .....	203,491
Other Non-Operating Inc (Exp.) .....	0.00
<b>Net Income/Reserves .....</b>	<b>665,568</b>

## BOARD OF DIRECTORS

<i>Jim Marinis</i> .....	<i>Chairman</i>
<i>Jess Cisneros</i> .....	<i>Vice Chairman</i>
<i>Charlie Slaton</i> .....	<i>Treasurer</i>
<i>Del Bryant</i> .....	<i>Secretary</i>
<i>Linda Bardere</i> .....	<i>Director</i>
<i>Denise Perez</i> .....	<i>Director</i>
<i>Brad McDuffee</i> .....	<i>Director</i>
<i>Ethel McAfee</i> .....	<i>Director</i>
<i>Melissa Anderson</i> .....	<i>Director</i>

## SUPERVISORY COMMITTEE

<i>Diane Pearce</i> .....	<i>Chairperson</i>
<i>Carlene Simmons</i> .....	<i>Committee Member</i>
<i>Marcia Mulvaney</i> .....	<i>Committee Member</i>



### NCUA AND AMERICAN SHARE INSURANCE

Deposit savings accounts are insured up to \$500,000. Your savings is federally insured to at least \$250,000 and backed by the National Credit Union Administration, a US Government Agency. The Board of Directors has chosen to provide an additional \$250,000 of savings protection to each qualifying account through American Share Insurance, a private deposit guaranty corporation.

We are an Equal Opportunity Lender and an Equal Housing Lender. We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.

San Bernardino School Employees Federal Credit Union  
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# 2013 ANNUAL REPORT



*Serving the financial  
needs of our Members  
for 61 years*

# BALANCE SHEET

**MISSION STATEMENT:** *To provide individualized financial services to the members of the San Bernardino School Employees Federal Credit Union. To encourage thrift by providing a source of credit and a safe and convenient place to accumulate savings. The Credit Union is dedicated to servicing the memberships best interest in a friendly and caring manner while preserving the memberships trust.*

## CEO's Report 2013

Thank you for your membership at San Bernardino School Employees Federal Credit Union. We have concluded a very exciting 2013 and are working hard on making sure 2014 is even better. The past year was my first full year as CEO, and I am proud of the progress we made at the credit union. We started the year with an aggressive plan to improve the overall experience for our members, and I believe we accomplished that goal. Our members responded by bringing us more of their loans and deposits during 2013. I am especially thrilled the Board of Directors, management team, and employees have laid out an even more aggressive plan for 2014.

SBSEFCU continued its superior financial performance during 2013. Your credit union ended 2013 with a Net Worth Ratio over 16 percent, which is significantly higher than our peer group of similarly sized credit unions (11.11 percent). The credit union was able to grow deposits, assets, and loans at very healthy rates. Loan growth has been a priority for the credit union since my arrival, and I am happy to report that total loans grew by over \$1.5 million, or 4.28 percent during 2013. The lending team has done an excellent job of engaging members to identify lending opportunities. We have refinanced millions of dollars in loans from other institutions saving our members tens of thousands of dollars in monthly interest payments. Not only did our members choose to use SBSEFCU more for their lending needs, but they also showed great confidence in their credit union by depositing millions more dollars with our institution. Members increased deposits by more than \$2.5 million, or 4.94 percent, during 2013. We are confident that members who chose SBSEFCU for lending and deposits are finding significant value in the products and services they have selected.

Along with the credit union's great financial success during 2013, we also completed dozens of projects and upgrades to ensure our systems are as efficient as possible. Some of the highlights of 2013 include the completion of the corporate reorganization, launching a new website, and implementing a more efficient lending platform. We started the reorganization shortly after my arrival in 2012 and it took many months with a great commitment from the employees to complete. We have completed that project, and employees along with members are seeing the benefits on a daily basis. We moved job duties to create more efficiency and more appropriately align employees' skills with the job they are performing. The increased productivity is seen throughout the credit union with our call center in particular improving the most dramatically. When I arrived, we were answering approximately 70 percent

of the incoming calls during business hours. The newly created Support Services Department answered 93 percent of incoming calls during 2013 along with providing other valuable administrative services. The Support Services team and all of our employees received hundreds of hours training to ensure the highest level of knowledge. In mid-December we released a new website that we spent several months developing. As one of the first points of contact for existing and potential members, the management team realized our website needed to be more functional. We have the ability to personalize it with pictures of local schools and will be changing those images periodically. Finally, in December we released a new lending platform that will streamline the lending process significantly, and make it more efficient for employees and members. There are dozens of other upgrades we made to your credit union and we hope you are seeing the results of the employees' hard work. We are committed to improving all aspects of the credit union's operation.

As we strive to meet all of our members' expectations as an independent financial institution; we have joined several credit union collaborations to ensure our delivery systems are as robust as the largest financial institutions. SBSEFCU is part of CO-OP Financial Services ATM and Shared Branching Network. These collaborations allow SBSEFCU to offer more than 30,000 surcharge FREE ATMs and over 5,000 branch locations nationwide for our members. You can find out more about these services and locations near you by visiting <http://co-opatm.org> or <http://www.co-opsharedbranch.org/>. You can also ask any of our employees for more information on how to access your SBSEFCU account through these services.

I am excited for the future of SBSEFCU. Since my arrival as CEO, I have found a credit union that has operated for more than 60 years with a dedicated Board of Directors, Supervisory Committee, employees, and members. We have many more exciting changes on the horizon to ensure SBSEFCU is providing our loyal members world class products and services. I thank you again for your membership, and I invite you to further explore how your credit union can help you achieve all of your financial goals.

Kevin Posey

Chief Executive Officer

Assets	2012	2013	Change
Total Loans	36,351,940	37,908,837	4.28%
ALL	(820,679)	(598,781)	-27.04%
Net Loans	35,531,260	37,310,056	5.01%
Cash & Investment	23,253,207	22,459,126	-3.41%
Fixed & Other Assets	3,120,911	5,267,406	68.78%
<b>Total Assets</b>	<b>61,905,378</b>	<b>65,036,588</b>	<b>5.06%</b>
<b>Liability &amp; Equity</b>			
Other Liabilities	437,980	349,365	-20.23%
Savings	16,527,666	17,431,972	5.47%
Checking	8,882,495	9,163,229	3.16%
Money Market	9,879,570	11,623,595	17.65%
Certificates	11,466,956	10,942,790	-4.57%
IRA	4,939,455	5,088,931	3.03%
Total Share Deposits	51,696,142	54,250,517	4.94%
Total Equity	9,771,256	10,436,706	6.81%
Total Liabilities & Equity	61,905,378	65,036,588	5.06%
<b>Net Worth Ratio</b>	<b>15.78%</b>	<b>16.05%</b>	