

WHERE WILL **The Next 60** TAKE US?

2017 ANNUAL MEETING

AGENDA

- Opening By Bill Fiock, President
- Approval of 2016 Annual Meeting Minutes
- Presidents Report
- Election of Officers
- Financial Report
- 2017 Initiatives
- Door Prize Drawings
- Adjournment
- Refreshments

PRESIDENT'S MESSAGE

In 1957, seven individuals at SRI International came together with a vision of creating an organization that would help fellow employees and their families with low-cost financial services. Our beginning was simple, with deposits kept in a cigar box and hours of operation limited to the availability of our volunteers.

Over the past 60 years, SRI Federal Credit Union (SRIFCU) has become successful through a strong history of financial expertise, strategic vision, and a mission focused on providing professional and personalized services for the mutual benefit of its members.

From those humble beginnings, SRI Federal Credit Union has grown from a cigar box of assets into a stable institution with assets over \$83 million! Major milestones include transitioning from manual spreadsheets to a computerized accounting system (1960), audio response banking (1970), credit cards (1980), and mortgage loans (1990). The whole array of internet banking is now available from phone check deposits to mobile banking.

SRI Federal Credit Union remains financially secure and stable. In 2016, net income was \$324,061. Asset quality continues to be excellent with the delinquency ratio at .08%, which is one-thirteenth of the industrial standard of 1.04%. The credit union remains well capitalized with net equity of \$7.3 million. Even as the global financial environment remains unsettled through the beginning of 2017, with interest rates continuing to hold near record lows, your credit union has remained profitable and continues to provide competitive services to its members.

During 2016, regular savings deposits grew by 14.8%, checking balances grew by 10.6%, mobile banking users increased by 23.9%, and eDeposit users increased by 20%. Loan growth was strong at 22%, with loan balances increasing by \$7.7 million. The 5-5 adjustable rate mortgage loan was popular to members and balances grew by 79%. High quality, personal service continues to attract membership interest in the credit union's many products and services.

Thank you to the dedicated staff for their commitment to a core of strong values, and friendly, personal service to the members. Recognition should also go to the volunteers who give their time to serve as members of the Supervisory Committee and Board of Directors. Most importantly, we want to extend our appreciation to you, the Members, for the support and loyalty that you have shown over the years.

Sixty years strong – and a vision for another 60 years!

Bill Fiock, President

1957
7 SRI employees pool \$5 each.
The credit union starts out of a cigar box.
Total assets: \$35

1967
The credit union grows with SRI.
Member records computerized.
Total assets: \$2.3M

1977
2,000 members strong.
6% yield on Savings accounts.
Total assets: \$5.2M

1987
Savings rates @ 9%. Used auto loans @ 16%.
Member records moved to In-house computer.
Total assets: \$16M

1997
ATMs, credit cards, phone teller system.
Real estate loans accelerate.
Total assets: \$17.9M

2007
Real estate crisis. Credit union stepping up
to help members in tough economy.
Total assets: \$47.3M

2017
3,600 members. 307 real estate loans.
407 auto loans. 1,629 visa accounts.
Total assets: \$83.3M

FINANCIALS

BALANCE SHEET	2016	2015	\$ Change	% Change
Loans	\$42,724,246	\$35,002,065	\$ 7,722,181	22.06%
Cash & Investments	39,362,363	42,731,304	(3,368,941)	-7.88%
Other Assets	1,261,573	1,402,649	(141,076)	-10.06%
Total Assets	\$83,348,182	\$79,136,018	\$ 4,212,164	5.32%
Accounts Payable	\$ 701,810	\$ 535,029	\$ 166,781	31.17%
Member Savings	75,390,190	72,145,310	3,244,880	4.50%
	\$76,092,000	\$72,680,339	\$ 3,411,661	4.69%
Unrealized Investments Gain<Loss>	\$ (263,802)	\$ (740,244)	\$ 476,442	64.36%
Undivided Earnings and Reserves	7,519,984	7,195,923	324,061	4.50%
Capital	\$ 7,256,182	\$ 6,455,679	\$ 800,503	12.40%
Total Liabilities & Capital	\$83,348,182	\$79,136,018	\$ 4,212,164	5.32%

INCOME STATEMENT	2016	2015	\$ Change	% Change
Income	\$ 2,488,149	\$ 2,463,256	\$ 24,893	1.01%
Operating Expenses	2,151,691	2,040,073	111,618	5.47%
Dividends/Cost of Funds	190,709	162,125	28,584	17.63%
Total Expenses	\$ 2,342,400	\$ 2,202,198	\$ 140,202	6.37%
Net Income before Other Gain	\$ 145,749	\$ 261,058	\$(115,309)	-44.17%
Other Gain<Loss>	178,312	208,778	(30,466)	
Net Income	\$ 324,061	\$ 469,836	\$(145,775)	-31.03%

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is an independent committee, appointed by the Board of Directors, for the purpose of ensuring accurate records, protection of members' funds and maintaining a quality system of checks and balances. We also serve as the members' representative to the Board and can help resolve member complaints.

The Committee retains the services of an outside Certified Public Accountant firm to perform the December 31, 2016, annual audit and verification of member accounts. Additionally, the National Credit Union Administration (NCUA), our regulatory agency, has conducted a thorough examination of the credit union's operations.

The Committee conducts many functions to internally test records, monitor that operations are carried out in accordance with governing rules and regulations, and participates in the annual external audit to help ensure that your assets within the credit union are safeguarded and that financial results are adequately reported. The success of these external and internal reviews speaks well for our Credit Union record keeping and management.

The Supervisory Committee takes its responsibility to the credit union and its members seriously. We are thankful and appreciative for the assistance and cooperation of the SRI Federal Credit Union staff, management and the Board of Directors in the performance of our duties.

Stephanie Gray, Supervisory Committee Chairperson

ANNUAL MEETING MINUTES – 2016

The 59th Annual Meeting of the SRI Federal Credit Union was called to order at 12:04 PM by President Bill Fiock on March 16, 2016. After welcoming the attending members, Mr. Fiock reviewed a number of service improvements and new products.

Mr. Fiock requested everyone review the written minutes from the March 18, 2015, Annual Meeting. A motion to accept the minutes was made from the floor. The motion was seconded and carried.

The Nominating Committee's list of candidates for the Board of Directors was presented: Bill Fiock, Regis Vincent and John Prausa for two year terms. A member motioned to accept the Nominating Committee's list of nominees. The motion was seconded and carried.

The 2015 financial report, accomplishments and initiatives for 2016 were presented by Steve Bowles.

Door prizes were awarded, and Bill Fiock announced that the staff and volunteers would be available to answer questions, during refreshments in the reception area, following the meeting. The meeting was adjourned at 12:39 PM.

Aurora Allen, Board Secretary

Highlights

Used Vehicles Up

30 Year Fixed Mortgages Up

Adjustable Mortgages Up

Home Equity Lines of Credit Up

Total Loans Up

BOARD OF DIRECTORS:

Bill Fiock *President*

Ann Johnston *Vice President*

J.D. Smith *Treasurer*

Aurora Allen *Secretary*

John Prausa *Director*

JoAnn Hodges-Velayo *Director*

Regis Vincent *Director*

SUPERVISORY COMMITTEE:

Stephanie Gray *Chair*

Rod Morimoto *Member*

Diane Reiter *Member*

Ed Riccio *Member*

Rosa Sanchez *Member*

STAFF:

Steve Bowles *CEO/CFO*

Magda Czyn *Accountant*

Christopher Ensley *Loan Officer*

Yadi Fernandez *Loan Officer*

Amy Garcia *Operations Supervisor*

Vanessa Martinez *MSR*

Rahul Nand *MSR*

Francisco Saenz *Marketing Officer*

Rick Valderrama *Project Lead*

Karina Yap *MSR*

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