

Comparative Statement of Financial Condition

	2018	2017	2016
Assets			
Cash	15,165,786	11,107,982	15,577,876
Investments	103,635,479	124,624,625	125,956,282
Loans	310,551,565	295,077,609	288,989,518
Allowance for Loan Losses	(9,758,841)	(7,171,005)	(2,355,197)
Fixed Assets	8,272,484	7,016,840	7,037,911
Other Assets	35,994,700	37,967,650	38,969,323
Total Assets	\$463,861,173	\$468,623,702	\$474,175,713
Liabilities			
Members' Deposit Accounts	420,190,610	421,812,520	422,000,932
Other Liabilities	3,879,705	4,742,477	6,594,474
Total Liabilities	\$424,070,315	\$426,554,997	\$428,595,406
Equity			
Regular Reserve	4,391,442	4,391,442	4,391,442
Undivided Earnings	34,617,467	36,309,563	39,670,714
Equity Acquired from Merger	5,734,532	5,734,532	5,734,532
Unrealized Accumulated Comprehensive Gain/(Loss)	(4,952,583)	(4,366,832)	(4,216,380)
Total Equity	\$39,790,858	\$42,068,705	\$45,580,308
Total Liabilities and Equities	\$463,861,173	\$468,623,702	\$474,175,713

Comparative Income Statement

	2018	2017	2016
Revenues			
Interest on Loans	15,724,628	13,949,920	13,246,133
Interest on Investments	2,698,148	2,637,397	2,148,544
Other Income	5,774,495	4,412,404	5,008,265
Total Revenue	\$24,197,271	\$20,999,721	\$20,402,942
Expenses			
Operating Expenses	16,383,424	16,263,147	15,914,056
Provision for Loan Losses	6,717,025	6,020,923	1,474,545
Member Dividends	2,788,919	2,076,283	2,042,358
Interest on Borrowed Funds	0	518	0
Total Expenses	\$ 25,889,368	\$ 24,360,871	\$19,430,959
Net Income	(\$1,692,097)	(\$3,361,150)	\$971,983

For 12 months ending December 31. Totals or subtotals may reflect a \$1 difference due to rounding.



Federally insured by NCUA.

2018 ANNUAL REPORT



A JOINT MESSAGE

From Our Board Chairman and President & CEO

As SkyOne Federal Credit Union celebrates a major milestone of 70 years of service, we pay tribute to our heritage and where it all started. We’ve come a long way since our beginnings in 1949 when eight charter members established the CAA Region 6 Federal Credit Union to serve Civil Aeronautics Administration employees and their families located in the western United States. At the same time, this special 70th Anniversary marks a new beginning in which we use our journey as the momentum to help our members reach financial success.

To better serve our local communities and provide products and services that better meet members’ needs, we applied to the National Credit Union Administration (NCUA) to convert our charter to Multiple Common Bond (MCB) in November, 2018. This type of charter enables the credit union to serve any organization whose members share a common bond, including employees of a company, members of an association, or residents of a community. We’re thrilled to announce that our application has been approved by the NCUA. We can now provide our membership benefits to employees, retirees, or members of any association that request our services, as well as those who live, work, go to school, or worship in the areas of Hawthorne, Inglewood, Lennox, Lawndale, and at the Los Angeles International Airport. This charter change enables us to provide more services to the community, and serve more organizations that can benefit from our services.

In addition, we bade farewell to our President and CEO, Eileen Rivera, who retired after 31 years of service with the credit union. After an extensive and thorough search, SkyOne’s Board of Directors selected Joseph Whitaker, who has more than 30 years of leadership experience in the financial services industry, as SkyOne’s President and CEO.

With a new charter and new leadership, we redefined our mission and vision to establish a new strategic direction for the credit union’s future. Our mission is to deliver meaningful financial solutions tailored to our members’ needs, and our vision is to improve our members’ lives by providing convenient, member-focused solutions through a rewarding, effortless experience.

Board of Directors

Douglas R. Murphy	Chairman
Theodore P. Byrne	Vice Chairman
Rick R. Thompson	Treasurer
Malachy T. Coghlan	Recording Officer
John G. Clancy	Director
Willoughby E. Henshaw	Director
M. Wayne Lynch	Director

Supervisory Committee

Robin Rush	Chairperson
Grace De La Cruz	Committee Member
Agustin Salinas	Committee Member
Trina Rios	Committee Member
Sunit Kaur	Committee Member

Management Team

Joseph E. Whitaker	President & CEO
Raymonde Czerwinski	Chief Technology Officer
Michael Perez	Chief Financial Officer
Shannon H. Doiron	Chief Marketing Officer

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In 2018, we made several enhancements to improve member experience. We now offer 24/7 member support for consumer loan applications, providing members more convenience when applying for loans and credit cards on nights and weekends. In addition, we rolled out enhancements that provide greater convenience for members to make their SkyOne loan payments through iSky Online Banking. New payment features include using ACH to transfer funds directly to members' SkyOne loans and using a debit card from an external account to make payments on SkyOne loans. In 2019 and beyond, we're continuously working with our online and mobile banking providers to make more enhancements that improve member experience.

We're also committed to preserving the confidentiality of members' financial information. With credit and debit card-related fraud becoming a fact of life, we produced educational content including a video that informs members about all the ways they can manage their cards and have greater peace of mind. We also introduced eNotifications that keep participating members informed of changes to their accounts via email and/or text notifications, so they can act quickly if unauthorized activities take place on their accounts.

In December 2018, when federal employees nationwide were impacted by the federal government shutdown, we sprang into action to provide much-needed financial relief to our members. During the 35-day shutdown, our Crisis Co-Pilot Relief program helped more than 2,400 members, extending \$7.6 million in emergency loans to 1,874 members and deferring payments on existing SkyOne loans for 801 members.

In addition to helping members improve their financial lives, we continued to ensure the credit union is being managed responsibly. Our membership grew to 36,204 members, with family members of existing members being the biggest source of new members. Our total loans grew by \$15 million. We did end the year with lower-than-expected deposit growth, with a \$1.6 million decrease in total deposits. Our assets under management, however, continued to increase through our partnership with broker-dealer CUSO Financial Services, L.P. to provide investment services to our members. We reached \$83 million in assets at the end of 2018. Due to an increase in anticipated loan losses in 2018, we increased our loan reserves to \$6.7 million. As a result, our net income for the year was negative \$1.69 million, which contributed to a decrease in return on assets (ROA) of 0.36%. Despite this, our Net Worth ratio was 9.57%, which is considered well-capitalized by the NCUA.

In 2019 and beyond, our commitment to deliver excellent member service remains a priority. That's why we're putting an even greater focus on employee development and education. By strengthening our team, we'll be better equipped to fulfill our vision of improving members' lives by providing convenient, member-focused solutions through a rewarding, effortless experience.

From conducting transactions out of a cigar box during breaks and lunch hours in 1949, SkyOne Federal Credit Union has grown into a dynamic financial institution, providing members with a wide range of financial products and services. We're committed to helping members reach their financial goals and thrive. We thank them for their trust in SkyOne and allowing us the opportunity to make a difference in their financial lives.



Doug Murphy

Douglas R. Murphy
Chairman, Board of Directors



Joe Whitaker

Joseph E. Whitaker
President & CEO

Supervisory Committee Report

Protecting the safety of your information and assets continues to be our top priority. We continue to go above and beyond federally mandated audits and conduct extensive tests and audits to help strengthen our commitment to responsible and secure financial practices. The audit firm of Moss-Adams, LLP performed an Opinion Audit for the twelve months ending on June 30, 2018. We are pleased to report that the results of the Opinion Audit by the audit firm of Moss-Adams, LLP, have determined the Credit Union to be financially sound. In addition to the audits performed by our regulator (NCUA) and Moss-Adams, our Risk Management team conducted numerous internal audits and compliance reviews throughout the year.

Info@Risk, which specializes in information security assessments, conducted an exhaustive security analysis of our computer and network systems, including penetration testing (attempts to gain access to our network and computer systems using known vulnerabilities), onsite branch assessments (to determine the adequacy of our physical security), and social engineering tests (designed to test internal security measures, policies, and procedures). We're pleased to report that our security controls were effective in preventing access to our network and computer systems and have declared our network infrastructure to be secure.



Robin Rush

Robin Rush
Chairperson, Supervisory Committee

SPECIAL THANKS

To the following employees for their dedication in serving our members.

OVER 5 YEARS

- Andrea Arevalo
- Andrea Bruers
- Adriana Gonzalez
- Brandie Baldwin
- Daniel Mostovoy
- Elizabeth McMichael
- Felicia Cox
- Maria Freeman
- Nesha Ellis
- Paul Rivas
- Rebecca Boles
- Thomas Nakagiri

OVER 10 YEARS

- Armando Gonzalez
- Anibal Catania
- Amy Saldana
- Cassie York
- Cesar Ramos
- Cristina Hartmark
- Crystal Stokes
- Francisco Merino
- Jennifer Gonzalez
- Maria Perez
- Melinda Barmore
- Nigza Colon
- Rodney Brown
- Trina Alli
- Virginia Chavira

OVER 15 YEARS

- Bambi Louie
- Brenda Sheppard
- Eduardo Salazar
- Kathleen Cunico
- Karla Mabrie
- Khristopher Hartmark

OVER 20 YEARS

- Alma Rodriguez
- Anni Haroutunian
- Dina Earl
- Kelly Chaves
- Ismael Rodriguez
- Sonja Flagg

OVER 25 YEARS

- Sandra Jenkins
- Shaher Jiwani
- Thomas Dempsey