



# 2014 ANNUAL REPORT



Financial Services for First Responders  
Federally insured by NCUA



A warm welcome to every member of our Credit Union Family! It gives me great pleasure to have served as your Board Chairman for another consecutive year. I would like to give my sincere thanks to those who have served this past year and welcome and congratulate the new volunteers on our Board of Directors and Supervisory Committee.

Our Credit Union has come a long way over the past 61 years. You have heard before that your Credit Union is safe, sound and well-capitalized. SF Police Credit Union is subject to regulation and yearly audits by the National Credit Union Administration (NCUA - Federal) and the California Department of Business Oversight (DBO - State). The Credit Union's capital ratio is a key measurement that our regulatory agencies monitor. Credit Unions with a capital ratio above 7% are considered to be well-capitalized. I am happy to report that your Credit Union has maintained a capital ratio of over 14% for the third straight year.

The past year has brought about many achievements to better serve you, including the opening of our Oakland Branch, longer hours at several of our branches, leadership changes, and a website redesign, just to name a few.

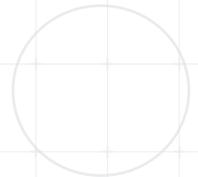
Where do we go from here? Your Board, volunteers and staff have embarked on a new strategic plan for the next five years. Watch for greater value-added benefits for our members, membership and location expansion, and a more robust Online/Mobile Banking platform. While new initiatives come with a cost, we will always remain cognizant of the Credit Union's safety and soundness while returning exceptional value to our members.

We never forget that you—the members—are our greatest asset and for that we thank you!

Here's to another prosperous year!

Sincerely,

**Glenn Sylvester**  
*Chairman, Board of Directors*



## 2014 BOARD OF DIRECTORS

**Michael Hebel**  
*Vice Chair*

**Croce A. "Al" Casciato**  
*Board Secretary*

**James Hennessy**  
*Director*

**John Mindermann**  
*Director*

**Robert Puts**  
*Director*

**Stephen Tacchini**  
*Director*



In our long history as a Credit Union, 2014 stands out as a year of great success and change. I'm proud of what we have achieved. It's exciting to feel the momentum and enthusiasm at the Credit Union. Since becoming President & CEO in March of 2014, I have enjoyed working with and building a dedicated team who care deeply about the Credit Union and its members. This team will advance the Credit Union's continued growth, safety and soundness with a strong vision that supports our core values and mission.

In 2014 we expanded our presence in the East Bay with the opening of our Oakland Branch. The City of Oakland and the Oakland Police Officers' Association welcomed our business into the area, and we pledge to honor this trust and partnership with the utmost regard. We have welcomed over 500 new members into the Credit Union from that location since its opening and helped support many First Responder events in the community to give back to our members and their important causes.

We also expanded our credit card loyalty program in 2014 to offer cash as a reward redemption option. With our low card rates and low fees, and the ability to redeem points for any airline, this new feature makes the SFPCU Platinum Visa card even more attractive.

In addition, we have brought on new management team members who will reinforce the Credit Union's focus on the security of our members' information. Our culture of protecting our members fits in well with our strategy of providing the best technology and security that helps our members thrive. To that end, we launched new EMV cards in 2014, and became one of the first financial institutions in the area to offer them. We also began working on a new Online/Mobile Banking platform scheduled for launch in early 2015. The new site will be created as a responsive system, just like our website, so you can access all of your information on your mobile devices.

This Credit Union has a longstanding tradition of profitability and 2014 was a banner year. Membership grew by nearly 6%. Our capital ratio remains very strong at 14.2%, which allows the Credit Union to better withstand economic challenges and continue on our mission of helping our members prosper financially with an eye toward growth and innovation. We reported over \$7.5 million in net income at the end of the year which will allow us to continue to add new services and products. We had tremendous loan growth of over 11% and are proud to help so many members reach their financial dreams.

In 2014, the Board and Management set its new strategic priorities for the next three to five years which will help the Credit Union grow into the future. The Credit Union will focus on branch and facility expansion opportunities, strengthening the security of our members' data, and innovation of products and services that make it easy for our members to bank conveniently with SFPCU however, whenever and wherever they choose.

I am confident that together with the Board of Directors and the tremendously hard-working team at SF Police Credit Union, we can continue to be your trusted primary financial institution; maintain earnings and reserves that promote sound growth; and provide exceptional service, outstanding products, and expert guidance to help our members prosper.

Respectfully yours,

**Eddie Young**  
*President/CEO*



# Bringing the convenience of the digital age to our membership

Over the past few years, SFPCU has worked to provide our members with tools to make banking more convenient. As First Responders, you're on the job 24 hours a day, seven days a week, and we're committed to providing the same 24/7 access for your financial needs.





## Consolidated Statement of Financial Condition

As of December 31, 2014

Assets	2013	2014*	Liabilities and Members' Equity	2013	2014*
Cash and Cash Equivalents	\$34,615,207	\$68,281,946	<b>Liabilities</b>		
Investments	252,831,643	218,977,174	Accounts Payable and Other Liabilities	\$2,858,674	\$6,733,791
Net Loans to Members	404,847,963	457,014,882	Notes Payable	0	0
Fixed Assets	13,899,247	12,349,435	Total Liabilities	2,858,674	6,733,791
Other Assets	23,946,436	25,696,664	<b>Members' Equity</b>	630,056,513	666,419,766
<b>Total Assets</b>	<b>\$ 730,140,496</b>	<b>\$782,320,101</b>	Members' Shares Total Equity	97,225,309	109,166,543
			Total Members' Equity	727,281,822	775,586,309
			<b>Total Liabilities and Members' Equity</b>	<b>\$730,140,496</b>	<b>\$782,320,101</b>

\*Unaudited Financial Statements



## Consolidated Statement of Earnings

As of December 31, 2014

	2013	2014*
Interest from Loans	\$19,363,873	\$21,020,292
Interest from Investments	5,946,788	4,554,178
Total Interest Income	25,310,661	25,574,470
Less: Dividends	2,674,372	2,261,995
Less: Interest on Borrowings	0	0
Total Interest Expense	2,674,372	2,261,995
Net Interest Margin	22,636,289	23,312,476
Less: Provision for Loan Losses	2,081,510	(1,171,576)
Net Interest Margin after Provision for Loan Losses	20,554,779	24,484,052
Plus: Non-Interest Income	4,148,708	4,058,596
Less: Operating Expenses	19,957,632	20,951,810
Non-Operating Income/(Expenses)	(453,876)	0
<b>Net Income</b>	<b>\$4,291,979</b>	<b>\$7,590,838</b>

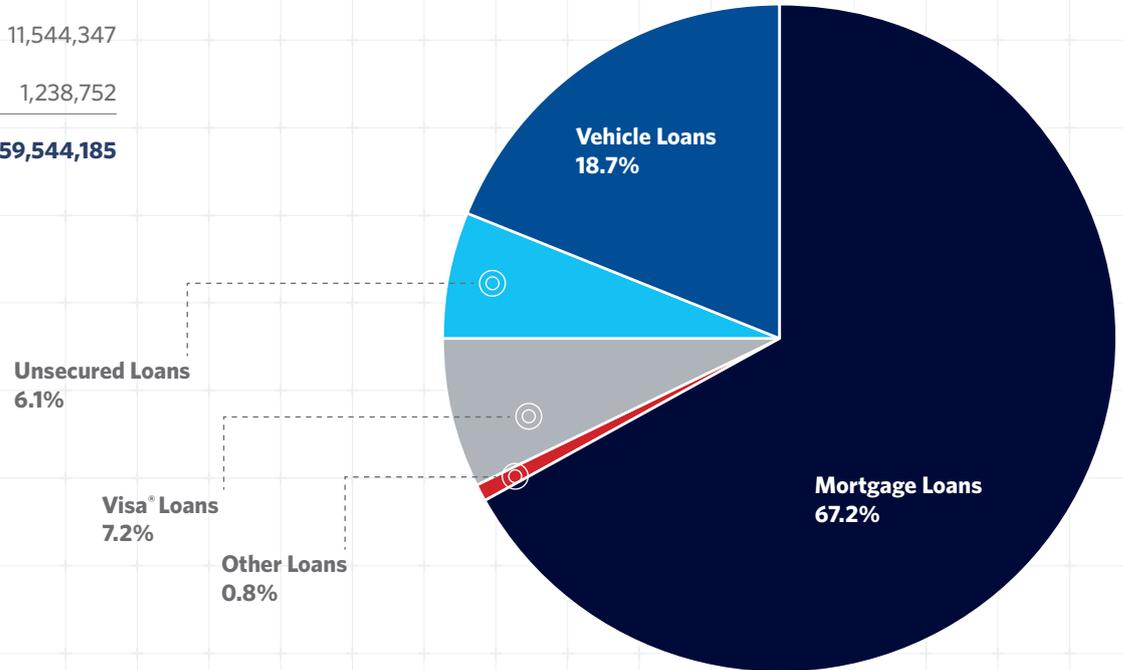


\*Unaudited Financial Statements

# Loans Funded 2014



Mortgage Loans	\$107,136,832
Vehicle Loans	29,863,069
Unsecured Loans	9,761,184
Visa® Loans	11,544,347
Other Loans	1,238,752
<b>Total Loans</b>	<b>\$159,544,185</b>



# Independent Auditor's Report



We have audited the accompanying financial statements of SF Police Credit Union (the credit union), which comprise the statements of financial condition as of December 31, 2013 and 2012, the statements of income, comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the credit union's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SF Police Credit Union as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Turner, Warren, Hwang & Conrad

Burbank, California April 2, 2014



On the occasion of our 61st Annual Meeting, we are proud to report that our Credit Union continues to thrive and grow. In 2014, our Credit Union distinguished itself by earning \$7,590,838 (net income). Today we serve nearly 36,000 member/owners out of our main office and branch on Irving Street and four additional branch locations (Bryant Street, San Mateo, Pleasanton and Oakland) and with our newest Oakland branch we were proud to welcome 500 new members!

Your elected Supervisory Committee is responsible, directly to the membership, for ensuring that Board actions, audits and operations functions are in compliance with the rules and regulations of SFPCU as well as State and Federal guidelines. We emphatically state that our Credit Union operates as a safe, efficient, financially sound and well-capitalized affinity-group Credit Union.

Our Credit Union remains committed to its mission statement, “to provide our members with exceptional service, outstanding products and expert guidance.” It remains committed to its vision statement, “to become the financial institution of choice for California’s First Responders, law enforcement, fire and EMT agencies.” Your Supervisory Committee is dedicated to keeping our Credit Union focused and operating in our best financial interests.

We are pleased to report once again that our Credit Union has received, for its 95th consecutive quarter, the prestigious BauerFinancial 5-Star Superior rating, the highest rating given for Credit Union excellence. As required by the California Financial Code, we proudly submit the following important measures of financial health as of December 31, 2014.

Total Shares:	\$666,419,766
Total Assets:	\$782,320,101
Total Loans:	\$461,374,600
Dividends Paid:	\$2,261,995
Total Members:	35,701

Your Supervisory Committee thanks the employees, management, staff, Board of Directors and volunteers of our Credit Union for another successful and prosperous year.

**Frank Hedley**  
*Committee Chair*

**Barbara Brewster**  
*Committee Member*

**John Goldberg**  
*Committee Member*

# Nominating Committee Report for 2015



As we gather for the 61st Annual Meeting of the SF Police Credit Union, the Nominating Committee is pleased to report the nominations for vacancies occurring on both the Board of Directors and the Supervisory Committee in 2015.

Nominations for 2015 vacancies were received from May 17, 2014 through June 30, 2014. Of the three candidates who were initially nominated for vacancies on the Board of Directors, one has withdrawn from the election.

There are two candidates remaining for two upcoming vacant seats on the Board of Directors in 2015. The candidates are Michael S. Hebel (incumbent) and John R. Goldberg. Because the number of candidates equals the number of vacant seats, an election is not necessary. Both candidates are declared to be elected under the By-laws at Article VIII, Section 6.

There is one candidate nominated for one upcoming vacant seat on the Supervisory Committee in 2015. The candidate is Barbara Brewster (incumbent). Because the number of candidates equals the number of vacant seats, an election is not necessary. The candidate is declared to be elected under the By-laws at Article VIII, Section 6.

Respectfully submitted to the Membership,

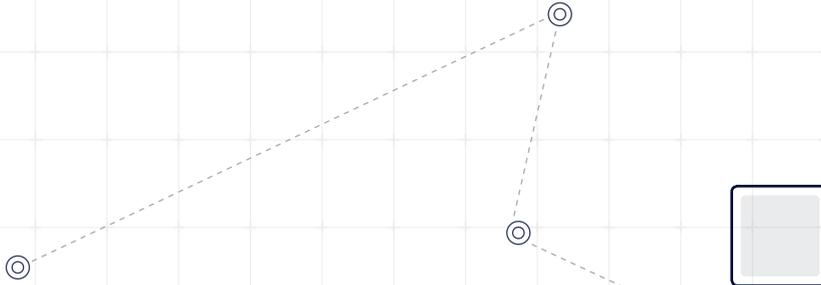
**Croce A. "Al" Casciato**

*Chair*

**Leroy Lindo**

**Michael Mahoney**

**Joseph Reilly**





Law Enforcement Appreciation Night



Law Enforcement Torch Run



AIDS Walk San Francisco



Holiday Toy Drives

## Law Enforcement Appreciation Night at SF Giants Game

SFPCU partnered with the San Francisco Police Department for the SF Giants 11th Annual Law Enforcement Appreciation Night to help raise awareness and funds for two outstanding nonprofit organizations. This year's game raised more than \$38,000 from ticket sales benefiting the Bay Area Law Enforcement Assistance Fund and the California Peace Officers' Memorial Foundation. Both organizations help local law enforcement families affected by a loved one lost in the line of duty.

## Bike the Bridges

Joining the 5th annual event, SFPCU co-sponsored this great charity cyclist event and teamed up with several law enforcement agencies and volunteers to raise funds to benefit the Special Olympics of Northern California. This beautiful scenic course began and finished at the Martinez Waterfront Park and took riders along the Carquinez Bridge and Benicia Bridge in Solano County.

## Law Enforcement Torch Run® (LETR) for Special Olympics

SFPCU's long time commitment to and participation in the LETR helps increase awareness and raise funds for the Special Olympics movement. Each year, SFPCU contributes to help support the Northern California law enforcement agencies that participate in the running event, in which officers and athletes carry the Flame of Hope® to the Opening Ceremony of Special Olympics local competitions.

## AIDS Walk San Francisco

SFPCU employees joined the California Credit Union League and other Bay Area Credit Unions in the 28th Annual AIDS Walk, an event where participants raise funds and awareness for the San Francisco AIDS Foundation. SFPCU employees were able to raise \$1,056 to assist in education and advocacy for HIV/AIDS prevention throughout the Bay Area.



ALS Ice Bucket Challenge



SF Police Department Memorial

### SF-Marin Food Bank

Last holiday season, SFPCU set out to help feed families in need in our community. We made a goal to match all cash contributions made to the SF-Marin Food Bank. Our goal was to raise at least \$500 (\$1,000 total) to help make sure that no one in our communities goes without a meal. We exceeded that goal by donating a total of \$2,207. For each dollar donated, the Food Bank was able to distribute \$6 worth of food – enough for 3 meals. In other words, SFPCU was able to serve 6,621 healthy meals throughout our communities.

### Holiday Toy Drives

Each year, SFPCU collects toys and donations for nonprofit organizations, Operation DREAM (run by the San Francisco Police Department) and The San Francisco Firefighters Toy Program. Both organizations collect toys and donations during holidays for children in need in San Francisco. This year we were amazed by the generous contributions received from members and staff. Notably, the winner of the Irving Branch Stocking Raffle decided to donate her prize to the toy drive. Our CEO Eddie Young and Board Chairman Glenn Sylvester, feeling moved by the generosity

of our members, visited the Ingleside Community on Christmas Eve to assist with sorting and distributing toys. We applaud the generosity of our members and staff.

### ALS Ice Bucket Challenge

SFPCU was challenged by K.C. Police Credit Union to participate in the ALS Ice Bucket Challenge (an activity to promote awareness of the amyotrophic lateral sclerosis (ALS) disease) – and we accepted! Because California is in a drought, we decided to trek down the street to Ocean Beach and fill our buckets with ocean water. It was a salty day at the office but well worth it to raise awareness for ALS. In addition to the challenge, we also made a donation to support the cause.

### SF Police Department Memorial

SFPCU was honored to be present at the dedication of a memorial to San Francisco police officers who have died in the line of duty. Our CEO Eddie Young is shown above with Chief of Police Greg Suhr at the ceremony at the new SFPD Headquarters. The memorial includes a poem of remembrance etched into a glass cylinder, inspiring all who view it to reflect on the officers who have made the ultimate sacrifice in service to the city.

### SFPCU Scholarships

Each year SFPCU supports our members and their families by awarding four \$1,000 college scholarships to students committed to enhancing their education. This past year we had a tie for the fourth scholarship and felt both applicants deserved it, so we decided to award five \$1,000 scholarships. It's an honor to support our members who choose to further their education in an effort to contribute to the improvement of their local community.



## Branch & ATM Locations

### Main Office and Branch

2550 Irving Street  
San Francisco, CA 94122

### Bryant Street Branch

802 Bryant Street  
San Francisco, CA 94103

### San Mateo Branch

1495 S. El Camino Real  
San Mateo, CA 94402  
(Entrance on 15th Avenue)

### Pleasanton Branch

6689 Owens Drive, Suite 125  
Pleasanton, CA 94588

### Oakland Branch

559 5th Street  
Oakland, CA 94607

**In addition to SFPCU branches, as a member you also have fee-FREE access to CO-OP ATMs<sup>SM</sup>, CO-OP Shared Branches<sup>SM</sup> and Bank of the West locations.** To find the location closest to you, visit [www.sfpcu.org/locations](http://www.sfpcu.org/locations).

## Contact Information

### 24/7 Call Center

800.222.1391

### MemberLink 24-Hour Transactions

800.871.3419

### Email

Members\_info@sfpcu.org

### Auto Buying Service

800.716.9550

### BALANCE<sup>SM</sup> Financial Fitness Program

888.456.2227

### MEMBERS<sup>TM</sup> Financial Services

415.682.3361

### Lost or Stolen Cards

[Visa<sup>®</sup> Credit Card](#)

800.449.7728

[MasterCard<sup>®</sup> Debit Card](#)

800.222.1391 • 888.241.2510 (after hours)

### Falcon Fraud Service Center

[Visa<sup>®</sup> Credit Card](#)

888.918.7313

[MasterCard<sup>®</sup> Debit Card](#)

888.241.2440





## SFPCU Online

### Online Banking

[www.sfpcu.org](http://www.sfpcu.org)

### Mobile Banking

[www.sfpcu.mobi](http://www.sfpcu.mobi)

### iPhone® and Android™ Mobile Banking Apps

Search for SF Police CU in the iTunes App Store or Google Play store to download our app for free

### Facebook

[www.facebook.com/SFPoliceCreditUnion](http://www.facebook.com/SFPoliceCreditUnion)

### More Online Services to Manage Your Finances

Bill Pay  
Email and Text Alerts  
E-statements  
Budgeting Tools  
Mobile Deposit  
Transfer Funds

## Products and Services

**As an SFPCU member, you have the opportunity to take advantage of our many outstanding products and services.**

Certificates  
Direct Deposit and Payroll Deduction  
First Responder Loan  
First-Time Auto Buyer Loan  
Global ATM Checking with Unlimited ATM Rebates\*  
Guaranteed Auto Protection  
Holiday Account  
Home Loans and Home Equity Loans  
Individual Retirement Account (IRA) Savings  
MasterCard® Debit Card  
Money Market Wealth Builder Accounts  
New/Used Vehicle Loans  
Personal Loans  
Recreational Vehicle Loans  
Student Loans  
Tiered Savings Accounts  
Visa® Credit Cards

*\*Terms and conditions apply. Visit [www.sfpcu.org/noatmfees](http://www.sfpcu.org/noatmfees).*

**Membership at SF Police Credit Union is open exclusively to First Responders and their families.**

Federally insured by the National Credit Union Administration | Equal Housing Opportunity



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FINANCIAL SERVICES FOR FIRST RESPONDERS

