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2002
ANNUAL Report

THE FINANCIAL PARTNER FOR LAW ENFORCEMENT

SF Police CREDIT UNION
SINCE 1953

Beginning our 50th Year of Service
1. Establish quorum (Duane Collins)
2. Pledge of Allegiance (Jim Curran)
3. Appoint Recording Secretary (Jim Curran appoints Duane Collins)
4. Reading an approval or correction of minutes of the 2002 Annual Meeting, (or waive) (Duane Collins) Motion, 2nd and vote from floor
5. Guest Speaker – San Francisco Police Department’s Assistant Chief, Alex Fagan
6. Report of the Directors (Chairman, Jim Curran)
7. Report of the Supervisory Committee (Chairman, John Kritovich)
8. Report of the Credit Committee (Chairman, Donna Meixner)
9. Report of the President (Michael Sordelli)
10. Introduction of Staff (Michael Sordelli)
11. Unfinished business (Jim Curran)
12. New business other than election (Jim Curran)
13. Report of the Nomination Committee (Duane Collins)
14. Introduction and seating of the Board of Directors (Jim Curran)
15. Introduction and seating of the Supervisory Committee (John Kritovich)
16. Introduction and seating of the Credit Committee (Donna Meixner)
17. Good of the order
18. Adjournment
19. Drawing of door prizes
Welcome to the 49th Annual Meeting

The report by the Board of Directors usually covers the progress and growth of the past year. However, this report will be different. The progress and growth will be covered by the other reports in this program.

The Board of Directors would like to thank you, the members and the staff of the SFPUCU. First, the members because without them this would not be such a successful credit union. Second, we would like to give the staff a big thank you for leading us down the road, or better yet, up the road for continued success. Most members know where we started, and that was in a cigar box in an abandoned horse stable behind Park Police Station. The cigar box at times didn’t have enough money to float a loan, but we survived and grew. The reason being was the competent leaders of the credit union and their great staff.

Jim Curran
President
The Credit Committee welcomes you to the 2003 Annual Meeting of the San Francisco Police Credit Union. Our members Walter Turchen, Art Adams, Barbara Brewster, Clifford Cook, and Donna Meixner, and alternates Frank Lee, Libert Myers, and Mark Solomon thank you for your interest and your attendance here today. We also thank you for the opportunity to serve you by assisting in the loan review and approval process, and by assisting loan applicants with their financial concerns.

In 2002, the Credit Committee reviewed approximately 200 requests for loans and loan extensions. We approved approximately three-quarters of those requests. The Credit Committee is in place to provide a “second look” to loans that fall outside of the customary guidelines. We serve as a “board of appeals” for members whose loan requests have been rejected. Approximately 50% of members who find themselves in that situation opt to use the services of the Credit Committee, for advice on using credit, and for improving their overall financial status. During the past year, we have received accolades from our members, some from those who have been granted loans, but also some from those who have been denied loans. This demonstrates the appreciation you have shown for the education, personal service, understanding, and consideration that we, as members of the law enforcement community, are able to provide to our own.

Once again, we thank you for the opportunity to serve you, and look forward to another successful year of assisting members in attaining their personal and financial goals.

Donna Meixner
Chairperson, Credit Committee
As chairman of the SFPCU Supervisory Committee, I am pleased to report to our members that we had another outstanding year in growth, assets and memberships. The Committee will continue to oversee that board actions, audits and operational functions are in compliance with the rules and regulations of the SFPCU, State and Federal guidelines. We, on the Committee, will strive to make our CU even more efficient.

SFPCU received an excellent review from DFI on our examinations, and continually out-perform our peer group in the key ration areas.

A special thank you to President Mike Sordelli, his staff and volunteers for their efforts and dedication, especially while the remodeling of the building was in progress – no easy task.

Looking forward to the challenges and continuing success of the SFPCU.

John C. Kristovich
Chairman, Supervisory committee

Stephen Tacchini
Robert Puts
We have audited the accompanying balance sheets of the SF Police Credit Union as of December 31, 2001 & 2000 and the related statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the credit union’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Industry Audit Guide for Audits of Credit Unions issued by the American Institute of Certified Public Accountants indicates that members’ accounts are liabilities. As further described in Note 1, SF Police Credit Union considers Union Rules and Regulations and has so presented the information. The presentation followed by SF Police Union has no effect on the total amount or classification of assets or on the determination of income, expenses or net income. If the shares were reported as liabilities, equity would decrease by $314,723,309 and $265,923,966 as of December 31, 2001 & 2000.

In our opinion, except for the effect of members’ accounts classification, the financial statements referred to above, present fairly in all material aspects, the financial position of the SF Police Credit Union as of December 31, 2001 & 2000 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 20 through 25 is supplementary information required by the State of California, Department of Financial Institutions.

Such information has been subject to auditing procedures applied in the audit of basic financial statements, and in our opinion, the information is fairly stated in all material respects in relation to the basis of financial statements taken as a whole.

MARLOW & MASSONI, Certified Public Accountants, San Francisco, California, March 1, 2002
2002 was, by most every measure, unprecedented. Market interest rates hit all time lows, economic forecasts proved challenging at best. Many, on a personal level, anticipated and dealt with an environment filled with unknowns, yet despite the financial climate The SF Police Credit Union experienced an extremely successful year as we extended our products, services and resources to the members/owners of our fine organization, and we want to thank you for following us into a milestone, 50th year of committed service.

Membership continues to express their appreciation and involvement, enjoying a multitude of account services and loan programs tailored to their needs. Our membership now exceeds eighteen thousand members hence the credit union also increased dramatically in member deposits, thus SF Police Credit Union’s assets ended the year at over $417 million strong.

Despite the low level of market interest rates, we maintained our savings rates at a superior level above the market and peers. Loan rates also were reflective of the market, thus loan volume in real estate and consumer were unparalleled as well.

We cross the threshold of 2003 with great anticipation delivering a vital role in the financial lives and well being of our members. This is of course why we are here and it is what we do best. Additionally we are committed to meet the needs of our members. This being said, the opening of our full service San Mateo Branch location at 1495 El Camino Real, is scheduled to kick off during the later part of 2003’s second quarter. Moreover, the SF Police Credit Union also looks forward to establishing its second San Francisco Branch location in the future POA Building site at 510 7th Street.

Of course none of the success we collectively have enjoyed, past or future, is possible without the participation and support of every member. Thank you for your approval and encouragement indicating that the SF Police Credit Union remains a vital component in the achieving and attaining of your financial accomplishments.

The Board of Directors, Volunteers, Management and Staff are committed to values of mutual trust, honesty, integrity and service with personal attention. It is in part by reason of these ethics combined with the talent and effective management, which help to set our institution apart from others.

The very best to you and yours for a healthy and happy 2003!

Michael R. Sordelli
President, CEO
Dear Chairman Curran,

It is with great pleasure that I report that the nominations for the 2003 elections are closed. There were two vacancies for the Board of Directors for 2003. The committee has received two nominations for those positions; incumbents John Costello and David Mayer have been nominated. For the vacancy on the Supervisory Committee we have received one nomination for the position; incumbent Steve Tacchini has been nominated. For the vacancy on the Credit Committee we have received one nomination for the position; incumbent Walter Turchen has been nominated. As a result of complying with the provisions of our bylaws, there will be no election held at the annual meeting 2003.

ARTICLE VIII, SECTION 6_BOARD DECLARATION OF ELECTION: If, at the conclusion of the nominating period, the Nominating Committee reports to the Board of Directors that the number of candidates presented for the Board of Directors and the number of vacancies existing therein are equal, the Board may declare that those nominated and qualified to be elected, have been elected and they shall be properly seated at the next annual meeting. The same procedure shall be followed for vacancies on the Credit Committee. Should the number of candidates for the Supervisory Committee nominated and qualified to be elected equal the number of vacancies the Supervisory Committee shall report to the Board of Directors that such position(s) will be considered seated at the next Annual Meeting. Should all nominated positions (Board, Supervisory Committee and Credit Committee) be equal to the number of vacancies, Section 7, 8 and 9 of Article VIII shall not be required and membership shall be so advised at the next Annual Meeting.

The Board of Directors, Supervisory Committee and Credit Committee positions will be seated at the Annual Meeting on February 15, 2003.

Respectfully submitted,

Duane C. Collins
Chairman
2002 SUMMARY

Income
TOTAL Income
$23,384,363

- Loans ................................................. $11,607,154
- Corporate Credit Union .................. $2,559,824
- Federal Agency Securities ............. $7,565,170
- Fees and Charges ......................... $286,580
- Miscellaneous Income ............... $631,799
- Other Investments .................. $733,836

Expenses
TOTAL Expenses
$17,494,242

- Employee Compensation and Benefits .................. $3,542,869
- Office Occupancy and Operations ................. $2,032,029
- Provisions for Loan Losses ....... $325,000
- Members Insurance ................ $194,276
- Other Operating Expenses ........... $878,775
- Dividends ................................ $10,521,293

Loans
TOTAL Loans
$141,943,628

- Real Estate ................................ $29,927,912
- Co-Maker .................................. $56,333
- Share Secured ......................... $1,618,387
- Signature ................................ $7,132,880
- Auto .................................. $25,650,133
- Other Loans ......................... $3,935,018
- Visa Loans ................................ $7,622,965
NEW LOANS
Granted

Loans Granted, in Millions of Dollars

- TOTAL LOANS: $38,191,262
- HOME LOANS: $20,778,707
- AUTO LOANS: $10,321,521
- SIGNATURE LOANS: $4,306,704
- OTHER LOANS: $2,784,330
BOARD OF DIRECTORS
Jim Curran, Chairman
Jim Hennessy
John Costello
Joe Reilly
Mike Sullivan
Willie Frazier
Dave Mayer

SUPERVISORY COMMITTEE
John Kristovich, Chairman
Steve Tacchini
Bob Puts

CREDIT COMMITTEE
Donna Meixner, Chairwoman
Art Adams
Barbara Brewster
Walter Turchen
Clifford Cook
Frank Lee (alternate)
Libert Myers (alternate)
Mark Solomon (alternate)

EDUCATION COMMITTEE
Kevin Conroy
Joel Harms
Joe Engler
John Mindermann

POLITICAL ACTION COMMITTEE
Elliott Blackstone

FIELD OF MEMBERSHIP COMMITTEE
Heather Fong

STAFF ADMINISTRATION
Michael R. Sordelli, CEO
Rosalyn I. Reilly, EVP
Duane C. Collins
Deirdre Cloherty
Mel Friis
Darlene Hong
Rudy Bella

OPERATIONS DEPARTMENT
Mary Fontana
Desiree Perez
Elaine Chan
Leonora Claudell
Margaret Mahoney
Jennifer Li
Joanna Liang
Shamima Razzak
Shyla Hernandez
Ria Liza Tumbaga
Carol Fahey
Lisa Pang
Marie Reyna
Andrea Finnigan
Christopher Tom
Kelly Maglio
Rick Ahnger
Liz Hiwa
Yvonne Darbellay
Jill Dunning
Diana Hallisy
Erika Jones
Elizabeth Maloney

IS & TECH. DEPARTMENT
Rose Green
Patricia Lee
Jackson Ma
Simon Mah
Victor To

COLLECTIONS DEPARTMENT
Elayne Biron
Debbie De Filippo
Barbara Sivell
Fran Lastra

ACCOUNTING DEPARTMENT
Carol L. Gay, CFO
Victoria Gong
Fansy Chyn
Eunice Malaret
Carol O’Rourke
Charlotte Paet
Gayle Pettrocchi
Jenny Wong

LOAN DEPARTMENT
Evelyn Fernandez
Jenny Schneckenberger
Natalie Randrup
Thelma Dayoan
Barbara Mahoney
Jean McKevitt
Mishel Sinclair
Lily Chew
Nelson Tumbaga
Sandra Streeter
Candido Celestino
Laurie Valmonte
Robert Neumeyer
Dorothy Campbell
Christina Gordon
Rathany Ma
Sandra Peters
Dorothy Speranza

CALL CENTER DEPARTMENT
Brian Young
Diane Kane
Rose Baxter
Ray Linaja
Cheryl Cruz
Kimberly Semien
• Savings Programs
• IRA Programs
• Club Share Accounts
• Loan Services
• Mortgage Loans
• Classic and GOLD VISA Card Programs
• Homebanking and Bill Pay Services
• 24 Hour Transaction Line
• ATM/Debit Card Programs
• ATM Deposit at selected CO-OP and Bank of the West locations
• Payroll Deduction
• Electronic Payment Services
• Insurance Programs
• Financial Management Services
• CU Service Centers – Shared Branch Access
• New & Used Auto Resource Programs
• Discount on Entertainment & Travel
• Monthly and Quarterly Newsletter
• American Express Traveler Cheques
• SFPcu Gift Certificates
• Local and Southern California Amusement Park Discount
• NCUA Deposit Insurance Up to $100,000

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Office LOCATIONS

SF POLICE CREDIT UNION
2550 Irving Street
PO Box 22219
San Francisco, CA. 94122-0219

WEBSITE:  http://www.sfpcu.org
E-mail: members_info@sfpcu.org

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(800) 871-3419

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(415) 664-0424  (General)
(415) 564-5519  (Accounting)

HOURS
MON., TUES., WED., FRI.
8:30 A.M. – 5:00 P.M.
THURS. 9:30 A.M. – 5:00 P.M.

Closed Saturday, Sunday and posted holidays.

WHO CAN JOIN?
Law Enforcement Personnel as defined by CA Penal Code Section 832 or equivalent federal statute and their civilian employees within the counties of San Francisco, Marin, Sonoma, Napa, Solano, Contra Costa, Alameda, Santa Clara and San Mateo, employed by any municipal, county, state, or federal agency or special district, including the following relatives or our Primary Members of SF Police Credit Union:

Spouse  Domestic Partner
Parents  Children
Brothers  Sisters
Grandparents  Grandchildren
Aunts  Uncles
Nieces  Nephews
First Cousins