



ANNUAL REPORT 2008





Welcome Message

As we move into a new presidential term, a difficult economy, and a forecasted rough 2009, we are thankful that we are able to continue offering our members quality financial products, at the level of service that we do. In this annual report, you will see how your Credit Union has remained strong and grown financially. Our staff, leadership and board have worked hard to be able to obtain positive 2008 numbers that will allow our Credit Union to grow and thrive; no easy task in this environment. In 2008 we saw over 35% growth in loans and 9% in assets.

While the nation is hoping for change, SFPCU is looking to make it happen. Our members can look forward to greater convenience from us in the coming year. We are committed to bringing more services online, to fit your lifestyle. Additionally, we are still here for all of your lending needs. Our members are looking to us to bring them the real estate and other loans that will help them throughout the year and we strive for this everyday.

Welcome to SFPCU in 2009!



	2008	2003	Increase
Members	26,132	19,838	32%
Assets	\$533,614,928	\$442,382,780	21%
Loans	\$267,691,514	\$139,970,815	91%

A Message from our President/CEO

In many ways, 2008 was a memorable year. Though some financial institutions did not survive the credit crisis, and others are still struggling with the after-effects, we are happy to report that SFPCU is strong and secure. You can count on us for prudent business practices and ever-improving services, knowing that our member-oriented philosophy and constant oversight will continue to protect your best interests.



Michael R. Sordelli
President/CEO

Our loan portfolio continued to grow in 2008, as members recognized the value of turning to a trusted, local lender. We wrote more than \$57 million in new loans, helping members buy cars, send their children to college, and refinance high-rate loans from other lenders.

In October of 2008, congress passed the Emergency Economic Stabilization Act, temporarily increasing the NCUA share insurance limit from \$100,000 to \$250,000 per qualified account. The new limit will remain in effect through the end of 2009, allowing our members to continue saving with confidence. Our deposits increased by \$41 million over the previous year, and with a total share balance of more than \$448 million, we paid out dividends of more than \$13 million.

We realize that convenient access is important to our busy members, so we introduced e-statements and revamped our website for easy, secure online access to information. We are pleased to have extended our coverage in the East Bay with the opening of our Pleasanton Branch on December 15, 2008. In 2008

we also launched a new scholarship program to help members achieve the goal of a higher education. SFPCU awarded four scholarships of \$1,000 to members who have a strong history of academic performance, are involved in their communities and participate in everything from student government and clubs to sports and music. And we implemented a new program called “Service Promises,” outlining five key commitments and promising \$5.00 any time you find us falling short.

We look forward to further growth and success in 2009. With a healthy capital reserve, a solid loan portfolio, a 5-Star Superior rating from Bauer Financial, Inc., and the maximum levels of federal deposit insurance, SFPCU provides a dependable, trustworthy financial alternative for our members. Please let us know if there are ways we can serve you throughout the year. As always, we are here for you.



Chairman & Board of Directors Report

It is with great honor and pleasure that the 2009 Board of Directors welcome you to the annual membership meeting of the SF Police Credit Union. Last year Director Steve Tacchini reported that 2007 was one of the most challenging years for financial institutions because of economic uncertainty. I hate to correct Steve, but 2008 was even more challenging and the skeptics are forecasting that 2009 is not going to be any better. Having said that, I am proud to report that your SF Police Credit Union remains strong and more committed than ever to its membership.

I was once asked by a friend why I volunteered as a Board member at the SF Police Credit Union. It seemed to him that it was a position of late hours, long meetings, stressful decisions and for no monetary reward. My response was spontaneous and simple: I take great pride in belonging to an organization that assists Police Officers and first responders, and being their primary financial institution.

In a time when Credit Unions are becoming fewer in number and some are suffering financial hardship, your Credit Union continues to grow in assets and membership. During the 2008 year, the Credit Union exceeded the one half

billion dollar mark in assets and has grown to a record membership number of (26,132). We have also established our fourth branch in Pleasanton to better serve our members in the East Bay. Besides increasing assets and growing membership, we remain committed to providing the highest level of service with the widest array of products to meet your financial needs.

The Board of Directors and the management team work extremely hard to forecast financial trends, determine our member's needs, and create programs and services so as to benefit the membership. The assets of the Credit Union show sustained and continued growth which translates to financial strength, higher dividend rates and lower loan interest rates.

All departments work together diligently to make this your primary financial institution. The Board, volunteers, and all of the SFPCU employees believe in the fact that you are not customers or clients, but you are members. You are the owners, and this is your Credit Union.

On behalf of my fellow Board Members: Willie Frazier, David Mayer, Steve Tacchini, John Kristovich, Richard Corriea, and Glenn Sylvester I would like to thank all of our members for allowing us the opportunity to serve you and work towards continued success in the years ahead.

Robert J Puts

Chairman, Board of Directors

Financial Statement

SF Police Credit Union Financial and Statistic report
for period ending December 31, 2008 after closing*

Assets

Total Loans	\$267,691,514
Less allowance for potential loss	<1,433,622>
NET	\$266,257,892
Total Cash	19,987,295
Total Investment	230,198,928
Total Prepaid & Deferred Expenses	722,663
Land & Buildings Less Depreciation	6,610,216
Furniture, Fixtures & Equipment Less Depreciation	666,109
Total Other Assets	9,171,825
Total Assets	\$533,614,928

*Unaudited

Liabilities

Accounts Payable	\$1,816,081
Taxes Payable	\$11,977
Total Liabilities	\$1,828,058

Equity

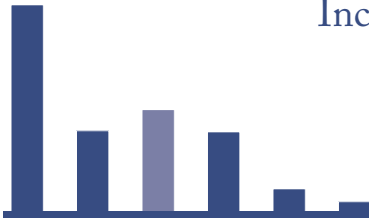
Total shares	\$448,598,655
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Reserve and Earnings

Reg. Reserve Guarantee Fund	\$9,415,564
Retained Earnings	\$73,772,651
Total Reserve & Earnings	\$83,188,215
Total Liabilities & Equity	\$533,614,928

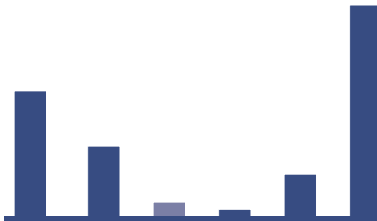
Summary of Income

Income Total= \$30,057,983



- Loans\$14,889,465
- Corporate Credit Union\$1,452,486
- Federal Agency Securities\$10,967,446
- Fees & Charges\$1,133,619
- Miscellaneous Income\$1,250,742
- Other Investments\$354,225

Expenses Total=
\$27,551,131



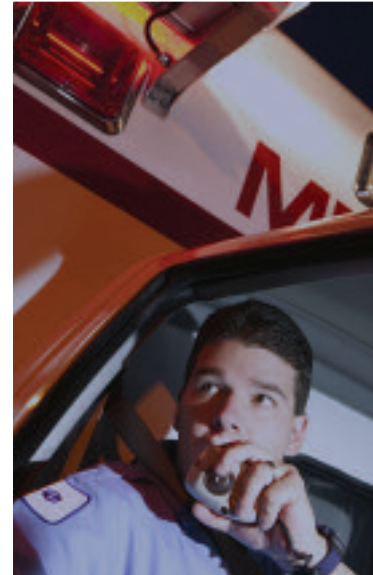
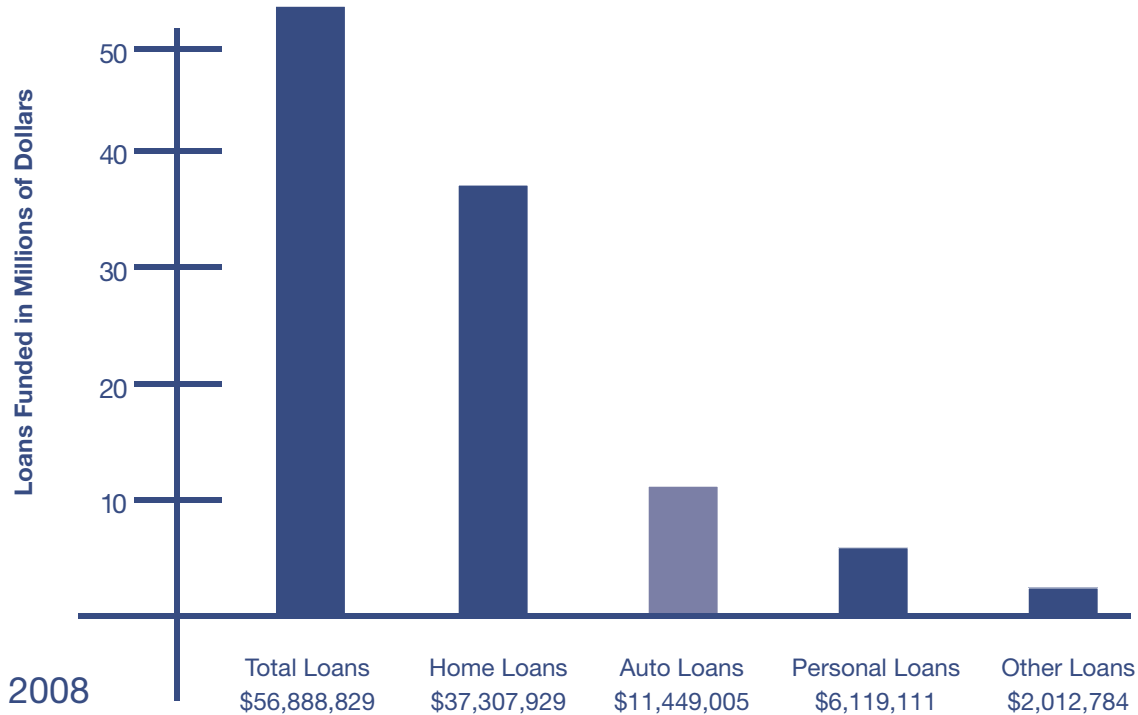
- Employee Compensation & Benefits\$6,853,835
- Office Occupancy & Operations\$3,495,628
- Provisions For Loan Losses\$2,137,708
- Members Insurance\$185,350
- Other Operating Expenses\$1,796,633
- Dividends\$13,081,977

Loans Total= \$267,691,514



- Real Estate\$151,147,871
- Share Secured\$1,497,956
- Signature\$7,815,644
- Auto\$27,262,663
- Other Loans\$53,116,784
- Visa Loans\$26,850,596

New Loans Funded



Supervisory Committee Report

Our Credit Union is not only surviving – it is thriving. More than 40% of California’s credit unions lost money in 2008 mainly due to home foreclosures in which the credit union carried a 1st or 2nd mortgage or a home equity line of credit. But our credit union distinguished itself; our credit union earned (net income) \$2,772,579 in 2008.

Your elected Supervisory Committee is responsible, directly to the membership, for ensuring that board actions, audits and operational functions are in compliance with the rules and regulations of the 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 “providing solutions for member financial needs with a commitment to excellence.” It remains committed to its vision statement “become the financial institution of choice for the nine Bay Area County First Responders (Police, Fire, & EMTs).” Your Supervisory Committee helps keep our credit union focused and operating in our best financial interests.

We are pleased to report that our credit union has received, for its 66th consecutive term, the prestigious Bauer Financial 5-star 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, 2008.

Total Shares:	\$448,598,655	Total Assets:	\$533,614,928
Total Loans:	\$267,691,514	Total Members:	26,132
Dividends Paid:	\$13,081,977	Retained Earnings:	\$73,772,651

Your Supervisory Committee thanks the employees, management, staff, Board of Directors, and volunteers of our credit union for another successful and prosperous year. We particularly congratulate Eunice Malaret on her retirement after 29 years of exceptional service and congratulate Darlene Hong (VP – Business Development) on her 25th anniversary of credit union service.

Mike Hebel, Chairperson

Barbara Brewster, Committee member

Jim Hennessy, Committee member

Independent Auditors Report

We have audited the accompanying statements of financial condition of S.F. Police Credit Union (a California state chartered credit union) as of December 31, 2007 and 2006 and the related statements of income, comprehensive income, members' equity, and cash flows for the year 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 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 audit to obtain reasonable assurance about 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 our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of S.F. Police Credit Union as of December 31, 2007 and 2006 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



McGladrey & Pullen, LLP

Certified Public Accountants

San Francisco, California, December 31, 2008

Nominating Committee Report

This year at the 55th Annual Meeting of the SF Police Credit Union we will be announcing the results of our first mail ballot for the Board of Directors. There were three candidates for the two available seats on the SF Police Credit Unions' Board of Directors.

The candidates were Desiree Perez, John Kristovich and David Mayer.

This year the Supervisory Committee did not have an election. Under bylaws Article VIII Section 7, the number of candidates for the committee is equal to the number of vacancies. Barbara Brewster will retain her seat on the Supervisory Committee.



Duane C. Collins, Chairman

Willie E. Frazier

Glenn R. Sylvester



Community Outreach

Together We Can Make A Difference!

SFPCU proudly supports the fundamental credit union philosophy of people helping people. It is an honor and a privilege to participate, coordinate and volunteer hand in hand with our First Responder partners. Together we raise funds and help make a difference for worthwhile organizations and our community. This year we are proud to highlight some of our most noteworthy events.

[Law Enforcement Appreciation Night at SF Giants Game](#)

SFPCU partnered with SFPD to raise awareness and funds for two great non-profit organizations. A portion of every ticket purchased benefited the Bay Area Law Enforcement Assistance Fund (BALEAF) and the California Peace Officers' Memorial Foundation. Both organizations help local law enforcement families affected by a loved one lost in the line of fire.

[Urban Shield](#)

SFPCU was a major sponsor of the event hosted by Alameda County Sheriff's Office. The exercises involved a series of staged terrorist attacks to better prepare law enforcement and illustrate the importance to bridge communication between all first responder agencies. Twenty-four agencies from across the country



participated in the competition with special guests from Israeli Defense Force observing and learning from our US teams.

[Alisa Ann Ruch Burn Relay](#)

SFPCU participated in a motorcade with fire vehicles starting from Moffett Field and ending in San Francisco Fire Training Facility, to support programs for younger burn victims. SFPCU, in conjunction with the San Francisco Black Firefighter's Association, worked hand in hand to co-sponsor the event's dinner for all participants.

[Guns and Hoses Charity Tennis Challenge](#)

SFPCU volunteer teams participated in this annual charity event hosted by the San Francisco Tennis Club, San Francisco Police Officers Association (SFPOA) and The San Francisco Firefighters Union 798 (SFFD) that benefited the Bay Area Law Enforcement Assistance Fund and the San Francisco Firefighters Toy Program.

[AIDS Walk 2008](#)

SFPCU employees supported the annual SF AIDS Walk, held at the Golden Gate Park. SFPCU employees walked to raise money, while SFPCU matched a portion of the contributions! The dedicated team raised more than two thousand dollars!

Contact Information

SFPCU Branch Locations

San Francisco:
2550 Irving Street
San Francisco, CA 94122
(Irving and 26th Ave.)

San Francisco:
802 Bryant Street
San Francisco, CA 94103
(Bryant and 6th Street)

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

Pleasanton:
6689 Owens Drive, Suite 125
Pleasanton, CA 94588
(Owens Dr. and Johnson Dr.)

Phone

415.564.3800 or 800.222.1391

MemberLink 24-Hour Transactions

415.242.2142 or 800.871.3419

Email

Members_Info@sfpcu.org

Website

www.sfpcu.org

Debit Card/ATM Services, Lost or Stolen Cards

Visa – 800.449.7728

MasterCard® – 415.564.3800

After Hours – 800.754.4128

Shared Branch Locations

Toll-free – 888.287.9475

Website – www.cuswirl.com

CO-OP ATM Locations

Toll-free – 888.SITE-COOP

Website – www.co-opnetwork.org



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



This Credit Union is federally insured by the National Credit Union Administration.

FIRE DEPARTMENT HEAVY RESCUE



POLICE LINE DO NOT CROSS

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Financial Services for First Responders
Law Enforcement | Fire | EMT

www.sfpcu.org | 800.222.1391

