

SF Police Credit Union

# 2012

Annual Report



Financial Services for First Responders

Federally insured by NCUA



# A Message From Our President/CEO



Michael R. Sordelli  
President/CEO

2012 marked the shift from uncertainty to an economy with strong signs of recovery and stability. The transition reaffirmed SF Police Credit Union's (SFPCU) ability to surpass one of the most turbulent economic periods since its conception; SFPCU's unwavering soundness and capacity for growth exemplified a concrete foundation, with regard to operational structure and decision making. SFPCU once again adhered to its mission statement of promoting sound growth and member prosperity through outstanding products and exceptional service.

SFPCU maintained the standard of keeping a healthy capital reserve, solid financial portfolio and BauerFinancial's 5-Star rating. Safe, strong and well capitalized, the Credit Union ended 2012 with more than 32,500 members, \$6 million in net income and \$722 million in assets. The increase of 13.96% organic loan growth and 3.61% share growth was indicative of the competitive rates and savings which were passed on to members. As of December 31, SFPCU held 13.69% capital in reserve, which was above the national average of 10.20%\*.

In 2012, SFPCU introduced several new products and services. As a testament to our ongoing effort to increase convenience, the Credit Union launched Person-2-Person Payment (P2P) which enabled members to send money to anyone, anywhere. With our young members in mind, SFPCU created the First-Time Auto Buyer Loan to help purchase a vehicle. Lastly, the Credit Union released two Visa® enhancements. The CUREwards® Mall gave members the opportunity to earn points faster, while Design Your Own Card offered the option to personalize their Visa Credit Card. It was my pleasure to see the positive impact all four new offerings had on members over the past year.

As we look onward to 2013, SFPCU will continue to search for new avenues to enrich the member experience through innovation, expansion and efficiency. Our goal simply will be to better align SFPCU with our membership, to be a Credit Union that better represents you and serves you. Our team members will challenge one another to offer unparalleled service and become each member's primary trusted financial institution.

It is with great pride that I share with you the 2012 Annual Report, which illustrates how SF Police Credit Union has grown considerably over the past 59 years, and it is with enthusiasm that I look forward to embarking on our 60th year together. As always, thank you for your support.

Respectfully yours,

A handwritten signature in blue ink, appearing to read "Michael R. Sordelli".

Michael R. Sordelli  
President/CEO

\*Source: NCUA 5300 Report, September 30, 2012.

## Mission Statement

Become the trusted primary financial institution for members and potential members while maintaining earnings and reserves which promote sound growth. We will provide exceptional service, outstanding products and expert guidance to help our members prosper.



Stephen Tacchini  
Chairman, Board of Directors

It has been an honor to lead the Board of Directors this year. The Board of Directors has worked hard on many important issues striving to build a successful and sustainable organization. Together, with the Management Team, we have accomplished a great deal.

We have been fortunate to have had many successes and continue to strive for excellence in service, products and long-term stability for our membership. I am proud to share that the SF Police Credit Union performance rates of capitalization and efficiency are within the top percentile of credit unions across the country. Nationwide, rates for deposits are at historic lows, yet the deposit rates being paid to members are among the highest in the Bay Area, while loan rates and services are being provided at very competitive levels.

SFPCU is embracing new strategic priorities that seek to stimulate member growth and create long-term opportunities. Growth of membership provides our Credit Union the opportunity to compete with larger institutions for the delivery of services at lower rates to members. The financial industry is extremely competitive and to remain strong and vibrant, growth of membership is essential. SFPCU is looking at ways to increase convenience to our members with the addition of branches and facilities. This expansion is part of the overall effort to increase membership and expand services at the most competitive levels.

Long-term opportunities, such as rebranding, are a fundamental element of the changes being considered. As we gather research on this topic, we understand this is a topic that evokes an emotional response from members who do not want to lose sight of our origin. Keeping those concerns in mind is important, as is maintaining our Credit Union as one that

is open for all First Responders and their families to join. Your participation and thoughts this past year will be given serious consideration prior to any decisions being made.

As we look towards the future, it is important to continue to operate under the tenets of which SFPCU was founded. Conservative and careful investing of member shares to assure a steady and reasonable rate of return has served us all well for nearly 60 years and will continue to do so. Providing the services most important to the members at reasonable and often below market rates will remain a focus. Financial services are expanding due to new technology and SFPCU is keeping pace with these changes to assure our members receive the most current products. At the same time, we are cognizant of the personal touch members want when they visit a branch or call on the phone.

I want to emphasize that we are moving forward in a thoughtful and well planned manner to assure success and establish long-term growth and stability. You have much to be confident about as a member of the SF Police Credit Union. I assure you the Board of Directors will continue to work hard to maintain your confidence and faith in our ability to guide your financial institution in the years ahead.

Stephen Tacchini  
Chairman, Board of Directors

## Service Promises

As a member of the SF Police Credit Union,  
**Our Promise** to you is...

- To **WELCOME** you with a friendly tone and smile
- To **DEMONSTRATE** a can-do attitude
- To **PROVIDE** you with valuable solutions
- To **RESPOND** to your service needs promptly and accurately
- To **THANK YOU** for your business

## Consolidated Statement of Financial Conditions

As of December 31, 2012

	2011	2012*		2011	2012*
<b>Assets</b>			<b>Liabilities and Members' Equity</b>		
Cash and cash equivalents	\$ 20,921,158	\$ 33,766,276	<b>LIABILITIES</b>		
Investments	316,798,594	310,232,468	Accounts payable and other liabilities	\$ 2,561,312	\$ 3,150,545
Net loans to members	327,917,386	359,858,106	Notes payable	0	0
Fixed assets	6,689,431	6,487,445	Total liabilities	2,561,312	3,150,545
Other assets	22,741,276	12,307,139	<b>MEMBERS' EQUITY</b>		
<b>Total assets</b>	<u>\$695,067,845</u>	<u>\$722,651,434</u>	Members' shares	591,603,224	612,955,390
			Total equity	100,903,309	106,545,499
			Total members' equity	692,506,533	719,500,889
			<b>Total liabilities and members' equity</b>	<u>\$695,067,845</u>	<u>\$722,651,434</u>

\*Unaudited financial statement.

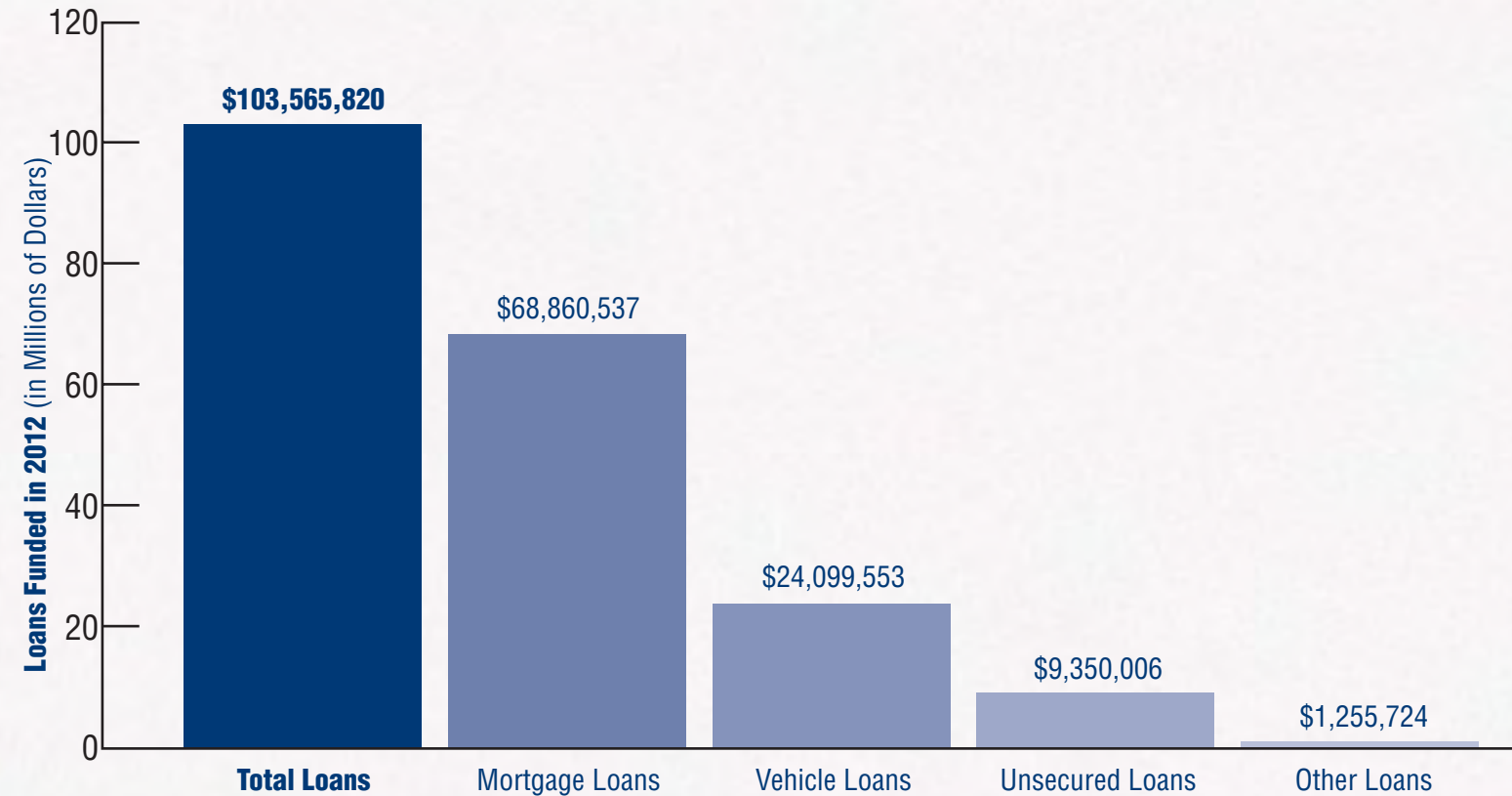
## Consolidated Statement of Earnings

As of December 31, 2012

	2011	2012*
Interest from loans	\$ 18,443,981	\$ 19,063,566
Interest from investments	9,889,579	8,005,982
Total interest income	28,333,560	27,069,548
Dividends	5,367,843	3,601,446
Interest on Borrowings	0	0
Total interest expense	5,367,843	3,601,446
Net interest margin	22,965,717	23,468,102
Provision for loan losses	4,738,692	2,813,881
Net interest margin after provision for loan losses	18,227,025	20,654,221
Non-interest income	3,096,578	3,457,656
Operating expense	15,617,943	17,582,624
Non-operating income/(expense)	(1,019,417)	(522,891)
<b>Net income</b>	<u>\$ 4,686,243</u>	<u>6,006,362</u>

\*Unaudited financial statement.





Since 2008, while many California credit unions have been losing money, merging with other credit unions or going out of business, our Credit Union has been thriving and growing! Today we have over 32,000 member/owners receiving service from our main office and four branches (Bryant St., San Mateo, Pleasanton, Castro Valley) and more locations being researched. In 2012, our Credit Union distinguished itself by earning over \$6 million in net income.

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 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, "provide exceptional service, outstanding products and expert guidance to help our members prosper." It remains committed to its vision statement, "become the financial institution for California's first responders, law enforcement, fire and EMT agencies." 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 the prestigious BauerFinancial 5-Star rating for its 90th consecutive quarter, 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, 2012.

Total Shares:	\$612,955,390	Total Assets:	\$722,651,434
Total Loans:	\$367,524,415	Retained Earnings:	\$98,912,078
Dividends Paid:	\$3,601,446	Total Members:	32,570

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

The 2013 Election Committee has determined that under the SF Police Credit Union Bylaws Article VIII Section 7, the number of candidates for the Board of Directors is equal to the number of vacancies. Candidates Steve Tacchini, Robert Puts, and Jim Hennessy will be seated on the Board of Directors for a three-year term beginning 2013. Congratulations to them all.

We will be holding an election for one position on the Supervisory Committee between Frank Hedley, Maria Oropeza, and Desiree Perez, for a three-year term. The credit union is also requesting the membership affirm the appointment of John Goldberg, to serve out the remaining one year term of Mike Hebel who was elected to the Board of Directors last year. We wish the best of luck to all of the candidates.

Respectfully submitted,

## Elections Committee

Glenn Sylvester  
**Committee Chair**

John Mindermann  
**Board of Directors**

Richard Corriea  
**Board of Directors**

Barbara Brewster  
**Supervisory Committee**



SFPCU believes in continuing the tradition of lending support to charitable organizations in the Bay Area. Proudly working alongside First Responders, we helped raise funds for worthwhile causes which positively impact our community. This year we are pleased to highlight some of our most significant and beneficial events.

## Law Enforcement Appreciation Night at SF Giants Game



SFPCU partnered with the San Francisco Police Department to help raise awareness and funds for two outstanding nonprofit organizations. The Bay Area Law Enforcement Assistance Fund and the California Peace Officers' Memorial Foundation benefited from a portion of every ticket purchased. Both organizations help local law enforcement families affected by a loved one lost in the line of duty.

## Bike the Bridges

SFPCU co-sponsored this cyclist event with proceeds benefiting the Special Olympics Northern California. Together, with public safety agencies from all over the Bay Area, volunteers worked to fundraise for a great cause. The scenic route included crossing the Carquinez Bridge and Benicia Bridge in Solano County and travel through greater parts of Contra Costa County.



## Alisa Ann Ruch Burn Relay

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

## Other SFPCU-Sponsored Events

- |                                     |                              |
|-------------------------------------|------------------------------|
| El Cerrito PEA Crab Feed            | El Cerrito Tip-A-Cop         |
| Hayward POA Crab Feed               | SF Tip-A-Cop                 |
| Martinez POA Crab Feed              | ACSO Softball Tournament     |
| Oakland POA Crab Feed               | Antioch POA Poker Tournament |
| San Mateo POA Crab Feed             | Bacon Ball Tournament        |
| CNOA Golf Tournament                | Concord POA Fish Fry         |
| Hayward POA Golf Tournament         | Fairfield POA Pistol Match   |
| Monterey County POA Golf Tournament | FALEO Scholarship Dinner     |
| NorCal COPS Golf Tournament         | Oakland Fire Random Acts     |
| Richmond PAL Golf Tournament        | Urban Shield Alameda County  |

# History of SF Police Credit Union

As the SF Police Credit Union celebrates its 60th Anniversary year in 2013, it's certainly a time to look with optimism to the future but also a time to look back at the many milestones along the way.

The first 15 members who joined the SFPCU on November 12, 1953 would visit the original office in a converted area of the old stables at Park Police Station, loaned temporarily by the Police Department. By 1961, SFPCU welcomed members to a rented storefront at 1607 Noriega Street. The need for larger

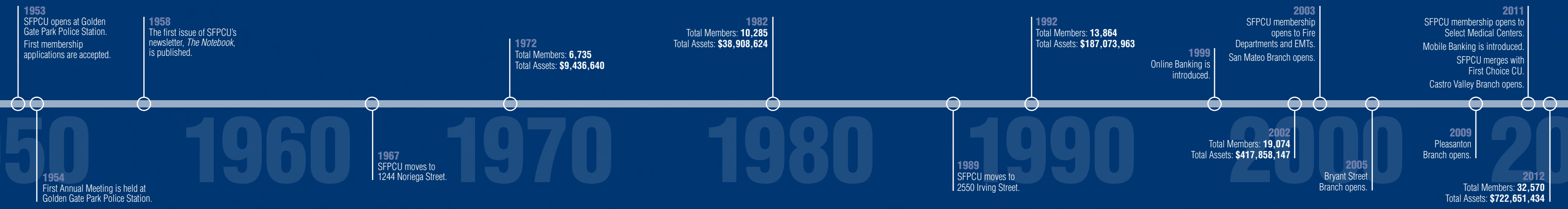
quarters continued so that by 1967, SFPCU had purchased its first property, moving to 1244 Noriega Street near 20th Avenue. Eventually, SFPCU would also purchase the building next door and celebrate its 25th Anniversary in 1978 at the Grand Opening of the newly expanded 1250 Noriega Street offices. After 28 years on Noriega Street, having once again outgrown its office space, SFPCU purchased a larger building at 2550 Irving Street, and celebrated the Grand Opening of our present location in April 1989.

The pioneer SFPCU members coming to the first Annual Meeting in 1954, at Park Station, could hardly have imagined that SFPCU would one day establish branch offices around the Bay Area and employ unheard of technologies to serve the ever-growing membership.

SFPCU reached out to allied First Responder agencies by opening the San Mateo branch in 2003, the Bryant Street branch in 2005, the Pleasanton branch in 2009 and the Castro Valley branch in 2011, through a first ever merger with 1st Choice Federal Credit Union.

In addition to branches, SFPCU reaches our members through technology. Online Banking was first introduced in 1999 and Mobile Banking was first offered in 2011. Today, Person-2-Person payments, launched in 2012, are becoming more popular and continue to stay at the forefront.

Despite all the changes over 60 years, our founding members would recognize the same commitment to service, commitment to quality and meeting the financial needs of our members which remains a key part of SFPCU's mission and core values to this day.



# Branch Locations & Contact Information

## 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> Program

888.456.2227

### MEMBERS 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

## Branch & ATM Locations

In addition to SFPCU branches, as a member you also have fee-FREE access to CO-OP Network<sup>®</sup> ATMs and Shared Branches.

To find the fee-FREE location closest to you, visit [www.sfpcu.org/locations](http://www.sfpcu.org/locations).

## 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

Online Check Deposit

Person-2-Person Payment

## Products & 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/loanfees](http://www.sfpcu.org/loanfees).



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







Financial Services for First Responders