

A vertical rocket launch is depicted against a dark, starry sky. The rocket's plume is a bright, glowing column of white and orange, extending from a dense layer of white and orange-tinted clouds at the bottom. The rocket itself is a thin, dark line at the top of the plume. The overall scene conveys a sense of upward motion and progress.

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**ACCELERATING  
TOWARD OUR  
FUTURE**

**2021 Annual Report**

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THE  
 **POLICE**  
CREDIT UNION  
*of California*

# A Look Ahead...

JANUARY 2022

**Opening of  
new Irving  
Street branch**

APRIL 2022

**Launch of  
Green Energy  
(solar) loan**

MARCH 2022

**Launch of  
the new HERO  
mortgage loan**

MAY 2022

**Mobile wallet  
for debit card**

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# HOW DO YOU ACHIEVE ACCELERATION?

Under the laws of physics, “thrust” is the required force which moves a rocket through the air, and through space. In other words, thrust launches the rocket into the cosmos — and is the mechanism without which space travel would not be possible. In a similar way, The Police Credit Union’s strategic acceleration into our envisioned future demands that we gain the critical thrust to propel us forward. We did just that in 2021 by making a significant investment in our technology, human resources and infrastructure.

Over an 24-month period, we accomplished a pivotal goal of our organization with a major technology conversion. But as impactful as this essential upgrade has been, it is actually just a springboard to many exciting new financial solutions we are planning as we work in collaboration to catapult our credit union to the next level. We invite you to join us for the ride!



# CHAIRMAN & BOARD OF DIRECTORS REPORT \* \* \*

For many businesses, the continued impact of the pandemic forced them to pause many planned investments. However, due to the trust and loyalty of our members, while tightening our belts and fine-tuning our focus, our credit union was able to move forward on long planned and long-term initiatives that truly invest in the future of our credit union.

*Over the past year the credit union has:*

- ★ **Transitioned to a new core computer system, one that features a modern, open architecture**
- ★ **Converted to a new digital banking platform allowing us to offer new digital services, both now and in the near future, including Zelle, instant issue for credit and debit cards and mobile wallet for debit cards, among others**
- ★ **Successfully completed the sale of our building at 2550 Irving Street**
- ★ **Opened a new Branch at 2400 Irving Street on January 18th**
- ★ **Resumed in-person visits statewide to other agencies to grow our membership**

While investing the significant time and money required to implement these large-scale initiatives may not provide immediate returns, they do offer tremendous strategic value and opportunity as we prepare for the future—one which will enable us to offer additional services for our members that are only possible with critical investments in new technology.

As background, our previous core computer system had been in use for over 30 years. With the advancements in technology that have occurred over the past three decades, it was no longer capable of offering the services that our members expect. Simply put, it had served us well but was beyond its useful life. While the new system is the result of years of planning, its rollout was not without pain. Change is never easy and often entails some heartache. That can certainly be said for the experience of some of our members - and we regret any inconvenience you may have experienced.

Our members have dozens of different computers with different browsers, using a variety of legacy systems - some that are no longer supported by the developer. That said, our commitment is to resolve every outstanding issue. If you are still experiencing issues, let us know. Please contact us at: [Members\\_Info@thepolicecu.org](mailto:Members_Info@thepolicecu.org). While we strive to offer competitive rates on loans and savings, along with lower fees than our competitors, our touchstone remains our commitment to serve our members.

In reviewing last year's letter, I noted that the new Irving Street branch was expected to open in April of this year. I am happy to report that we were able to open ahead of schedule on January 18th and are delighted to provide a new branch located in the Sunset district exactly one block from our previous location.

As we begin a new year, with new technology and a new branch, we are well prepared to meet our members' financial needs. We will be launching new products and services, including a "100% first time homebuyer" mortgage for our active law enforcement members to help them reach the dream of homeownership. Our outreach to other law enforcement agencies is gaining traction, especially in the Central Valley where our law enforcement colleagues have few options other than the big banks.

**While we take pride in positive change and necessary innovation, one thing never changes: our commitment to "Providing Financial Solutions to Take Care of Our Own."**

On behalf of the Board of Directors, we wish you and your families a New Year filled with good health, prosperity and success in all your endeavors, and thank you for being a part of this exceptional credit union.

Very truly yours,

**John Goldberg**  
Chairman, Board of Directors

# PRESIDENT/CEO REPORT \* \* \*



In today's highly competitive and fast changing financial services marketplace, providers who can successfully adapt are those who commit to making steady and meaningful investments in their organization to meet the challenges of both the present day and future. While navigating the unpredictable terrain of the global pandemic, our credit union forged ahead and implemented transformative changes to expand and strengthen our resources, technology and infrastructure in 2021. These efforts were designed to drive enhanced value for our members, and are key to bolstering our viability as an organization dedicated to serving law enforcement and their families for years to come.

With the conversion of our core processing system and digital banking system in July, we completed two major upgrades to our technology infrastructure to provide a more streamlined banking experience and offer our members a wider selection of financial solutions. After 24 months of extensive planning and testing, we replaced our outdated legacy core system with one based on an open architecture platform that allows us to integrate more easily with vital third-party solutions via our new digital banking platform. This in turn will enable the introduction of new digital services that our members have indicated they want. While taking on this degree of change, we did face hurdles, but the transition was essential to achieving the service level our members expect and allowing us to operate with greater efficiency as we now serve law enforcement groups throughout California. We appreciate our members' confidence, faith in us and patience as we worked to address the service issues experienced during this time.

During a turbulent year of COVID-19 restrictions and uncertainties, our members brought their savings dollars to our financial institution at extraordinarily high levels. We recognize and appreciate that our substantial deposit growth in 2021 was due in large part to the trust our members have in the safety and soundness of our credit union. Similarly, many credit unions throughout the nation experienced a drop in their net worth ratio as deposits surged and were challenged to leverage this influx with new loans. For us however, owing to a very healthy financial cushion we had established through years of prudent use of our assets, we remained well capitalized at 12.12% — putting us close to the top of our peer group in this key metric.

Significant societal changes impacting the law enforcement profession and economic reverberations related to COVID-19 compressed membership and loan growth in 2021; however, we continued to experience solid membership growth in the Bay Area, and made strong inroads in building momentum with new law enforcement members in the Central Valley. Moreover, we expect to drive organic loan growth in the near term with several exciting new products we will be introducing this year.

Despite industry challenges, societal upheaval and market volatility, The Police Credit Union remains on solid financial footing and is taking steady strides forward in our mission to help secure the financial well-being of law enforcement and their families. 2021 was the first year we began to implement a new five-year strategic plan titled **"Thrive in '25."** This roadmap will keep us focused on priorities that accelerate our ability to enhance our technology capabilities, and help introduce new products and services to meet law enforcement's unique needs. Accordingly, we are preparing to launch a series of new offerings in 2022 aimed at helping members achieve their financial and life goals. These include but are not limited to:

- ★ **A no down payment mortgage loan for first-time law enforcement homebuyers**
- ★ **Digital wallets for our debit cards**
- ★ **Our 'Green Energy' loan, providing funds for renewable energy options for homeowners**
- ★ **Instant issue at our branches for debit and credit cards**
- ★ **Zelle, the instant, peer-to-peer money transfer service**

As we work to achieve these notable goals in 2022, we are also looking ahead to our 70th Anniversary next year, when we will celebrate our distinguished history and express gratitude to our loyal members. Our proud legacy originating from the SFPD is the solid foundation from which we now prosper and thrive, allowing us to offer an exceptional array of products and level of service to members (both current and new) throughout California. Focusing on goals that propel us forward helps us better serve our valued members and strengthens our ability to meet the financial needs of law enforcement and their families for generations to come. Thank you for continuing the journey forward with us on our exciting trajectory into 2022 and beyond.

Respectfully yours,

**Eddie Young**  
President/CEO

# FINANCIAL STATEMENTS

Consolidated  
Statement of  
Financial Condition  
As of December 31, 2021

<b>ASSETS</b>	<b>2019</b>	<b>2020</b>	<b>2021*</b>
Cash and Cash Equivalents	\$79,797,151	\$132,547,857	\$136,268,163
Investments	\$112,152,603	\$281,026,817	\$380,905,315
Net Loans to Members	\$661,993,191	\$574,665,700	\$546,094,674
Fixed Assets	\$53,916,873	\$52,742,683	\$50,931,238
Other Assets	\$29,839,508	\$31,246,465	\$32,400,618
<b>TOTAL ASSETS</b>	<b>\$937,699,327</b>	<b>\$1,072,229,522</b>	<b>\$1,146,600,007</b>

<b>LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>2019</b>	<b>2020</b>	<b>2021*</b>
<b>LIABILITIES</b>			
Members' Equity	\$796,471,679	\$922,985,873	\$1,007,531,302
Accounts Payable and Other Liabilities	\$5,814,495	\$6,233,825	\$6,717,850
Notes Payable	\$0	\$5,000,000	\$0
Total Liabilities	\$802,286,174	\$934,219,698	\$1,014,249,152
<b>MEMBERS' EQUITY</b>			
Total Equity	\$135,413,153	\$138,009,824	\$132,350,855
Total Members' Equity	\$135,413,153	\$138,009,824	\$132,350,855
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$937,699,327</b>	<b>\$1,072,229,522</b>	<b>\$1,146,600,007</b>

\*Unaudited Financial Statements

## Consolidated Statement of Earnings

As of December 31, 2021

	<b>2019</b>	<b>2020</b>	<b>2021*</b>
Interest from Loans	\$28,182,633	\$26,286,620	\$21,447,645
Interest from Investments	\$3,891,168	\$2,570,291	\$3,394,793
Total Interest Income	<u>\$32,073,801</u>	<u>\$28,856,911</u>	<u>\$24,842,438</u>
Dividends	\$4,142,375	\$4,206,102	\$2,477,907
Interest on Borrowings	\$0	\$217	\$0
Total Interest Expense	<u>\$4,142,375</u>	<u>\$4,206,319</u>	<u>\$2,477,907</u>
Net Interest Margin	\$27,931,426	\$24,650,592	\$22,364,532
Provision for Loan Losses	\$1,326,909	\$1,014,308	-\$544,476
Net Interest Margin after Provision for Loan Losses	<u>\$26,604,517</u>	<u>\$23,636,284</u>	<u>\$22,909,008</u>
Non-Interest Income	\$7,740,467	\$8,168,766	\$8,653,153
Operating Expenses	\$28,107,391	\$31,548,146	\$33,311,861
Non-Operating Income/(Expenses)	\$0	\$0	\$5,097,626
<b>NET INCOME</b>	<b><u>\$6,237,593</u></b>	<b><u>\$256,904</u></b>	<b><u>\$3,347,926</u></b>

\*Unaudited Financial Statements

# SUPERVISORY COMMITTEE REPORT FOR 2021

On the occasion of our 68th annual meeting, we are pleased to report that The Police Credit Union continued to support its valued members during a year where many members experienced significant challenges. In 2021, our Credit Union earned \$3,347,926 (net income). Today we serve 42,144 members from six branch locations — Irving Street, San Bruno, Bryant Street, San Mateo, Pleasanton and Oakland, our Contact Center and through convenient digital channels.

Your elected Supervisory Committee is directly responsible to the membership for ensuring that board actions, audits and operations functions are in compliance with the rules and regulations of The Police Credit Union.

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 Core Purpose — “Providing Financial Solutions to Take Care of Our Own.”

We are pleased to report that our Credit Union has again received for 2021 the prestigious BauerFinancial 5-Star Superior rating, the highest rating given for financial strength and stability.

As required by the California Financial Code, we are pleased to submit the following important measures (shown at right) of financial health as of December 31, 2021:

Your Supervisory Committee thanks the staff, management, Board of Directors and other volunteers for their support of our credit union during 2021.

**Frank Hedley**, Committee Chair

**Barbara Brewster**, Committee Member

**Richard Corriea**, Committee Member

## IMPORTANT MEASURES OF HEALTH: (as of December 31, 2021)

Total Assets

**\$1,146,600,007**

Total Members

**42,144**

Dividends Paid

**\$2,477,907**

Total Loans

**\$550,352,533**

Total Shares

**\$1,007,531,302**

# 2021 INDEPENDENT AUDITOR'S REPORT

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## **Board of Directors and Supervisory Committee The Police Credit Union**

We have audited the accompanying financial statements of The Police Credit Union of California (the credit union), which comprise the statements of financial condition as of December 31, 2020 and 2019, 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 of material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

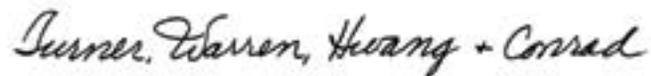
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 The Police Credit Union of California as of December 31, 2020 and 2019, 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 15, 2021

# 2022 BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE ELECTION NOTICE \* \* \*

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Letters of intent seeking nomination for Board of Directors and Supervisory Committee member vacancies occurring in 2022 were received by the Nominating Committee from May 17th, 2021 through June 30th, 2021. There are three vacancies on the Board of Directors and one vacancy on the Supervisory Committee occurring in 2022, each for a three year term.

Three letters of intent to seek election to the Board of Directors in 2022 were received. The Nominating Committee has nominated candidates Michelle Jean, (incumbent) Robert Puts (incumbent), and Stephen Tacchini (incumbent) per the By-laws at Article VIII, Section 1. Because the number of candidates equals the number of vacancies, an election is unnecessary. The candidates will be declared elected per the By-laws at Article VIII, Section 6.

One letter of intent to seek election to the Supervisory Committee in 2022 was received. The Nominating Committee has nominated candidate Frank Hedley (incumbent). No other letters of intent to seek election were received. Because the number of candidates equals the number of vacancies, an election is unnecessary. The candidate will be declared elected per the By-laws at Article VIII, Section 6.

2022 Nominating Committee

**Michael S. Hebel**, Chair

**Croce A. Casciato**, Committee Member

**Joseph Reilly**, Corporate Secretary, Committee Member

# COMMUNITY EVENTS



Riverside Sheriffs' Association 5K Run/  
Walk To Remember Virtual Event



SFPAL Toy Drive



Oakland Police Department Officer  
Appreciation Event



Alameda County Sheriffs' Office SWAT  
Fitness Challenge



Ventura County Deputy Sheriffs'  
Association Department Shoot and BBQ



Police Week - Honoring Law Enforcement

# THE POLICE CREDIT UNION PRODUCTS AND SERVICES

## Online Banking

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

## iPhone® and Android™ Mobile Banking App

Search for the Police Credit Union in the iTunes App Store or Google Play store to download our app for free!

## Special Discounts

[www.thepolicecu.org/specialdiscounts](http://www.thepolicecu.org/specialdiscounts)

## More Online Services to Manage Your Finances

Bill Pay

Email and Text Alerts

E-statements

Mobile Deposit

MoneyTrac (Online budgeting tool)

Mobile Wallet for credit and debit cards  
(as of May 2022 for debit cards)

Apple Pay™, Android Pay™,

Samsung Pay, and Microsoft Wallet

Visa® Checkout

(faster online shopping experience)

## Products

Mortgage Loans

Home Equity Fixed-Rate Loans  
and Home Equity Lines of Credit

HERO 100% First-time Homebuyer Mortgage  
for Law Enforcement (as of 3/1/22)

Green Energy Loan (as of mid April 2022)

New/Used Vehicle Loans

Platinum Visa® Credit Cards

Personal Loans

Public Safety Assistance Loan

Checking with ATM Rebates\*

Money Market Wealth Builder Accounts

Certificates

Individual Retirement Accounts (IRAs)

## Special Services

End of Watch Debt Forgiveness Benefit

HomeAdvantage® Realtor Network  
with Rewards

Enterprise Car Sales for Pre-owned Vehicles

Discounted Estate Planning Services

GreenPath Financial Wellness  
(financial counseling and debt management)

Partnership with OfficerPrivacy.com

MEMBERS™ Financial Services  
(financial advisor investment services)

Low Profile Debit & Credit Cards

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

**Membership at The  
Police Credit Union  
is open exclusively to  
Police and other Law  
Enforcement agencies  
and their families  
throughout California.**

**Membership is also  
available to First  
Responders and their  
families throughout the  
9 Bay Area counties.**

Federally insured by the National Credit Union  
Administration. ABA Routing Number: 321076496

800.222.1391  
[www.thepolicecu.org](http://www.thepolicecu.org)



# BRANCH & ATM LOCATIONS

-  **Administrative Building**  
1250 Grundy Lane | San Bruno, CA 94066
-  **Irving Street Branch**  
2400 Irving Street | San Francisco, CA 94122
-  **Bryant Street Branch**  
802 Bryant Street | San Francisco, CA 94103
-  **San Mateo Branch**  
4060 South El Camino Real, Suite F | San Mateo, CA 94403
-  **Pleasanton Branch**  
6689 Owens Drive, Suite 125 | Pleasanton, CA 94588
-  **Oakland Branch**  
559 5th Street | Oakland, CA 94607
-  **Full Service ATM SFPD Southern Station**  
1251 3rd Street | San Francisco, CA 94158

# CONTACT INFORMATION

-  **24/7 Contact Center**  
800.222.1391
-  **Automated Phone Banking**  
800.871.3419
-  **Email**  
[Members\\_info@thepolicecu.org](mailto:Members_info@thepolicecu.org)
-  **Enterprise Car Sales for Pre-owned Vehicles**  
[www.thepolicecu.org/enterprise](http://www.thepolicecu.org/enterprise)
-  **GreenPath Financial Wellness**  
877.337.3399
-  **MEMBERS™ Financial Services**  
415.682.3361
-  **Lost or Stolen Cards**
  - Visa Credit Card  
800.449.7728
  - Visa Debit Card  
800.222.1391 &  
888.241.2510 (after hours)
-  **Falcon Fraud Service Center**
  - Visa Credit Card  
888.918.7313
  - Visa Debit Card  
888.241.2440





800.222.1391  
[www.thepolicecu.org](http://www.thepolicecu.org)