



Architect's drawing of new SCCCU Santa Cruz office building

2003 ANNUAL MEETING

Date: Thursday, April 24, 2003

Place: Louden Nelson Community Center
Multi-Purpose Room

Time: 7:00 p.m.

CEO Report

by *Ginger McNally, CEO*

To be on the brink of change is both exhilarating and challenging. The last year saw many accomplishments by the members, Board of Directors, and staff of the Santa Cruz Community Credit Union. In 2002, among other noteworthy events, we saw our first IDA participant graduate, began the renovation of the Community Credit Union's new Santa Cruz office, and expanded our child care loan fund programs with new money from National Community Capital Association.

Providing access to capital for low- and moderate-income members is a core value of the Santa Cruz Community Credit Union. In 2002, our membership grew to more than 9,200 and, for the first time ever, our assets grew to over \$50 million! Our loan-to-assets ratio is 72.86 percent and our capital-to-assets ratio increased to 8.54 percent. The Community Credit Union is growing, is financially sound, and is poised to make a significant impact in the community for years to come.

The Board and staff are working hard to increase outreach to the Watsonville community. Early in 2003, the Community Credit Union began accepting the "matricula consular" as documentation with which local residents from Mexico can open savings accounts. This policy complements our Vigo wire transfer service to Mexico and El Salvador and our Money Mover service, and highlights our commitment to offer our members better financial services.

We are working on the development of a great new web site in order to increase



Operations Report

by *Donna Zavada, Executive VP*

The new Santa Cruz office building at 324 Front Street is the major focus of my work. Although we'd hoped to move our main office more quickly than our projected date of June 30, we are very happy with the gains we've achieved with this additional time. The lobby area will utilize natural light from skylights, reflective illumination, and window glazing to promote energy efficiency.

Continued on page 2

convenience for members. The web site is bilingual, has easily accessible information about our services, and has loan applications which can be easily downloaded or sent securely online to our loan department. The web site should be completed in early spring and will be available at www.scrucuu.org.

The Community Credit Union is also working on the development of a three-year strategic plan for the institution. Issues to be addressed will include: more convenient member services; greater options for personal and business loans; improved technology; and, expanded community economic development initiatives.

At the Santa Cruz Community Credit Union, we care about two things. First, we care about serving our members who are also the owners of this community-based financial institution. Second, we care about contributing to lasting social and economic

justice. We accomplish this through our work in child care, financial literacy, the Individual Development Account matched savings program, and microenterprise

Continued on page 2

Community Development and Marketing Report

by *Sheila Schat, Marketing/Community Development Director*

Throughout our 26 years of community service, the Santa Cruz Community Credit Union has strived to stand out from other financial institutions by maintaining a steadfast commitment to our mission of creating positive social and economic change. Our accomplishments of 2002 and our goals for 2003 attest to our loyalty to our mission, members and community.

In close collaboration with Community Ventures, Inc., the SCCCU continues to broaden its community development work by expanding our Individual Development Account Program, launching More Than Just Commerce, introducing Accessory Dwelling Unit loan funds at low interest rates, and expanding our low-interest child care loan program through funds recently received from the National Community Capital Association.

We continue to seek ways to serve you better with each passing year. 2002 saw the introduction of our Visa Check Card and the expansion of our brochures in both English and Spanish. In early 2003 we began accepting the "matricula consular" as a valid form of identification for membership. We plan to launch both our new, bilingual Credit Union web site and the More Than Just Commerce web site the first quarter of 2003. By the end of June we expect to be situated in our new office on Front Street.

We are grateful to all of our members and community partners for your support and your feedback. We look forward to continuing to work with you to pursue our mission.

Chair of the Board of Directors Report

by John Isbister, Board Chair

We had another fine year at the Credit Union. One of the milestones we passed was the \$50 million mark in assets. Those who remember our modest beginnings, over 25 years ago, will understand what an achievement this is. We are now poised to be an even stronger force for community development in the county, both through our Credit Union lending and through the activities of our non-profit affiliate, Community Ventures, Inc.

Our Watsonville branch is growing, and playing a bigger role in the economic development of South County. We had a wonderful 25th birthday party at the Coconut Grove last April, and this year we will be looking forward to moving our main branch a few buildings down Front Street, to a new building that can accommodate our growth.

We said goodbye this year to our Chief Executive Officer, Fran Muhaw, then spent almost half a year searching for her successor. We had an amazing total of 169 applicants for the job, and in November were delighted to welcome our new

CEO, Ginger McNally. Ginger has a lifetime of experience in community development lending—internationally as well as domestically—and she has a detailed knowledge of our county. We are looking forward to a productive and exciting future, under her leadership.

CEO continued from page 1

lending. Community Ventures, Inc., the nonprofit affiliate of the Community Credit Union, makes it possible to pursue many of these community economic development initiatives.

On a more personal note, I want to know what you, the members, think about how we are doing at the Community Credit Union. It is a dream come true for me to have the honor of serving as the CEO and I would like to hear your dreams for making the Santa Cruz Community Credit Union the best community-based financial institution possible. Please give me a call at (831) 425-7708 x 232 or email me at gmcnally@scruzccu.org. I'll call you back. Thanks.

Community Ventures, Inc. (CVI) Report

by Bill Leland, Executive Director

Community Ventures, Inc. (CVI) continued its dramatic growth in 2002, primarily focusing on Individual Development Accounts (IDAs), Child Care sector business skill and facilities development, and Financial Literacy. One new emphasis was added—our More Than Just Commerce program—which encourages socially, economically, and environmentally responsible business practices. Shana Boehm, a VISTA member, has superbly led the implementation of MTJC. All activity in these areas was done in close collaboration with the SCCCU. Since 1989, CVI, the 501(c)(3) affiliate of the SCCCU, has collaborated closely with the Credit Union in pursuit of our shared mission.

The IDA Program reached a new level of success and maturity. At the end of 2002, 80 very low-income participants were collectively saving more than \$175,000 and receiving matching funds to reach goals that develop assets for long-term improvement in their quality of life.

June Padilla Ponce, IDA Program Coordinator, has continued to be a wonderful support as the participants move closer to reaching their savings goals.

We hired two outstanding staff, Wendy Woods and Sita Moon, to run the Child Care Playground Safety Initiative (CCPSI), a two-year initiative supported by a grant from the David and Lucile Packard Foundation to regrant approximately \$2.4 million to nonprofit child care centers. This Initiative, in Santa Cruz and four neighboring counties, helps ensure that the centers can afford to make improvements required by the newly mandated California safety standards while also improving their outdoor programs.

We continue to be blessed in our work by having highly committed and competent community collaborators in much of our work.



OPERATIONS continued from page 1

Electrical lights will be automatically controlled to be on only when needed. Our total package of design elements helped us to surpass energy efficiency standards by 27 percent. A special program through PG&E, "Savings by Design," will award both our architect, Teall Messer, and the SCCCU with sizeable incentive payments for the design and implementation of our particular plan.

Our interior design consultant, Wayne Palmer, is finding eco-friendly interior finish alternatives for our use including carpet and other floor and wall coverings. Our General Contractor, Bob Mollman from Kase Pacific Construction, was able to recycle the demolition materials that were extracted from the site even before our real remodel work began. We've chosen steel for framing our floors and walls in large part because it is composed of a high percentage of recycled materials—namely used cars! For our elevator, our plan uses vegetable oil as an alternative to hydraulic fluid to avoid possible soil contamination in the future. We have given consideration to using both materials that are recycled and/or those that are recyclable after their useful life in our building.

Our new 15,000 sq. ft. main branch office will have a bathroom for members which includes a changing table. One of the waiting areas will include a toddler play table that supervised children may enjoy. We'll have a large community meeting room with bathrooms, two merchant booth teller stations, six standard teller stations and four ADA (Americans with Disabilities Act) sit-down stations for new accounts and other business. There will be writing surfaces along the teller waiting line, two self-serve banking stations in the lobby, and many features that will help our staff serve you more efficiently than we can in our present Santa Cruz office.

Please watch your statement inserts for updates on this project over the coming months.

Loan Department Report

by Debra Crawford, Lending Director

Despite the sluggish economy, the Credit Union remains diligent in offering a wide range of consumer loans, mortgage loans, community development and business loans. In 2002 we received 1,144 applications; 968 were approved and 176 were denied. The total loan volume for 2002 was \$15,844,744. Loan volume for 2001 was \$21,278,097. The decrease in volume was a direct result of a slumping economy, high unemployment, and the possibility of war.

We are proud to note that the 2002 figures include 19 loans totaling \$83,430 that have been made through the Family Loan Program (FLP). The FLP provides small, low-interest loans to low-income parents working or attending school. 33 loans totaling \$993,575 were made to small businesses owned by women and minorities. 23 loans totaling \$796,274 were made to nonprofit agencies that serve the community.

At the end of 2002, the SCCCU finalized a joint program with the City of Santa Cruz to provide loans for Accessory Dwelling Units ("granny units") that will have affordable rents for the next 15 to 20 years.

To learn more about our loan programs, call the loan department at (831) 425-7708, ext. 5.



Supervisory Committee Report

By Maura Matera, Chair

The Supervisory Committee is responsible for ensuring that the financial statements accurately and fairly present the financial condition of the SCCCU and that management practices and procedures safeguard members' assets.

During 2002, the Supervisory Committee met quarterly to review the operating practices and procedures of the Credit Union. It was determined that the policies and practices are safe, sound, and are administered within the bounds of the Credit Union bylaws.

The CPA firm, O'Rourke, Sacher and Moulton, part of McGladrey & Pullen in Brisbane, California, completed an annual review and member account verification. The Independent Auditor's Report, performed as of June 30, 2002 was presented to the Board of Directors during the first quarter of 2003. The report confirmed that the Credit Union financial statements were prepared in conformity with accounting practices prescribed by California Credit Union Law and generally-accepted accounting principles. The report also confirmed the adequacy of the Credit Union's infrastructure.

Watsonville Branch

by Elodia Mendoza, Branch Manager

Since opening our Watsonville branch, we've learned first-hand that asking our community what it needs helps us to serve its members better.

In our first five years, the Watsonville branch has made significant progress in improving financial services for our members. Some of the services implemented over the last five years include: providing a convenient location where members can pay their water bills; offering an affordable and rapid wiring service to Mexico and El Salvador; offering Second Chance checking accounts or Special Ten (free) checking accounts; and, providing an accessible application process for consumer and business loans.

Our next phase of community outreach will include a variety of member education workshops where we will demonstrate that the SCCCU is not only a financial institution, but also a place of hope and understanding.

I am very proud of the Watsonville staff and their continued commitment to our Credit Union.

Mission Statement

The Santa Cruz Community Credit Union is a savings and lending cooperative, open to all people employed or residing in Santa Cruz County or north Monterey County. We work to promote positive social and economic change.

The Credit Union is democratically owned and controlled by its members and recirculates savings within the counties by making loans to members. In our community development lending, we encourage control of the local economy by the people who live here. The Credit Union's highest priority is to meet the needs of low-income people through the development of small business cooperatives, worker-controlled businesses, nonprofits and organizations improving the quality of life in our community. In our personal lending and in our other services, we help our members meet their real financial needs. Together we are people who make a difference.

Nuestra Misión

Santa Cruz Community Credit Union es una cooperativa de ahorros y prestamos que tiene sus puertas abiertas a todos los residentes del condado de Santa Cruz y el norte del condado de Monterey. Trabajamos para promover cambios sociales y económicos.

La Unión de Crédito lleva un sistema democrático, donde los miembros participan en los cambios que existen dentro de la cooperativa. Fomentamos que la misma comunidad tome control de la economía local. Nuestra prioridad es atender las necesidades de personas de bajos ingresos, incluso colaborar en el desarrollo de negocios pequeños organizaciones sin fines lucrativos, y apoyar organizaciones quienes trabajan para mejorar el nivel de vida en nuestra comunidad. Aspiramos ayudar a nuestros miembros satisfacer sus necesidades financieras, por medio de nuestros servicios y prestamos personales. Juntos hacemos la diferencia.



Board of Directors:

Chair John Isbister

Vice-Chair Mary Bennett

Secretary Doug Cook

Treasurer Carmen Robles

Jay Dravich, Roberto Garcia, Bill Hafferty, Paul Johnson, Marian Martinez, Dena Taylor, Alisa Thomas, Rick Wesson

Executive Committee

Mary Bennett, Doug Cook, Bill Hafferty, John Isbister, Carmen Robles, Rick Wesson

Supervisory Committee

Chair Maura Matera

Adam Clarke, Suzanne MacLean, Daniel Nikuna

Credit Committee

Bill Hafferty, Kim Hallinan, Abbie Rosenberg, Rick Wesson

Building Maintenance

Stuart Avery, Christina Ensminger

Staff

Rosa Maria Bermudez

Gretchen Carlson

Dawn Carr

Debra Crawford

Moriah Eisenhower

Andrea Eusse-Gil

Maribel Falcon

Jane Fessenden

Bruce Fox

Ernesto Garcia

Mark Gurley

Maria Hernandez

Monica Herrera

Andrea Kroninger

Bill Leland

Erica Madriz

Araceli Marrujo

Patricia Martin

Martha Martinez

Judy McCormack

Ginger McNally

Kari McNamara

Elodia Mendoza

Vera Meyn

Jason Nicholson

June Padilla Ponce

Shawn Padilla

Michelle Poen

Ted Rico

Linn Rodriguez

Ramiro Rodriguez

Alan Savat

Sheila Schat

Don Seemann

Larry Thompson

Monte Tudor-Long

Judy Weaver-Lowenberg

Wendy Woods

Donna Zavada

Americorps VISTA Member

Sarah Crawford, Shana Boehm

Santa Cruz Branch Report

by Shawn Padilla, Branch Manager

The Santa Cruz Front Office saw yet another productive year in 2002. Historically, the hallmark of our department has been teamwork. Over the past year, our team spirit has been further strengthened thanks to our continued high level of staff retention. Year-to-year continuity provides staff with opportunities to cross-train with other departments, allowing us to streamline the services we provide to our membership.

The Front Office saw the arrival of new staff in 2002, including Maria Hernandez, Martha Martinez, and Larry Thompson. In addition, Moriah Eisenhower and Martha both took on new responsibilities by moving into Member Service. Both quickly integrated into our Front Office team, ensuring the smooth flow of daily operations.

2002 was also notable for the implementation of some important new services for our members. The Vigo wire service became available at both branches, allowing members to efficiently and inexpensively wire money to Mexico and El Salvador. In addition, the issuance of the Visa Check Card has expanded the ability of members to make purchases directly from their checking accounts anywhere that Visa is accepted.

The mission of the Credit Union is the guiding force for the efforts of our Front Office staff. Although we may face unforeseen challenges in 2003, we will approach them as we always have — as a team.

FINANCIAL REPORT

	2001	2002
Total Income	3,546,488	3,796,111
Total Expenses	2,377,878	2,857,261
Dividends	890,175	580,715
Surplus	278,435	358,135
Loans	36,643,443	36,233,684
Loan Loss Allowance	(135,846)	(295,887)
Investments	4,406,434	9,788,833
Cash	1,796,062	1,697,150
Fixed Assets	2,167,643	2,333,845
Other Assets	1,067,006	1,097,111
Total Assets	45,944,742	50,854,736
Liabilities	211,736	649,917
Member Shares	41,881,447	45,930,880
Regular Reserves	1,256,982	1,685,418
Current & Undivided Earnings	2,616,537	2,557,296
Investment Valuation	(21,960)	31,225
Total Liabilities & Equity	45,944,742	50,854,736
Reserve/Asset Ratio	8%	8%
Total Members	8,161	8,460
Shares/Member	\$5,132	\$5,429
Loans/Member	\$4,490	\$4,283
Account Fee Income	7.2%	7.6%
Loan Income	83.8%	85.3%
Investment Income	9.0%	4.8%
Other Income	0.0%	2.3%
Surplus	7.9%	9.4%
Dividends	25.1%	15.3%
Operations	67.0%	75.3%
Fixed Assets	4.7%	4.6%
Investments	9.6%	19.2%
Other Assets	6.2%	5.5%
Loans	79.5%	70.7%