



# 2003 ANNUAL REPORT

2004 Annual Meeting  
Thursday, April 22, 6 p.m.  
324 Front Street, Santa Cruz



Children playing at Loving and Learning's new grant-funded playground; June Padilla Ponce, IDA graduates Rigoberto and Cecilia Melgoza and their children at their new home.



## CEO Report

By Ginger McNally, CEO

In reflecting on the last year, images of change, innovation, and excitement come to mind. We served more members than ever before and expanded our work in the area of community development. We helped people of all incomes to rent, purchase, or improve their homes; to expand their businesses; and to continue their educations. We are especially proud of lending to lower-income members who might otherwise be denied access to the capital necessary to reach their dreams.

In 2003, we celebrated 26 years of successful investment in our community by moving into our new Santa Cruz office located at 324 Front Street. If you haven't visited the new location, please stop by and say hi! If you're in Watsonville, please visit us at 1428 Freedom Boulevard. In order to better serve our members, we also took a technological leap in 2003 by upgrading our website, including online loan applications, and instituted a 24/7 loan-by-phone service to increase convenience for members. Try out these fast, easy ways to apply for a personal or business loan and let us know what you think.

The Board and staff crafted a new mission statement in 2003 which will guide us in our collaborative work in the years to come. The mission statement is this: "The Santa Cruz Community Credit Union is a nonprofit financial cooperative that promotes economic justice." That's vision and commitment and a clear,

strong message that conveys who we are and what we care about.

Looking forward to 2004, the Board and staff just completed an ambitious three-year strategic plan. We will be developing new loan products and services, as well as expanding our work in the areas of child care, financial literacy, and asset development for low-income members. We will be supporting local small businesses and nonprofits in Santa Cruz and North Monterey Counties and will be reaching out to community members who are often overlooked by conventional financial institutions. We will be exploring creative ways to provide financing for local small farmers and farmers' markets. We are looking for ways to support meaningful youth

empowerment and leadership development. We are looking to make a difference and want to thank each Community Credit Union member for helping to make that dream a reality.

## Chair of the Board of Directors Report

By John Isbister, Board Chair

Our Credit Union enjoyed another fine year in 2003. The biggest news was the move of our Santa Cruz office to 324 Front Street in July. Many people worked very hard in the redesign and rebuilding of our new home, and the results are spectacular.

2003 was a difficult year for the national and local economies, so we had to make adjustments. We grew steadily in deposits and assets; this shows the continuing confidence that our community has in the work we do. Our bottom-line numbers were not as strong as we had hoped, but we are well situated to return to our planned business trajectory in 2004. Meanwhile, when economic times are difficult is exactly when the work of the Credit Union is most needed: we have never lost sight of this, and in 2003 continued to expand our community development work.

We are particularly proud of the things we do to make our community stronger, among them our loans to small businesses, our Individual Development Accounts that help low-income people build assets to achieve a better life, our involvement with the local child care community, and much more.



Ginger McNally

## Community Development Report

By Bill Leland, Director of Community Development

Our community development work is wonderfully implemented by our community development team of seven. Our activity is supported almost entirely by grants, contracts, and donations which come either to the Credit Union or to Community Ventures, the 501(c)(3) founded in 1989 as an affiliate of the Credit Union.

The major activities for 2003 were: the Individual Development Account (IDA) Program, Financial Literacy Education, ChildCare Ventures, the Child Care Playground Safety Initiative grants, and *More Than Just Commerce* (see *Community Outreach and Marketing Report*, page 2).

Continued on page 2

2003 was our first full year under the direction of our CEO, Ginger McNally, and I want to thank her for her masterful direction. Thanks to the staff, board and committee members whose hard work make us who we are. The membership of those groups changes every year—some leave and some join—but I would like to take particular note of the departure of our Chief Financial Officer, Bruce Fox, who made an extraordinary contribution to our community.

The IDA Program completed its third full year with eleven participants (ten in 2003) reaching their savings goals and seventy-one others well along the path. At the end of 2003, these 82 very low-income participants had collectively saved more than \$247,000 and received matching funds to reach goals that develop assets for long-term improvement in their quality of life. June Padilla Ponce, IDA Program Coordinator, works closely with all participants to help ensure their success.

ChildCare Ventures (CCV) moved from its incubator at the County Office of Education to its permanent Credit Union home in July 2003. CCV, through David Foster and Marcia Meyer working with our collaborative partners to enhance business skill and facilities development in the child care sector, has become recognized throughout California as a model program.

The Child Care Playground Safety Initiative, in its second of three years, regranted more than \$1.2 million (funds provided through a grant from the David and Lucile Packard Foundation) to child care centers in Santa Cruz County and three other counties to make state-mandated child care playground safety improvements. Wendy Woods, Program Coordinator, has carried out this regranteeing process while also ensuring that quality playground work is completed.

The great value of financial literacy education as an empowerment tool serving people of low income and low wealth is gaining increasingly wide recognition. Having gained additional grant support for this work in 2003, we have been able to expand our activity and move closer to a comprehensive countywide financial literacy education program. We anticipate further growth in 2004.

We wish we had the space to express our deepest appreciation to all of our collaborating community partners in this work—we could not do this work without you!



Sheila Schat and Bill Leland

## Community Outreach and Marketing Report

By Sheila Schat, Director of Community Outreach and Marketing

2003 will certainly go down as a noteworthy year in the 26 year history of the Community Credit Union. Our new mission and vision statements (see page 4) have re-invigorated our community outreach and marketing strategies and placed a renewed emphasis on highlighting the accomplishments of our members and our staff through the innovative and effective programs, products and services of the SCCCU.

2003 saw expanding national media coverage of many aspects of our work. Our commitment to creating economic equity through our small business lending program was recognized by the Community Investing Campaign, which highlighted the SCCCU as one of eleven organizations nationwide that effectively builds economic opportunity and hope. Many of our small business loans are used to finance women- and minority-owned businesses, microenterprises, child care centers and nonprofits. Our national recognition prompted many stories about our successful model of small business lending. For example, in 2003 we introduced our Community Partnership Lending program as a way for the SCCCU to collaborate with community-based organizations to provide loans to their clients who might not otherwise qualify for a loan.

In 2003 we also launched our new bilingual web site, introduced our 24/7 loan-by-phone and online loan service, began our quarterly bilingual newsletter, hosted Jim Hightower at our first community education forum, and initiated the expansion of our small business lending program and its component program, *More Than Just Commerce*.

We continue to seek ways to serve you and our community better with each passing year. Thank you for your support and your feedback and we look forward to another rewarding year.

## Watsonville Branch

By Elodia Mendoza, Branch Manager

During 2003, the SCCCU Watsonville branch effectively promoted some of our new products and services to attract new members, in particular our acceptance of the Matrícula Consular, our 24/7 loan-by-phone service, and our Visa Check Card. We have opened 2,131 new member accounts since December, 1997, and we are very proud of our progress and our presence in the Watsonville community.

2004 will be a very exciting and busy year for us. We anticipate increasing membership numbers through expanded community outreach in support of the Credit Union's overall strategic plan. Additionally we plan to increase loan productivity, and finally, we will continue to educate our members and help them understand and use technological innovations — such as, the future service of online banking.

On behalf of the Watsonville staff we would like to thank our members and the Board of Directors for your continued confidence and support.

## Operations Report

By Donna Zavada, Executive VP

This year takes the award for most challenging and exciting in the area of operations. After more than two years of planning and construction, we moved our Santa Cruz branch from 512 Front Street to 324 Front Street. Staff, while continuing to perform their normal daily work, covered extraordinary tasks in preparation for the weekend move in mid-July.

Ted Rico and Kari McNamara, from our Information Systems department, deserve special recognition for their outstanding commitment to get us across the finish line of a successful transition on time. The move also required efforts from each and every person on the staff of both branches to get our services up and running on the morning of July 15, 2003.

Then after completing the move, there were other challenges. The new spatial arrangement required that we update a number of procedures. It's hard not to start to list specific people who contributed hours and hours of extra time developing new methods to complete our work most efficiently. I will simply direct you to the full staff list on the back page of this report to see who made every aspect of the move possible.

All of us on staff thank the members of the Santa Cruz Community Credit Union, past and present, for helping us to take this step toward serving the community more effectively.



Andrea Espinosa and Elodia Mendoza

## 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 2003, 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, 2003, was presented to the Board of Directors during the first quarter of 2004. 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.

## Front Office Report

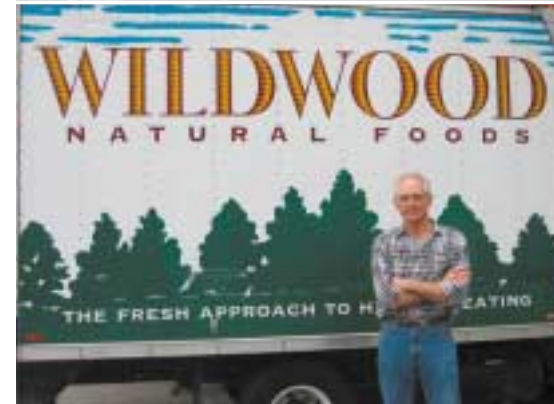
By Andrea Espinosa, Head Teller

2003 will be remembered as a historic year for the Santa Cruz Front Office. On July 15, we celebrated the move into our new home at 324 Front Street. Our new building has provided an opportunity for several improvements to the services we offer our members. These include an additional merchant teller booth, an extra teller station, a revamped Member Service department with wheelchair access, an extra ATM, and improved parking.

As a complement to the move, the Front Office has welcomed new staff to our team, including Ryan Cash, Carolyn Waters, Alicia Leonard, and Kate Kurtz. Each is quickly becoming an integral part of the Credit Union's daily activities. Additionally, Griselda Hernandez and Jason Nicholson transferred mid-year to Member Service, increasing the knowledge base available to our members. Furthermore, Ryan Cash quickly got promoted to ATM Teller and is now eager to learn Member Service duties as well.

Our greater visibility at 324 Front Street has meant more people want to join our Credit Union family. This increase in new memberships was also due to our acceptance of the Matrícula Consular as sole identification for members who are otherwise unable to open accounts elsewhere.

As our Front Office team grows, so does our commitment to providing the highest possible level of service to our members. With the challenges of 2003 behind us, we look forward to seeing you in 2004.



SCCCU business borrowers. Blue Lotus Blankets; Wildwood Harvest Foods; and, RV's Computers.

## Loan Department Report

By Debra Crawford, Director of Lending

There have been many improvements to the Loan Department this year, the first being our new and improved facilities that allow us to operate more efficiently. With the new building came a new and more convenient housing of our loan files. We love our new space! We have also made applying for a loan much easier for our members by adding our 24/7 loan-by-phone and online services. This easy and convenient program has dramatically increased the volume of consumer loans.

We remain diligent, as ever, in offering a wide range of consumer loans, mortgage loans, community development and business loans. In 2003, we received 1,129 applications; 900 were approved and 229 were denied. The total loan volume for 2003 was \$22,047,971. Loan volume for 2002 was \$15,844,744.

We are proud to note that included in the 2003 totals, 22 loans totaling \$48,520 were

made through the Family Loan Program. The Family Loan Program provides small, low-interest loans to low-income parents working or attending school. Thirty-seven loans totaling \$939,508 were made to small businesses owned by women and minorities. Twenty-five loans totaling \$2,088,511 were made to nonprofit agencies that serve the community. Our low interest Home Equity Line of Credit had the highest volume in new loans of \$9,282,676.

The SCCCU continues to work with the City of Santa Cruz to provide loans for Accessory Dwelling Units ("Granny Units") that have affordable rents for the next 15 to 20 years. And we continue to sponsor other affordable housing as a member of the Federal Home Loan Bank's Affordable Housing Project. In 2003, we were able to provide funds for such projects as the Corralitos Creek Housing Development and the Gault Street Senior Housing Complex.

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

Since 1977, the Community Credit Union has been financing small businesses in the community. We are proud to be able to finance the dreams of our borrowers and to support the local economy through our lending.

## Board of Directors

*Chair* John Isbister

*Vice-Chair* Rick Wesson

*Secretary* Mary Bennett

*Treasurer* Doug Cook

Jay Dravich, Paul Johnson, Marian Martinez,  
Carlos Palacios, Mathilde Rand, Carmen Robles,  
Dena Taylor, Alisa Thomas

## Executive Committee

Mary Bennett, Doug Cook, John Isbister,  
Alisa Thomas, Rick Wesson

## Supervisory Committee

*Chair* Maura Matera

Suzanne MacLean, Daniel Nikuna

## Credit Committee

Bill Hafferty, Kim Hallinan, Abbie Rosenberg,  
Alisa Thomas, Rick Wesson

## Community Development Committee

Ciel Benedetto, Jim Cochran, Christina Cuevas,  
Sandy Davie, Kim Hallinan, Catherine Lachance,  
Mario Maldonado, Marian Martinez, Carlos  
Palacios, Mathilde Rand, Laurie Talcott,  
Dena Taylor

## Staff

Rosa Maria Bermudez

Gretchen Carlson

Dawn Carr

Ryan Cash

Debra Crawford

Andrea Espinosa

Jane Fessenden

David A. Foster

Bruce Fox

Ernesto Garcia

Mark Gurley

Maria Hernandez

Monica Herrera

Indira Hueramo-Soltero

Andrea Kroninger

Katherine Kurtz

Bill Leland

Alicia Leonard

Erica Madriz

Araceli Marrujo

Patricia Martin

Martha Martinez

Judy McCormack

Ginger McNally

Kari McNamara

Elodia Mendoza

Vera Meyn

Jason Nicholson

Shawn Padilla

June Padilla Ponce

Michelle Poen

Ted Rico

Ramiro Rodriguez

Linn Rodriguez

Alan Savat

Sheila Schat

Don Seemann

Monte Tudor-Long

Carlos Velarde

Carolyn Waters

Judy Weaver-Lowenberg

Wendy Woods

Donna Zavada

## Building Maintenance

Stuart Avery

## Americorps VISTA Volunteer

Shana Boehm, Maria Hastings

## Financial Report

	2002	2003
Total Income	3,796,111	3,609,953
Total Expenses	2,857,261	3,212,814
Dividends	580,715	444,882
Surplus	358,135	(47,744)
Loans	36,233,684	38,002,797
Loan Loss Allowance	(295,887)	(386,417)
Investments	9,788,833	13,288,925
Cash	1,697,150	1,228,608
Fixed Assets	2,333,845	4,706,641
Other Assets	1,097,110	1,374,965
Total Assets	50,854,736	58,215,520
Liabilities	649,917	700,815
Member Shares	45,930,880	53,304,076
Regular Reserves	1,685,418	1,877,246
Current & Undivided Earnings	2,557,296	2,329,055
Investment Valuation	31,225	4,328
Total Liabilities & Equity	50,854,736	58,215,520
Reserve/Asset Ratio	8%	7%
Total Members	8,460	8,814
Shares/Member	\$5,429	\$6,048
Loans/Member	\$4,283	\$4,312
Account Fee Income	7.6%	9.0%
Loan Income	85.3%	83.3%
Investment Income	4.8%	5.5%
Other Income	2.3%	0.0%
Surplus	9.4%	-1.3%
Dividends	15.3%	12.3%
Operations	75.3%	89.0%
Fixed Assets	4.6%	8.1%
Investments	19.2%	22.8%
Other Assets	5.5%	4.5%
Loans	70.7%	64.6%

## Mission Statement

The Santa Cruz Community Credit Union is a nonprofit financial cooperative that promotes economic justice.

## Nuestra Misión

Santa Cruz Community Credit Union es una cooperativa financiera sin fines de lucro dedicada a promover la justicia económica.

## Vision Statement

The Santa Cruz Community Credit Union pursues a vision of vital local communities whose members contribute individually and collectively to a just society. In our vision, all people have full access to economic opportunity, and have the resources to make effective financial decisions for themselves, their families, and their communities.

## Nuestra Visión

La visión que busca lograr Santa Cruz Community Credit Union consiste en comunidades locales vivas, cuyos miembros colaboren en forma individual y colectiva para una sociedad justa. Nuestra visión es que todas las personas tengan total acceso a las oportunidades económicas y cuenten con los recursos necesarios para tomar decisiones financieras eficaces para sí mismos, sus familias y sus comunidades

Santa Cruz Community Credit Union staff

