



# 2004 Annual Report



Plaza Vigil staff Teresa Morales, Martha Martinez and Carlos Velarde; Sidewalk view of our Plaza Vigil branch.

## CEO Report

By Ginger McNally, CEO

It's amazing how much can happen in a year. Since the last annual meeting in April 2004, we opened a new community outreach office in Plaza Vigil, a business incubator serving low-income, Spanish-speaking entrepreneurs in downtown Watsonville. By opening a 570 square foot office right on the plaza, we will be able to coordinate efforts with our Freedom Boulevard branch to reach more members of the underserved community, as well as students and their families at Cabrillo College and Watsonville High School. One of the primary objectives of the community outreach office is to link financial education with access to financial services and loans. This is an exciting challenge and we're thrilled to be able to deepen our mission-driven work of promoting economic justice in our communities.

In the last year, we finished settling into our beautiful new home on Front Street in Santa Cruz. From our main office in Santa Cruz, the staff processes more than 12,000 transactions every month and represents the face of the Community Credit Union on a daily basis. Member comments and suggestions help drive much of our decision-making, so please let us know what you think. We did an extensive member survey at the end of 2004 and will share the results when the data are completely analyzed. Thanks a million to everyone who participated.

We also listened to what members told us about the importance of convenience and easier access to financial services. In addition to implementing a 24/7 call center for loans, we upgraded our website for "instant decisioning" for online loan requests, and in January 2005, we went live with Internet Banking. The Finance/IT Department outdid itself this year to make this possible. This is a huge step for the Community Credit Union and we are delighted to be able to make it easier for members to take care of their financial needs.

In addition to providing savings and checking accounts for individual and business members, the Community Credit Union invests in the community through its lending. The Loan Department set a record in 2004 for new loans to members, ending the year at \$51 million in our loan portfolio. This means that since our inception in 1977, the Community Credit Union has invested more than \$324 million in personal and business loans in Santa Cruz and North Monterey Counties. That's an amazing demonstration of trust and commitment and impact.

In our community development and community outreach work, we continue to make strong headway in the areas of asset development, child care, financial education, and telling our story to new and potential members and funders. The Community Development and Community Outreach/ Marketing Departments have done a great job of working in the community to make significant, lasting, social and economic change.



Ginger McNally, Chief Executive Officer

It has been a whirlwind year. The Board of Directors did an exemplary job of providing creative, inspirational leadership and the staff was remarkable in its ability to make these dreams a reality. Thanks to each person of the official family and to each member who invests in their Community Credit Union.

## Chair of the Board of Directors Report

By John Isbister

The Credit Union had a very successful year in 2004. Our assets grew substantially, our surplus earnings grew and, most importantly, our lending grew a great deal. One of our most important contributions to the Santa Cruz community comes through our lending to individuals and small businesses, so the growth in the loan portfolio was particularly satisfying. Year by year, we are helping to make Santa Cruz County a better place to live.

The Credit Union is itself a community, a community of wonderful people who work hard with each other in the pursuit of our mission. On behalf of all of us, I want to thank our CEO, Ginger McNally, who combines dedication, remarkable skills, and a great deal of energy in leading our institution. Thanks to the whole staff, who strive every day to bring us new programs and products, and to meet the financial needs of the members.

Thanks to my fellow board and committee members, who devote uncounted hours of volunteer time to help in the direction of the Credit Union. And, most of all, thanks to the members, all of whom have joined together to constitute a community development financial institution which is unique in the country and, as far as I know, in the world.

## Community Development

By Bill Leland, Director of Community Development

Our long-standing community development team of David Foster, Maria Hastings, Bill Leland, Marcia Meyer, June Padilla Ponce, and Wendy Woods had another year of rewarding and productive work. Our activity is supported almost entirely by grants, contracts, and donations which come either to the Credit Union or to Santa Cruz Community Ventures, the 501(c)(3) affiliate of the Credit Union.

The major activities, among a variety which promote economic justice, for 2004 were: the Individual Development Account (IDA) Program, Financial Education, ChildCare Ventures, the Child Care Playground Safety Initiative.

The IDA Program completed its fourth full year. At the end of 2004, 22 participants had reached their savings goals and 68 others are well on their way. These 90 very low-income participants had collectively saved more than \$270,430 and received matching funds to reach goals that develop assets for long-term improvement in their quality of life. June Padilla Ponce works closely with all participants to ensure their success.

ChildCare Ventures (CCV), led by David Foster, Marcia Meyer, and Wendy Woods working with our collaborative partners, enhances business skill and facilities development in the child care sector both in Santa Cruz and Monterey Counties. In 2004, CCV also worked to

ensure that provision of child care is explicitly advocated as part of the cities' and County's planning process. Another key program begun in 2004 is CCV's centralized services or economies-of-scale program to support the child care sector and provide a model for other human service sectors.

The Child Care Playground Safety Initiative, in its third of three-and-one-half years, has now regranted more than \$2.1 million (of approximately \$2.3 million 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 has carried out this regranted and quality control process, which will be completed in the first quarter of 2005.

Financial education has proven its great value to the low-income population we serve. 2004 saw expansion of our financial education services through a contract with First 5 of Santa Cruz County and grants from the Cisco Foundation, Appleton Foundation, and Cowell Foundation. We continue to work closely with First 5 grantees, the county's family resource centers, and particularly the Watsonville Law Center and La Manzana Community Resources. In 2004 we also increased our Earned Income Tax Credit free tax assistance to low-income workers. The EITC coupled with financial education is a powerful resource.

We have the deepest appreciation of all of our collaborating community partners in this work—we could not do this work without them!

## Operations Report

By Donna Zavada, Executive Vice President

There have been numerous improvements to our services in the past couple of years that may or may not have caught your attention. I'll recap a number of options for adding convenience and value to the way you do business with us.

We have a checking account for people who write ten or fewer checks each month that has no monthly fee. Monthly fees can be waived on all other checking accounts by maintaining a certain minimum balance. Most members can qualify for Overdraft Protection Coverage, which allows us to pay checks up to a certain amount when your account temporarily does not have sufficient funds. We now have 24/7 loan services through our toll free phone number and web site. Both services can approve your loan application any time of day or night. If you regularly wire funds to the same person in

another state or country, ask us about our money-saving Money Mover Account.

We recently began offering Internet Banking, which introduces a new level of convenience in managing your money. Along with 24-hour access to all of your accounts, you now have the ability to print copies of checks that have cleared, and set up an e-mail message to alert you when your account balance drops below a designated amount. We also have Ernestine, our 24-hour phone service, that allows you to make transfers between Credit Union accounts, note what checks have cleared, confirm your balances, or make a Credit Union loan payment from money in a Credit Union account you have with us.

We invite you to take another look at how you do business with us to see if there are ways you can make life a little simpler for yourself. Let us help you with any questions you might have by talking with your teller next time you visit. We're here for you.

## Watsonville Branch

By Elodia Mendoza, Branch Manager

The Watsonville office and its employees had an exceptional year in 2004 and I want to thank them for their hard work. The success of this branch is due to their dedication. We experienced some employee turnover in 2004, but were able to promote staff internally to key positions, which highlights the skills of all our staff. I would also like to personally thank and acknowledge the individuals who worked as a team and made a special effort to provide excellent service to our members during my medical leave of absence.

The Watsonville Freedom Boulevard branch has experienced seven years of steady growth, ending 2004 with over \$1.5 million in loans. We are now preparing to begin a new era of working closely with our newest branch in downtown Watsonville at Plaza Vigil, assisting them with their growth and success.

We look forward to the challenge of reaching our goals for 2005. I am confident that with our new team members, expanded outreach strategy, and the passion we all have for our mission, that we will succeed.

## 2005 Annual Meeting

Thursday, April 21, 6 p.m.  
324 Front Street, Santa Cruz

Ted Rico and Kari McNamara, our technology wizards responsible for implementing our Internet Banking service.



## Community Outreach and Marketing Report

By Sheila Schat, Director of Community Outreach and Marketing

We introduced a number of new products and services in 2004, including Internet Banking, overdraft payment coverage, first home mortgages and clean car loans. We increased outreach to the business community because financing small business is one important way we achieve our mission of promoting economic justice. We also initiated an extensive member survey in the latter part of October and are currently analyzing your responses. We are delighted to report a 10% response rate. As a result of your participation, \$850 will be donated to the Community Visa Donation Fund. Your comments will help guide our development over the next few years.

The last quarter of 2004 was devoted to planning the opening of our community outreach branch in downtown Watsonville at Plaza Vigil. Our new branch offers basic financial services, financial education, and expanded outreach to the underserved community. Thanks to a grant from the Ford Foundation administered by the National Federation of Community Development Credit Unions, we have hired a new Community Outreach Coordinator staff member, Teresa Morales. Teresa comes to us with extensive bilingual/bicultural outreach experience and promises exciting developments in our outreach and financial education efforts.

Our Earned Income Tax Credit (EITC) program took a big step forward this year under the direction of our VISTA volunteer Maria Hastings. In Santa Cruz County each year more than \$6 million in Earned Income Tax Credits remain unclaimed. We believe that offering free tax assistance to low-income families is an essential part of reaching underserved members in our community. Helping families claim tax credits they are owed and helping them avoid costly preparation fees moves them toward greater financial security.

Finally, in recognition of our family friendly policies, the SCCCU won United Way's 2004 Family Friendly Employer award for medium-sized businesses.

## Front Office Report

By Shawn Padilla, Director of Member Service

In 1977, the Credit Union had roughly 300 members. By the end of 2004, the Credit Union reached more than 9,000 active members. The figures are equally impressive when we consider member share growth. Just 10 years ago, member shares totaled \$17 million and at year-end 2004, total member shares equaled \$55 million. This growth in membership and shares has resulted in a corresponding increase in daily operations work. Our Front Office staff serve at the forefront of this work—consistently conducting the fundamental business of the membership. In 2004, our Front Office staff processed approximately 145,000 transactions and opened 1,500 new memberships. What has not changed over the course of our growth is the spirit of our staff and our commitment to community development and economic justice. We are looking forward to another year of inspired service and continuing progress that began with our first deposit 27 years ago.

## Loan Department Report

By Debra Crawford, Director of Lending

The Santa Cruz Community Credit Union remains diligent in offering a wide range of consumer loans, mortgage loans, community development and business loans. In 2004 we received 1,532 applications; 1,150 were approved and 382 were denied. The total loan volume for 2004 was \$33,368,778. Loan volume for 2003 was \$22,047,971. Our loan growth can be attributed to the combination of targeted marketing and outreach, increased partnering with local, community-based auto dealers, and a fantastic and hardworking loan staff.

We are proud to note that included in the 2004 totals are 39 loans totaling \$92,263 that were made through the Family Loan Program. The Family Loan Program provides small, low-interest loans to low-income parents working or attending school. Forty-eight loans totaling \$1,410,562 were made to small businesses owned by women and minorities and thirty-four loans totaling \$2,216,300 were made to nonprofit agencies that serve the community. Our low interest Home Equity Line of Credit had the highest volume with 84 new loans totaling \$10,936,800.

We continue to work with the City of Santa Cruz to provide loans for Accessory Dwelling Units (Granny Units) that have affordable rents for the next fifteen to twenty years. We continue to sponsor other affordable housing projects as a member of the Federal Home Loan Bank's Affordable Housing Project. In 2004, we were able to provide funds for such projects as the Anderson Homeless Housing and the Salinas Road Apartments. Both will provide affordable housing for over 400 low- to very-low income people. 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 financial statements accurately and fairly present the financial condition of the SCCCU and that management practices and procedures safeguard members' assets.

During 2004, 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 was performed as of June 30, 2004 was presented to the Board of Directors during the first quarter of 2005. 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.



Our hardworking loan department: Ramiro Rodriguez, Andrea Kroninger, Monica Herrera, Debra Crawford, Alan Savat, Carlos Velarde, and Mark Gurley.



Black China Bakery owner and business borrower Patty Bowers and daughter Katelin—producers of mouthwatering cakes and baked goods.

## Board of Directors

**Chair** John Isbister

**Vice-Chair** Alisa Thomas

**Secretary** Mary Bennett

**Treasurer** Jay Dravich

Ryan Coonerty, Desiree Espinoza, Ken Kimes, Marian Martinez, Carlos Palacios, Pablo Reguerin, Dena Taylor, Alisa Thomas

## Executive Committee

Mary Bennett, Jay Dravich, John Isbister, Ken Kimes, Alisa Thomas

## Supervisory Committee

**Chair** Maura Matera

Suzanne MacLean, Daniel Nikuna

## Credit Committee

Bill Hafferty, Kim Hallinan, Abbie Rosenberg, Alisa Thomas

## Community Development Committee

Cheri Allen, Ciel Benedetto, Jim Cochran, Ryan Coonerty, Ben Crow, Christina Cuevas, Sandy Davie, Desiree Espinoza, Kim Hallinan, Ken Kimes, Catherine Lachance, Mario Maldonado, Marian Martinez, Carlos Palacios, Laurie Talcott, Dena Taylor, Ela Wehrmann

## Staff

Rosa Maria Bermudez  
Gretchen Carlson  
Dawn Carr  
Elizabeth Carrisales  
Ryan Cash  
Brendon Constans  
Debra Crawford  
Harry Doyle  
Andrea Espinoza  
Jane Fessenden  
Abigail Ford  
David Foster  
Ernesto Garcia  
Mark Gurley  
Maria Hernandez  
Monica Herrera  
Lori Hofstetter  
Indira Hueramo-Soltero  
Andrea Kroninger  
Kathryn Kurtz  
Bill Leland  
Eric Lemon  
Alicia Leonard  
Erica Madriz  
Jahaziel Magana  
Rigoberto Magana  
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  
Linn Rodriguez  
Ramiro Rodriguez  
Mario Salinas  
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

Maria Hastings

## Financial Report

	2003	2004
Total Income	3,609,953	4,434,477
Total Expenses	3,212,814	3,397,374
Dividends	444,882	292,899
Surplus	(47,744)	744,204
Loans	38,002,797	51,240,264
Loan Loss Allowance	(386,417)	(466,243)
Investments	13,288,925	3,211,641
Cash	1,228,608	1,702,171
Fixed Assets	4,706,641	4,228,596
Other Assets	1,374,965	1,444,264
Total Assets	58,215,520	61,360,693
Liabilities	700,815	1,079,719
Member Shares	53,304,076	55,320,087
Regular Reserves	1,877,246	2,112,050
Current & Undivided Earnings	2,329,055	2,851,535
Investment Valuation	4,328	(2,698)
Total Liabilities & Equity	58,215,520	61,360,693
Reserve/Asset Ratio	7%	8%
Total Members	8,814	10,007
Shares/Member	\$6,048	\$5,528
Loans/Member	\$4,312	\$5,120
Account Fee Income	9.0%	19.8%
Loan Income	83.3%	71.7%
Investment Income	5.5%	3.1%
Other Income	0.0%	5.4%
Surplus	-1.3%	16.8%
Dividends	12.3%	6.6%
Operations	89.0%	76.6%
Fixed Assets	8.1%	6.9%
Investments	22.8%	5.2%
Other Assets	4.5%	5.1%
Loans	64.6%	82.7%

## 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

