

# MOMENTUM



2019 ANNUAL REPORT



# mo·men·tum

/mō'men(t)əm, mə'men(t)əm/

noun: momentum; plural noun: momenta

1. Strength or force gained by motion or by a series of events







## Gaining Momentum

The Police Credit Union gained momentum and accelerated our trajectory by rebranding ourselves as The Police Credit Union in 2019. Changing our name to reflect a broader geographic membership eligibility highlights that we now serve law enforcement and their families throughout the state of California.

We chose 'Momentum' as the theme for our 2019 Annual Report because this word signifies the accelerating speed we are experiencing in transforming our credit union into the progressive and forward looking organization members seek to serve their banking needs now and into the future.

We hope you'll share in our excitement over the accomplishments that transpired throughout the year and join in our anticipation as we continue this journey!



# CHAIRMAN & BOARD OF DIRECTORS REPORT

2019 was a pivotal year for our credit union, as we achieved a series of significant developments which enhance our organizational strength and growth. This momentum positions our credit union for continued success and achievement of our mission to help secure the financial well-being of all California law enforcement professionals and their families for generations to come.

On July 15, 2019, a significant event in the history of our credit union occurred when we changed our name from **The SF Police Credit Union** to **The Police Credit Union of California**, while using “The Police Credit Union,” for simplicity. The name change was implemented after several years of careful consideration and planning. We are cognizant a new name reflecting our ability to serve the needs of an expanded law enforcement community is essential to attain our goal of continued growth throughout the entire state of California. Despite serving a wider geographic area, we will still be exclusively serving members of law enforcement and their families; a critical part of our legacy that will not change.

Through planned and directed sustainable growth, we will achieve economies of scale to allow us to deliver services and products with the possibility of reducing a rise in our cost of doing business. Cost efficiencies enable us to generate healthier net earnings which in turn are shared with our members in the form of low-cost loans, higher dividends, reduced fees and a wider array of products and services. Increased earnings benefit the entire membership over the long term as the financial strength of our credit union assures a secure future as a financial services provider, even during adverse economic conditions.

The Police Credit Union understands that individuals in law enforcement face unique challenges which impact their financial lives. Therefore, we implemented the **Public Safety Assistance loan** in the summer of 2019. This lending program is designed for the next generation of law enforcement personnel by offering higher borrowing limits, longer terms and the flexibility to use funds for certified training programs.

## 2019 BOARD OF DIRECTORS

**John Goldberg** Vice Chairman | **Robert Puts** Secretary | **Michael Hebel** Director | **Al Casciato** Director | **Michelle Jean** Director | **Glenn Sylvester** Director

In 2019, several key online initiatives were implemented to make joining our credit union and applying for a loan easier. The move to our new headquarters at 1250 Grundy Lane in San Bruno provides us with much needed space to add employees in critical areas such as technology, payment processing and the Contact Center.

The new Administrative building is also home to our sixth branch and a new ATM to better serve members who live and work in the area. The new San Bruno branch features a “History Wall” to commemorate our remarkable history with the San Francisco Police Department. Also in 2019 the San Mateo branch was relocated to a new, more modern building, better suited to member needs. These changes were made because we are aware that many of our members are professionals who have limited time for banking, making convenience a top priority in our approach to exceptional service.

Going on sixty-six years, this credit union has understood and met the changing and sometimes challenging needs of our membership which remains the cornerstone of our service philosophy. Looking back over the past year, we can reflect upon an extraordinarily successful year, with the continued proud legacy and tradition of **providing financial solutions to take care of our own.**

On behalf of the Board of Directors, thank you for your continued faith and confidence by allowing The Police Credit Union to assist you with your financial needs.

Sincerely,

**Stephen Tacchini**  
Chairman, Board of Directors





# PRESIDENT/CEO REPORT

2019 was a transformative year of accomplishments, innovation, growth and the continual progression of a planned vision. During this year, we proudly announced our new official name as The Police Credit Union, which embarks us on a new course to build membership, provide financial solutions and secure long-term financial stability within our core group of law enforcement professionals. This growing momentum is vital to our successful transition from where we started over 66 years ago, to where we plan to be in 2020 and beyond.

Regulatory approval was obtained in 2017 to offer membership to law enforcement groups and their families throughout the state of California. After much preparation and planning, we unveiled our new name on July 15, 2019, and began serving our members as The Police Credit Union of California, using the trade name of "The Police Credit Union," for marketing purposes. The renaming our organization was a major event for the credit union, one made with the deepest respect for our origins within the SFPD. This new name enables us to honor our treasured legacy, while reinforcing our dedication to serving law enforcement groups and their families throughout the state.

In today's rapid and constantly changing financial environment, credit unions that survive must contend with intense competition and rising regulatory burdens, while keeping pace with emerging technologies and the need for heightened cybersecurity. As a major driver of a credit union's overall growth, an expanding membership helps us attain the financial resources we need to meet these challenges today, and in times ahead. Careful, measured growth also powers the capital to invest in new products, and delivers a superior level of service with an emphasis on 24/7 convenience and personalized service.

Our financial results from 2019 underscore a financial cooperative that is effectively balancing healthy growth with strong earnings. With solid asset growth, we reached \$938.7 million in assets at year-end. A strong return on assets (ROA) of .68 percent was above expectation. As the primary measure of a credit union's financial strength, we remain highly capitalized at a 14.40 percent net worth ratio, well above that of our peers nationwide. This represents a financial cushion to withstand any potential downturn in the economy. In addition, net membership increased to 41, 917.

To better serve you and our expanding membership, in mid-2019, we embarked on two major projects to upgrade our technology infrastructure by beginning the process of selecting a new digital banking platform and a new core software system. These changes will provide greatly improved operational efficiencies to support new financial solutions and an enhanced member digital banking experience. With a new

core system, we can access critical member data faster, and integrate third party applications to easily add new products, such as business banking solutions. Also in 2019, digital enhancements were added to streamline the process of joining our credit union and applying for a loan anytime and anywhere.

While taking powerful strides forward with respect to our infrastructure, we have introduced valuable new products to help our members build their financial security. In addition to a redesigned Public Safety Assistance loan, we began offering mortgage loans requiring as little as a 3 percent down payment through our partnership with the Federal Home Loan Bank (FHLB) in the fourth quarter of 2019. This will also allow us to continue making jumbo mortgage loans to our members, as we can now sell selected loans to the secondary market, helping to provide more funds to be lent out.

Moving into 2020, we plan to launch a redesigned Home Equity Line of Credit with higher borrowing limits as early as the first quarter. We are also gearing up for the beginning rollout of new ATMs that can be easily converted to Interactive Teller Machines (ITMs) that allow for members to interact with a live credit union representative.

Looking back, 2019 was truly an eventful year where we not only rebranded ourselves as The Police Credit Union, but one that also saw us moving into a new Administrative facility, opening a new branch in San Bruno and relocating our branch in San Mateo. With exciting initiatives on the horizon, 2020 promises to serve as a springboard to greater opportunities to serve our members in the months and years ahead. While these changes will position us for a successful future, what will never change is our unwavering commitment to doing what is in the best interest of our members, and our promise to honor a proud tradition that began when ten San Francisco police officers founded our organization in 1953. Thank you for being a part of this incredible journey!

Respectfully yours,

**Eddie Young**  
President/CEO





# FINANCIAL STATEMENT

Consolidated  
Statement of  
Financial Condition  
As of December 31, 2019

<b>ASSETS</b>	<b>2017</b>	<b>2018</b>	<b>2019*</b>
Cash and Cash Equivalents	\$19,652,242	\$32,456,434	\$79,661,833
Investments	193,298,986	159,340,095	112,152,604
Net Loans to Members	593,326,967	637,196,208	660,714,922
Fixed Assets	36,710,190	49,619,661	53,331,999
Other Assets	35,886,852	24,917,345	33,051,121
<b>TOTAL ASSETS</b>	<b>\$878,875,237</b>	<b>\$903,529,743</b>	<b>\$938,912,479</b>

<b>LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>2017</b>	<b>2018</b>	<b>2019*</b>
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	\$4,571,019	\$4,498,272	\$6,973,995
Notes Payable	0	0	0
Total Liabilities	4,571,019	4,498,272	6,973,995
<b>MEMBERS' EQUITY</b>			
Members' Shares	752,240,343	773,464,125	796,525,331
Total Equity	122,063,875	125,567,346	135,413,153
Total Members' Equity	874,304,218	899,031,471	931,938,484
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$878,875,237</b>	<b>\$903,529,743</b>	<b>\$938,912,479</b>

\*Unaudited Financial Statements

# FINANCIAL STATEMENT

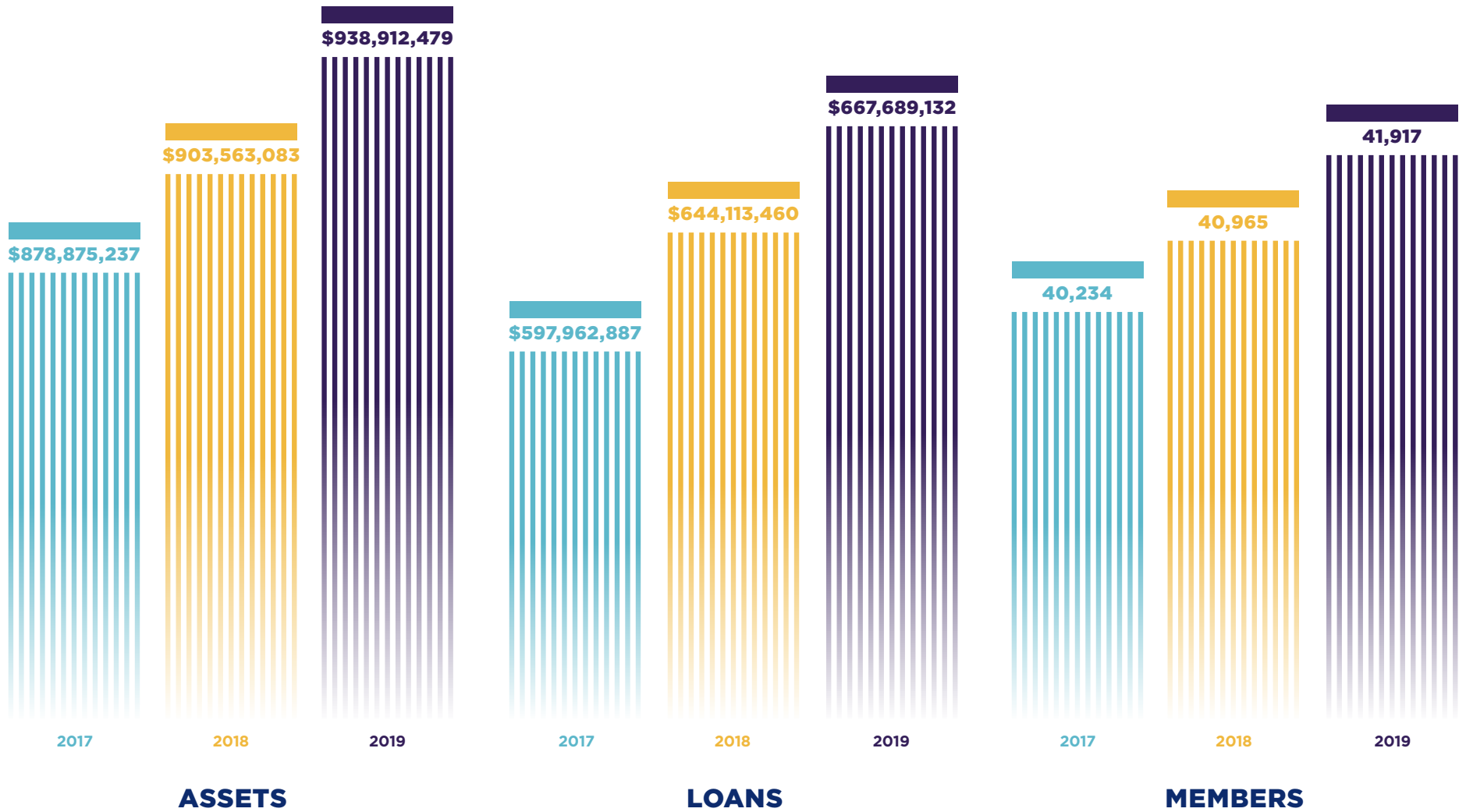
Consolidated  
Statement  
of Earnings  
As of December 31, 2019

	<b>2017</b>	<b>2018</b>	<b>2019*</b>
Interest from Loans	\$24,471,927	\$26,393,896	\$28,182,633
Interest from Investments	3,842,109	4,088,686	3,891,168
Total Interest Income	<u>28,314,036</u>	<u>30,482,582</u>	<u>32,073,801</u>
Dividends	2,202,458	2,592,888	4,142,375
Interest on Borrowings	0	0	0
Total Interest Expense	<u>2,202,458</u>	<u>2,592,888</u>	<u>4,142,375</u>
Net Interest Margin	26,111,577	27,889,694	27,931,426
Provision for Loan Losses	3,663,216	4,460,498	1,326,909
Net Interest Margin after Provision for Loan Losses	<u>22,448,361</u>	<u>23,429,196</u>	<u>26,604,517</u>
Non-Interest Income	4,713,375	5,165,096	7,740,467
Operating Expenses	23,161,421	24,046,351	28,107,391
Non-Operating Income/(Expenses)	0	0	0
<b>NET INCOME</b>	<b><u>\$4,000,315</u></b>	<b><u>\$4,547,941</u></b>	<b><u>\$6,237,593</u></b>

\*Unaudited Financial Statements



# KEY PERFORMANCE METRICS: 2017-2019







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# 2019 INDEPENDENT AUDITOR'S REPORT

Board of Directors and  
Supervisory Committee  
The Police Credit Union

**We have audited the accompanying financial statements of The Police Credit Union (the credit union), which comprise the statements of financial condition as of December 31, 2018 and 2017, 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 as of December 31, 2018 and 2017, 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 3, 2019



# SUPERVISORY COMMITTEE REPORT FOR 2019

On the occasion of our 66th Annual Meeting, we are pleased to report that The Police Credit Union continues to thrive and grow. In 2019, our Credit Union distinguished itself by earning \$6,237,593 (net income). Today we serve 41,917 members from our six branch locations — Irving Street, San Bruno, Bryant Street, San Mateo, Pleasanton and Oakland, as well as our Contact Center.

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 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 2019 the prestigious BauerFinancial 5-Star Superior rating, the highest rating given for financial strength and stability.

As required by the California Financial Code, we proudly submit the following important measures of financial health as of December 31, 2019:

Your Supervisory Committee thanks the staff, management, Board of Directors and other volunteers of our Credit Union for another successful and prosperous year.

**Frank Hedley**  
Committee Chair

**Barbara Brewster**  
Committee Member

**Richard Corriea**  
Committee Member

## Total Assets

★ **\$938,912,479**

## Total Loans

★ **\$667,689,132**

## Total Members

★ **41,917**

## Total Shares

★ **\$796,525,331**

## Dividends Paid

★ **\$4,142,375**



## ELECTIONS COMMITTEE REPORT FOR 2019

On the occasion of The Police Credit Union's 66th Annual Meeting, the Election Committee is pleased to report the nominations for vacancies on both the Board of Directors and the Supervisory Committee occurring in 2020.

Letters of intent seeking election to Board of Directors and Supervisory Committee vacancies occurring in 2020 were received by the Nominating Committee from May 17th, 2019 through June 30th, 2019. There are two vacancies on the Board of Directors and one vacancy on the Supervisory Committee occurring in 2020, each for a three-year term.

Three letters of intent to seek election to the Board of Directors in 2020 were received. The Nominating Committee has nominated candidates Croce "Al" Casciato, (incumbent) and Glenn R. Sylvester (incumbent) under the By-laws at Article VIII, Section 1. Because the number of candidates equals the number of vacant seats, an election is not necessary. The candidates are to be declared elected under the By-laws at Article VIII, Section 6.

One letter of intent seeking election to the Supervisory Committee in 2020 was received. The candidate is Richard Corriea (incumbent). No other statements of intent to seek election were received. Because the number of candidates equals the number of vacant seats, an election is not necessary.

The candidate is to be declared elected under the By-laws at Article VIII, Section 6.

Respectfully submitted to the membership,

**John R. Goldberg**, Chair

**Robert Puts**, Committee Member

**Michelle Jean**, Committee Member

**Joseph Reilly**, Corporate Secretary





# COMMUNITY EVENTS







1

## 2019 MS Walk in San Francisco by The Police Credit Union Staff

**April 28, 2019** - This year The Police Credit Union staff joined SFPD to help raise awareness and funds in support of people battling Multiple Sclerosis. Walk MS is an annual effort that raises money and awareness to help change the world for people with MS.

2

## The Police Credit Union attends 2019 Peace Officers Memorial Ceremony

**May 6, 2019** - Our President/CEO, Eddie Young, joined by his son Officer Andrew Young, were honored to represent The Police Credit Union at the 43rd Annual California Peace Officers' Memorial Ceremony in Sacramento on State Capital grounds. The annual ceremony commemorates officers who have died in the line of duty and honors the families left behind. The Police Credit Union is a proud sponsor of the California Peace Officers' Memorial Foundation. Also pictured: Tony Chaplin, Hayward Chief of Police.

3

## The Police Credit Union Staff Join SFPD in Annual Torch Run

**June 6, 2019** - Every year The Police Credit Union staff supports the San Francisco Police Department in the annual Law Enforcement Torch Run. The Torch Run has become the largest public awareness and fundraising movement for Special Olympics. Known as Guardians of the Flame, law enforcement personnel and athletes carry the "Flame of Hope" into opening ceremonies of local competitions and games.

4

## Staff Volunteers at Law Enforcement Appreciation Night

**July, 18, 2019** - Each year the San Francisco Police Officers Association hosts Law Enforcement Appreciation Night to pay tribute to Northern California police officers who keep our communities safe and to those who have died in the line of duty. In conjunction with the SF Giants, the SFPOA sells special event tickets with the proceeds benefiting two local law enforcement non-profits, the California Peace Officers Memorial Foundation and the Bay Area Law Enforcement Assistance Fund.

5

## The Police Credit Union Supports SF Police Activities League SFPAL, SB Fire, and Redwood City Toy Drive

**November 1-25, 2019** - The Police Credit Union continues the tradition of being a proud sponsor of law enforcement-affiliated holiday drives. This year we partnered with the SF Police Activities League, San Bruno Fire Department, Redwood City and San Mateo County to raise toys, books and school supplies for children. Thanks to our generous members, the toy drive barrels at our Irving, San Bruno and San Mateo branches were overfilled with toys.

6

## Braving the Bay in support of Northern California Special Olympics

**December 7, 2019** - Congratulations to our staff at The Police Credit Union for volunteering in 2019's "Brave the Bay," on December 7th! Brave the Bay is an annual fundraising event presented by the SPF to raise proceeds that benefit Make-A-Wish Greater Bay Area. The proceeds from the event help fulfill the wishes of children with critical illnesses.



# BRANCH LOCATIONS AND CONTACT INFORMATION

## Branch & ATM Locations

- ★ **Administrative Building**  
1250 Grundy Lane, San Bruno, CA 94066
- ★ **Main Office and Branch**  
2550 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
- ★ **In addition to The Police Credit Union branches, as a member you also have fee-FREE access to CO-OP ATMs<sup>SM</sup> and CO-OP Shared Branches<sup>SM</sup>.**  
To find the location closest to you, visit [www.thepolicecu.org/locations](http://www.thepolicecu.org/locations).

## Contact Information

**24/7 Contact Center** • 800.222.1391

**MemberLink 24-Hour Transactions** • 800.871.3419

**Email** • [Members\\_info@thepolicecu.org](mailto:Members_info@thepolicecu.org)

**No-Cost Auto Buying Service for New Vehicles** • 800.716.9550

**Enterprise Car Sales for Pre-owned Vehicles**  
[www.thepolicecu.org/enterprise](http://www.thepolicecu.org/enterprise)

**GreenPath Financial Wellness** • 877.337.3399

**MEMBERS<sup>TM</sup> 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



# THE POLICE CREDIT UNION PRODUCTS AND SERVICES

## Online

### Online Banking

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

### iPhone® and Android™ Mobile Banking Apps

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)

### Facebook

[www.facebook.com/ThePoliceCU](http://www.facebook.com/ThePoliceCU)

### More Online Services to Manage Your Finances

Bill Pay

Email and Text Alerts

E-statements

Mobile Deposit

Person-2-Person Payment

MoneyTrac (Online budgeting tool)

Mobile Wallet (Apple Pay™, Android Pay™, Samsung Pay, and Microsoft Wallet) Visa® Checkout

(faster online shopping experience)

## Products & Services

### Home Loans

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

### New/Used Vehicle Loans

### Platinum Visa® Credit Cards

### Checking with ATM Rebates\*

### Personal Loans

### Public Safety Assistance Loan

### Money Market Wealth Builder Accounts

### Certificates

### IRAs

**As a credit union member, you have the opportunity to take advantage of our many outstanding products and services.**

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. Equal Housing Opportunity.

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



THE  
**POLICE**  
CREDIT UNION

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