

## Joint Message from the Board Chair and the Chief Executive Officer

Michael Meara, *President of the Board of Directors*  
Bill Myers, *Chief Executive Officer (Interim)*



Bill Myers (left) and Michael Meara

The year 2010 started as a year of significant change and transition. The economic downturn of recent years had impacted our members and through them the credit union. As the number of delinquent loans grew, we increased reserves, managed assets, and lowered expenses. Santa Cruz Community Credit Union faced these challenges by building upon an already solid foundation.

During 2010, we began creating a more independent and active Santa Cruz Community Ventures, the non-profit arm of SCCCU. In recognition of our good work throughout the years, we received substantial support from the federal government, including a Community Development Financial Institutions grant and a Community Development Capital Initiative capital investment.

We said goodbye to dear friends. Mary Bennett, who had served on the Board since nearly the beginning, stepped down after thirty years. Ginger McNally, our CEO, retired after ten years. The Board recruited Bill Myers

as Interim CEO to guide the credit union until a permanent CEO was identified — a process that is nearly complete.

A great deal of energy has gone into restructuring the organization for efficiency and effectiveness. We have recruited a new CFO (Kelly Dillon) and have added the credit union's first Marketing Manager (Carlos Rodriguez). Mindy Gardner joined us as Branch Manager at the Santa Cruz Branch; Patricio Pace and Michelle Ortiz moved to Watsonville as our Branch Manager and Assistant Branch Manager, respectively. We also welcomed new Board members Ricardo Rocha, Pamela Davis, and Howard Sherer to our credit union family.

We began new partnerships for auto lending and mortgage lending. We upgraded many of our systems: our new website (to be introduced in May) will add functionality and efficiency. Combined with automated auto lending and a more targeted new account process, we will deliver what members want, when they want it, and where they want it most.

You can look forward to some new product developments in 2011. A payday loan alternative that helps people pay for unexpected expenses at a reasonable cost, and a very attractive savings option for beginning savers are just around the corner. Both are building blocks for a more prosperous future.

Economic opportunity is an ideal made tangible at Santa Cruz Community Credit Union. As we celebrate our 34th year of service, we know the best is yet to come.

### Mission

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

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

### Vision

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.

## Overview

### Building Blocks

As Santa Cruz Community Credit Union evolves over time, our core values and commitments remain constant. We value integrity, sustainability, equity, and leadership. We put our values into action by:

- acting with respect, honesty, and fairness
- anticipating and responding to challenges with innovation and collaboration
- being vigilant in our awareness of the financial, social, and environmental impact of our decisions
- pursuing a vision of equal access to economic opportunity

For many, owning a home or a business can be a path to financial security and success. SCCCU's 34-year history illustrates our commitment to making sound financial decisions to promote economic justice. We do this by providing access to loan capital, financial education, and affordable and relevant financial services. Even in times of austerity and shrinking economic opportunities for working people — alas, especially during these times — SCCCU continues to stay true to its mission and vision. We seek to expand financial stability for everyone in our community while ensuring that SCCCU is financially safe, sound, and prosperous.

As a community development financial institution, we see ourselves as a catalyst for change. Our Community Fund program, for example, equally splits approximately \$10,000 among five local nonprofit organizations to support their work. Our members nominate and choose the recipients by popular vote. Every time a member uses his or her SCCCU Visa® card to make a purchase, the credit union donates five cents to the fund. For the five nonprofits listed, the money will accumulate from April 2011 through March 2012, and the funds will be disbursed at next year's Annual Meeting.

With the unemployment rate in Santa Cruz County still in double digits, we will continue to support local job creation and economic growth through increased lending to locally-owned businesses and microenterprises. We also will encourage community investing through competitive rates and new savings products to serve our membership.

Everyone, including people with limited financial resources, deserves access to affordable credit, financial services, and education. As a cooperative and in the spirit of our industry's shared philosophy of People Helping People, we will move forward together.

#### 2011 Community Fund Nonprofits

- Familia Center
- Native Animal Rescue
- Planned Parenthood
- Save Our Shores
- Watsonville Wetlands Watch

## People

### Building a Movement

When Mary Bennett joined the Board of Directors in 1981, Santa Cruz Community Credit Union was only 4 years old. The month before her first board meeting, the credit union had reached a major milestone: \$1 million in assets. By the following year, the credit union introduced real-time computer access to members' accounts, checking accounts and traveler's checks.

In today's terms — given the rise of round-the-clock access to members' accounts through online banking, as well as the growing popularity of plastic and instant-on mobile devices that help people move money from one place to another — these early-day advances might seem insignificant. But for a small and still very young institution, these changes were monumental and they set the foundation for success in later years.

Fast forward to the present and the credit union is now over \$87 million strong — in large part to Mary's leadership and many years as board chair. The credit union has been recognized locally and nationally for the work we do as a community development financial institution. Anyone who knows Mary would agree that she'd never take credit for our growth and favorable reputation. Anyone who knows Mary knows she should.

Credit unions are unique, community-owned cooperative institutions owned by their members and guided by volunteers. As a not-for-profit financial institution, volunteers are crucial to our success. Volunteers are not paid yet they spend countless hours working in the best interest of our members, people they've been elected to represent. While most volunteers donate their time for a few years then move on to pursue other interests, Mary generously contributed her time for thirty years. For this, we are eternally grateful.

Thanks, Mary, and happy 'retirement.' We'll see you around town, dear friend.



## Passion

### Building a Future

Lisa and Jonathan have an Individual Development Account (IDA) through Santa Cruz Community Credit Union. They'd like to save \$4,000 and double it to \$8,000 with a matching grant from Santa Cruz Community Ventures, the credit union's nonprofit. Their participation in the IDA

program gets them one step closer to achieving their dream of starting a small business.

Jonathan and Lisa are artists who both studied in Florence where they mastered sculpture and anatomy. The young couple moved here three years ago with their son from South Africa, Jonathan's home country. They had less than \$1,000 in assets but were determined to make a life in America. They are passionate about art and through art they hope to foster a healthy and interactive community.

Making a living as artists isn't easy. The couple lacked a background in business, a skill both knew they could not do without. They enrolled in a small business training course for aspiring entrepreneurs. It quickly became apparent that there was a lot of work to be done in order to market and sell their art.

**Individual Development Accounts (IDAs) are matched savings accounts that help people with modest means to save towards the purchase of a lifelong asset, such as a home, a business, an education, or a job.**

savings account is security. We like to know that we are investing in ourselves through IDA, and that someone thinks we are worthy enough to invest in also gives us a lot of incentive to do it."

Their IDA savings account and business training will help them start a business. As they continue to hone their craft, their hard work and their newly-acquired entrepreneurial skills will reap huge benefits for themselves and their community.



One of the biggest challenges was the lack of access to capital. Without a credit history, they couldn't take out a loan. They turned to the IDA program as a resource because it provided matching funds, but it also offered structure to ensure that they could meet their goals.

The IDA account helped with the high cost of producing sculpture. According to Lisa, "Having a

## Progress

### Building Assets

Asset building is a combination of policies and programs that assist people with limited financial resources to accumulate long-term assets. Since 1977, SCCCUCU and its nonprofit affiliate, Santa Cruz Community Ventures, have introduced a number of asset building programs to help people get ahead and stay ahead.

**CHILDCARE VENTURES** provides business technical assistance and training for child care operators and providers, and assists in the creation of quality child care facilities. In 2010, we provided technical assistance to 453 people and conducted 20 workshops for 282 participants. Topics included starting a child care business, permits, licensing, working with children with

special needs, accounting, reporting requirements, and more.

**EITC**, the Earned Income Tax Credit, is a special tax benefit for working people who earn low to moderate incomes. Workers who qualify for the EITC and file a federal income tax return can get back some or all of the federal income tax that was taken out of their pay during the year. We completed 509 free returns last year, and taxpayers received \$730,364 in refunds. Including the free returns we filed with our partner Project Scout, we processed 1,765 free returns for refunds of \$1,844,385.

**YOUTH PROGRAMS** that combined IDAs and financial education helped 231 youth develop more knowledge on personal money management. Young people developed their power as consumers: 90% increased their ability to save money, 100% learned how to correct erroneous data on credit reports, and 14% now see how credit card purchase should be made only for things with lasting value.

**FOSTER CARE** youth transitioning out of foster care participated in a program to help them save regularly, reduce debt, and secure an asset such as a higher education, stable employment, or secure housing. Nine young adults participated in 2010 and saved \$500. Each received a matching grant from donors, doubling their savings.

<b>FINANCIAL REPORT</b>	<b>12/31/2010</b>	<b>12/31/2009</b>
<b>INCOME</b>		
Loan Interest	\$3,703,583	\$4,191,469
Investment Interest	\$102,626	\$138,600
Non-Interest Income	\$2,374,485	\$2,020,873
Total Income	\$6,180,694	\$6,350,942
<b>EXPENSES</b>		
Operating Expenses	\$3,965,486	\$3,551,090
Non-Operating Expenses	0.00	\$2,087
Provision for Loan Loss	\$536,457	\$2,170,331
Dividends and Interest	\$306,114	\$566,211
Total Expenses	\$4,808,058	\$6,289,719
<b>NET SURPLUS</b>	<b>\$1,372,636</b>	<b>\$61,223</b>
<b>ASSETS</b>		
Total Loans	\$59,208,950	\$66,427,770
Allowance for Loan Loss	(\$1,762,326)	(\$2,256,564)
Net Loans	\$57,446,623	\$64,171,206
Cash	\$18,536,390	\$6,494,804
Investments	\$5,979,632	\$5,687,973
Fixed Assets	\$3,577,778	\$3,755,617
Other Assets	\$1,799,765	\$1,330,921
Total Assets	\$87,340,189	\$81,440,521
<b>LIABILITIES, MEMBER EQUITY AND RESERVES</b>		
Total Liabilities	\$3,343,629	\$2,550,534
<b>MEMBERSHIP EQUITY</b>		
Primary Shares	\$34,130,673	\$30,410,050
Checking	\$18,543,016	\$16,912,299
Money Market	\$1,742,374	\$1,347,824
Certificates	\$15,636,157	\$17,203,827
Individual Retirement Accounts	\$6,780,574	\$6,591,441
Total Deposits	\$76,832,794	\$72,465,441
<b>RESERVES</b>		
Total Reserves	\$7,163,765	\$6,424,546
Total Liabilities, Member Equity and Reserves	\$87,340,189	\$81,440,521
<b>NUMBER OF MEMBERS</b>	<b>9,558</b>	<b>9,519</b>

## Supervisory Committee Report

by Maura Matera, *Chair*

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

Throughout 2010, the Supervisory Committee met 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, TWHC, headquartered in Burbank, California has been engaged to complete an annual internal audit and member account verification. The Independent Auditor's Report will cover the period of January — December, 2010. The findings of this report will be available in the second quarter of 2011.

## Board of Directors

Michael Meara, *President*  
Eric Grabiell, *Vice-President*  
Christina Cuevas, *Secretary*  
Kimberly Hallinan, *Treasurer*

Ricardo Rocha, Alisa Thomas, Chuck Tremper

## Executive Committee

Christina Cuevas, Eric Grabiell, Kim Hallinan, Michael Meara, Ricardo Rocha, Alisa Thomas, Chuck Tremper

## Supervisory Committee

Maura Matera, *Chair*, Suzanne MacLean, Jane Massie

## Credit Committee

Kim Hallinan, Thomas Kern, Alisa Thomas


## Santa Cruz Community Credit Union

Branch Locations:

324 Front Street, Santa Cruz, CA  
1428 Freedom Blvd., Watsonville, CA

831-425-7708

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

 Please recycle this Annual Report.

## Numbers

**Small Business Lending**  
**\$8.6 million**  
**119 entrepreneurs**  
**60% microentrepreneurs**

**Financial Education**  
**2,343 students**  
**53% reside in Watsonville**  
**69% Latino**

**Free Tax Assistance**  
**509 individual returns**  
**\$730,364 in refunds**

**Affordable Mobile Homes**  
**\$800,000**  
**6 homeowners**

