

GENERAL MANAGER'S REPORT

Another year has passed and the Permaculture Credit Union is on the move. Thanks to the dedication of our members, we doubled our loan portfolio in 2002. We grew significantly in membership and deposits. Our net worth steadily increased as well. Overall we had a successful year and look forward to becoming an even stronger and more efficient financial institution in 2003.

Sincerely,

Michelle Lowrie
General Manager

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee consists of three volunteers who oversee the activities of your Credit Union. The primary responsibility of the committee is to determine that proper internal controls are in place to safeguard member assets.

The committee has again retained Mr. Eliot M. Stenzel, CPA, to perform certain "Agreed Upon Procedures" for our annual audit. We are pleased to report to the membership that the committee received a favorable audit from Mr. Stenzel. Federal and State continue to audit us quarterly as well.

We will continue to serve the credit union as it expands the services provided for our members. We look forward to another successful year.

Sincerely,

Carolyn Agard
Chairperson

TREASURER'S REPORT

As of December 31, 2002 (To the nearest dollar)
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

<u>Assets</u>	<u># @ 2002</u>	<u>12/31/2002</u>
Share Secured	6	\$ 33,316
Certificate Secured	11	114,786
Unsecured	9	29,649
New Car	4	78,272
Used Car	11	105,249
Regular Loans Total (yield=6.597% at 12/31/02)	41	361,272
Participation Loans - SECU (yield =6.75%)	7	116,129
Total Loans	48	477,401
Less: Allowance for Loans Losses		3,007
Net Loans		474,394
Cash-Members		349,599
Cash-Operating		26,058
Petty Cash		50
Investments (Financial Institution Deposits) # @ 2002	12/31/2002	
State Employees Credit Union	15	705,785
Guadalupe Credit Union	1	100,395
First Financial Credit Union	2	100,165
NCB	2	13,595
Vermont Development Credit Union	1	93,838
Shore Bank Pacific	1	100,000
Zia Credit Union	1	100,494
Southwest Corporate	2	13,650
Investment Total	25	1,227,922
NCUA Share Insurance Fund		11,732
Prepayments		2,973
Fixed Assets, net		4,494
Total Assets		\$ 2,097,222
Liabilities and Equity	# @ 2002	12/31/2002
Savings Accounts		
Regular Shares	429	\$ 801,763
Certificates Shares	220	1,252,840
Average Shares	\$1,613,902	2,054,603
Dividends	\$38,427	
Share Cost	2.38%	
Miscellaneous Liabilities		2,697
Regular Reserve		8,265
Undivided Earnings		31,657
Net Income		0
Total Liabilities & Equity		\$ 2,097,222

CONSOLIDATED STATEMENT OF INCOME	
Interest on Loans	\$ 27,841
Income from Investments	41,212
Fees and Charges	2,910
Total Income	71,963
Total Dividends	38,427
Income, net of Dividends	33,536
Provisions for Loan Losses	1,722
Income, net of Dividends and Provision for Loan Losses	31,814
Operating Expenses	62,849
Subtotal	\$ (31,035)
Non-Operating Income (Donations)	\$ 44,045
Net Income or (Loss)	\$ 13,010



Permaculture Credit Union Annual Report 2002

Annual Meeting
May 17, 2003

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BOARD OF DIRECTORS

Nate Downey.....Chairperson
Scott Pittman.....Vice-Chairperson
Sebia Hawkins.....Secretary
Susan Coulter.....Treasurer
Winona Nava.....Director
James Stark.....Director
Wesley Roe.....Director
Michelle Lowrie.....General Manager

SUPERVISORY COMMITTEE

Carolyn Agard.....Chairperson
Nora Haskins.....Member
Amy Brown.....Member

COMMITTEES

Assets/Liabilities Management

**Michelle Lowrie, Winona Nava,
 Donal Kinney, Nate Downey & Phil Torres**

Fund Raising

**Vint Lawrence, Scott Pittman, Nate Downey,
 Sebia Hawkins & Phil Vergamini**

Marketing

**Nate Downey, Vint Lawrence, Susan Coulter,
 Phil Vergamini, James Stark & Wesley Roe**

Operations

**Nate Downey, Amy Brown, Nora Haskins,
 Phil Vergamini, Susan Coulter**

CHAIRMAN'S REPORT

This past year was the first full year that Permaculture Credit Union has been able to focus on one of the primary purposes of credit unions since their inception: loaning money. Although it was necessary to spend much of our time, energy and resources on the design and implementation of our basic, essential systems, a top priority has been to continue to provide capital for innovative sustainable projects as part of our loan program. Thanks to the hard work of our staff and volunteers this effort has put us on course to reach sustainability as a financial institution. As recognition of our ethics-based, innovative operations, the Social Investment Forum and Co-op America named us as one of the top ten green financial institutions in the country.

We are grateful for the continued support of our mentors, State Employees Credit Union of New Mexico and Guadalupe Credit Union. We also wish to express a special thanks to the individuals and institutions that have and continue to support us with grants and gifts. Without these donations we would not be able to maintain our present level of daily member services.

Michelle Lowrie, our General Manager, continued to take on the responsibilities of PCU operations and did an extraordinary job keeping us on course and operating smoothly. As our newest staff member, Emily Watts took on her new responsibilities as Member Services Representative diligently and positively. We are very fortunate to have such outstanding individuals representing the PCU.

The Marketing Committee made sure that even on a tight budget the word about our loan program has gotten out to our members and potential members. As you can see from the attached performance graphs, we have continued to grow rapidly in all sectors. This has occurred in a financial climate that has been less than favorable for lending institutions and portends an even brighter future for us when the economy rebounds.

We are extremely grateful for the dedication and hard work that continues to be done by all of our board members, volunteers, committees, and friends. They are the heart and soul of this endeavor and I am sure I speak for all of the members in thanking them once again for making this institution possible and successful.

It has been my pleasure to serve as Chairman of the Board of Directors of your credit union this past year, and I invite your comments and suggestions as to how we may continue to provide the best services possible to our members.

Sincerely,

Nate Downey
 Chairman of the Board of Directors

