

## PRESIDENT'S REPORT

The amount of support that we received from our members in 2004 was phenomenal. In evidence of this support, assets increased by \$100,000. Loans grew by more than a million dollars and membership continues to increase. Once again, our members donated towards the operation of the credit union. We received close to \$30,000 in donations last year. Without this support, our ability to grow would be much slower. On this 5<sup>th</sup> year anniversary of the credit union, we look forward to bringing the Permaculture Credit Union to breakeven. Then, the Permaculture Credit Union will reinvest our surpluses in our members working to build a more socially conscience society and to sustain this earth we live on.

Sincerely,

Donald J. Sarich  
President/CEO

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is made up of four volunteers who oversee the activities of your credit union. The primary focus is to ensure that the proper internal controls are in place to safeguard member assets.

The committee is in place to make sure that the credit union is conducting business in the members' best interest. An annual audit was performed and Eliot M. Stenzl, CPA, returned a favorable report.

We continue to educate ourselves by completing Volunteer Achievement Programs offered by the Credit Union National Association & Affiliates.

We are honored to be a part of this credit union which is celebrating its fifth year in operation. We will continue to serve the credit union, and look forward to another successful year.

Sincerely,

Carolyn Agard  
Chairperson

## TREASURER'S REPORT

As of December 31, 2004 (To the nearest dollar)  
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

<u>Assets</u>	<u># @ 2004</u>	<u>12/31/2004</u>
Share Secured	24	\$ 87,131
Certificate Secured	5	33,348
Unsecured	19	51,184
New Car	17	272,184
Used Car	43	408,288
Real Estate Loans	24	1,025,443
Regular Loans Total (yield=5.572% at 12/31/04)	132	1,877,578
Participation Loans – SECU (yield =6.75%)	4	36,454
FFCU (yield = 5.00 %)	1	9,891
<b>Total Loans</b>	<b>137</b>	<b>1,923,918</b>
Less: Allowance for Loan Losses		18,494
<b>Net Loans</b>		<b>1,905,424</b>
Cash-Members		36,676
Petty Cash		40
<b>Investments (Financial Institution Deposits)</b>	<b># @ 2004</b>	<b>12/31/2004</b>
State Employees Credit Union	4	423,392
Guadalupe Credit Union	1	5,063
First Financial Credit Union	1	1,003
National Cooperative Bank Company	1	3,028
Opportunities Credit Union	2	99,323
Shore Bank Pacific	1	100,000
Southwest Corporate Federal Credit Union	3	139,829
<b>Investment Total</b>	<b>13</b>	<b>771,638</b>
NCUA Share Insurance Fund		25,931
Land and Building		42
Fixed Assets, net		12,419
Other Assets		14,092
<b>Total Assets</b>		<b>\$ 2,766,264</b>
<u>Liabilities and Equity</u>	<u># @ 2004</u>	<u>12/31/2004</u>
Savings Accounts		
Regular Shares	714	\$ 1,740,991
Certificates Shares	135	934,501
Average Shares	\$2,634,392	2,675,492
Dividends	\$17,739	
Share Cost	0.76%	
Miscellaneous Liabilities		7,835
Regular Reserve		32,650
Undivided Earnings		50,287
Net Income		0
<b>Total Liabilities &amp; Equity</b>		<b>\$ 2,766,264</b>

### CONSOLIDATED STATEMENT OF INCOME

Interest on Loans	\$ 83,314
Income from Investments	34,821
Fees and Charges	3,302
<b>Total Income</b>	<b>121,437</b>
Total Dividends	17,739
Income, net of Dividends	103,698
Provisions for Loan Losses	8,951
Income, net of Dividends and Provision for Loan Losses	94,747
Operating Expenses	110,961
Subtotal	\$ (16,214)
Non-Operating Income (Donations)	\$ 29,986
<b>Net Income or (Loss)</b>	<b>\$ 13,772</b>



## Permaculture Credit Union Annual Report 2004

Annual Meeting  
May 14, 2005

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# CHAIR REPORT

## BOARD OF DIRECTORS

**Susan Coulter.....Chairperson**  
**Taylor Selby.....Vice-Chairperson**  
**Sebia Hawkins.....Secretary**  
**Donal Kinney.....Treasurer**  
**Ed McMillan.....Director**  
**Winona Nava.....Director**  
**Wesley Roe.....Director**  
**Allan Sindelar.....Director**  
**James Stark.....Director**

## CREDIT UNION STAFF

**Donald J. Sarich.....President/CEO**  
**Michelle Lowrie.....Accounting Manager**  
**Lucinda Sydow...Member Service Representative**  
**Willina Martinez..Member Service Representative**

## SUPERVISORY COMMITTEE

**Carolyn Agard.....Chairperson**  
**Nora Haskins.....Member**  
**Amy Brown.....Member**  
**Joseph S. Ellis.....Member**

## COMMITTEES

### *Assets/Liabilities Management*

**Donald J. Sarich, Michelle Lowrie, Winona Nava,  
 Donal Kinney & Susan Coulter**

### *Fund Raising*

**Sebia Hawkins, Vint Lawrence & Susan Coulter**

### *Marketing/Communications*

**Taylor Selby, Vint Lawrence, Susan Coulter,  
 Phil Vergamini, James Stark, Sebia Hawkins,  
 Edward McMillen, Allan Sindelar, Donald J. Sarich  
 & Wesley Roe**

Well, here we are again – having completed another successful trip around the sun on this big, blue ball we call Earth. The Permaculture Credit Union is another year older and we are all another year wiser. We stayed on track with – and in most cases ahead of – our business plan projections, and grew the credit union with respect to number of members, assets and loans. The graphs to the right show that growth, but they do not do justice to the amount of hard work it took to get there. Nor do they adequately reflect the increase in services and advance in technology that facilitated that growth.

Our CEO, Don Sarich, and the office staff have put their heart and soul into the credit union this past year; as well as some good old-fashioned elbow grease. Their hard work along with the efforts of the Board of Directors, Supervisory Committee members and Volunteers has allowed us to implement new services including Home Equity Lines of Credit, Automatic Clearing House transactions and a PCU credit card – all while staying true to the basic tenets of sustainability and permaculture. The re-investment of surplus money deposited at the PCU was used for the betterment of our members and their communities in the form of loans that qualified for sustainability discounts. Our loan special for hybrid cars was very popular, and we added sustainability discounts for Alternative Fuel Vehicles and bicycles.

In order to handle this increase in our existing products and the challenge of bringing new offerings on line, we completed a major technology upgrade in our office; which members may have noticed when the format of the monthly statements changed in September '04. This provided us another set of hurdles as we strive to strike a balance between making use of necessary technological advances without letting that technology drive our decision-making and resource usage. We are constantly reminding ourselves to walk-the-talk. A green financial institution must operate in the green as well as the black.

This past year's cycle allowed us to prove to ourselves and to our regulators that we are capable of running this credit union in the black. By carefully balancing service to our members, adherence to financial regulations, and commitment to the ethics of permaculture, we are poised to make another memorable trip around sun. On our five-year anniversary – we take a short rest, a deep breath and prepare for the next leg of our journey. Next year at this time we will be bigger, stronger and more stable. As more members join us on this trip and our successes add up, we can hopefully begin to influence the financial services market. By bringing green, ethical lending and living to more people, we can increase the care of and reverence for this planet we call home.

Susan Coulter  
 Chair of the Board

