

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee's primary function is to inspect the credit union's records for accuracy, its assets for security, and its procedures for the proper handling and use of funds. We also arrange our annual audit and secure it with a certified auditor who for the last seven years has been Eliot Stenzl, CPA. Another duty is to meet with the Financial Institutions Division and the National Credit Union Administration to ensure that all policies are being followed.

The members of your Supervisory Committee are proud to serve the credit union, and will continue to do it to the best of our ability.

**CAROLYN AGARD, CHAIR**

## ADVISORY BOARD REPORT

The Advisory Board is made up of former Board of Directors members. It is our intention to add continuity by ensuring that the Board of Directors is guided by the original vision and intent of the credit union, and by sharing our experience. In our first year we advised the Board to: Maintain permaculture principles in all decision making. Stay true to our original intent to educate members about permaculture and sound personal finances. Ensure that operations are consistently profitable, so that the institution will have the capital to grow and take on new members without relying on donations.

**DONAL KINNEY**

## AGENDA

Annual Members Meeting — Saturday, May 17, 2008

1. Call to Order - Determination of Quorum & Welcome
2. Minutes of Last Annual Meeting 5/19/07 Reading & Approval
3. Announcement of Election Results
4. Board of Director's Report
5. Treasurer's Report
6. President's Report
7. Supervisory Committee's Report
8. Old Business
9. New Business
10. Adjournment

## TREASURERS REPORT

As of December 31, 2007 (To the nearest dollar)  
**CONSOLIDATED STATEMENT OF FINANCIAL CONDITION**

<b>Assets</b>	<b># @ 2007</b>	<b>12/31/07</b>
Share Secured	20	\$ 152,482
Certificate Secured	2	1,547
Unsecured	27	71,020
New Car	25	288,862
Used Car	46	437,311
Real Estate Loans	59	1,739,438
Guaranteed Student Loans	18	59,978
Regular Loans Total (yield=6.72% at 12/31/07)	197	2,750,638
Participation Loans-FFCU (yield=5.0%)	1	9,389
<b>Total Loans</b>	198	2,760,027
Less: Allowance for Loan Losses		3,750
Net Loans		2,756,277
Checking Account (Southwest Corp. FCU)		49,391
Petty Cash		0
<b>Investments</b> (Financial Institution Deposits)	<b># @ 2007</b>	<b>12/31/07</b>
State Employees Credit Union	1	3,096
Guadalupe Credit Union	1	95,713
Opportunities Credit Union	2	98,712
Southwest Corporate F.FCU	1	28,225
Investment Total	5	225,746
Foreclosed and Repossessed Assets		99,214
NCUA Share Insurance Fund		27,128
Land and Building		0
Fixed Assets, net		19,661
Other Assets		38,788
<b>Total Assets</b>		<b>\$ 3,216,204</b>
<b>Liabilities and Equity</b>	<b># @ 2007</b>	<b>12/31/07</b>
Savings Accounts		
Regular Shares	927	\$ 2,117,015
Share Certificates	103	655,222
Non Member Certificates	4	300,018
Average Shares	\$2,893,460	3,072,255
Dividends	\$19,742	
Share Cost	0.72%	
<b>Miscellaneous Liabilities</b>		<b>10,604</b>
Regular Reserve		67,591
Undivided Earnings		65,753
Net Income		0
<b>Total Liabilities &amp; Equity</b>		<b>\$ 3,216,204</b>
Consolidated Statement of Income		
Interest on Loans	\$	187,751
Income from Investments		22,584
Fees and Charges		18,546
Total Income		228,881
Total Dividends		19,742
Income, net of Dividends		209,139
Provisions for Loan Losses		2,796
Income, net of Dividends and Provision for Loan Losses		206,343
Operating Expenses		225,763
Subtotal	\$	(19,420)
Non-Operating Income (Donations)	\$	54,365
<b>Net Income or (Loss)</b>	<b>\$</b>	<b>34,945</b>



# PERMACULTURE CREDIT UNION ANNUAL REPORT 2007

## ANNUAL MEETING MAY 17, 2008

### MISSION STATEMENT

*The Permaculture Credit Union pools the financial resources of people who believe in the ethics of Permaculture — care of the earth, care of people, and reinvestment of surplus for the betterment of both. We apply those resources to earth-friendly and socially responsible loans and investments.*

### OFFICE LOCATION

4250 Cerrillos Rd., 2nd Floor,  
 Santa Fe, NM 87507

### MAILING ADDRESS

PO Box 29300,  
 Santa Fe, NM 87592-9300

Toll Free: 1-866-954-3479

Phone: (505) 954-3479

Fax: (505) 424-1624

Web Site: WWW.PCUONLINE.ORG



# PERMACULTURE CREDIT UNION

## BOARD OF DIRECTORS

Hugh Roberts – Chair  
John J. McAndrew – Vice Chair  
Brendan Miller – Secretary  
Barbara Mueller – Treasurer  
Wesley Roe – Director  
Nora Haskins – Director  
Arina Pittman – Director

## CREDIT UNION STAFF

Donald J. Sarich – President/CEO  
Eileen Banashek – Bookkeeper  
Matthew Carrasco-Trujillo – Loan Processor  
Willina Martinez – Member Service Representative

## SUPERVISORY COMMITTEE

Carolyn Agard – Chair  
Elizabeth Martin – Member  
Phil Vergamini – Member  
Joseph Ellis – Member

## COMMITTEES

**Assets/Liabilities Management**  
Donald J. Sarich, Barbara Mueller & Hugh Roberts

**Credit Committee**  
Donald J. Sarich, Winona Nava & Roberta G. Armijo

**Marketing/Communications**  
Arina Pittman, John J. McAndrew, Wesley Roe,  
Donald J. Sarich, Phil Vergamini & Nora Haskins

**Fund Raising**  
John J. McAndrew, Nora Haskins & Donald J. Sarich

**Advisory Board**  
Susan Coulter, Donal S. Kinney,  
Allan Sindelar & Scott Pittman

## MESSAGE FROM THE CHAIR

Sustainability is essential to the concept of permaculture. The word “permaculture” comes from the phrase “permanent agriculture.” For agriculture to be “permanent” it must be sustainable. The erosion of top soil must not exceed its formation. The depletion of aquifers by irrigation must not exceed their replenishment. The loss of organic matter in the soil must not exceed the compost applied.

Sustainability, of course, is essential to systems other than agriculture. The destruction of forests must not exceed their regeneration. Ocean fish catches must not exceed ocean fish reproduction. And the earth’s average temperature must not exceed some limit that unquestionably exists, even if we do not know the exact number. So carbon emissions must not exceed carbon fixation. *(Thanks to Larry Rasmussen, Union Seminary, for these examples.)*

Sustainability, then, is a fundamental principle that connects permaculture to every natural system on earth. It should also connect the principles and ethics of permaculture to every humanly organized system, including this country’s economic system.

Your Permaculture Credit Union exists to help you today in your efforts to apply the principle of sustainability to your life through discounted loans for bicycles, fuel efficient vehicles, and other earth-friendly projects. But the PCU also exists to realize a dream, the dream of a sustainable economic system – one that does not depend on the unsustainable principle of limitless growth, one that is designed to respect the earth rather than exhaust its resources, one that is designed to respect all people and share the surplus rather than enrich the wealthy at the expense of the poor. And we look to you, our members, to help realize that dream.

This past year it has been a privilege for me to work with your strong and dedicated board and staff to serve you, as together we strive to apply the ethics and principles of permaculture in the world of finance. Thank you for giving me that opportunity.

**HUGH ROBERTS, CHAIR  
BOARD OF DIRECTORS**

## PRESIDENT’S REPORT

During 2007, our credit union had to flow with the chaotic changes in this economic cycle. When we recall what happened in the financial markets, we realize we could have been swept away, but because we stayed true to our values, we saw a strengthening instead of our entire operation. We also realized we needed to prepare for the years ahead and start making changes related to what we learned.

Highlights for 2007 are as follows: Our fiscal sponsor, Permacultura America Latina, received a grant of \$50,000 for our general operating support from a donor advised fund of RSF Social Finance, as well as additional donations from our members. This enabled us to set aside close to \$35,000 in our capital reserve account to strengthen our financial position. This single step allowed us to move our NCUA insurance fund rating up to our highest level since we were granted our charter. Other changes followed. We were able to reinstate our share certificate program to all members. We moved from hand written loan forms and certificate forms to forms integrated with our core processing system. We increased hours for two part-time employees which helped us increase our loan portfolio by a net growth of close to \$625,000. Our assets were allowed to increase by over \$393,000. Our members increased by 51.

Being well aware that our members’ main focus is being one with the land and restoring and preserving it in a sustainable manner, we dedicate 65% of our assets to mortgage lending. It made us wonder how we would fare in the events to follow. The most notable effect on us between September and December of 2007 was a significant drop in our loan income derived from the mortgage loans tied to the prime rate. This was a negative impact to our loan income but a positive impact to our members whose monthly payments went down. At the same time, we also experienced one foreclosure that was caused by the death of a member whose family had no plans in place to deal with the financial issues that followed. Once again this was a very valuable learning experience for us. This prompted us to

make it a priority to have financial education and planning for our members of the PCU in the future.

With all of this said, I am very proud of our members’ dedication to the ethics of permaculture: care of earth, care of people and sharing of our surplus. These are the fundamental values that drive your credit union and why we continue to move forward in a very safe and sound way.

Sincerely,  
**DONALD J. SARICH  
PRESIDENT/CEO**

