

## AGENDA—2012 ANNUAL MEETING

- Opening by Peter Gibb, President
- Approval of 2011 Annual Meeting Minutes
- President's Report
- Financial Report
- 2012 Road Map
- Election of Officers
- Door Prize Drawing
- Adjournment
- Refreshments

## STAFF

Steve Bowles, CEO/CFO  
Kimberly Cattivera, Member Service Representative  
Hope Donovan-Bowles, Consultant  
Christopher Ensley, Loan Representative  
Shirley Gallagher, Senior Loan Officer  
Chantelle Lamm, Loan Representative  
Francisco Saenz, Marketing Coordinator / Sr. Loan Officer  
Rick Valderrama, Project Lead / Systems Administrator  
Grace Yeung, Senior Accountant  
Andre Yulo, Operations Lead

## BOARD OF DIRECTORS

Peter Gibb, President  
J.D. Smith, Vice President  
William Flock, Treasurer  
Joann Hodges-Velayo, Secretary  
Ann Johnston, Director  
John Prausa, Director  
Peter Valenti, Director

## SUPERVISORY COMMITTEE

Aurora Allen, Chair  
Mitesh Patel, Member  
Christine Riccio, Member  
Karen Steinmetz, Member  
Regis Vincent, Member

# 2011 ANNUAL REPORT

# ZERO

Our Home Equity Lines of Credit have ZERO points, ZERO annual fees, ZERO closing costs and a low variable rate of 3% APR variable (prime rate minus .25%).



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## PRESIDENT'S MESSAGE

SRI Federal Credit Union has prospered for 55 years based on the operational philosophy of high levels of service along with products that you want.

During 2011, new programs were launched to extend credit union services to all the SRI International sites, making it easier for SRI employees to join and participate. Combining site visits, web enrollment and increased visibility, the response has been excellent. New products included an online financial management tool and Home Equity Line of Credit for properties outside of California.

I am pleased to report that SRI Federal Credit Union remains financially secure and stable. Members continue to see the value in membership, adding \$1.5 million to their deposits this year, an increase of 2.6%. New and existing members are refinancing their bank loans with the credit union, resulting in an increase of total loan balances. We have positioned our investments to provide more funds to be available for loans. Loans to our members are our best investment and those earnings help support higher dividends. The credit union crossed another milestone with total assets exceeding the \$68 million mark and total capital over \$5.7 million.

The delinquency ratio continues to be below the average when compared to other peer credit unions and has declined to .08% (the peer group is 1.40%). The low loss ratio allows the credit union to return the savings to the members. Positive earnings reflect good loan performance, excellent investment performance and strict cost controls over expenses.

Like all credit unions, we were assessed a premium by the National Credit Union Administration (NCUA) to help protect and stabilize the credit union system as a whole. Our payments to the NCUA for 2011 were \$166,609, a decrease of 16%. We continue to monitor factors which impact our industry so we can meet these challenges.

Thanks to our superb staff for their commitment to extraordinary service to the members. The Board of Directors and Supervisory Committee leaders volunteer their time to ensure a strong and viable organization. Ultimately, the participation, support and loyalty of the members over the last 55 years have resulted in a world-class financial institution. The collaboration between the professional staff, quality members and committed leadership positions us for success in the years ahead.

Peter Gibb  
President of the Board

## FINANCIALS

BALANCE SHEET	2010	2011	\$ Change	% Change
Loans	\$ 37,593,761	\$ 38,230,336	\$ 636,575	1.69%
Cash & Investments	25,715,324	28,486,299	2,770,975	10.78%
Other Assets	1,954,301	1,892,343	(61,958)	(3.17)%
<b>Total Assets</b>	<b>\$ 65,263,386</b>	<b>\$ 68,608,978</b>	<b>\$ 3,345,592</b>	<b>5.13%</b>
Accounts Payable	\$ 1,434,949	\$ 2,580,975	\$ 1,146,026	79.87%
Member Savings	58,767,259	60,288,915	1,521,656	2.59%
	\$ 60,202,208	\$ 62,869,890	\$ 2,667,682	4.43%
Reserves	\$ 1,051,077	\$ 1,051,077	-	0.00%
Undivided Earnings	4,010,101	4,688,011	677,910	16.91%
Capital	\$ 5,061,178	\$ 5,739,088	\$677,910	13.39%
<b>Total Liabilities &amp; Equity</b>	<b>\$ 65,263,386</b>	<b>\$ 68,608,978</b>	<b>\$ 3,345,592</b>	<b>5.13%</b>
INCOME STATEMENT				
Income	\$ 2,851,160	\$ 2,694,458	\$ (156,702)	(5.50)%
Operating Expenses	2,088,529	2,100,841	12,312	0.59%
Dividends	486,404	335,862	(150,542)	(30.95)%
Other Costs of Funds	21,860	671	(21,189)	(96.93)%
<b>Total Costs</b>	<b>2,596,793</b>	<b>2,437,374</b>	<b>(159,419)</b>	<b>(6.14)%</b>
Subtotal	254,367	257,084	2,717	
Non-operating Gain	-	-	-	
<b>Net Income</b>	<b>\$ 254,367</b>	<b>\$ 257,084</b>	<b>\$ 2,717</b>	<b>1.07%</b>

## MINUTES • 2011 ANNUAL MEETING

The 54th Annual Meeting of the SRI Federal Credit Union was called to order at 12:00 PM by President Peter Gibb on March 16, 2011. After welcoming the large gathering of attending members, Mr. Gibb emphasized the Credit Union's single focus and commitment: To serve the employees of SRI International and their families. Mr. Gibb also introduced the Governance and Leadership of the Credit Union. The Board of Directors has an average tenure of over 30 years with SRI and an average of 22 years on the Board. The Supervisory Committee averages over 20 years tenure with SRI and seven years on the Committee. The Staff averages 13 years experience in the credit union industry and over six years with SRI FCU.

Mr. Gibb requested everyone to review the written minutes from the March 17, 2010 Annual Meeting. A motion to accept was made from the floor. The motion was seconded and carried.

The 2010 financial report was presented, highlighting the following benchmark ratios for SRI FCU compared to the peer group:

- Delinquency Ratio: .09% vs 1.53%
- Charge-off Ratio: .42% vs .80%
- Return on Assets: .41% vs .11%
- Loan Yield: 4.76% vs 6.56%
- Investment Yield: 2.86% vs 1.89%
- Operating Expenses: 3.10% vs 4.05%
- Share Growth: 13.49% vs 5.51%
- Loan Growth: (7.43)% vs (8.71)%

2010 accomplishments were reported by Steve Bowles, highlighting advances in personalized services including Visa® cards with custom images, improved statement presentation and electronic statements, eJoin electronic membership enrollment, Strike out the Debt loans with lower interest rates to help members consolidate and eliminate debt, and consolidation of ATM/Debit/Credit vendors for more efficient and cost-effective processing.

Francisco Saenz highlighted many SRI FCU members along with how their membership and banking with the Credit Union have affected their personal lives and activities.

The nominating committee's list of candidates for the Board of Directors was presented: JoAnn Hodges-Velayo, Ann Johnston, John Prausa and J.D. Smith. Peter Gibb then asked for nominations from the floor; none were presented. A member motioned to accept the nominating committee's list of nominees. The motion was seconded and carried.

Door prizes were awarded and Peter Gibb announced that the staff and volunteers would be available to answer questions during refreshments in the reception area. The meeting was adjourned at 12:40 PM.

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is responsible for the audit and verification of the Credit Union records. The Committee also ensures that both professional staff and officials properly perform their duties in a safe manner to assure the Credit Union has adequate operational procedures in effect to provide for the safety of the members' funds. To carry out the Committee's responsibilities, an independent certified public accounting firm performs an annual audit. Accordingly, the Committee reviews operational procedures of the Credit Union and makes applicable recommendations to the Board of Directors. In 2012, a firm specializing in audits of credit unions will be performing the audit with an audit date of December 31, 2011.

The accounting records and reports are prepared promptly and accurately, and internal controls are adequate. Additionally, we are confident that the planning established by the Board of Directors is sound.

Aurora Allen  
Chair

