

# 2013

## ANNUAL REPORT



SRI Federal Credit Union



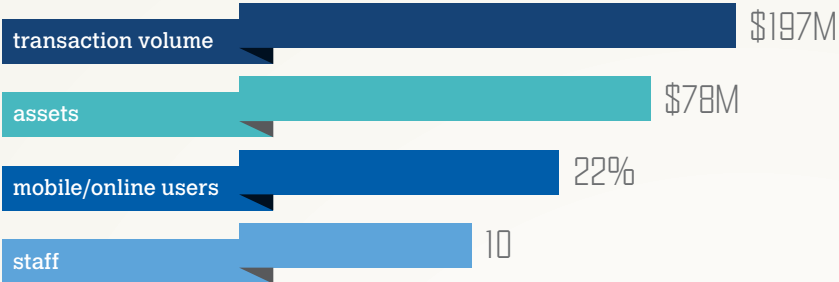
### SUCCESSFUL INITIATIVES

#### PLUS IT

- MOBILE
- E-DEPOSIT
- NEW ACCOUNT DASHBOARD

#### OUTREACH

- REGIONAL OFFICE GROWTH
- RELAY FOR LIFE
- SRI ALUMNI
- FAMILY MEMBER PARTICIPATION



### GROWTH



#### NEW AUTO LOANS



#### HOME EQUITY LOANS



#### REGULAR SAVINGS



#### IRA CERTIFICATES



### BENCHMARK

	SRI FCU	PEERS
INVESTMENT YIELD	1.98%	1.03%
FEE INCOME	.54%	1.27%
OPERATING EXPENSES TO ASSETS	2.55%	3.71%
CAPITAL GROWTH	6.44%	4.39%
DELINQUENCY RATIO	.04%	1.20%

73%  
ONLINE



CONNECT  
% OF MEMBERS WITH E-SERVICES

16%  
MOBILE

23%  
FAMILY



55%  
CHECKING



34%  
ESTATEMENTS



10%  
REGIONAL OFFICES



ONBOARD  
NEW MEMBERS

47%  
VISA® DEBIT CARD

26%  
BILL PAY



8%  
EDEPOSITS



28%  
VISA® CREDIT CARD

23%  
EJOIN

# 2014 ANNUAL MEETING

Wednesday, March 19, 2014, 12 Noon  
SRI International Building

## AGENDA

- Opening by Peter Gibb, President
- Approval of 2013 Annual Meeting Minutes
- President's Report
- Financial Report
- 2014 Initiatives
- Election of Officers
- Door Prize Drawing
- Adjournment
- Refreshments

## BOARD OF DIRECTORS

Peter Gibb, President  
Peter Valenti, Vice President  
William Flock, Treasurer  
JoAnn Hodges-Velayo, Secretary  
JD Smith, Director  
Ann Johnston, Director  
John Prausa, Director

## SUPERVISORY COMMITTEE

Aurora Allen, Chair  
Christine Riccio, Member  
Stephanie Gray, Member  
Regis Vincent, Member

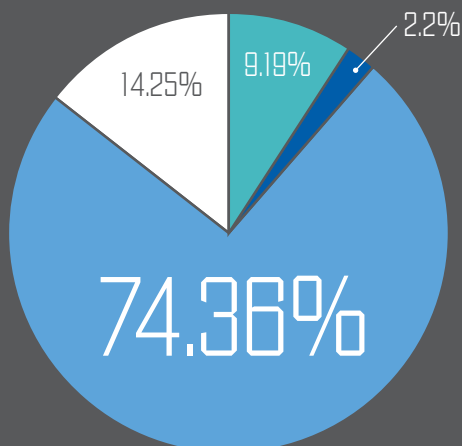
## STAFF

Steve Bowles, CEO/CFO  
Melisa Brandis, Member Service Rep /  
Card Specialist  
Hope Donovan-Bowles, Consulting Executive  
Christopher Ensley, Operations Supervisor  
Shirley Gallagher, Senior Loan Officer  
Francisco Saenz, Marketing Coordinator /  
Senior Loan Officer  
Rick Valderrama, Project Lead / Systems  
Administrator  
Grace Yeung, Senior Accountant  
Nya Munday, Member Service Representative  
Michelle Matias, Member Service  
Representative

## INCOME COMPONENTS

GROSS INCOME

**\$2,628,329**



- DIVIDENDS
- PROVISION
- OPERATING EXPENSES
- CAPITAL

## PRESIDENT'S MESSAGE

In 2013, SRI Federal Credit Union focused on service improvements by launching the mobile banking apps, online enhancements, eDocument portal, eSignatures, a new wire transfer system and eDeposit—the popular mobile check deposit system.

These improvements have been endorsed by the membership resulting in 15% of all check deposits now being done through the mobile deposit application. Online banking users represent 73% of our accounts, and mobile users grew to 16% of the accounts in a few short months. Our focus on high-quality, personalized service attracts new members and the total membership has grown to 3,904 members. SRI International regional offices represented 10% of the new accounts in 2013, and family members accounted for over 23% of new accounts. eJoin online tool makes joining easy and quick!

Members continue to see the value in membership, adding \$1.7 million to regular savings, an increase of 10%. Using our convenient online application, new automobile loans increased by 12%. The Home Equity Lines of Credit grew by 14%. Loans to our members are our best investment and those earnings help support higher dividends. We have funds available for loans and HELOCs provide a tremendous value!

In 2013, total assets decreased by \$3 million, largely due to market-to-market requirements of our investment portfolio in federal agency bonds. As the Federal Reserve Bank tapers bond buying, rates rise and bond prices decline. SRI Federal Credit Union holds all investments to maturity, but records investment

declines in a valuation account. Our portfolio yields an investment return of 2.22% compared to the peer groups' 1.03%. SRI Federal Credit Union remains well capitalized and is financially secure and stable.

Asset quality continues to be excellent, with the delinquency ratio dropping in half. At 0.04% our delinquencies are significantly below our peer credit unions (the peer group is 1.20%). Lower revenues were offset with cost controls over expenses and excellent investment performance. The shift from certificates of deposit to other savings reduced the overall cost of funds. We continually monitor rates and deposit products to provide the best value to the members. Since 1957, SRI Federal Credit Union has been successful because of our one focus on delivering products that you want along with high-quality, personal service. Innovation is a hallmark of SRI International and the credit union is committed to being a leader within our industry.

I would like to thank the dedicated staff for their commitment to the financial well-being of the members. The volunteers of the Supervisory Committee and Board of Directors, who give of their time, deserve recognition.

Most importantly, we express our appreciation to you, the members, for the support and loyalty that you have shown over the years.

Peter Gibb  
President

## FINANCIALS

BALANCE SHEET	2013	2012	\$ Change	% Change
Loans	\$ 36,150,300	\$ 36,731,351	\$ (581,051)	(1.58)%
Cash & Investments	36,735,949	39,263,333	(2,527,384)	(6.44)%
Other Assets	1,976,404	2,045,014	(68,610)	(3.35)%
<b>Total Assets</b>	<b>\$ 74,862,653</b>	<b>\$ 78,039,698</b>	<b>\$ (3,177,045)</b>	<b>(4.07)%</b>

Accounts Payable	\$ 478,813	\$ 793,924	\$ (315,111)	(39.69)%
Member Savings	71,025,838	71,377,765	(351,927)	(0.49)%
	<b>\$ 71,504,651</b>	<b>\$ 72,171,689</b>	<b>\$ (667,038)</b>	<b>(0.92)%</b>

Capital	\$ 3,358,002	\$ 5,868,009	\$ (2,510,007)	(42.77)%
<b>Total Liabilities &amp; Capital</b>	<b>\$ 74,862,653</b>	<b>\$ 78,039,698</b>	<b>\$ (3,177,045)</b>	<b>(4.07)%</b>

INCOME STATEMENT	2013	2012	\$ Change	% Change
Income	\$ 2,628,329	\$ 2,637,017	\$ (8,688)	(0.33)%
Operating Expenses	2,012,428	2,020,354	(7,926)	(0.39)%
Dividends	239,735	317,603	(77,868)	(24.52)%
Other Costs of Funds	1,748	394	1,354	343.65%
<b>Total Costs</b>	<b>\$ 2,253,911</b>	<b>\$ 2,338,351</b>	<b>\$ (84,440)</b>	<b>(3.61)%</b>
<b>Net Income</b>	<b>\$ 374,418</b>	<b>\$ 298,666</b>	<b>\$ 75,752</b>	<b>25.36%</b>

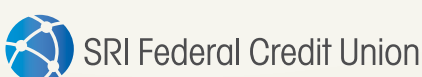


## SUPERVISORY COMMITTEE REPORT

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 2014, a firm specializing in audits of credit unions will be performing the audit with an audit date of December 31, 2013.

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



## MINUTES— ANNUAL MEETING MARCH 25, 2013

The 56th Annual Meeting of the SRI Federal Credit Union was called to order at 12:05 PM by President Peter Gibb on March 25, 2013. 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.

Mr. Gibb requested everyone to review the written minutes from the March 21, 2012, Annual Meeting. A motion to accept was made from the floor. The motion was seconded and carried.

The 2012 financial report and 2012 accomplishments were presented by Steve Bowles.

The nominating committee's list of candidates for the Board of Directors was presented: Ann Johnston, John Prausa, JoAnn Hodges-Velayo and JD Smith. 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 12:45 PM.

William Flock  
Acting Secretary