



ANNUAL REPORT 2006

A community-owned financial institution where all community members are treated with dignity



PEOPLE'S

**Community Partnership
Federal Credit Union**



On behalf of the Board of Directors, thank you for your support of People's. Due to the amazing growth People's has experienced in the last five years, I am happy to report that 2006 brought some exciting change for our organization.

With the support of Councilwoman Nancy Nadel and the City of Oakland, People's was able to move our branch to a new location at the Mandela Gateway, across the street from the West Oakland BART station. This new location is twice the size of our previous location, and its proximity to BART, better enables us to serve our growing membership.

In addition, People's was successful in the recruitment of our first-ever Executive Director, Dana Kawaoka-Chen who in partnership with Branch Manager, Sherry Alexander is expected to lead People's into a period of continued growth and sustainability. I am confident that you will experience a stronger, more vibrant People's in the months to come.

As our financials indicate, 2006 was a prosperous year for People's. We were able to welcome 434 new members, bringing our total membership to over 2,450. We loaned out over \$410,000 in 2006, continuing to ensure that members in the Oakland Flatlands have the resources needed to pay bills, take care of emergency expenses, and purchase or re-finance a vehicle at a reasonable rate. Through our Volunteer Income Tax Assistance (VITA) program, 175 West Oaklanders had their taxes prepared for free, enabling them to claim over \$190,000 in tax refunds.

Lastly, I'd like to express my appreciation to my colleagues on the board of directors, supervisory committee and credit committee for their continued commitment to this worthy, if not noble cause. It is because of their participation and volunteerism that your non-profit mutual benefit corporation is stronger than ever.

Respectfully,
Anthony D. Jones
Board Chairman



Thank you for the opportunity to serve and represent more than 2,450 members. In the three months that I have been apart of the People's community, I have found a special place that is more than a banking institution-- more than a place to simply cash a check. People's is unique because it is truly a membership organization that is informed by and exists to serve the needs of our members.

In 2007, we will endeavor to improve upon the programs, products, and services we can offer to our membership. Results from a member survey we conducted in December indicated that our members seek more ease in bill pay. In light of this, in addition to being a P.G. & E. payment center, we are now a payment center for East Bay MUD and wireless phone carriers: Cingular, Nextel, Sprint, & T-Mobile.

In this next year, we will be seeking more member feedback to improve our ability to meet the needs of the community. We look forward to continuing to be your trusted financial partner in the Oakland Community.

Dana Kawaoka-Chen
Executive Director

People's Community Partnership Federal Credit Union

is composed of members who live, work, worship, or volunteer in our Oakland neighborhoods. We are dedicated to increasing our community's use of, access to, and control over financial services by harnessing the economic diversity of Oakland. We seek to achieve these goals by:

- Providing high quality, affordable services that respond to the financial needs of our members;
- Maintaining minimum balances and fees that keep our services accessible to all community members;
- Providing individuals an opportunity to invest in the community through deposits and loan activity;
- Building a community-owned financial institution where all community members, regardless of income, are treated with dignity;
- Using strong community ties and education in personal finance to reach out to those who do not have banking relationships.

STATEMENT OF INCOME

INCOME	2006	2005
Interest on Loans	90,754.00	94,656.00
Investment Income	133,141.00	91,671.00
Fee Income	30,796.00	30,645.00
Grant Income	254,900.00	89,500.00
Total Income	509,591.00	306,472.00
OPERATING EXPENSES		
Salaries & Benefits	173,520.00	153,104.00
Travel & Conference	8,571.00	5,921.00
Office Occupancy Expense	31,729.00	33,895.00
Office Operation Expense	66,622.00	81,082.00
Marketing & Promotion	18,828.00	7,391.00
Loan Servicing Expense	1,081.00	11,874.00
Professional Services	15,853.00	3,775.00
Provision for Loan Loss	34,738.00	96,309.00
Examination Fees	871.00	871.00
Cash Over/Short Expense	1,052.00	201.00
Miscellaneous Expenses	643.00	1,772.00
Dividend Expense	20,273.00	15,632.00
Total Operating Expenses	373,193.00	411,836.00
Net Income	136,398.00	(105,364.00)

STATEMENT OF FINANCIAL CONDITION

ASSETS	2006	2005
Cash & Equivalents	104,389.00	517,598.00
Total Investments	2,902,665.00	2,673,836.00
Total Loans	1,046,742.00	1,132,539.00
Allowance for Loan Loss	(79,738.00)	(90,425.00)
Other Fixed Assets	318,153.00	2,604.00
NCUSIF Deposit	40,119.00	38,656.00
All Other Assets	142,691.00	86,567.00
Total Assets	4,475,021.00	4,361,375.00
LIABILITIES & CAPITAL		
Total Liabilities	61,440.00	22,154.00
Total Shares & Deposits	3,958,401.00	4,011,902.00
Regular Reserve	14,570.00	14,570.00
Undivided Earnings	440,610.00	312,749.00
Total Equity	455,181.00	327,319.00
Total Liabilities & Equities	4,475,021.00	4,361,375.00

Message from the Supervisory Committee

All credit unions are required by law to have a Supervisory Committee. The role of the Supervisory Committee is to serve an oversight committee, assuring its members that it is soundly managed and that member assets are safeguarded. To fulfill this responsibility, the Supervisory Committee monitors and evaluates the quality of credit union finances, operations, and decisions.

NCUA rules require the Supervisory Committee to see that an annual audit of the credit union is conducted once in each calendar year, following specific procedures outlined in NCUA regulations.

The accounting firm McGladrey & Pullen, CPA, performed this year's audit, and submitted their report, dated June 30, 2006, to the Supervisory Committee. The report finds no significant irregularities in the credit union's activities and records. The overall findings of the report are very positive. The auditors identified several operational refinements to improve accounting and data management procedures.

The NCUA also requires that regular internal audit procedures be in place to monitor for money laundering and other illicit activities. The Department of the Treasury under the Bank Secrecy Act (BSA) defines the procedures for these special internal audits. McGladrey & Pullen are also performing BSA internal audit inspections on a quarterly basis.

We are happy to report that once again McGladrey & Pullen performed this service for People's on a pro bono basis, as a token of their support of community development happening through the credit union.

PEOPLE'S COMMUNITY PARTNERSHIP FEDERAL CREDIT UNION WOULD LIKE TO ACKNOWLEDGE THE SUPPORT OF THE FOLLOWING ORGANIZATIONS WHOSE GENEROSITY MAKES OUR WORK POSSIBLE:

Addison Avenue Federal Credit Union
 Affordable Housing
 Alliance Credit Union
 Bank of the West
 Berkeley Friends
 Beth Eden Baptist Church
 Bridge Housing
 California Credit Union League
 California State Automobile Association
 Cal State 9 Credit Union
 Citibank
 City of Oakland – Community Action Agency
 City of Oakland – Redevelopment Agency
 Community Bank of the Bay
 Congressional Black Caucus
 East Bay Community Law Center
 East Bay Asian Local Development Corporation

Facility Design Group
 First Hebrew Congregation
 Hope Senior Housing
 HSBC Bank, U.S.A. – National Association
 Jewish Community Federation
 McGladrey & Pullen, CPA
 Midrash East Bay Jewish Community H.S.
 Mission Community Bank
 National Credit Union Administration
 National Credit Union Foundation
 National Federation of CDCU's
 Neighborhood National Bank
 North Island Credit Union
 Pacific Gas & Electric
 Pacific Service Credit Union
 Peninsula Postal Credit Union
 Robert Myles Johnson Foundation

San Francisco Foundation
 San Mateo Credit Union
 Shapiro Group
 Sisters of Mercy
 Spectrum Federal Credit Union
 St. Mary's Gardens
 Technology Credit Union
 Temple Isaiah
 The Golden 1 Credit Union
 Travis Federal Credit Union
 Triton Construction
 United Way-Bay Area
 U.S. Bankcorp
 Valley Credit Union
 Vandenberg/Coast Hills Federal Credit Union
 Wells Fargo
 and many individuals



STAFF

Dana Kawaoka-Chen Executive Director
 Sherry Alexander Branch Manager
 Wanda Parker Financial Services Representative – Loan Manager
 Juliana Vergara Financial Services Representative – Accounting Manager
 Astrid Acero Financial Services Representative – Collections Manager
 Kathleen Shaffer Membership & Community Development Coordinator
 Peter Maurer Financial Education Coordinator

SUPERVISORY COMMITTEE

Tom Whiteman (Chair)
 Julie Glass
 Peggy Jen
 Linda Rivers
 Adrian Wong

CREDIT COMMITTEE

Linda Towers (Chair)
 Ollie Arnold
 Jacqueline Rickman
 Carol Wagner

BOARD OF DIRECTORS

Anthony D. Jones Chairman
 Anne Griffith Vice Chair
 Elissa Dennis Treasurer
 Valerie Allums Secretary
 Maeve Elise Brown
 Eric Cone
 Clayton Earle
 Leslie Fisher
 Ricky Pierre
 Louis Willacy
 Alton Wilson