



Chúng ta xây dựng con đường đi khi chúng ta đi du lịch
 Le chemin est fait en route
 انرفس اعم لقي يربنا
 Se hace camino al andar
 Мы строим дорогу по которой идем
 हमी गुडने बाटो आफै बनछौ
 Chúng ta xây dựng con đường đi khi chúng ta đi du lịch
 ပတုထီၣ်ကျဲ ဖဲပလဲၣ်အခါ
WE build the ROAD WE travel
 ကျွန်ုပ်တို့ခရီးသွားစဉ် လမ်းကိုတည်ဆောက်၏



Cooperative Federal

2013 Annual Report

We build the road as we travel.

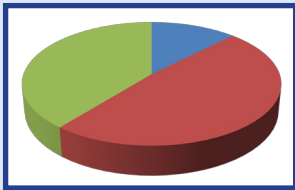
José María Arizmendiarieta, the visionary behind the vast Mondragón cooperative movement in Spanish Basque Country, was fond of quoting a lyric by the Spanish poet, Antonio Machado: “Se hace camino al andar.” To Arizmendiarieta, this phrase represented that the work they were engaged in was unprecedented, that they had to invent new solutions to the problems they were facing.

We build the road as we travel has since become a familiar adage among cooperators, including the founders of Cooperative Federal. It has long been a motto for our credit union, and it remains deeply resonant with our work today. Because, while our credit union is by no means alone in our approach to financial empowerment, each year we work to examine and fine-tune our strategies for fostering equality and solidarity in a changing economic context.

This annual report showcases the opportunities and challenges of 2013 – the work we’ve accomplished and the work that lies ahead. Whether you are a member, partner, ally or all three, we thank you for your friendship and hope you will join us in traversing the landscape before us.

Our cover art was designed by local artist, Annalena Davis / Salty Lion Prints. We thank her for beautifully illustrating our vision of inclusive economic revitalization. Special thanks are also owed to the contributing translators: Stasya Erickson (Russian), Hussam Jameel (Arabic), Frank Natera (Spanish and French), Loan Nguyen (Vietnamese), Jai Subedi (Nepali), and Nathan Tun (Burmese and Karen).

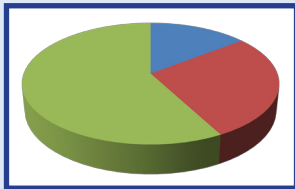
Loan Impact Summary



Loans Originated: \$3,750,358

New loans and lines of credit opened by members in 2013

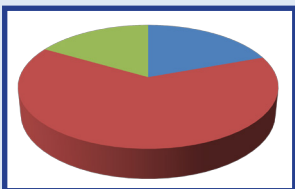
Homeownership	Personal	Small Business
\$1,816,760	\$1,468,521	\$465,077



Loans Granted: \$6,626,847

Loans disbursed and credit advanced in 2013

Homeownership	Personal	Small Business
\$1,834,961	\$3,831,059	\$960,828



Loans Outstanding: \$16,254,870

Aggregate loan and line of credit balances as of 12/31/13

Homeownership	Personal	Small Business
\$10,376,703	\$2,715,512	\$3,162,655

Board of Directors' Report

Economic Challenges & Successes

Our Board has undergone many ups and downs in the last year, and is ever-evolving as we actively guide the recovery that our financial institution has achieved through the leadership and hard work of our staff.

Cooperative Federal's net worth ratio has hovered at or above the "Well Capitalized" mark for most of the year, never dipping to any levels of concern from our Federal Examiners. Because interest earned on loans is our primary source of revenue, slow loan growth has been a culprit in our slow recovery, though increased marketing efforts are now underway to rectify this. Secondary Capital and grant funds are currently valuable and necessary to our fiscal health, but these can never take the place of operating income from interest and fees; our growth and financial management strategy requires growing our loan volume and increasing fee revenue by providing more services to an expanding membership.

We've also successfully navigated a bevy of Document of Resolution (DoR) requirements established by our Federal Examiners at the National Credit Union Administration (NCUA). We have moved towards successfully returning our Member Business Loan program to a fully functioning state, while also addressing a number of policy changes and updates, including Asset Liability Management and Interest Rate Risk, Loan Pricing, Consumer Lending, and Allowance for Loan and Lease Losses.

Committee Reports

- The **Budget Committee** met regularly to reconcile assumptions, review financial results and to establish the 2013 annual budget proposal. The committee was also able to recommend a small staff bonus (which showed an increase over last year's bonus) that was ratified by the Executive Committee.
- The **Nitpickers Committee** also met regularly in 2013 for ongoing financial analysis of the credit union. The Nitpickers convene to review in detail financial statements and accounting reports, Allowance for Loan Loss (ALL), liquidity, key compliance ratios, cash drawer shorts and overages, negative share accounts, debit card fraud losses, and other items as the Board directs.
- The **Executive Committee**, as always, provided oversight and action between Board meetings, primarily through approving charge-off of loans, ALL calculations, and bonding for employees, interns, and volunteers.
- Our **ADVANS (Advancing and Developing the Value and Assets of Nonprofits in Syracuse) Committee** continued working on our capacity-building work plan, with funding and consulting services provided through generous support of the Gifford Foundation. In 2013, we focused on succession planning, board development, and other efforts to improve management and governance of the credit union.
- The **Board Development Committee** recruited committee participants, and considered further education and training opportunities for current Board members



Board Report

such as BOD resource portal that we expect to see in 2014. The Committee also worked on developing a new Board Member Emeritus position description.

- The **Personnel Committee** carried out the yearly CEO evaluation process for our organization.
- A new **Marketing & Outreach Committee** was formed this year with the intention of helping to increase loan volume as part of our growth strategy. Regular updates are provided to the full Board of Directors, with examples of the latest marketing materials and ads. Members of this committee also help with the *Commonwealth Newsletter*.

Moving Forward

The Board is responsible for setting policy and reviewing the overall functioning of our credit union, and as such, worked on other aspects of the credit union's operations and development through the year.

- In April, the Board approved formal support of the Urban Jobs Task Force, a local coalition effort to develop a Community Benefits Agreement for the Inner Harbor COR Development that would ensure hiring of local and minority contractors and labor.
- In September, Cooperative Federal participated in the 2nd annual New York Cooperative Summit held in Syracuse, NY as a sponsor, info table vendor, and organizing committee member.
- Board members participated in a Strategic Planning process during December 2013 and January 2014. Major themes involved IT improvements, staff compensation, Board activism, and utilizing our excellent financial education and counseling services to expand our member base as well as foster greater economic stability among our current members.

Outreach and Accountability

In 2013, we welcomed new Board members Ploysong Chapman, Michael Woloszyn, Maria Beltran, and Nicole Hershberger. Members of the Board participated in the Board & Staff Picnic on July 14th at Elmwood Park, and gave time to table and engage with community outreach at both the Westcott Street Fair (September) and the Plowshares Craftsfair (December). Board members are also getting involved with the Youth Credit Union Program, helping to steer peer education and outreach efforts at Fowler High.

Now that Cooperative Federal is back on steady ground, the board has taken steps to re-initiate open discussion of various topics within our meetings, beyond the basic financial and policy management for which we are chiefly responsible. We are particularly interested in engaging in conversations that relate to our mission – how social and economic activism among Board members fits into the credit union's mission, and how we can use that activism to achieve benefits for our membership. In 2014 we plan to form a new board committee to lead these efforts.

The Board hopes to continue interacting with members and advocating for their interests through understanding the concerns that members bring to the table. Members are highly encouraged to continue using the Board email address, board@coopfed.org, to contact us at any time throughout the year.

We look forward to the journey with you all as 2014 promises to be a year to remember. Our Board, staff, and members are doing great things to bring about a solidarity economy for our community; we're glad each of you can be a part of this transformation and evolution for social and economic equality.

Community Impacts

Homeownership Services

Homeownership is one of the most effective strategies for strengthening neighborhoods and building family assets. By pairing different mortgage options with downpayment matches and HUD-approved Housing Counseling, Cooperative Federal specializes in making homeownership affordable, understandable, and accessible in Syracuse.

Mortgage Lending

Out of all the Home Purchase loans we originated in 2013, **89%** were to **first-time homebuyers**. We also help members finance home improvements, and refinance existing mortgages to more affordable terms.

	Number of Loans	Dollars
Home Loans Originated in 2013	34	\$1,816,760
Home Purchase - First Time Homebuyers	17	\$ 797,160
Home Purchase - Other Homebuyers	2	\$ 206,100
Foreclosure Intervention Refinance	5	\$ 478,200
Other Home Refinance, Repair and Improvement	10	\$ 335,300
Home Equity Line of Credit Disbursements in 2013	15	\$ 138,701

Housing and Financial Counseling

We provide individual financial counseling to pre-homebuyers, current homeowners, and other individuals through Home Base, our HUD-approved Housing Counseling program. We also work with people to review and understand their credit reports, and identify steps for building or repairing credit.

	Households Served (1 on 1)
Total Clients	355
Credit Reviews Only	178
Financial Management Counseling	121
Pre-Homeownership Advising	27
Foreclosure Intervention Counseling	29

Homebuyer Matched Savings

One of our best tools for fostering homeownership is our Matched Savings (also known as an Individual Development Account, or IDA) Program. First-time homebuyers with low or moderate incomes can get up to **\$9,500 in matching grants** for their down payment when they save at least \$2,000.

	Number	Dollars
Homebuyer Savers Enrolled as of 12/31/13 (\$ Combined Savings)	46	\$66,974
Homebuyer Graduates in 2013 (\$ Savings + Matching Grants)	4	\$36,000

A New Beginning

Homebuyer Success Story

Kayi Lawson had a settled life. She owned a home and a successful hair-braiding business in her home country of Togo. She was married and had a teenaged daughter.

When her husband decided to move to the US, in 2003, she didn't follow right away. But a year later, while visiting, she decided that the opportunities were good for her here. She sold her home and business in Togo and came to Syracuse to start over. She and her husband bought a new home and had two more children, Alia and Alek, now nine and six.

Things took a bad turn when Kayi and her husband divorced. Only then did she discover that her name was not on the title to their house. She was in such dire circumstances that she turned to the Vera House women's shelter for help.

Once again, she had to start over – this time with no money. But Kayi has a determined spirit. Within a few months she found work at a hotel and found an apartment for her family.

About the same time, Kayi learned about Coop Fed from a friend. Immediately she joined the credit union and enrolled in our Homebuyer Matched Savings Program. Kayi met Susan Hamilton, the credit union's mortgage officer, and Kira Crawford, who coordinates the matched savings program. **She recalls with a smile the many times she told them, "I'm scared." But they wouldn't let her give up. "They kept telling me, 'You can do it,' "she recalls. "Susan was like my mom."**

In May 2013, Kayi completed the program and bought a lovely two-story home in Eastwood – with \$9,500 in matching grants and a good mortgage from Coop Fed. Her mortgage payment is actually a little bit less than her previous rent. "It's peaceful here," Kayi says; she loves that. Her older daughter lives nearby, allowing Kayi to help with the care of her two-year old granddaughter.

Kayi continues to work at the hotel. Every month she pays a little bit extra on her mortgage, and she also sets something aside toward her dream of opening her own hair-braiding business. Kayi has already earned her green card. The "start-over" she began ten years ago will soon be complete, when she becomes a U.S. citizen. Congratulations, Kayi!

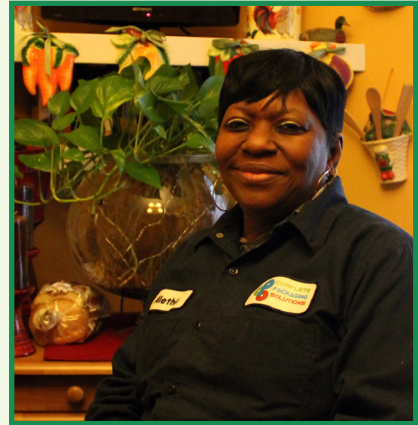


Determined to Succeed

Homebuyer Success Story

Last July, a dream came true for Alethia Weston. After fifteen years and three separate tries, she finally became a homeowner.

Alethia has rented her large, comfortable home on the Near West Side for 17 years. She raised her five kids there, and over the years she done quite a bit of work on the house herself. With that kind of history, when she got the option to buy the home, “I couldn’t turn it down. The price he offered me, I couldn’t beat that.”



She first started working toward homeownership in 1998, with the support of the Syracuse Model Neighborhood Corporation, but when she applied for a mortgage, the bank turned her down. She didn’t have much in savings, and had no traditional credit. “I started work when I was 14,” she says, while still attending Corcoran High here in Syracuse, “and continued to work all the way. I started off in clerical work and went to janitorial. Then I went to chemical. I’ve worked at Syracuse Packing Solutions on Hiawatha Blvd. for 18 years.” Meanwhile, she married and had five kids. With a big family to take care of it’s hard to get ahead, no matter how hard you work. Disappointed, Alethia put the house-buying idea on the back burner for about ten years.

But the urge to have a home of her own never left, and in 2008 she tried again – and has kept working at it ever since. She saved up enough money for a 20% down payment, built a credit history, and took homebuying classes at Home HeadQuarters.

After five years of hard work, she was ready to try again. Tom Francis, of Model Neighborhood, introduced her to Coop Fed, and this time things took off. Alethia first came to the credit union in March of 2013 and by July she owned her home. In fact, Alethia’s mortgage payment is less than what she was paying for rent.

When the credit union called her to tell her she was approved, Alethia remembers, “I was just overwhelmed. I had tried so hard and I didn’t think I would ever get it.” Now, Alethia has the pride of having accomplished her long-time goal, and the Near West Side has another homeowner invested in the neighborhood’s future.

Impact Report

Personal Financial Services

Cooperative Federal was founded to provide community-based financial solutions that meet the needs of **everyone** in the community – regardless of income or background. With this strategy, we cultivate financial empowerment, equal opportunity and economic inclusion.

Personal Loans

We offer car loans, Credit Cards, and consumer loans & lines of credit for all kinds of needs – from appliances, to debt consolidation, to citizenship/residency paperwork and education expenses. Plus, we have a unique Credit Builder Club, and fair alternatives to auto-title, payday, and pawn loans.

	Number of Loans	Dollars
Personal Loans & Lines of Credit Originated in 2013	405	\$1,468,521
Alternative to Predatory Loans and Lines & Credit	190	\$ 474,020
Other Loans and Lines of Credit	215	\$ 994,501
Personal Revolving Credit Disbursements in 2013	697	\$2,567,127

Personal Accounts

Cooperative Federal offers a wide range of accounts – from checking and savings accounts to savings certificates and IRAs. With our Start Over Accounts, even members who had some trouble at their old bank can get a second chance.

	Number	Total Balances
Member Accounts as of 12/31/13	6,986	\$14,897,910

Education & Auto Matched Savings

Another section of our Matched Savings Program helps members of modest means achieve personal financial goals. After completing a financial education plan and saving \$1,000, participants receive a \$1,000 matching grant to help purchase a vehicle needed for school or work, or up to \$2,000 in matching grants to help with higher education expenses.

	Number	Dollars
Ed & Auto Savers Enrolled as of 12/31/13 (\$ Combined Savings)	7	\$4,509
Ed & Auto Graduates in 2013 (\$ Savings + Matching Grants)	7	\$7,400

Financial Capability

In addition to one-on-one housing & financial counseling, we offer Financial Capability courses and workshops. We teach classes to youth and adults alike, in English, Spanish, and English as a Second Language.

	Number of Class Participants
Financial Education delivered in 2013	416

Building a Future

Member Success Story

When Andy and Stasya Erickson decided to trade in their car in 2013, they did what many people do – they went to a dealer and got indirect financing. The loan package seemed fair, so they didn't really consider shopping around.

But a few months later, they realized they could shop Cooperative Federal for an even better deal – and up their social responsibility factor in one fell swoop. A brief consultation with a loan officer was all it took to show that a refinance could save them about \$75 a month. **Besides, Stasya says, “We wanted to keep our money with the credit union.”**



Stasya and Andy are well acquainted with Coop Fed's unique role in Syracuse. For one thing, they are both closely involved with local community development work – Stasya is a staff member at the Northside Urban Partnership; Andy has a contracting business and has just left Northside UP's Green Train Program for a new job at the Syracuse Land Bank. But they've also received assistance from our credit union on their own financial journeys.

Andy first joined the credit union as a teenager. He moved away for a few years in his twenties, and when he returned Cooperative Federal helped him build his business and his credit. **“Those were such reformative years for me,” Andy explains. “Financially, I was not in great shape. [Coop Fed] counseled me to work through all that.”**

Just a couple years after that, he and Stasya were engaged to be married and decided to buy a home together. Once again, they came to Cooperative Federal, where they got matching grants, homeownership counseling, and a mortgage. “I wanted to know what we were getting into before making the leap,” reflects Stasya. “The staff really held our hand throughout the process, and set us up to be successful.”

Today, Stasya is a 2-year veteran on our Board of Directors. Just like her job at Northside UP, her leadership at Cooperative Federal is all about “lifting up neighborhoods that don't have many resources or advocates. It's about empowering those communities and helping them understand that they are part of what is going on to improve their neighborhoods.”

Stasya and Andy didn't always imagine building their future in Syracuse, but they fell in love with the city's promise and are inspired by its people. “There's just something about it – the people who live here, whether they know it or not, are tough,” Andy says admiringly, and they've taught this couple to see Syracuse from so many perspectives. “The perspective I appreciate the most,” says Stasya, “is the one of Syracuse being home.”

Starting on the Right Foot

Member Success Story

Jamie Raines joined Cooperative Federal early in her teenage years, when she was involved with the CNY Works youth summer jobs program. “We were getting paychecks,” Jamie explained, “so they told us, ‘I think it would be nice if you guys started an account.’ And they brought a lady from the credit union to open our accounts at the community center where we worked.”

It started with just a few dollars in a “Treehouse Saver” kids account, but Jamie has been a member ever since.

By the time she graduated from Corcoran High in 2013, Jamie was well ahead of the curve in terms of college and career readiness. She had spent three years in the fashion institute at the school district’s Johnson Center, and quickly discovered a talent for sewing and design. She even made her own prom dress, and an elaborate peacock masquerade ballgown which is now on display at the Breath of Fresh Air (BoFA) gallery on Montgomery Street.

With a track record like that, it was no surprise that Jamie decided to pursue a college degree in fashion design. She was working on financial aid plans when she learned about Cooperative Federal’s Matched Saving Program. “I had applied to schools and so I asked at the credit union, ‘Have you heard about any scholarships?’ Sukema told me, ‘You know what, there’s a program where if you save \$1,000, we’ll match you with \$2,000.’”

The combined \$3,000 went a long way in supplementing her regular financial aid – especially in covering all of the costly art supplies Jamie needed for the fashion program. Jamie even got a small, short-term loan from Cooperative Federal so that she could start purchasing important school supplies before her aid was available for disbursement. “When I joined the program, Kira showed me my credit report and I didn’t have any credit. Now I have a credit score.”

Today, Jamie is well into her second semester at Syracuse University, dividing her time between classes on the hill, studio work at the Warehouse downtown, and a part-time job as Wardrobe Assistant at the Redhouse Arts Center. And she’s glad to have Cooperative Federal as her financial partner. **“I feel like [the credit union] teaches me how to manage my money,” Jamie says. “And I like that it’s small and intimate, and that the staff know me when I come to the office. It might not be as big as other banks, but I think that makes me more responsible.”**



Small Business Services

Cooperative Federal fosters a strong, independent local economy by supporting the start-up and expansion of small businesses. We offer business accounts, loans, and technical assistance and advising.

Micro and Small Business Lending

Cooperative Federal specializes in serving microbusinesses and start-ups, which need small infusions of capital that the Big Banks won't offer. To counter legacies of discrimination and disinvestment, we especially focus on minority & woman-owned businesses (M/WBs) and businesses in low-income neighborhoods.

	Number of Loans	Dollars
Small Business Loans Originated in 2013	23	\$465,077
Loans Originated to Minority/Woman Owned Businesses (M/WBs)	20	\$277,534
Small Business Revolving Credit Disbursements in 2013	35	\$599,751

In 2013, we administered **Small & Micro Business Loan Funds** leveraged by the City of Syracuse, CNY Community Foundation, Empire State Development Corp. (NYS), Gifford Foundation, and Onondaga County. This includes the Gifford Foundation **Step Up Loan Fund**, which is specially designed to give extra-small loans to people working to scale up self-employment, start a small business, or even start a new job.

Business Matched Savings

Members can receive up to \$2,000 in matching grants for small business start-up or expansion when they save \$1,000. Savers get training and coaching from the Small Business Development Center at OCC, the South Side Innovation Center, the WISE Women's Business Center and other local partners.

	Number	Dollars
Small Business Savers Enrolled as of 12/31/13 (\$ Combined Savings)	13	\$ 4,726
Small Business Graduates in 2013 (\$ Savings + Matching Grants)	5	\$ 5,333

Education & Advising

To help local business thrive, Cooperative Federal offers pre- and post-loan technical assistance with business financing, planning, credit building, marketing, and more.

	Number of Businesses	Number of Jobs Created/Sustained
One-on-One Advising in 2013	66	117
Advising to M/WBs in 2013	45	72

In 2013, Cooperative Federal also co-instructed the **UP Start Business Seminar** with the Northside Urban Partnership. The program, which piloted in September, reached 16 emerging and aspiring entrepreneurs through a 12-session course.

Making it Happen

Small Business Success Story

Beer Belly Deli is a comfortable and inviting neighborhood pub that has brought a vacant Westcott Street storefront back to life. The tables run all along one wall from front to back. Towards the back there's a bar where patrons and staff share a warm camaraderie, and in the warmer months they have a back patio.

The bar-back separates the dining room from the tiny kitchen, where magic happens. Co-owner Lauren Monforte says Beer Belly started out, less than a year and half ago, with a menu of just five sandwiches. Co-owner and chef Brandon Roe now cooks up an evolving menu of appetizers, soups, sandwiches and entrees, while Lauren handles the business end.

Lauren spent five years looking for just this spot. She earned her law degree in 2007 and has been in practice since, but she had known for years that what she really wanted was to create the Beer Belly Deli – a name she first dreamed up back in her teenage years.

Lauren and Brandon needed money for the renovations to the space, but they experienced the same frustration so many small businesses have when approaching big banks, especially for a start-up loan. Lauren remembers that several banks “just laughed at us.” She didn't know about Cooperative Federal, but when a friend suggested it, she followed up. Our lending manager reviewed their business plan; our CEO did a site visit; and a few weeks later, they had their approval.

Finally, in autumn 2012, the business opened its doors. Lauren cautiously and optimistically describes their success as “so far, so good.” The first time college students left on vacation, the drop in business was a shock, but they weathered it. They also made it through the infamous summer of construction that challenged all the businesses on Westcott Street.

Now, anyone in the neighborhood can tell you that Lauren and Brandon's restaurant has become a favorite spot. The dining room bustles all weekend, and the bar already has a gaggle of regulars.

Lauren laughs now when she thinks about how, before starting the business, she didn't know about our credit union – not only because of the start-up loan, but because of the number of Coop Fed VISA cards they swipe through their till every day. It's good to be partners in building a local economy.



Building a Greener Syracuse

Step Up Loan Success Story

Joe Branagan, founder of Classic Cozy, has been working to build the Syracuse community, literally, since 1990. Back then, the company was known as Classic Carpentry, focused mainly on building additions and remodeling in the Westcott neighborhood. Today, Classic Cozy offers a host of products and services to households throughout Syracuse, ranging from carpentry to green home energy improvements (insulation, heating and cooling, solar PV, windows and doors).



(315) 471-0324

www.ClassicCozy.com

Joe and his staff had always incorporated energy improvements in their work, not only to help improve the quality of life of their customers, but as a way to increase the quality of the local housing stock as well. When New York State rolled out its NYSERDA Partnership Program in 2001 – partnering with businesses to increase access to energy-efficiency upgrades and green technologies – Joe saw this as an opportunity to focus more on green home improvements. Joe explains that he recognized the value in the area, and felt that his work at Classic Cozy would be an opportunity to deliver a service that made a difference for people in their day to day lives – as well as for the regional economy, and for the planet. His favorite job was a retrofit of a 110-year old Westcott neighborhood home that increased the size of the home by 35%, while creating projected energy savings of 70%.

When it came time to seek business financing, to purchase a building for his growing firm, Joe says Cooperative Federal was the obvious choice. “They [Cooperative Federal] were the first place I’d go to.” A member since 1989, Joe had gotten personal loans with Cooperative Federal, and it was a natural next step to get his business loan with the credit union.

Years later, Joe and Classic Cozy continue to feel the benefit of working with Coop Fed. Reasonable interest rates, flexibility and easy access through online banking services all contribute to the day to day operations, helping all 15 employees focus on what they do best: connecting customers – both homeowners and renters – with grants, rebates, and solutions for lowering their energy bills and their environmental impact.

Cooperative Federal’s dedication to developing the local economy in a sustainable and inclusive way was also important to Joe, and was aligned with his own business practices. **“Keeping money circulating longer in Syracuse just makes sense.”**

Impact Report

Youth Credit Union

Our Youth Credit Union program brings hands-on financial education directly into schools. In 2013, this included **Student Saving Days** at Ed Smith K-8 School as well as two in-school credit union branches: **Falcons' Trust** at Fowler High School and **Henninger High Savings**. Students at Nottingham High also completed planning for the new **Nottingham Federal** branch, which opened in January 2014. In collaboration with other credit unions, we coordinated **Mad City Money** interactive financial education simulations at Fowler High, Solvay High, and other locations around the region.

	Number
Total Accounts Opened through the Youth Credit Union Program	195

Beyond the Classroom

Youth Credit Union Success Story

Natalie Mooney, Jenyia Wilson, and Emily Carlson spent a year and a half planning the new in-school branch at Nottingham High. As part of DECA, a marketing and business program for high school students, these seniors have completed projects about the youth credit that have carried them to state and national competitions – twice. Before cutting the ribbon at the Grand Opening, early in January 2014, they reflected on their experience so far.



“We are truly delighted to be a part of the planning of Nottingham Federal. Never would we have expected to work with Cooperative Federal and actually help install a credit union within our high school. This tremendous learning experience has allowed us to practice the skills we attained from DECA and connected it with how they pertain to the real world of finance.

“Throughout the process of opening Nottingham Federal and meeting with Financial Education Coordinator Thom Dellwo, we have learned not only the business aspects involved in creating a fully functional credit union branch but also a lot about financial literacy which we were able to spread the importance of to our peers.

“Working with Cooperative Federal has been an incredibly unique experience that will follow us forever... We truly believe that this has helped us be in line with Nottingham’s mission which is to be college and career-ready students who will become productive members of society.”

Treasurer's Report

Cooperative Federal finished 2013 in sound financial condition. Your credit union is well-capitalized, with positive net earnings for the year. In 2013, we continued to build our capacities and increased training for staff. We are now a stronger, more efficient, and better-managed credit union with improved service and increased impact. Our strategic plans are forward looking and mission-driven.



Treasurer Ron Ehrenreich
& Asst. Treas. Christina Sauve

That said, we are not without challenges. We are still daunted by historically low interest rates and low returns on loans. Managing delinquent borrowers became more of a burden and an expense in 2013, as the weak economy caused hardships for more and more members. Our lending department was unsettled when our lending manager was out for a long time, then returned with a part-time schedule. Now, our lending team is focused on building our ability to do more mortgages and small business loans.

In 2014, we will continue to improve our capacity and operating efficiency, and to build on the partnerships, cooperation and collaboration that have served our mission well. We shall continue to build this credit union on solid financial footing so that we can serve Syracuse for many generations.

At a Glance: Ratio Comparison

The fiscal fitness and sustainability of credit unions are traditionally measured through four key ratios that indicate **capital adequacy**, **earnings** and **asset quality**. Cooperative Federal is a certified Community Development Financial Institution (CDFI), a characteristic shared by only **2.7%** of all US credit unions (177). Being a CDFI means we have a special mission to serve the underserved and have a transformational economic impact, and that causes our financial trends to differ from mainstream CUs. CDFI credit unions are also evaluated based on patterns of **deployment** – the amount of our resources that are at work in the community – and rate of **growth** in loans, members, and overall assets.

Performance Measure	Ratio	Coop Fed Historic Trends		Coop Fed 12/31/13	Peer* 12/31/13
		3 Yr. Avg.	12/31/12		
Capital Adequacy	Net Worth	6.52%	7.26%	7.22%	12.46%
Earnings	Return on Assets (ROA)	-0.45%	0.24%	0.13%	0.20%
Asset Quality	Loan Delinquency	7.32%	8.61%	10.71%	1.42%
	Net Charge-Off	0.53%	0.50%	0.63%	0.51%
Growth	Asset Growth	8.33%	3.87%	2.70%	1.83%
	Loan Growth	7.70%	4.19%	3.42%	2.25%
	Share & Deposit Growth	8.81%	2.68%	0.66%	1.88%
	Membership Growth	7.81%	13.37%	7.78%	-0.78%
Deployment	Loans to Assets	79.67%	78.26%	78.81%	48.36%
	Loans to Member Shares	110.25%	106.84%	109.13%	56.61%

*Average for all federally insured credit unions with assets in the range of \$10 million to \$50 million.

Treasurer's Report

Financial Statement 12/31/2013

Income Statement

Interest Income	Year to Date	Prev Year to Date
Interest on Loans	\$ 895,946	\$ 908,219
Income from Investments & Cash	\$ 3,876	\$ 1,859
Less: Provision for Loan Loss	\$ (168,633)	\$ (64,116)
Total Interest Income	\$ 731,189	\$ 845,962
Interest Expense	Year to Date	Prev Year to Date
Dividends on Shares	\$ 27,117	\$ 37,264
Interest on Borrowed Money	\$ 26,167	\$ 21,474
Total Interest Expense	\$ 53,284	\$ 58,738
Operating Expense	Year to Date	Prev Year to Date
Staff Compensation	\$ 655,167	\$ 624,824
Staff Benefits & Taxes	\$ 96,894	\$ 95,489
Travel & Conference	\$ 19,185	\$ 8,444
Association Dues	\$ 5,069	\$ 2,170
Office Occupancy	\$ 101,672	\$ 89,506
Office Operations	\$ 200,904	\$ 195,606
Outreach & Marketing	\$ 23,689	\$ 27,624
Depreciation & Amortization	\$ 59,450	\$ 54,804
Development & Education	\$ 2,980	\$ 3,601
Loan Origination & Servicing	\$ 196,304	\$ 113,063
Professional & Outside Services	\$ 128,624	\$ 130,823
Intern & VISTA	\$ -	\$ -
Other Operating Expenses	\$ 32,760	\$ 24,393
Total Operating Expense	\$ 1,522,698	\$ 1,370,347
Operating Income	Year to Date	Prev Year to Date
Fee Income	\$ 393,884	\$ 332,076
Mortgage Process Income	\$ 16,117	\$ 15,576
Other Operating Income	\$ 9,232	\$ 6,987
Total Operating Income	\$ 419,233	\$ 354,639
Non-Operating Income	Year to Date	Prev Year to Date
Grant & Program Fee Income	\$ 493,490	\$ 282,517
Gain (Loss) on Investments	\$ -	\$ -
Gain (Loss) on Disposal of Assets	\$ (41,438)	\$ -
Other non-Operating Income (NCUSIF)	\$ -	\$ -
Total Non-Operating Income	\$ 452,052	\$ 282,517
NET INCOME	\$ 26,492	\$ 54,032

Our quarterly NCUA Financial Statements & Ratio Analyses are always online, available to the public.

1. Go to www.ncua.gov

2. Under "Credit Union Data and Applications," select "Research a Credit Union."

3. Search by name, location and/or charter number (23865).

4. From the menu on the left, select "Financial Performance Report."

5. Select the quarterly cycle and type of statement you would like to review.

Statement of Financial Condition

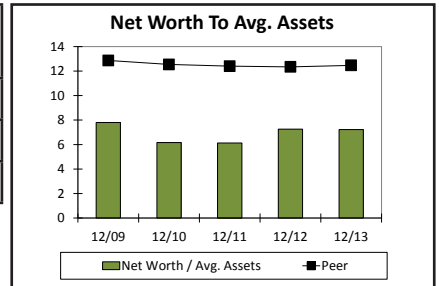
Assets	12/31/2013	12/31/2012
Loans	\$ 16,254,870	\$ 15,889,791
OREO & Collateral In Liquidation	\$ 653,541	\$ 561,098
Less: Allowances for Losses	\$ (185,708)	\$ (130,282)
Grants Receivable	\$ 819,929	\$ 166,083
Other Accounts Receivable	\$ 36,726	\$ 57,067
Cash On Deposit & Cash On Hand	\$ 2,060,114	\$ 2,571,937
Investment - Alloya/NCUF Community Inv. Fund	\$ 94,796	\$ 94,696
Investment - FHLBNY Membership Stock	\$ 24,800	\$ 23,400
Investment - VISA Card Collateral Deposit	\$ 175,401	\$ 175,376
Deposit - NCUA Share Insurance Fund	\$ 176,427	\$ 173,514
Net Fixed Assets	\$ 300,595	\$ 307,238
Prepaid Expenses	\$ 68,814	\$ 65,911
Accrued Interest on Loans	\$ 62,759	\$ 52,591
Other Assets	\$ 84,244	\$ 80,639
Total Assets	\$ 20,627,308	\$ 20,089,058
Liabilities		
Accounts Payable	\$ 133,315	\$ 130,125
Mortgage Escrows	\$ 8,143	\$ 9,226
Deferred Grant Revenue	\$ 599,136	\$ 195,515
Notes Payable	\$ 379,983	\$ 119,600
Subordinated CDCU Debt	\$ 75,000	\$ 30,000
Accrued Expenses	\$ 5,515	\$ 5,437
Other Liabilities	\$ 467	\$ 323,005
Total Liabilities	\$ 1,201,559	\$ 812,907
Shares		
Member Shares & Share Drafts	\$ 9,280,018	\$ 9,470,338
Member IRAs & Certificates	\$ 4,019,887	\$ 3,862,770
Non-Member Deposits	\$ 3,036,507	\$ 3,102,028
Business/Organization Accounts	\$ 1,598,004	\$ 1,381,817
Total Shares & Deposits	\$ 17,934,415	\$ 17,816,953
Net Worth		
Secondary Capital Loans	\$ 571,284	\$ 565,641
Reserves	\$ 224,150	\$ 224,150
Undivided Earnings	\$ 695,900	\$ 669,408
Net Income		
Total Net Worth	\$ 1,491,334	\$ 1,459,198

Treasurer's Report

Financial Fitness and Sustainability

Capital Adequacy

Indicates:	Capacity to grow, cope with fluctuations, and assume strategic risks
Measured by:	Net Worth Ratio (Net Worth to Average Assets)
Our Ratio:	7.22%
Peer average:	12.46%



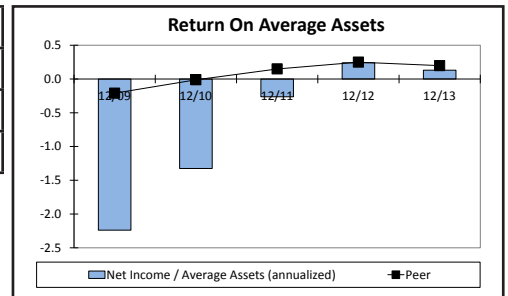
Cooperative Federal remained “Well Capitalized” in 2013, by NCUA’s stringent standards (net worth 7.0% or higher). This level of capitalization shows that we controlled asset growth while boosting our net worth (or capital reserves) through grants and improved profitability.

Historically, Cooperative Federal maintained a generous capital cushion in the range of 10-11%. Crashing interest rates and heavy expenses from the bailout squeezed our earnings and diminished our net worth in 2009-2011, but the reserves we had carefully built up over years were enough to keep us “Adequately Capitalized” throughout the economic crisis.

It is also noteworthy that we maintained a good capital position in 2013 with only a 1% increase in Secondary Capital, compared to an average increase of 70% in the previous three years. Secondary Capital – a special kind of alternative capital that may be used by Low Income Designated Credit Unions – boosts our net worth, but does need to be repaid with interest. We did not need to raise more of this alternative capital in 2013 because we received a large capital grant from the Treasury Department’s CDFI Fund. CDFI Fund grants are highly competitive, so that award recognizes our impact, resiliency, and our potential to do more great work in Syracuse. These grant dollars will contribute significantly to our bottom line for the next three years, enabling us to grow more rapidly and serve more members throughout Syracuse. New growth, in turn, allows us to generate income that will gradually enhance our reserves, and over time, bring us back to pre-crash levels.

Earnings

Indicates:	“Bottom line” financial performance
Measured by:	Return on Assets (Net Income to Avg.Assets)
Our Ratio:	0.13%
Peer average:	0.20%

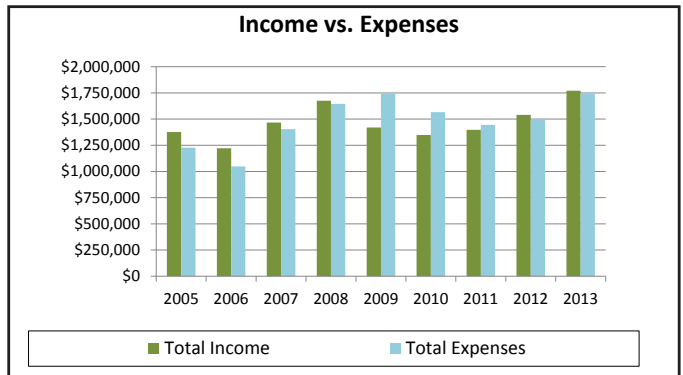


Our net income margin remained very narrow in 2013, but we closed the year with a small surplus – holding the ground gained in 2012 and demonstrating that we are headed toward continued financial recovery.

For Cooperative Federal, 2012 had marked a “return to normalcy” – surpassing break-even after three years of unprecedented challenges (2009-2011) that emerged from the economic meltdown and deep

recession. We continued to face unusual circumstances in 2013, with an above-average volume of loan losses, but ultimately pulled through to achieve net income of \$26,492.

We are accomplishing this recovery with a new business plan focused on adapting to hard times – not waiting for the economy to bounce back. This means adjusting our business model, while reaffirming our commitment to the mission and the core values which are the true purpose of our credit union.



The years 2009-2011 were an extraordinary time for Cooperative Federal. We came into the crash with a long history of solid financial performance, with positive earnings each year from our founding in 1982 to 2008, and ample capital reserves. But the financial meltdown and recession struck 3 major blows, causing a series of unplanned expenses and losses of projected income from 2009 through 2013:

- ❶ **The Bailout: \$252,377 in expenses.** After the mortgage securities market collapsed, we lost all our member capital in the credit union Corporate System (a group of “wholesale” credit unions that serve “natural person” credit unions like Cooperative Federal), plus we paid assessments to help recapitalize the National Credit Union Share Insurance Fund.
- ❷ **Rate Crash: more than \$1.7 million in lost loan interest income.** Crashing interest rates constricted earnings from loans, our primary source of revenue. Our outstanding loans grew 52% from 2007 to 2013, but loan interest has barely risen; 2013 loan interest income is only 3% more than 2007. As of 12/31/13 we had an average loan yield of just 5.60%, compared to 8.21% at 9/2007.
- ❸ **Reduced Grants: about \$570,000 less than projected.** Grant revenues declined in 2009-2011, largely due to the state and federal budget crises. Our income from grants and contracts has been climbing once again, increasing by 41% in 2012 and by 75% in 2013 – largely due to the first accrual of income from the new CDFI Fund award. We have learned that we cannot depend on public funding to support our programs and services; our business plan projections are now more conservative when it comes to income from outside sources.

Cooperative Federal responded to these challenges by working aggressively to realign our income and our expenses in 2009-2013. Throughout 2013, we continued to leverage enhanced technology, automation of some back-office functions, and development or re-pricing of products and services to make our operations more efficient and financially viable. These changes have improved our financial performance considerably from year to year.

In 2013, we ultimately maintained positive financial performance despite having our bottom line negatively impacted by trailing effects of the recession. Increased expenses related to a handful of repossessed properties, such as repairing neglected houses, were compounded by extensive delays in the foreclosure process. These delays added years of unpaid taxes, deferred maintenance and vandalism. Despite this setback, we closed 2013 with a positive ROA of 0.13%.

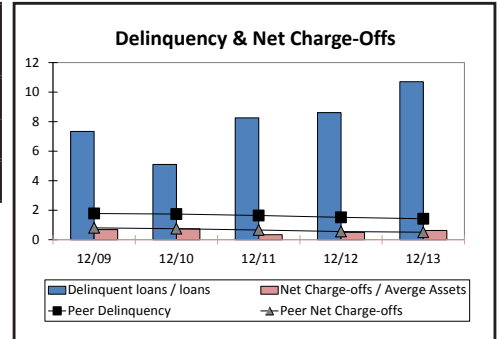
Treasurer's Report

We are on track to continue these positive trends through 2014 and beyond. Cooperative Federal is engaging outside assistance with managing and sale of repossessed properties, so that we can recover some expenses; providing additional counseling to members at-risk of delinquency and default; and, thanks to the influx of capital from the CDFI Fund, investing in growth for the first time since the financial meltdown hit.

Asset Quality

Indicates:	Vulnerability to, & actual levels of, loan losses	
Measured by:	Delinquency Ratio	Net Charge Off Ratio
Our Ratio:	10.71%	0.63%
Peer average:	1.42%	0.51%

Our community development mission means that we serve many who do not have savings or extra income, who often live paycheck to paycheck. As a result, we always operate with a delinquency rate that is high compared to banks or other credit unions – but typical for other types of CDFIs, such as loan funds, which are considered to have fiscally sound loan portfolios with delinquency rates as high as 15%. At the same time, we have always had charge-off rates near or below credit union peer averages, showing the effectiveness of our approach to collections and counseling.

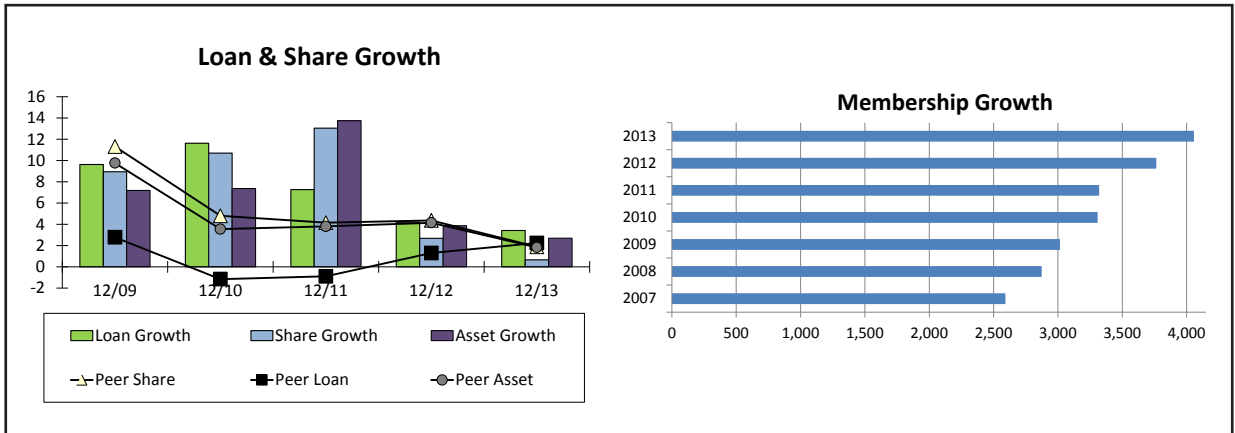


During 2013, however, we experienced an increase in nonperforming loans and mortgages. Many of our borrowers are struggling with long-term household income deficits – often resulting from long-term under-employment or unemployment. With expenses rising faster than income for working-class families, the weak economy is still taking its toll on our members. The vast majority of our delinquency for the last two years has been highly concentrated in a handful of large, past-due real estate loans; for the most part they are first-lien mortgages with good collateral which should moderate potential losses. We work with borrowers to the greatest extent possible when they hit a bump in the road, but ultimately we must act to protect the assets of the entire membership. There are consequences when borrowers fail to reach a solution with us. We have been compelled to charge off more loans than usual, and some delinquent mortgages are now in foreclosure proceedings.

Impact

Growth

Indicates:	Progress toward (a) meeting community needs and (b) achieving organizational scale			
Measured by:	Asset Growth	Loan Growth	Share & Deposit Growth	Membership Growth
Our Ratio:	2.70%	3.42%	0.66%	7.78%
Peer average:	1.83%	2.25%	1.88%	-0.78%



At 12/31/13, Cooperative Federal had \$20.1 million total assets, \$16.3 million loans, and \$17.9 million shares & deposits. Our membership comprises 4,057 members, including small businesses and organizations.

While mainstream banks and credit unions responded to the economic downturn by withdrawing services – especially to people and communities conventionally deemed to be “high risk” – our credit union has provided fair loans, financial interventions, asset-building opportunities, and a community-owned alternative to the irresponsible and unsustainable corporate financial system. We saw significant growth in loans and shares in 2009-2011, driven entirely by word of mouth, and that growth continued at a more moderate level in 2012-2013 as we worked to build our capacity for expansion and maintain adequate net capital through slow asset growth. Our membership has grown substantially each year, even as membership in our peer group shrinks.

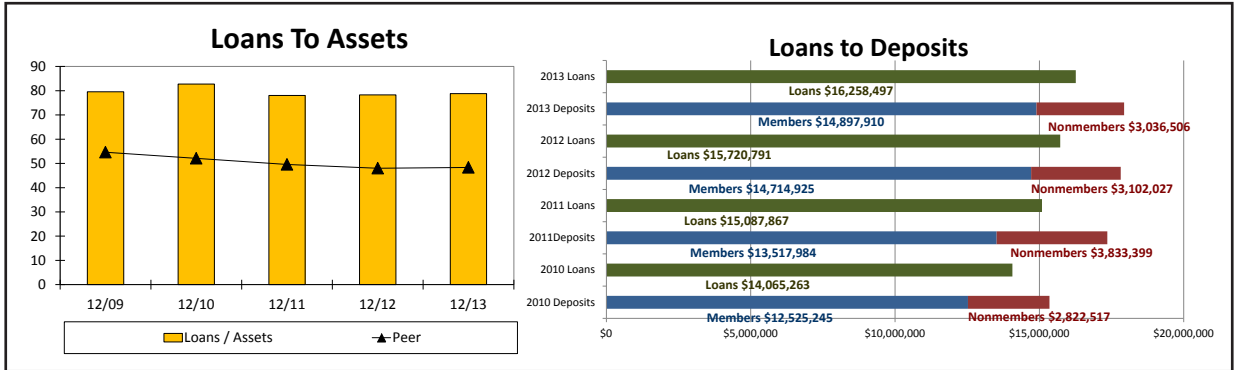
In 2014, we expect to see gradually accelerating growth rates. Cooperative Federal has increased its marketing and outreach efforts and has received a “game changing” infusion of capital from the CDFI Fund. That capital affords us the financial capacity to serve many more members throughout Syracuse who need our services over the next 5 years. We will continue offering high-quality services to people of all incomes and backgrounds, so that we can achieve a balance between “borrowers” and “savers” and strive to realize our vision of a cooperative economy.

Deployment

Indicates:	How much of our resources are re-invested in the community in the form of loans	
Measured by:	Loans to Assets (% of assets that are loans)	Loans to Member Shares (% of shares that are used to fuel lending activity)
Our Ratio:	78.817%	109.13% <i>Ratio to Total Shares & Deposits (Members and Nonmembers): 90.66%</i>
Peer average:	48.36%	56.61% <i>Ratio to Total Shares & Deposits: 55.65%</i>

Treasurer's Report

A high ratio of Loans to Assets shows that we deploy the vast majority of our resources through community lending activities, as opposed to stock market investments, and sets us apart from most other financial institutions. Just 1.4% of our assets are in investments. Our Loans to Member Deposits ratio affirms that we keep more than 100% of our members' money working in local neighborhoods. Member dollars are leveraged by mission-driven Nonmember Deposits from foundations, partner credit unions, the National Federation of Community Development Credit Unions, and other supporters. In this way, we actually draw outside resources into the Syracuse economy, in addition to "recycling" the money that is already here.



Looking Forward

Our vision for Cooperative Federal's future is simply to do more to bring affordable finance and financial services to the people of Syracuse. While our resources are limited, we will continue to use innovation, collaboration, hard work, and determination to move us forward. We shall continue to build financial strength in the families, organizations, small businesses and neighborhoods that we serve.

Tens of thousands of our neighbors in Syracuse are either "unbanked" or not adequately served by conventional financial institutions. Many of our urban neighborhoods are abandoned by banks. Predatory financial providers, including some of the banks, extract high fees and often ensnare people into financial traps – traps that can siphon off income, extract life-savings, and take away homes.

We shall strive to overcome the structures of injustice that hold down so many of our members and our neighbors. We intend to provide excellent and affordable services to those who need us and those who support us. By doing this, we will create a brighter future for Syracuse and drive the predators out of our neighborhoods.

The credit union has an attentive and committed board, a sensible and reliable credit committee, and a watchful Supervisory Committee. We have a very talented, dedicated and determined staff, assisted by interns and many other volunteers. We have restored our financial performance and have overcome the effects of the global financial crash. We are ready for the tasks ahead. We know we cannot succeed alone, but with the help of members, community partners, and allies in government and the credit union movement we shall achieve our vision and move Syracuse closer to a prosperous and just economy.

Supervisory Committee Report

The Supervisory Committee is appointed by the Board. It is responsible for engaging the annual audit, overseeing compliance with audit & regulatory exam findings, validating & testing internal controls and procedures, member account verification, and other activities to prevent and detect fraud.

CPA Audit

The CPA firm Bonadio & Co., LLP conducted the external audit for the year ending March 31, 2013, and issued a clean opinion. The audit included verification of the financial statements, confirmation of loan and share balances, review of loan files, and consideration of internal control procedures.

Committee Activities

Activities completed during 2013 included:

- Quarterly meetings to review committee work and plan the next quarter's work
- Unannounced cash counts
- Reviews of loan documentation
- Tests of account restrictions, related party accounts, and mandatory vacation policies
- Additional reviews of required procedures and tests of internal controls

Friends & Supporters

Cooperative Federal's work would not be possible without the following funders & partners:

1199 SEIU • ACMG FCU • ACR • Alternatives FCU • Assets for Independence • Atlantic Philanthropies • CASH Coalition of Onondaga Cty • Catholic Campaign for Human Dev. • Catholic Charities of Onon. Cty. • CDFI Fund/US Treasury Dept. • CFED and the MetLife Foundation • CNY Community Foundation • CNY Works • CORE FCU • Countryside FCU • Credit Union Association of NY • Credit Union National Association • CU Strategic Planning • Ed Smith PTSO • Edge FCU • Empire State Development • Federal Home Loan Bank of NY First Homes Club • Focal Point FCU • Franciscan Collaborative Ministries/Assumption Church • Genesee Co-op FCU • Gifford Foundation • Hiscock Legal Aid Society • Home Headquarters • Housing Visions/Visions for Change • Interfaith Works • JobsPlus! • Jubilee Homes • La Casita Cultural Center • Legal Services of CNY • LeMoyne College • Mayor Stephanie A. Miner • Midland-Lincoln-Bellevue Community Initiatives Work Group • NerdWallet.com • NCUA Office of Small CU Initiatives • National Credit Union Foundation • National Disability Institute • National Federation of CDCUs • Near West Side Initiative • NY Credit Union Foundation • Northside Learning Center • Northside UP • Onondaga Community College • Onondaga County Ec. Dev. Corp. • Onondaga Small Business Dev. Ctr. • PEACE Inc. • Plymouth Congregational Church • REACH CNY • Salvation Army - Barnabus House • Senator David J. Valesky • Southside Innovation Center • Start Up NY • Syracuse Alternative Media Network • Syracuse Behavioral Healthcare • Syracuse City School District • Syracuse Common Council • Syracuse Dept. of Neighborhood & Business Development • Syracuse Economic Dev. Corp. • Syracuse First • Syracuse Housing Authority • Syracuse Model Neighborhood Facility/SW Community Center • Syracuse United Neighbors • US HUD • West Side Learning Center • Westcott Community Center • WISE Center (Syracuse Univ.) • Women's Opportunity Center • **and all of our loyal Members!**

About Cooperative Federal

Cooperative Federal (Syracuse Cooperative Federal Credit Union) is a unique combination of a traditional credit union and a non-profit community development organization. **Our mission** is to rebuild the local economy in ways that foster justice, responsibly manage our members' assets, and serve people and communities that are underserved by conventional financial institutions.

Becoming a member of Cooperative Federal is making a choice to build community and advance social justice. All of our members' savings are invested locally, in the form of loans to other members. **We stand for Justice, Equality, Environmental Conservation, Cooperativism, and Mutual Aid.**

Staff & Officials

Treasurer/CEO:

Ron Ehrenreich

Assistant Treasurer:

Christina Sauve

Operations & Technology:

Patricia Burdick

Mike Kopacko

Gerry Russo

Asish Verma, *CFLA Fellow*

Community Development:

Kira Crawford

Thom Dellwo

Sam Eschenbrenner

Rachel Greene

Meagan Weatherby

Lending:

Chris Barkley

Nathen Dow

Patricia Farfán-Cáceres

Susan Hamilton

Greg Knipe

Member Services:

Sukema Cook

Patricia Farfán-Cáceres

Jenell Cota

Maribel Gonzalez

Frank Natera

Loan Nguyen

Sharon Patchett

Leyanis de la Peña

Jason Smith

Youth MSRs:

Darius Adair

Ioannis Kipouropoulos

Board of Directors:

David Andrews

Frank Cetera

Ploysong Chapman

Ron Ehrenreich

Heather Engelman

Stasya Erickson

Linda Hall

Nicole Hershberger

Louise Poindexter

Peter Scheibe

Michael Woloszyn

Supervisory Committee:

Stephen Bittner

Liz Crockett

Margaret Gelfuso

Julie Gozan

Melody Holmes

Asset/Liability Committee:

David Andrews

Ron Ehrenreich

Christina Sauve

Peter Scheibe

Larry Young

Credit Committee:

Ron Ehrenreich

Sam Eschenbrenner

Frank Forward

Lanny Freshman

Rachel Greene

Kip Hargrave

Simon Morrin

Christina Sauve

Homer T-Davis

Meagan Weatherby

Outreach Volunteers:

Barbara Kobritz

Carl Mellor

Technology Committee:

Chris Kight

Adam O'Neill

Heather Pitt

Special thanks to our 2013 Volunteers, Interns, & Consultants: Tyquan Allen, Nicol Bellettiere, Jeff Cleland, Daniel Cowen, Alan Du, Ahmad Enany, Maria Fibiger, Mapule Greene, Yolanda Jones, Prithvi Kalindidni, Jon Kasson, TiTi Kennison, Edin Kennison, Mariah Lalonde, Sha Li, Mohit Mathur, Ripsy Rose Michael, Katie Minucci, Matthew Rice, Sondra Roth, Richard Saylor, Conor Sullivan, Ariel Weiss, Allen Yi and Lu Yu. **Ed Smith Student Saving Days:** Julie Gozan, Lauren Putnam, and Ms. Susan Young. **Falcons' Trust (Fowler):** Hussam Jameel, Priscilla Thunderberk, Kim Truong, Curtis Richardson (College Intern) and Ms. Susan Centore. **Henninger High Savings:** Darius Adair and Mr. Joe Grefer's Civics & Economics Class. **Nottingham Federal:** Emily Carlson, Natalie Mooney, Jenyia Wilson and Mr. Tom Azzolino. **School District Administrative Support:** Jim Barbetta (IT Support), Principal Robert DiFlorio (Henninger), Principal David Maynard (Nottingham), Brian Nolan (Director of High Schools), Polly Nolan (Fowler & Henninger Main Office), and Principal James Palumbo (Fowler).



© 2014 by Syracuse Cooperative Federal Credit Union

This report printed on 100% recycled paper.

