

Cooperative Federal Supervisory Committee Report

2017 – 2018 Committee Members: Stephen Bittner, Liz Crockett, John Faley, Karen Hall. The Supervisory Committee is appointed by the Board of Directors.

In 2017-2018, the Supervisory Committee engaged Gayle M. Schutte, CPA to complete the Bank Secrecy Act Audit and assist with the Automated Clearing House Audit. The Committee also conducted a number of oversight activities.

Financial Statement Audit: The CPA firm Bonadio & Co., LLP conducted the external financial statement audit for the year ending March 31, 2017 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.

Cooperative Federal Board of Directors Report **Frank Cetera, Board President**

Celebrating 35 years of service to the Syracuse community for economic and social justice, finance for the people, and community wealth building is a tremendous success and a clear indicator of the value of our institution. I offer my continuing appreciation to the current and past staff, management, and Board and committee members who have come before me, and served beside me, on this journey.

ECONOMIC CHALLENGES AND SUCCESSES

Our continued growth is constantly managed in an intentional way for the need to balance our capital to assets ratio (otherwise known as Net Worth Ratio) as regulated by the National Credit Union Association (NCUA). Our net worth is defined as earnings from current and previous periods set aside to absorb operational losses. Higher levels of Net Worth help the credit union survive difficult periods.

For this reason, growth in member shares which results in higher assets, must be managed to not exceed the resulting balance of capital earnings, from our income generators such as loans and fees, to stay above 7% as required by our federal regulators. We ended 2017 at 7.32% in part thanks to some increase in secondary capital acquisition. We were proud to be the first investee in the CNY Community Foundation's new Impact Investment Program to magnify the foundation's charitable support in local communities.

For continued management success in the financial aspects of the credit union, our goals rely on an increase of members and capital that is balanced by an increase in loans disbursed and resulting interest income. As such we will continue to prioritize the growth of our loan portfolio. Members can do their part by sharing our lending offerings via word of mouth and on social media. These offerings include a full menu of what our members need including mortgage and personal loans, business loans - please visit our online BusinessLoanConnection.org website for financing the expansion of operations and strengthening of position of a current business, or the start-up of a

new business - and auto loans - including our no-haggle guarantee with Enterprise for high quality, late model, gently used former rental fleet vehicles.

BOARD AND COMMITTEE ACTIVITIES

The Board's use of the consensus agenda process has proven effective to streamline routine items, thus allowing for more substantive discussion on other items, and is in continued use at our monthly meetings. Some examples of items that comprise the consensus agenda may include Board and committee meeting minutes, final approval of proposals or reports that Directors have been dealing with for some time and are familiar with the implications, routine contracts that fall within policies and guidelines, confirmation of documents or items that need no discussion but are required by the bylaws.

The consensus agenda process groups certain standing report items together for general consent approval without discussion. Board members are expected to fully review these items when the Board packet is distributed in the week preceding the monthly meeting. Any board member may, at any time, request any item be moved off the consensus agenda for further discussion.

The Board's existing Committees include:

- The **Budget Committee** meets regularly to reconcile and review financial results and assumptions for ongoing management needs, and to establish the annual budget proposal.
- The **Financial Analysis Committee**, also affectionately called the "Nitpickers Committee," meets regularly to review financial statements and accounting reports in detail, Allowance for Loan Loss (ALL), cash drawer shorts and overages, and negative share accounts.
- The **Supervisory Committee** monitors financial operations and accounting controls. The annual CPA audit and report overseen by this committee indicated that the financial statements were fairly, in all material aspects.
- The **Executive Committee** provides oversight and action between Board meetings, including regularly approving charge-off of loans, and bonding for employees, interns, and volunteers.
- The **Board Development Committee** seeks further education and training opportunities for current Board members, and initiates the nominations slate for election at our annual meeting.
- The **Personnel Committee** conducts the yearly CEO evaluation, and acts on other items as needed.
- The **Social Action Committee** delivers education, awareness, activism, and energy to inspire our credit union community to action on global and local issues while promoting our cooperative principles. This year, for one example, we acted to provide access to our lobby for distribution of the Health Care Access & Rights Survey, which works to build the movement for healthcare as a human right by harnessing the power of personal stories.

MOVING FORWARD

A true pleasure of serving on the Board is being creative with taking initiative related to new opportunities. As such, it is exciting when we can announce partnerships such as:

- Our recent membership with the Upstate Minority Economic Alliance - the only Chamber of Commerce in the Upstate & Central New York region for minority business owners and professionals of color;
- Our newest branch on Burt St with support and partnership from the Syracuse Housing Authority;
- Our membership in the New Economy Coalition - “a network of organizations imagining and building a future where people, communities, and ecosystems thrive”.
- And our Juntos Avanzamos (“Together We Advance”) designation from the National Federation of Community Development Credit Unions - a testament for credit unions which have a vision and commitment of serving the Hispanic community.

OUTREACH & ACCOUNTABILITY

We continued Board presence at our branches with lobby days for outreach about our 35th Birthday gala event and our Annual Meeting, and gave time to table and interact with community as credit union representatives at the Westcott Street Fair, Sankofa Fest, Ed Smith Carnival, and the Plowshares Community Arts and Crafts Fair. We say goodbye with great thanks and appreciation to three Board members who are not standing for re-election in 2018: David Andrews, Stasya Erickson, and Heather Engleman. A special thank you to Heather who has acted as our Secretary for many years, providing very thorough meeting minutes that ensure we have a record of what we need as a Board to do our work.

As always, we would like to share with our member-owners a thank you for your patronage and participation - and continued positive outlook on operations, profitability, and community relations as we look forward to continuing to serve through our mission-oriented approach. Members are encouraged to send communications to the Board distribution email address: board@coopfed.org