

Presented March 8, 2015

As we reflect back on 2014, the most important sentiment that the Board would like to express, as always, is a thank you to our hardworking and committed staff. Everyone's efforts at cross-training and building relationships, both inside our own organization, and inter-organizationally, have served us well this year. This was never exemplified better than when our Assistant Treasurer left early for maternity leave (Congratulations Christina!), and the entire team pitched in to get us through the unexpected.

We'd also like to thank Peter Scheibe and Linda Hall for their years of work as they retire from the Board and take on new roles as Emeritus Directors. The Emeritus positions position them to be at liberty to attend board meetings and participate as equals, though unable to vote.

Economic Challenges and Successes

Our Net Worth Ratio – the key indicator of our financial health – has been maintained above the 7% “Well-Capitalized” mark for the duration of the year, aside from a short dip in May due to a few major loan losses. Loan loss in general and delinquency have not been reduced to the level we would prefer (being aware of our historical divergence from our peers in these statistics due to our mission-driven operations), but we are cognizant of the steps the staff are taking to remedy this.

Although slightly slower than planned loan volume has been a culprit in our slow growth – a continuing level of cellar-dwelling interest rates has been just as much part of the challenge to overcome. Secondary Capital and grant funds, as always, have continued to be valuable and necessary parts of our operations and financial management strategy. The Board continues to monitor our concerns with delinquency and collections, the management and sale of Other Real Estate Owned (OREO) properties, and the resolution of our NCUA Member Business Lending (MBL) policy which has been the subject of heightened regulatory scrutiny in recent years.

Committee Activities

Board engagement has maintained existing Committee activities, while expanding those activities in some respects, and creating new opportunities:

- The **Budget Committee** met regularly to reconcile assumptions and review financial results for ongoing management needs, and to establish the 2015 annual budget proposal.

- The **Nitpickers Committee** also met regularly in 2014 for ongoing financial analysis of the Credit Union. The Nitpickers convene to review financial statements and accounting reports in detail, Allowance for Loan Loss (ALL), liquidity, key compliance ratios, cash drawer shorts and overages, negative share accounts, debit card fraud losses, progress of general ledger reporting for the year, and other items as the Board directs.
- The **Supervisory Committee** monitored financial operations and accounting controls. The annual CPA audit and report overseen by this committee indicated that Cooperative Federal's financial statements were presented cleanly and fairly in all aspects.
- 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.
- The **Board Development Committee** worked on identifying committee participants, and considering further education and training opportunities for current Board members. The committee also worked on developing the Board emeritus position and description, and recruited board candidates for our March 2015 election.
- The **Personnel Committee** carried out the yearly CEO evaluation process for our organization.
- The newly formed **Youth Credit Union Committee** is working to provide support to the In School Savings Branches that Cooperative Federal operates within Henninger, Fowler and Nottingham High Schools as well as Ed Smith K-8 and the Southside Academy. Committee members will help explore new products, participate in fundraising activities, act as liaison between staff and board, and provide general support to keep the youth credit union branches open and operating smoothly.

Finally, we are very proud of the implementation of our **Social Action Committee**, of which our first project is a living wage study for Onondaga County. The Social Action Committee will develop and implement projects to create fundamental change in our world, locally and globally. These projects shall involve and engage Cooperative Federal's Board, members, and staff. Building upon the tradition of the anti-apartheid activism which led to the creation of Cooperative Federal in the 1980s, the committee will focus on support and advocacy in areas such as:

1. Moving toward the elimination of poverty,
2. Developing a Solidarity Economy,
3. Expanding social justice,
4. Sustaining the Natural Environment, and
5. Peace Activism.

Projects and actions related to identified issues and areas of focus will be undertaken by multi-stakeholder working groups including the use of volunteers and interns, when available, so as to not create an added burden on staff and Board members. The Social Action Committee will deliver education, awareness, activism, and energy to inspire our Credit Union community to action on global and local issues while promoting our cooperative principles.

Moving Forward

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

- We began conducting exit interviews with outgoing staff.
- We reviewed upcoming technological improvements to service.
- We discussed the potential need for services in additional languages.
- We continued to be involved in development of the New York Cooperative Network.
- We issued a formal Statement of Solidarity with THE General Body at Syracuse University during the Fall 2014 Sit-in at Crouse-Hinds.

Outreach & Accountability

In 2014, we welcomed new members Elmore Davis, LaRhonda Ealey, Durkia Estrada-Iglesis, and Jesse Harasta. Members of the Board participated in the Board & Staff Picnic at Strathmore Park over the summer, and gave time to table and provide community outreach at both the Westcott Street Cultural Fair and the Plowshares Community Arts and Crafts Fair.

As Board President, I am introducing a slate of 10 initiatives for developing a more robust Board and Board Membership. These items include building an informational wiki website for Board member education, document storage and retrieval; organizing a new Board Member social following each Spring's Annual Meeting; establishing a Board Calendar for new Directors to understand the context of their yearly responsibilities and opportunities; and creating an expanded acronym tip sheet.

The Board also hopes to continue to interact with our members, and provide appropriate service through understanding the concerns and challenges 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.

Finally, 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 for 2015 as we look forward to continuing to serve through our mission-oriented approach.

*Prepared by Frank Cetera,
President of the Board of Directors*