

Presented March 13, 2016

Challenges and Successes

Without reservation, I am excited to say that our Credit Union is in a phase punctuated with creativity and opportunity, both for our organization and our member-owners. I believe we as a Board are all happier to not be struggling monthly to read financial statements that leave little room for exercising ingenuity in our roles, in the face of macroeconomic factors affecting the whole realm of financial institutions in the United States; and instead to be enthusiastically reviewing and adopting creative proposals for products and services, and working on new and innovative projects and committee tasks.

Cooperative Federal's Net Worth Ratio again, for the second year in a row, showed stability above the "well-capitalized" mark of 7.0%, relieving the Credit Union of extensive need for staff and Board time on regulatory resolution actions. And although we continue to identify questions and concerns about certain troublesome legacy assets from the effects of the Great Recession, such as foreclosed properties, we have taken action to minimize losses in these arenas.

With the advent of exciting developments such as our business lending partnership with Alternatives Federal Credit Union of Ithaca, special loan pool support from Empire State Development and other sources, and our presence at more and more community engagement opportunities, we are hoping for an uptick in member savings and loan origination. Both of these categories of growth are very important to our overall institutional health and stability, relieving us from relying on grant funds and Secondary Capital in the future.

Committee Activities

Financial matters occupy much of the attention of the Board of Directors, though various other considerations and business are undertaken throughout the year that also require the Board's efforts:

- The **Budget Committee** met regularly to reconcile assumptions, identify variances, and review financial results for ongoing management needs and to establish the 2016 annual budget proposal.
- The **Nitpickers Committee** met regularly to review financial statements and accounting reports in detail such as 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**, comprising Credit Union members appointed by the Board, monitors financial operations and accounting controls through overseeing the annual CPA audit and report.*
- The **Executive Committee** continues to provide oversight and action between Board meetings through approving charge-off of loans, bonding and keys for employees, interns, and volunteers, and other needs as they arise.
- The **Social Action Committee** completed an independent study of local living wages and presented a report to the Board which will be followed up with during the course of 2016.
- The **Board Development Committee** worked on identifying nominees for open Board positions, and considered further education and training opportunities for current Board members.
- The **Personnel Committee** carried out the yearly CEO evaluation process for our organization.
- The **Marketing Committee** provides periodic updates and examples of our latest marketing materials and ads to keep us informed and solicit feedback on our market strategy and methods.
- Our **Credit Committee**, comprising members elected at the Annual Meeting, continues to quietly provide exemplary oversight of the loan approval process.*
- And our **Youth Credit Union Committee** worked on developing funding for the continuation of our In School Savings Program, with crowd-funding success and an award winning performance at Salty City DISHES!

Moving Forward

Although the Board primarily works to set policy and review the overall functioning of our Credit Union, we also engage in numerous other aspects of the Credit Union's operations and development throughout the year:

- We approved a full-page statement (available on our website) about the Trans-Pacific Partnership that called on our elected Representatives in the United States Congress to "consider growing inequality and declining standards of living in Syracuse, and other small cities," and to "encourage a greater national debate on the distribution of wealth in our society and the ways that international trade agreements like the Trans-Pacific Partnership (often referred to as 'free trade agreements') work to exacerbate our society's problems."
- We helped to develop relationships with community organizations and neighbors by reviewing and establishing new Fields of Membership, including this year the Workers' Center of CNY.

- We continued regular strategic planning and program discussion related to products and services such as auto lending, affiliate development for fundraising potential, and expansion plans.

Outreach & Accountability

We welcomed new Board members Carolina Arango-Vargas, Yasser Guerra and Sara Morris, as well as welcomed former Director Heather Engelman back to the Board where she once again serves as Secretary – a position which I would like to give a special thanks to, for her hard work taking notes and minutes at our regular meetings every month. Members of the Board participated in the Board & Staff Picnic in July at Onondaga Lake Park, and tabled for community outreach at the Westcott Street Cultural Fair and the Plowshares Craftsair and Peace Festival as is the usual.

Our Board members have been particularly engaged over the last year with member letters and requests, which we find exhilarating and passionate! Please continue to contact us with your questions, concerns, and recommendations so that all member voices are taken into account year-round. Please reach us at board@coopfed.org; your email to this one address will be forwarded to every Board member instantaneously.

Finally, we would like to congratulate Board Member Nicole Hershberger on the birth of her daughter Elora, Board Member Sara Morris on the birth of her daughter Marcy, and Board Member Stasya Erickson on the birth of her son Sevolod.

Lasting and sincere thanks also goes out to all Board, staff, members and interns/volunteers, without whom we could not build this new solidarity economy for the future.

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

*Detailed reports from the Supervisory Committee and Credit Committee are also included in the Annual Meeting Packet.