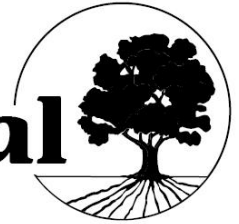


Cooperative Federal

Syracuse's community development credit union



SYRACUSE COOPERATIVE FEDERAL CREDIT UNION

BOARD OF DIRECTORS REPORT – MARCH 14, 2010

2009 was a unique year. We hope.

Cooperative Federal began the year with a balanced budget and a generous capital cushion. We ended the year well-capitalized but with a continuing need to bring expenses and income into balance.

In spite of the setback, however, Cooperative Federal is now poised to extend its mission to additional communities in need of reasonably-priced financial services.

During 2009, we integrated the Northside office into regular credit union operations. This extends our reach into a new area of the city which has mostly been abandoned by traditional financial service institutions.

We also upgraded the operating system to a new, more capable platform. The conversion created its own challenges, which we continue to address. We remain confident, however, that the new system will help improve the efficiency, accuracy, and speed of transaction processing and allow us to provide new services, such as credit cards, online banking, and small satellite or temporary locations. The new system also promises to allow us to serve members at multiple locations more easily.

During the Fall, the Board faced a serious financial challenge and made one of the hardest decisions it has ever had to face, laying off several staff members. The decision became necessary because the Credit Union was facing monthly losses which were dangerously depleting capital reserves. Further losses would have led to the intervention of the NCUA with more intrusive monitoring and the possible need for even further staff cuts. We had been expecting a grant from the US Treasury Department to help bridge the monthly operating deficits. When we were notified that the grant was not approved, we realized that we needed to cut costs significantly. The layoff decision was taken when no other means of cutting expenses or raising income would close the operating gap sufficiently.

As long as interest rates remain low, Cooperative Federal will struggle to balance income with expenses. We have taken the actions necessary to reduce the gaps with the minimum cutting of services. We have preserved the necessary capital cushion. We have raised additional capital in order to keep the cushion sufficient into the future. And we anticipate much better financial results going forward.

Cooperative Federal was able to weather the financial storms of 2009 because we had built up a prudent, generous capital cushion during more prosperous years.

Even though financial matters were occupying much of the Board's attention, we also devoted considerable time to other Board functions. In particular, various Board committees increased their efforts to deal with the challenges of 2009.

The **Budget Committee** met more frequently than in the past to consider financial results as they developed and anticipate contingencies.

The **Personnel Committee** was very active in implementing and monitoring credit union employment practices and in ensuring the fairness with which employees were treated. Their attention was crucial during both the system conversion efforts and the fall layoffs. The committee met at least monthly and kept the Board as a whole in touch with personnel issues as they arose.

The **Supervisory Committee** continued its close monitoring of operating and accounting controls. Their continuing attention to operations and accounting assured the Board that member accounts were handled accurately, especially during the system conversion, and that all accounting issues were handled correctly. The external CPA report to the Supervisory Committee reassured the Board that the credit union's accounts were in order.

The Board also paid close attention to the NCUA examiner's report which gave further assurance that accounting matters were handled correctly.

Even after strengthening its committee structure, the Board continues to work at finding ways to serve Cooperative Federal's members better.

We believe it is important to establish as much direct communication with members as possible, especially given the trials of 2009. During 2009, we set up a direct email address for members to report issues. The address is available to all at board@coopfed.org. We encourage members to contact us with any questions or issues they believe deserve Board attention. In January 2010, we also held a member forum to address questions and concerns which arose from the extraordinary events of 2009.

We do not expect a repeat of 2009 any time soon, but we stand ready to adjust to circumstances as they develop. Cooperative Federal proved its strength by surviving the severe economic storms of 2009. The Board looks forward to a more stable future, to extending our mission and continuing to serve the members of the credit union and the community at large far into the future.



Syracuse Cooperative Federal Credit Union • Working for economic justice since 1982



Eastside Office
& Mailing Address
723 Westcott Street
Syracuse, NY 13210

Southwest Office
SW Community Center
401 South Avenue
Syracuse, NY 13205

Northside Office
Assisi Center
800 North Salina Street
Syracuse, NY 13208

Tel: (315) 471-1116
Fax: (315) 476-0567
info@coopfed.org
www.cooperativefederal.org