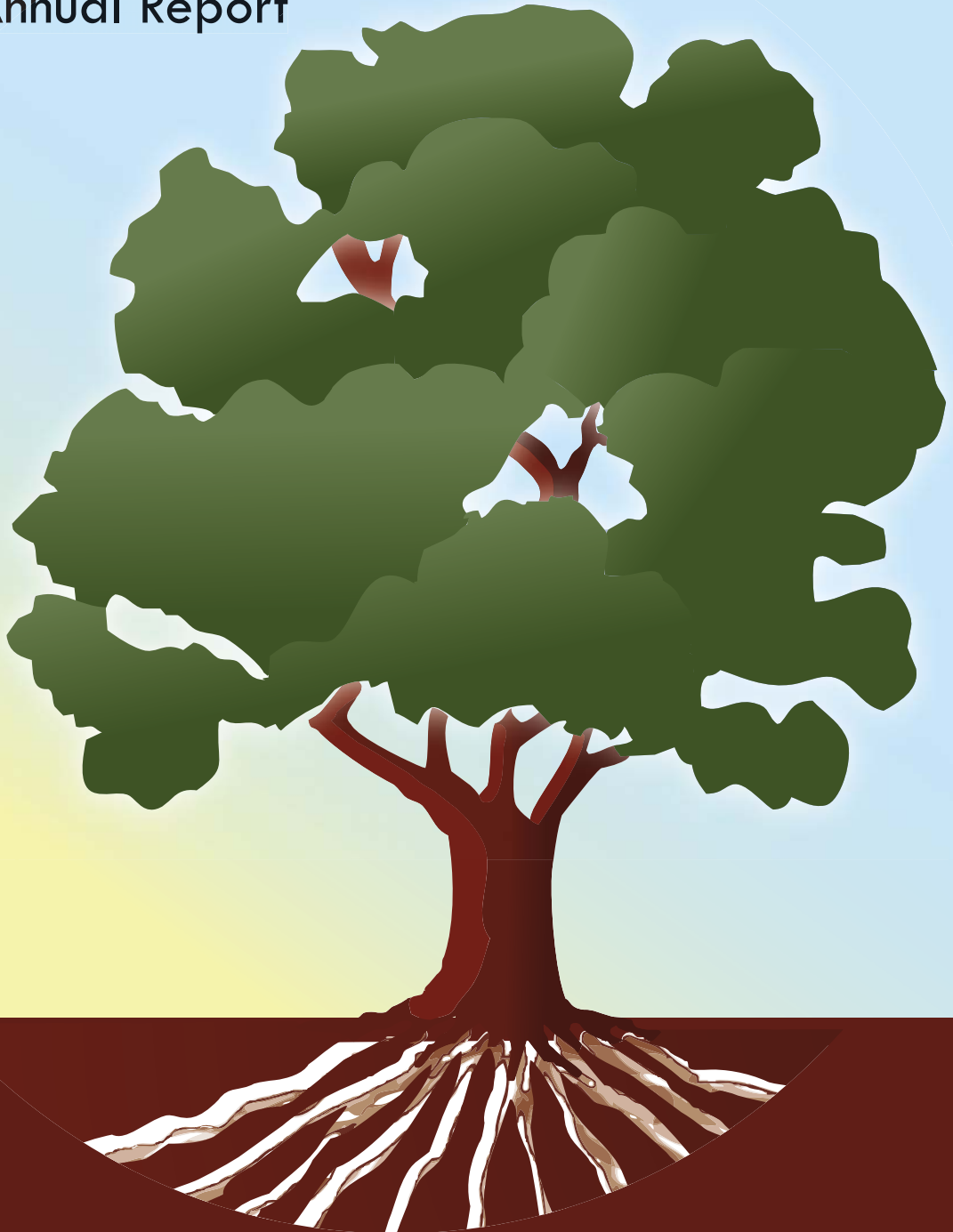


# Cooperative Federal

2009 Annual Report



# Board of Directors' Report

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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 this setback, Cooperative Federal is now poised to extend its mission to additional communities in need of affordable financial services.

## Service Enhancements

During 2009, Cooperative Federal integrated the Northside office into our regular 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, technological and operational, which we are continuing 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 to service specific community groups. The new system also promises to allow us to serve members at multiple locations more easily.

## Economic Turmoil

While expenses associated with the conversion and office expansion were planned, the credit union was also affected by low interest rates and unexpected expenses related to industry-wide stabilization measures. By late autumn, 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. While an expected grant from the US Treasury Department would have helped to bridge the monthly operating deficits, we were notified in October that the grant was not approved. At that point, the Board realized that we needed to cut costs significantly. The layoff decision was made after we determined that no other means of cutting expenses or raising income would close the operating gap sufficiently.

Moving forward, the Board has adopted a strategy to recover from this difficult year. Although Cooperative Federal will struggle to balance income with expenses for as long as interest rates remain low, we have taken actions to reduce the income gap while minimizing the reduction of services. Importantly, we have preserved the necessary capital cushion. We have also raised additional capital in order to keep the cushion sufficient into the future.

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. And we anticipate much better financial results going forward.

## Day to Day

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** adopted a more frequent meeting schedule to evaluate 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 that employees were treated with fairness. Their attention was especially crucial during 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.

Additionally, the Board maintained close contact with the Supervisory Committee as they continued to carefully monitor operating and accounting controls. Their attention to these matters assured the Board that member accounts were handled accurately, especially during the system conversion, and that all accounting issues were handled correctly. The Board also paid close attention to reports from the external CPA auditor and the NCUA examiner, which provided further assurance that accounting matters were handled correctly.

## Communication with Members

The Board continues to explore ways we can 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 an email address members can use to contact us directly: [board@coopfed.org](mailto:board@coopfed.org). Messages sent to that address are automatically forwarded to each member of the Board. 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 our members and the community at large far into the future.

## Supervisory Committee Report

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The Supervisory Committee is appointed by the Board, and 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 Sciarabba Walker & Co. LLP conducted the external audit for the year ending March 31, 2009, 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. The auditors made recommendations for improvements in policies and procedures, for follow-up by the management and Board.

### Committee Activities

Routine committee activities completed during 2009 include:

- Quarterly meetings to review committee work and plan the next quarter's internal auditing activities
- A meeting with the external auditor to review the audit report
- Meeting and communication with the Federal Examiner from the National Credit Union Administration
- Unannounced cash counts at each office
- One audit of loan files
- Review of Allowance for Loan Loss procedure
- Follow up on internal control procedures
- Tests of account restrictions and mandatory vacation policies

# Community Impacts

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## Homeownership Services

Homeownership is a powerful tool for strengthening neighborhoods and building family assets that can be passed on to future generations. With a track record that goes all the way back to our foundation in 1982, we specialize in making homeownership affordable, understandable, and accessible in Syracuse communities.

### *Mortgage Lending*

In 2009, we originated over \$3 million in housing loans for home purchase, refinance, improvement and repair. Of the loans for home purchase, **more than 75%** were to **first-time homebuyers**.

	Number	Dollars
<b>Housing Loans Originated in 2009</b>	41	\$3,049,940
Home Purchase - First Time Homebuyers	12	\$1,070,079
Home Purchase - Other Homebuyers	3	\$348,100
Other residential Real Estate	26	\$1,631,761
<b>Housing Loans Outstanding at 12/31/09</b>	157	\$7,251,318

Sometimes, we sell our mortgages. This allows us to recycle our limited loan capital - instead of having large amounts of money tied up in long-term loans - and also generates some fee income that we use to help break even on our operating costs. We sold 12 of the mortgages we originated in 2009.

### *Home Base*

We are committed to supporting homeowners from the time they first start thinking about buying a home, through their entire lifetimes. We do this work through Home Base, our HUD-approved Housing Counseling program, open to members and nonmembers alike.

	Household Served (1 on 1)
General Financial Counseling	158
Pre-Homeownership Advising	43
Financial Management for Homeowners	87
Foreclosure Prevention Counseling	48
<b>Total Clients</b>	<b>381</b>

Our foreclosure prevention program is part of the region-wide **Foreclosure Prevention Coalition**, a collaborative effort between Home HeadQuarters, Northeast Hawley Development Association (NEHDA), Syracuse United Neighbors, Legal Services of CNY and Hiscock Legal Aid Society.

### **Support when you need it.**

“It is so exciting to see the difference in my budget in such a short amount of time. Thanks for helping me achieve more financial security. I truly appreciate the hard work you have put into my case.”  
- C.B., a foreclosure prevention success story

## Homebuyer Matched Savings

One of our best tools for fostering homeownership is our Matched Savings Account (also known as an Individual Development Account, or IDA). Cooperative Federal has offered this program for several years, but in 2009 we were able to increase the size of the matching grant *and* expand the eligibility standards.

Now, we're proud to offer the best down payment match in Syracuse. First-time homebuyers with low or moderate incomes can get **up to \$11,500 in matching grants** for their down payment!

At 12/31/09, **18 members** were enrolled in the Homebuyer Matched Savings program.

## Making a Home

Cyprien Mihigo purchased a home in 2009 with help from Cooperative Federal and our Matched Savings program. Originally from the Congo, his family left their home and business in 1994 when extremists fled to the Congo in the aftermath of the Rwandan genocide. They resettled in Syracuse in 2001.

As Cyprien and his family began building a new life, finding community and owning their own home were two of their most important goals.

After their mortgage closing, Cyprien wrote a letter to us: "I know that you may see it like any other work you have done, but to my family and specifically to me it means a lot more than you think.

I strongly enjoyed your smooth working style, the environment of generosity, collaboration, understanding, equal opportunity, trust and sympathy...

I believe this is not the last time for our collaboration because you opened a strong connection between me and the credit union. **I honestly feel that I am at home when it comes to dealing with Cooperative Federal.**"

- Cyprien Mihigo



# Impact Report

## Personal Financial Services

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

### Personal Loans

Access to affordable credit is incredibly important. It can make the difference between paying obscene fees, struggling from paycheck to paycheck, and falling into cycles of debt; or stewarding positive credit and progressing toward long-term stability.

Cooperative Federal makes loans for debt consolidation, appliances, new and used vehicles, and other personal needs. We also offer special Credit Builder loans designed to help members establish positive credit, and lines of credit that provide low-cost overdraft protection. And as of fall 2009, we're offering VISA Credit Cards, too.

	Number	Dollars
<b>Personal Loans Originated in 2009</b>	258	\$1,361,366
<b>Personal Loans Outstanding at 12/31/09</b>	1212	\$3,382,598

### Combatting Predatory Lending

Through our PRIDE program, we make loans to people with low or no credit that might otherwise resort to high-cost predatory services. We offer payday-alternative lines of credit, fair auto title loans, and low-cost loans for people who need mobility equipment, hearing aids, or other assistive technology.

	Number	Dollars
<b>PRIDE Loans Originated in 2009</b>	63	\$164,656
<b>PRIDE Loans Outstanding at 12/31/09</b>	129	\$352,185



### The Right Tools

“I’ve tried to get credit since I was 18 years old, but I always got the same reply: insufficient credit history. Well here I am 15 years later with 3 kids and now ready to purchase a house. **Cooperative Federal has given me a plan and the tools to start and finish this process.** Soon I’ll have credit, *and* a home.”

- Richard Houde

## 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.

In 2009, we had over 5,600 accounts and almost 3,000 households in our membership.

## Financial Education & Advising

In addition to one-on-one financial counseling through Home Base, Cooperative Federal has a comprehensive financial education program. From full courses on personal money management to single-session workshops on building good credit, buying a car, and getting organized, our teachers educate and advocate for the needs of their students. We teach classes to youth and adults alike, in English, Spanish, English as a Second Language... or in any language, with volunteer interpreters!

512 adults and youth attended our classes in 2009

## Youth Credit Union

2009 was a big year for Cooperative Federal's Youth Credit Union program. After piloting *Student Saving Days* at Ed Smith Elementary School and two community centers in 2008, this year the program expanded to Fowler High School. *Falcons' Trust*, a student-run branch of Cooperative Federal, opened its doors in December.

These programs bring hands-on financial education directly into schools and youth centers. By ensuring access to fair financial services and fostering positive savings habits from an early age, Cooperative Federal works to empower a new generation of money-savvy youth.

More than 70 children and teens have opened accounts through the Youth Credit Union Program.



# Impact Report

## 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 one-on-one advising as well as seminars on assorted business development topics.

### Small Business Lending

Cooperative Federal is Syracuse's leading lender to very small businesses. And to counter legacies of discrimination, we operate special loan funds to businesses owned by women and people of color -- groups that have historically been denied access to credit.

	Number	Dollars
<b>Small Business Loans Originated in 2009</b>	25	\$707,361
Loans Originated to Minority/Women Owned Businesses (M/WBEs)	21	\$499,954
<b>Small Business Loans Outstanding at 12/31/09</b>	121	\$2,835,079

7 of the loans originated in 2009, totaling \$548,400, were NCUA "Member Business Loans" - that is, loans to members with more than \$50,000 in aggregate business loans.

### Education and Advising

To help local business thrive, we offer technical assistance on business planning, credit building, business finance, marketing, and more to our borrowers and other entrepreneurs.

Cooperative Federal provided one-on-one advising to **54 businesses** in 2009, helping to create or sustain **133 local jobs**. 44 of those businesses (with 98 total employees) were M/WBEs.

We also provided 24 business seminars, with a total attendance of 152.

### Business Matched Savings

Cooperative Federal offers matched savings accounts to individuals working to start or expand a small business, with an emphasis on entrepreneurs with a disability. When a participant saves \$1,000 they receive another \$1,000 in matching grants to use for equipment, supplies, or other business needs.

At 12/31/09, **22 small businesses** were enrolled in our Matched Savings program.

## A Little Boost

"We wanted a credit union that is as invested in the community as we are. Being newly graduated, Cooperative Federal recognized that we were individuals with limited means, but needed just a little boost to get our dream started.

We definitely would not have been able to open without the help of Cooperative Federal. On top of that, it's really nice to go to a credit union where the staff knows who you are, is excited about our business, and takes care of us personally."

- Sara O'Mahoney and Steve Morris, co-owners of Mello Velo Bike Shop



# Treasurer's Report

2009 was a year of great challenges. The recession and global financial meltdown hit us harder than expected. Changing data processing systems presented more problems than anticipated and we had more staff turnover. The credit union remains strong and well capitalized, and to keep it strong we made difficult changes including layoffs.

Facing our first loss in our 28 years, in October we took steps necessary to turn it around. While we had a significant loss for the year, we restored profitability in the 4th quarter of 2009 and have continued to generate small surpluses in January and February of 2010.

Despite the tough financial times, we continued to grow rapidly in members, shares and loans.

## At a Glance: Ratio Comparison

Performance Measure	Ratio	Coop Fed History		12/31/09	
		3yr Avg. ('06-'08)	12/31/08	Coop Fed	Peer
Capital Adequacy	Net Worth	10.54%	10.51%	7.80%	12.86%
Earnings	Return on Assets (ROA)	0.70%	0.21%	-2.24%	-0.21%
Asset Quality	Loan Delinquency	6.76%	6.31%	7.03%	1.78%
	Charge-Off	0.49%	0.71%	0.67%	0.81%
Growth	Asset Growth	7.13%	9.02%	7.19%	9.76%
	Loan Growth	4.94%	7.48%	14.32%	2.78%
	Share & Deposit Growth	7.03%	13.51%	8.94%	11.32%
	Membership Growth	5.07%	10.88%	4.94%	0.05%
Deployment	Loans to Assets	79.43%	77.8%	82.89%	54.63%
	Loans to Member Shares	117%	112%	113%	65%

Peer figures represent the average for all federally insured credit unions with assets in the range of \$10 million to \$50 million. With \$15.8 million in assets at 12/31/09, Cooperative Federal is at the small end of the peer group. Cooperative Federal is also a **certified Community Development Financial Institution (CDFI)**, a characteristic shared by only about 150 credit unions. That's about 2% of all U.S. credit unions.

Being a CDFI means that we have a specific mission to serve the underserved and revitalize our communities. It entails unique challenges and causes our financial and growth patterns to differ from typical credit unions. It also means that we have a transformative impact on the neighborhoods we serve.

## Financial Statement

Please see pages 9-10 for Cooperative Federal's 12/31/09 Financial Statement. Our quarterly NCUA financial statements and ratio analyses are also available to the public 24 hours a day, 7 days a week. Visit [www.ncua.gov](http://www.ncua.gov), and under "Data and Services" select "Find a Credit Union." You can search by name, location or charter number (23865).

# Treasurer's Report

## Financial Statement 12/31/2009

Income Statement				
Interest Income	Month	Quarter to Date	Year to Date	Prev Year to Date
Interest on Loans	\$ 98,548.36	\$ 182,236.74	\$ 838,331.34	\$ 826,061.00
Income from Investments & Cash	\$ 165.88	\$ 469.42	\$ 3,708.78	\$ 31,466.00
Less: Provision for Loan Loss	\$ (27,025.38)	\$ (27,025.38)	\$ (86,018.43)	\$ (91,870.00)
<b>Total Interest Income</b>	<b>\$ 71,688.86</b>	<b>\$ 155,680.78</b>	<b>\$ 756,021.69</b>	<b>\$ 765,657.00</b>
Interest Expense	Month	Quarter to Date	Year to Date	Prev Year to Date
Dividends on Shares	\$ 19,384.28	\$ 37,775.92	\$ 173,323.01	\$ 249,464.00
Interest on Borrowed Money	\$ 934.78	\$ 1,667.73	\$ 2,391.97	\$ 3,556.00
<b>Total Interest Expense</b>	<b>\$ 20,319.06</b>	<b>\$ 39,443.65</b>	<b>\$ 175,714.98</b>	<b>\$ 253,020.00</b>
Operating Expense	Month	Quarter to Date	Year to Date	Prev Year to Date
Staff Compensation, Benefits & Taxes	\$ 40,200.91	\$ 210,832.89	\$ 882,931.54	\$ 785,737.00
Travel & Conference	\$ 688.81	\$ 1,343.74	\$ 20,929.64	\$ 30,881.00
Office Occupancy	\$ 6,382.09	\$ 20,364.55	\$ 87,690.88	\$ 71,069.00
Office Operations	\$ 13,570.08	\$ 57,132.04	\$ 255,737.43	\$ 155,942.00
Outreach, Development & Financial Ed	\$ 2,778.51	\$ 7,675.52	\$ 66,140.19	\$ 61,862.00
Loan Origination & Servicing	\$ 1,486.23	\$ 14,440.98	\$ 53,738.13	\$ 31,941.00
Professional & Outside Services	\$ 11,897.75	\$ 16,753.16	\$ 81,131.50	\$ 89,833.00
Other Operating Expenses	\$ 8,597.22	\$ 59,565.92	\$ 34,572.69	\$ 73,407.00
<b>Total Operating Expense</b>	<b>\$ 85,601.60</b>	<b>\$ 388,108.80</b>	<b>\$ 1,482,872.00</b>	<b>\$ 1,300,672.00</b>
Operating Income	Month	Quarter to Date	Year to Date	Prev Year to Date
Fee Income	\$ 20,883.83	\$ 59,698.51	\$ 244,102.88	\$ 218,492.00
Mortgage Process Income	\$ 11,119.94	\$ 15,226.69	\$ 23,092.47	\$ 18,555.00
Other Operating Income	\$ 506.51	\$ 1,119.39	\$ 3,467.24	
<b>Total Operating Income</b>	<b>\$ 32,510.28</b>	<b>\$ 76,044.59</b>	<b>\$ 270,662.59</b>	<b>\$ 237,047.00</b>
Non-Operating Income	Month	Quarter to Date	Year to Date	Prev Year to Date
Grant & Program Fee Income	\$ 38,435.58	\$ 198,472.61	\$ 348,037.47	\$ 578,644.00
Gain (Loss) on Investments	\$ -	\$ -	\$ (95,148.00)	\$ 1,794.00
Gain (Loss) on Disposal of Assets	\$ -	\$ -	\$ -	\$ -
Other non-Operating Income (NCUSIF)	\$ -	\$ -	\$ 54,421.03	\$ -
<b>Total Non-Operating Income</b>	<b>\$ 38,435.58</b>	<b>\$ 198,472.61</b>	<b>\$ 307,310.50</b>	<b>\$ 580,438.00</b>
<i>NCUSIF Stabilization Expense</i>	\$ -	\$ -	\$ 17,944.00	\$ -
<b>NET INCOME</b>	<b>\$ 36,714.06</b>	<b>\$ 2,645.53</b>	<b>\$ (342,536.20)</b>	<b>\$ 29,450.00</b>

## Syracuse Cooperative Federal Credit Union

### Statement of Financial Condition

<b>Assets</b>	<b>12/31/2009</b>	<b>12/31/2008</b>
Loans	\$ 13,139,895.00	\$ 11,493,501.00
Collateral In Liquidation	\$ -	\$ -
Less: Loan Participation	\$ -	\$ -
Less: Allowances for Loan Losses	\$ (136,198.00)	\$ (142,007.00)
Cash On Deposit & Cash On Hand	\$ 1,072,581.00	\$ 2,159,322.00
Capital Investment - Members United	\$ 80,352.44	\$ 175,500.00
Investment - Debit Card Collateral Deposit	\$ 84,692.00	\$ 84,421.00
Deposit - NCUA Share Insurance Fund	\$ 119,627.61	\$ 106,708.00
Land, Building and Other Fixed Assets	\$ 443,579.00	\$ 443,579.00
Accrued Interest on Loans	\$ 112,873.94	\$ 62,121.00
Receivables, Prepaid Expenses & Other Assets	\$ 918,291.01	\$ 390,681.00
<b>Total Assets</b>	<b>\$ 15,835,694.00</b>	<b>\$ 14,773,826.00</b>
<b>Liabilities</b>	<b>12/31/2009</b>	<b>12/31/2008</b>
Deferred Grant Revenue	\$ 351,716.48	\$ 384,170.36
Notes Payable	\$ 299,000.00	\$ 89,587.00
Accounts Payable & Other Liabilities	\$ 84,696.52	\$ 70,194.64
<b>Total Liabilities</b>	<b>\$ 735,413.00</b>	<b>\$ 543,952.00</b>
<b>Shares</b>	<b>12/31/2009</b>	<b>12/31/2008</b>
Member Shares & Share Drafts	\$ 7,520,983.00	\$ 6,473,863.00
Member IRAs & Certificates	\$ 4,087,495.00	\$ 3,773,151.00
Non-Member Deposits	\$ 2,255,327.00	\$ 2,478,848.00
<b>Total Shares</b>	<b>\$ 13,863,805.00</b>	<b>\$ 12,725,862.00</b>
<b>Net Worth</b>	<b>12/31/2009</b>	<b>12/31/2008</b>
Secondary Capital Loans	\$ 125,000.00	\$ 50,000.00
Reserves	\$ 170,307.12	\$ 170,307.00
Undivided Earnings	\$ 941,168.80	\$ 1,283,705.00
Net Income	\$ -	\$ -
Conversion	\$ -	\$ -
<b>Total Net Worth</b>	<b>\$ 1,236,475.92</b>	<b>\$ 1,504,012.00</b>

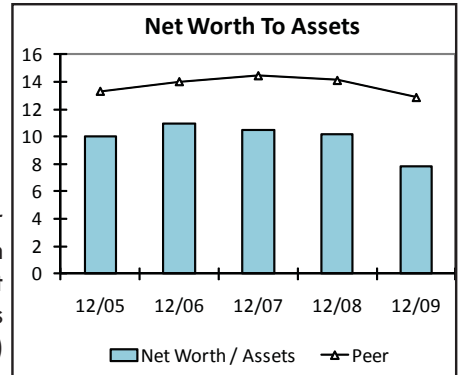
## Financial Fitness and Sustainability

The fiscal fitness and sustainability of credit unions are traditionally measured through four key ratios that indicate **capital adequacy**, **earnings** and **assets quality**.

### Capital Adequacy

<b>Indicates:</b>	Capacity to grow, cope with fluctuations, and assume strategic risks
<b>Measured by:</b>	Net Worth Ratio (Net Worth to total Assets)
<b>Our Ratio:</b>	7.80%
<b>Peer average:</b>	12.86%

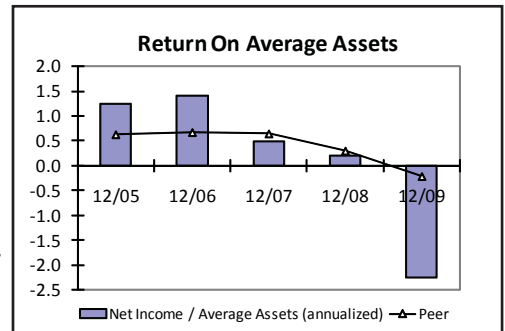
The capital reserves built up since 1982 were sufficient to weather the financial storms of 2009. We were able to maintain a net worth ratio above NCUA's "Well Capitalized" level. The decrease in net worth that we experienced from '08 to '09 mirrors the trend across our peer group, and reflects both our losses (see *Earnings*, below) and our growth of 8.94% in shares and 7.19% in assets.



### Earnings

<b>Indicates:</b>	"Bottom line" financial performance
<b>Measured by:</b>	Return on Assets (Net Income to average Assets)
<b>Our Ratio:</b>	-2.24%
<b>Peer average:</b>	-0.21%

We planned for 2009 to be a break-even year as we absorbed the costs of the new core system and the new Northside Office. What we did not anticipate was the magnitude of the impact from the financial meltdown.



Cooperative Federal does not make predatory mortgages, and has no money in mortgage-backed securities or the stock market. However, others in the credit union cooperative system — particularly "corporate" credit unions that provide loans and services to other credit unions — did invest in mortgage backed securities. As a member of that system, a share of those losses (some of which are accounting adjustments and may or may not be realized) were passed on to us. In 2009 we took losses of \$95,148 on our membership capital at Members United, our corporate credit union. It cost another \$17,944 to help recapitalize the National Credit Union Share Insurance Fund.

Meanwhile, free-falling interest rates lead to a decline in earnings. After experiencing a 7% decline in interest income in 2008, during moderate loan growth (7.5%), we planned to achieve ambitious loan growth in 2009. We achieved those goals. Yet, we were unable to predict the severity of the downturn. In 2009 our loan portfolio grew by more than 14%, but our total interest income still decreased by nearly 2%. The decline in loan interest rates in 2009 cost us \$169,379 compared to the loan interest income that would have been generated with the average loan rates of 2008, and \$282,082 compared to 2007.

## Treasurer's Report

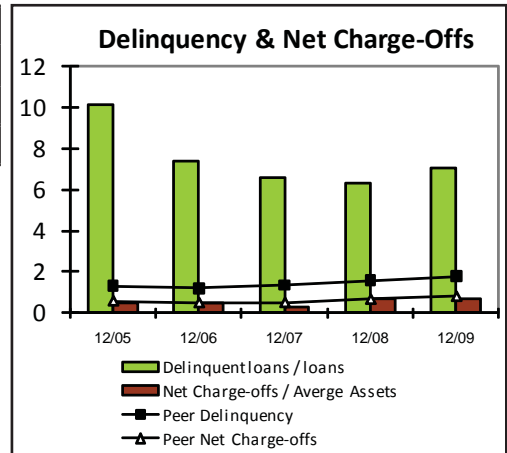
The final blow was an unanticipated decrease in Grant Income. In October, we learned that we would not receive a grant from the US Treasury Department's Community Development Financial Institutions (CDFI) Fund, which has been supporting our service to underserved neighborhoods since 2001. In 2009 the Fund gave very large awards (mostly \$2M) to large-scale loan funds and very few awards to credit unions; this reflects a priority to fund infrastructure development and job growth projects that would provide near-term economic stimulus. We had anticipated \$294,650 as a capital grant and \$100,000 in other assistance. Without this award our 2009 income from grants and financial education service agreements totaled \$348,000, about 25% of our gross income. This is compared to \$579,000 (about 35% gross income) in 2008.

### Asset Quality

<b>Indicates:</b>	Vulnerability to, & actual levels of, loan losses		
<b>Measured by:</b>	Delinquency Ratio	Net Charge Off Ratio	
<b>Our Ratio:</b>	7.03%	0.67%	
<b>Peer average:</b>	1.78%	0.81%	

Cooperative Federal has a history of managing an above-peer delinquency ratio as part of our mission to serve people and communities that are not served well by banks. Since many of our members lack reservoirs of financial strength, they are prone to temporary setbacks due to obstacles like job loss or illness. In a time when most households across the county were struggling to stay afloat, our delinquency rate underwent a moderate increase, fairly consistent with peer trends.

Meanwhile, we have kept our charge offs below peer. This low loss level proves that our approach - focusing on cooperation, education, and second chances - works.



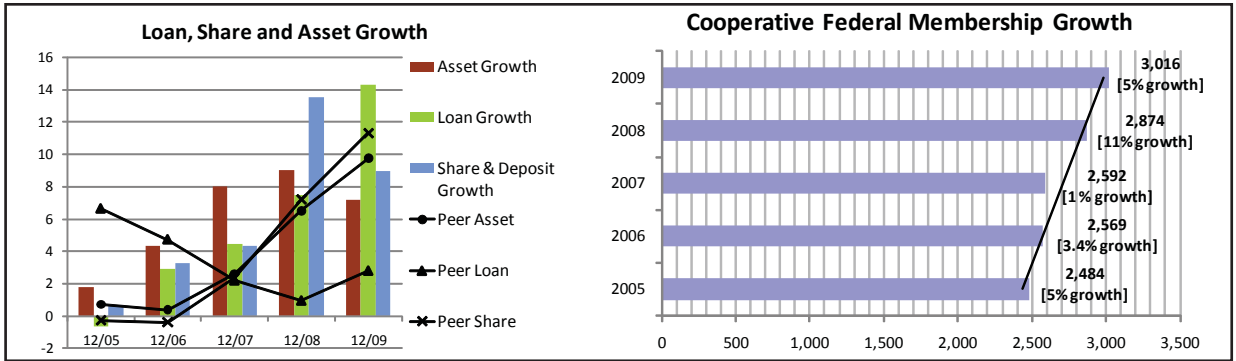
### Impact

In addition to the four key ratios, Community Development Financial Institutions like Cooperative Federal are also evaluated based on their patterns of **deployment** - that is, the amount of our resources that are at work in the community - and **growth** in members, loans, deposits and overall assets. These measures provide a richer illustration of the factors surrounding our financial performance, and demonstrate the impact we have on the communities we serve.

### Growth

<b>Indicates:</b>	Progress toward (a) meeting community needs and (b) achieving organizational scale			
<b>Measured by:</b>	Asset Growth	Loan Growth	Share & Deposit Growth	Membership Growth
<b>Our Ratio:</b>	7.19%	14.32%	8.94%	4.94%
<b>Peer average:</b>	9.76%	2.78%	11.32%	0.05%

# Treasurer's Report

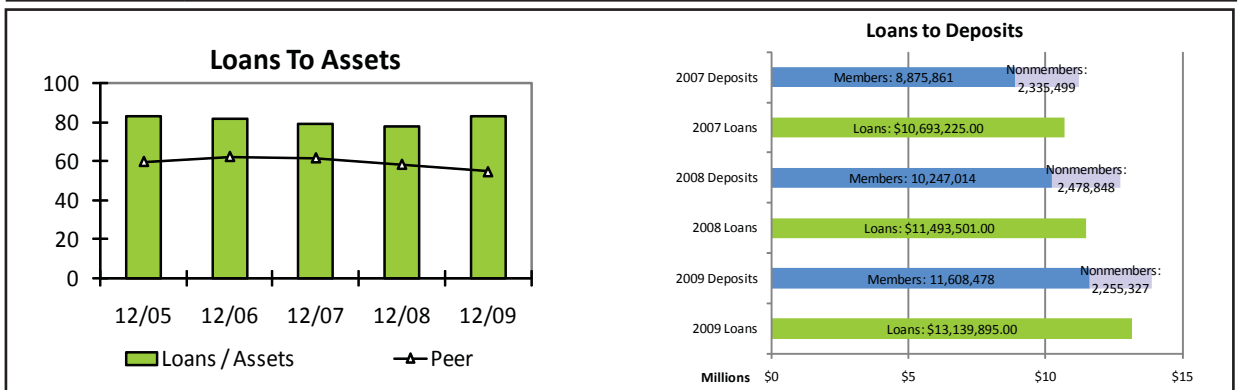


At 12/31/09, Cooperative Federal had \$15.8 million in assets, \$13.1 million in loans, and \$13.7 million in shares and deposits. With rates of loan growth and membership growth that far outpace our peers, these numbers show that we have persevered in our plan to expand our products and services to people throughout Syracuse. While the big banks headed for the hills, we have continued to make affordable capital available to homebuyers, small businesses, nonprofits, and other members in our community.

Share and deposit growth was outpaced by loan growth in 2009. To continue fulfilling community needs for affordable loans and financial services, we will need to find low-interest deposits and secondary capital from members and non-members who believe in our community development mission.

## Deployment

<b>Indicates:</b>	How much of our resources are re-invested in the community in the form of loans	
<b>Measured by:</b>	Loans to Assets (% of assets that are loans)	Loans to Member Shares (% of shares that are used to fuel lending activity)
<b>Our Ratio:</b>	82.98%	113.19% <i>Ratio to Total Shares &amp; Deposits (Members and Nonmembers): 94.78%</i>
<b>Peer average:</b>	54.63%	64.83% <i>Ratio to Total Shares &amp; Deposits: 64.47%</i>



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Our Loans to Assets ratio is one of our best performance indicators, and sets us apart from most other financial institutions. It shows that we deploy the vast majority of our resources through community lending activities, as opposed to traditional stock market investments. A closer look at Loans to Member Deposits further illustrates that we keep *more than 100%* of our members' money working here in Syracuse in the form of loans to other members -- helping to create homeowners, foster small business, and build community. Member deposits also leverage mission-based Nonmember Deposits, which increase our lending capacity.

### Looking Forward

In 2010, we will, of course, work to overcome challenges that we faced in 2009, but that is not all. We shall increase our earnings by providing mortgages to more first time homebuyers, more loans to small business and to other members. We will continue to control expenses and maintain profitability. We will serve more of our neighbors with affordable financial products as an alternative to rip-off banks and finance companies, like a new credit card and an improved home equity line of credit. We will continue to control expenses and maintain profitability. We will also add significant secondary capital. This capital will enable us to grow to meet the needs of more Syracuse residents.

The credit union now has a membership of 3000 households, organizations and businesses. Yet there are tens of thousands of our neighbors in Syracuse who are either "unbanked" or not adequately served by conventional for-profit financial institutions. Many of our urban neighborhoods have been 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 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. In 2010, we will master our new data processing system; start to efficiently track member issues and needs, and make excellent member service a reality. We will expand our Southwest office, continue to build citywide collaborations, and prepare to take on greater challenges.

The credit union has a solid core of volunteers and a talented, dedicated and determined staff. We are ready for the tasks ahead. We know we cannot succeed alone, but with the help of members, community partners, allies in government, and the credit union movement we shall achieve our dreams and move Syracuse closer to a prosperous and just economy.

#### Glossary

<b>Assets:</b>	The cumulative value of our loans, investments and property.
<b>Charge-Offs:</b>	Loan losses. <i>Net Charge Off Ratio</i> is the percentage of loans charged off, after recoveries.
<b>Delinquency:</b>	Loans 60+ days past due. <i>Delinquency Ratio</i> is the percentage of loans that are delinquent.
<b>Member:</b>	Person, business or organization that holds a share in the CU. Members jointly own the CU and have voting rights.
<b>Nonmember:</b>	Account holder that does not have ownership or voting rights. Nonmembers cannot receive loans. Most of our Nonmembers are Institutional Depositors that make mission-based investments.
<b>Net Income:</b>	Total income (fees, interest, grants) minus total expenses (dividends, overhead, operating costs).
<b>Net Worth:</b>	Our <b>equities</b> - that is, capital that is <u>not</u> from member shares, nonmember deposits, or borrowing.
<b>Peer:</b>	Average for all federally insured credit unions with assets in the \$10 million to \$50 million range.

## Cooperative Federal Staff & Officials

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Ron Ehrenreich

*Lending & Collections:*

Nathen Dow  
Patricia Farfán-Cáceres  
Susan Hamilton  
Jim Hartman  
Greg Knipe  
Jon Maor

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Jessica Johns  
Karina Muñoz  
Maribel Gonzelez  
Sharon Patchett  
Leyanis de la Peña

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Sheila Rees  
Gerry Russo

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Thom Dellwo  
Christina Sauve  
Meagan Weatherby

*AmeriCorps\*VISTAs:*

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Keierra Jackson  
Rebecca Madden-Sturges  
Abby Maxian  
Brigid McCarthy  
Ursula Rozum  
Dana Wibben

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Cheri Capparelli  
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Ron Ehrenreich, Treasurer  
Heather Engelman  
Valerie Escoffery  
Julie Gozan, President  
Illuminada (Lucy) Lopez  
Peter Scheibe  
Pamela Spearman, Vice President  
Osupa T-Davis  
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Liz Crockett  
Margaret Gelfuso

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Ron Ehrenreich  
Frank Forward  
Simon Morrin  
Homer T-Davis

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Joe Branagan  
Sheila Rees  
Christina Sauve  
Meagan Weatherby

*Volunteers & Interns:*

Marcia Machado  
Kevin Pilcher  
Yangmiao (Susan) Li

**Special thanks to the Volunteers, Interns and VISTAs that completed a term of service in 2009:** Nick Cavanaugh, Cherise Hunter, Vanessa Marquez, Michelle Plyem, Richard Vallejo; Madison Ebeling, Marva Hudson, Wei Li, Ying Lu, Kayla McPherson, Nagmaldean Pang, Shreyansh Singh, Lin Zhang.



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