



Alternatives
FEDERAL CREDIT UNION

ANNUAL
REPORT
2020



OUR MISSION

To build wealth and create economic opportunity for underserved people and communities.

Alternatives Federal Credit Union,
See the **BIGGER PICTURE**
OPEN AN ACCOUNT WITH US
in our social justice movement in the community.

resources business coaching community



OUR VISION

We are leading an economic movement to create thriving, empowered communities with financial freedom for everyone.

AFCU & the Economy

In 2020...

358

business loans,
of which 307
were COVID-
relief

22

MWBE
business
loans

8

start-up
business loans
issued

\$5+ mil

total business loans

\$800,000

start-up business loans

\$3.5 mil

small business loans

544

financial
counseling appts

670

business
development appts

851

jobs
retained

\$3.2+ mil

ROI of free tax returns for the
local community

1700

Free tax preparation
clients

\$1.3 mil

loaned to first-time homebuyers



FROM OUR BOARD CHAIR, JESSA ERIS EDWARDS

To say that 2020 was tumultuous would be a great understatement, but it has been my honor to lead our committed and engaged Board of Directors through these challenging times. As our small and mighty credit union redoubled its efforts in social and economic justice throughout the many communities we serve, I'm proud to say we also demonstrated the value of remaining agile and innovative, and of expanding into new markets, even during a global pandemic. Service-oriented, member-owned, nonprofit credit unions like ours continue to make impactful, character-based loans and provide access to consulting, coaching, funding, resources, and counseling in ways that banks simply do not. We understand that it's not only important to listen to marginalized groups but to ensure that Black and indigenous people of color (BIPOC) and LGBTQ+ folks are in positions of authority and decision-making. Diversity, equity, and inclusion (DEI) are too often used as buzzwords and window dressing, but we understand that they must be foundational to everything we do here. That we distinguish ourselves, help those who need us most, and remain an award-winning credit union throughout difficult times is truly an inspiration. It's been my distinct pleasure to serve.

Yours,

Jessa Eris Edwards, Board Chair

FROM OUR CEO, ERIC LEVINE



The year 2020 was an unforgettable and challenging one for Alternatives Federal Credit Union as it was for countless not-for-profits and businesses during the COVID-19 global pandemic. It is my honor to report that we consistently rose to a variety of challenges and circumstances throughout the year with great skill and resiliency. Naturally, I remain in awe of the incredible collaboration, change management, dedication, and hard work from our staff and Board.

Through these collaborative efforts, we were able to meet the changing needs of our members even with decreased in-person contact and with much of our staff working remotely. We also provided amazing support to the communities we serve, as we seized upon key opportunities to make impactful differences in the lives of our members. We owe much gratitude to our graceful and essential frontline staff, who throughout the pandemic, in times of stress and uncertainty, continued to bring their A-game when serving our members in person.

Aside from granting loan payment relief to many of our borrowers affected by the pandemic, Alternatives also delivered on its promise to provide needed capital to the community. With the help of our community partners, we developed a first-ever Community Assistance Loan Fund (CALF), an interest-free loan with delayed payments, for both individuals and small businesses that suffered any downturn in income due to the pandemic. We distributed Small Business Resiliency Fund (SBRF) grants to businesses in Tompkins County, in partnership with local government entities, among other key partners. We also deployed federal Paycheck Protection Program forgivable loans to local businesses, which our staff was committed to doing before the guidelines were even written.

Through great teamwork and collaboration, the Alternatives staff and Board continued to pivot, respond, and innovate to meet the ever-changing needs of the valued members and communities we are mission-bound to serve.

(CEO Letter continued next page)



2020 was also a year where Alternatives became more vocally committed to the important Black Lives Matter movement, in the wake of the horrific murders of George Floyd, Breonna Taylor, Ahmaud Arbery, and a long history of others. Alternatives stands in solidarity with the fight against systemic racism, white supremacy, marginalization, and the historical oppression of black, brown, and indigenous people of color.

Sadly, there exists a long and unjust history of oppression, abuse, unfairness, bias, inequity, and murder against these groups in our history. It can make one feel helpless, but we find strength in our devotion to a mission designed to uplift and improve the personal and professional lives of those who rely on us most.

By offering a hand up to people each day who have been left behind by the mainstream financial industry, we continue to fulfill our purpose. Additionally, in doubling down on our efforts to address our own institutional biases and blind spots, to learn, grow, and improve, we continued to build trust with the communities that rely on us most.

In addition to providing inclusive access to credit and fair transaction services for those marginalized and left behind by the mainstream financial industry, Alternatives expanded its Business CENTS program to provide a full suite of consulting services for small and fledgling entrepreneurs and businesses.

We also partnered with Gladys Brangman, Founder of Business Leaders of Colors (BLOC) to offer free business consultations to entrepreneurs of color and we teamed with the Civil Advocacy Project, Inc. to offer regular office hours with an attorney and Founder Veronica Johnson. Veronica's organization provides legal advocacy and advising to income-qualified small businesses, on a discounted sliding scale basis, after a free consultation.

Services also included assisting in matters such as the formation of LLCs, adopting appropriate business policies, and/or developing contractual templates. Alternatives also collaborated with other leading area consultants, offering marketing and bookkeeping assistance for small business owners.

(CEO Letter continued next page)



Rebekah Carroll, the owner of Statements Accounting and Consulting Services, offered assistance with accounting services such as helping with profit and loss statements, balance sheets, bookkeeping questions, and PPP loan forgiveness application assistance. Tal Oron Cohen, the owner of Ba-Li Cravings, was our marketing and branding consultant who provided marketing and brand development expertise to Business CENTS clients. Tal also advised on market plan creation, website design, brand messaging, and more.

2020 was also an award-winning year for Alternatives. We were honored with first place in the prestigious national “Desjardins Award for Financial Education,” sponsored and selected by CUNA (Credit Union National Association). CUNA created the Desjardins program to recognize leadership within the credit union movement on behalf of financial literacy for all ages. Alphonse Desjardins was a credit union pioneer who was also instrumental in forming the Canadian and U.S. credit union movements.

Further, Alternatives was honored to receive a significant three-year grant from the Community Development Financial Institution (CDFI) department of the U.S. Treasury. The CDFI Fund recognized a need for lending and financial services to underserved areas of Schuylar County and provided funding for that sustained and vital effort.

2020 was indeed a challenging year, yet it brought out the best in Alternatives' staff, Board, and members. The collaborative spirit among staff, community partners, and local residents was unprecedented. Our members provided the deposited funds and income from loan interest and card transactions, which enabled our credit union to innovate, take risks, and meet community needs for equitable access to financing and transaction services

Naturally, we're very grateful for the continued support of our membership and our community, which make our mission possible. Together, we are building a better community for all.

Sincerely yours,
Eric Levine, CEO



Kathleen Clark,
Business development



Verónica Johnson,
Legal



Tal Oron Cohen,
Marketing and branding



Gladys Brangman,
Business development



Rebekah Carroll,
Accounting and bookkeeping



Schedule your consultation:
bit.ly/AFCUBusinessConsulting



OUR BUSINESS SERVICES TEAM

Is devoted to helping build
wealth and create economic
opportunity for
underserved people and
communities.



SPOTLIGHT: FOCUS ON BUSINESS LENDING

Business Lending is proud to have issued over 358 business loans in 2020, of which 307 loans were COVID-related, whether PPP (Paycheck Protection Program), CALF (Community Assistance Loan Fund), or SBRF (Small Business Resiliency Fund). The total dollar amount for loans issued in 2020 was \$5,085,421. Our regular business loan production resulted in loans to 22 MWBE businesses in the communities we serve. We also originated loans with eight startup businesses. The focus of 2020 business lending was clearly COVID-relief, as businesses in our region relied on us to assist them financially during the pandemic and beyond. The AFCU Business Lending team also took part in providing PPP relief to 119 businesses in the community.

**(Business Lending story,
continued on the next page)**





BUSINESS LENDING 2020 (CONTINUED)

In addition to our robust business lending program, we also partnered with a local funder, to develop the aforementioned CALF relief product (Community Assistance Loan Fund), of which approximately \$800k was available to businesses at 0% interest for borrowing needs to cover their operating expenses. So far, Alternatives has loaned out \$473k in CALF loans at 0% interest.

We were also proud to help disburse funds from the Small Business Resilience Fund (SBRF), in partnership with the City of Ithaca, IURA, TCAD, Cornell University, FHLBNY, and additional private funders to provide \$499k in grant relief to 120 businesses in our community. In conclusion, we helped over 306 businesses in total, in the amount of 3.5M. We're proud of our efforts and look forward to 2021!

Respectfully,

Branka Gligoric, Sr. Business Loan Officer





FEATURING JAMES C. HUNTER, CHIEF LENDING OFFICER (CLO)

“Too many people are so far away from the starting line. That’s why I have devoted my life’s work to moving the goalposts to ensure equity. Financial inclusion and empowerment are fundamental rights, especially for those who have either been traditionally underbanked, underserved, underinsured, and underappreciated,” said James C. Hunter, the new Chief Lending Officer for AFCU who began working with us in October 2020. “It is my sincere goal to ensure that everyone has an equal start, and that begins with mission-driven, service-based lending, financial planning, and inclusive visioning,” Hunter concluded.

James was most recently the Executive Director of Lending and Mortgage Director of Real Estate Lending at New Orleans Firemen’s Federal Credit Union in Metairie, Louisiana, a \$182 million asset credit union. In concert with the credit union mission, James also spearheaded the creation of The Faith Fund.

(HUNTER story continued on the next page)



FEATURING JAMES C. HUNTER, CHIEF LENDING OFFICER (CLO)

The Faith Fund is a nonprofit designed to help individuals and families better manage their money, escape predatory lending, and achieve financial stability. In James’s words, The Faith Fund provided a “financial hand-up to the underserved.”

Before this uplifting work, James worked at HOPE Federal Credit Union, a \$350 million asset Community Development Credit Union, based out of Jackson, Mississippi. As the Senior Vice President of Mortgage, he provided steadfast leadership and creative vision for the mortgage division and HOPE’s overall strategic initiatives. During his tenure, mortgage lending increased by 117 percent, generating more than \$50 million in loans across the Deep South, one of the nation’s most impoverished regions. In 2017, 99 percent of HOPE’s mortgage loans were high-impact loans made to first-time homebuyers, BIPOC persons, and women. James earned his undergraduate degree in Communication and Marketing from Western Illinois University and is currently pursuing an MPA degree. We are thrilled to welcome James to the AFCU family!



CELEBRATING OUR RETIREES: BRIAN ZAPF ("BZ")

We are thankful to Brian Zapf, whose leadership saw the processing of over 1,700 returns per year with at least 1.3 million returned to the community annually since the Tax Program's inception in 2003. As a result of Brian's leadership, over 30,000 free returns have prepared, generating nearly \$55 million in refunds.

"It takes a special person to guide people through a process as anxiety-laden as preparing and filing income taxes. Brian is such a special person. As Director of the Community Tax Program, Brian needed the knowledge to train the many tax program volunteers who assisted program clients. Brian had to keep up with the annual changes to the federal and New York state tax code," said BZ's former supervisor, Karl Graham, AFCU's former Chief of Community Development. "Just as important, Brian had the patience, kindness, and empathy to calm and reassure clients that they were in good hands. Clients knew that Brian and his volunteers had their best interests at heart. Alternatives' tax program is arguably our best-known community program. That is in large part to Brian's leadership over 14 years. Thank you, Brian. Your service to our community has been invaluable," concluded Graham.

CELEBRATING OUR RETIREES

BRIAN ZAPF ("BZ")

"We have a very strong network of volunteers and that is because of Brian. Without his dedication to the program, tax clients, and volunteers, we would not have the robust program that he is leaving as his legacy. Brian did such an amazing job of managing and supervising dozens of volunteers each year, from college students to retirees, and everyone in between," said CEO Eric Levine.

"In addition to his stellar work for 14 years, BZ expanded the program to satellite locations to provide much greater access to our tax program services, extending into Cortland County as well. At the post-tax season party each year, the volunteers all thank Brian for his calm and steady leadership, wisdom, and knowledge. Additionally, BZ generously delayed his retirement to help the transition to his successor," stated Levine.



CELEBRATING OUR RETIREES: MARY ZIEGLER

Alternatives appreciates Mary Zeigler for being such a dependable "lifer" at Alternatives, working as a vital and beloved part of the organization since 1984, and retiring as the Chief Implementation Officer. "When you needed a super smart and organized person on the job, Mary was usually it. Mary led the implementation and ongoing management of Alternatives' most sophisticated systems, processes, and software - among many other important things in which she was involved," said AFCU CEO Eric Levine. Some of Mary's many notable achievements include: developing and managing a collections process that greatly reduced delinquency with dignity and respect toward members; heading up the Y2K Millennium Bug strategy; managing and implementing our largest conversions including core processor and cards. "Mary implemented our mobile app, digital wallet, compliant account agreement and loan documents, new check scanning system, and the Kasasa rewards program. On many levels, she has been involved in much more as a key member of the senior management team. It will take several people pitching in, to attempt to fill the void left behind by Mary. She will be missed and appreciated for many years to come," concluded CEO Eric Levine.



CELEBRATING OUR RETIREES: KARL GRAHAM

The tremendous impact of Karl Graham's work cannot be overstated. His influence is widespread whether on behalf of social, economic, civic, cultural, environmental, and other forms of justice. This type of work doesn't just touch a credit union, it leaves an indelible mark upon numerous generations and communities. Throughout his life, Karl's devotion and heart-based work have been truly admirable. After serving our nation in the US Navy, he devoted the rest of his career here at AFCU to develop key community alliances, build bridges, and advocate for all. He retired in February 2020 as Chief of Community Development.

"Karl spent over three decades of his life as a highly-regarded and deeply respected leader on staff and within the many communities we serve. There really aren't enough words to detail how his passionate pursuit of justice, equal rights for all, and respectful approaches to solution-building, shaped our credit union and its mission for all time," said Eric Levine, CEO of Alternatives Federal Credit Union.

CELEBRATING OUR RETIREES: KARL GRAHAM (CONT'D)

"Karl is a trusted voice, force, and bridge builder in our community because he always brings a sense of balance, deep listening, and quiet strength to all that he touches, says, and does," said Levine.

"This is not a role we could ever fill with one person, because Karl's legacy is something that cannot be replaced. However, we can emulate the kind of deliberative actions he took to ensure justice and continue forward with Karl's wisdom and lessons as a guide for the future," concluded Levine.

TREASURER'S REPORT, JIM FRAVIL

Last year may have been the most difficult year Alternatives Federal Credit Union has faced in its more than 40-year existence. With a global pandemic raging, information changing daily, businesses closing, and community members out of work, it was also one of the most important times for our credit union to be present for those who needed us most. Our job is to help those who aren't receiving the financial support they need from other financial institutions and organizations. In turn, the Alternatives' staff, managers, and Board found new and creative ways to assist the community through a year like none of us has ever seen.

Our primary mission to build wealth and create economic opportunities for the communities, businesses, and people we serve. This mission was our central guiding force and focus, as we helped our members through a global pandemic. In so doing, Alternatives partnered with several organizations at the Federal, State, and local levels to bring money into the community and get it into the hands of businesses and members who needed extra support and financial assistance.

Overall, Alternatives helped 120 local businesses obtain \$2.6 million of forgivable grants through the SBA's PPP program. Our credit union also partnered with the City of Ithaca, Ithaca Area Economic Development, Cornell University, and the Federal Home Loan Bank of New York to give 94 small businesses \$395,470 in Small Business Relief Funds (SBRF). We also teamed up with several area foundations to make available low-interest long-term loans available for both individuals and businesses impacted by COVID.

(Financial Report - continued on the next page)



Additionally, our lenders and solutions staff worked with over 500 borrowers to offer relief on over \$24 million in loans during the past year. Our credit union was also able to build on its strong dedication to financial education. We continued to offer financial coaching online, which we'd been doing prior to COVID, and we pivoted to offer financial education classes and consulting meetings online to individuals and businesses.

To succeed with our mission of community reinvestment, AFCU must maintain a profitable bottom line to remain financially sound today and into the future. Overall, the credit union finished the year with a return on average assets of .17% and a net income of \$224,041. Our overall capital/asset ratio is 6.33% after an incredible growth in assets of \$31% (\$35.7 million).

Yours truly,

Jim Fravil, Treasurer for the Board of Directors





SUPERVISORY COMMITTEE CHAIR'S REPORT: RICHARD LANSDOWNE

The Supervisory Committee is made up of volunteer members appointed by the Board of Directors of Alternatives in accordance with the Federal Credit Union Act to help ensure the safety and soundness of the operations and activities of your credit union. The Committee evaluates the financial operation of the Credit Union as well as management procedures and practices to safeguard member assets and serve the community. To carry out these responsibilities, the Committee retained Sciarabba Walker & Co., LLP to perform required annual audits for the year ending December 31, 2020.

The auditors issued an opinion that the reports of Alternatives' financial performance are fairly presented and comply with generally accepted accounting principles. The auditors were also engaged to perform additional audit responsibilities on a quarterly basis. With the assistance of an employee, the Committee ensured that additional internal audit activities and reviews of practices and procedures of the credit union were conducted throughout the year.

In order to represent the membership, the Committee should be aware of your concerns. You may contact our regulator, the National Credit Union Association (NCUA), or the Supervisory Committee via email at supervisory@alternatives.org, and your inquiry will be addressed in an impartial and confidential manner. Thank you.

Sincerely,

Richard Lansdowne, Supervisory Committee Chair



We're the best at staying locally-focused.
Your money stays here.

We're the best at serving the community through financial coaching and counseling, credit counseling, a free tax program, an innovative Money Wise program, numerous lending products, and a variety of affordable business development, accounting, bookkeeping, legal, marketing, and coaching services for new and established business enterprises.

JUST A FEW OF THE MEMBER STORIES WE LOVE:



Thelma & Family
 Personal Accounts · Personal Loans
 Student Credit Union Accounts



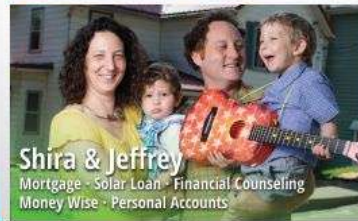
Adam
 Auto Loan (Refinance) · Personal Account



Magnolia
 Personal & Business Accounts · Business CENTS
 Financial Counseling · Free Tax Preparation



Eddie
 Personal, Business, & Savings Accounts
 Money Wise · Personal Loan · Auto Loan



Shira & Jeffrey
 Mortgage · Solar Loan · Financial Counseling
 Money Wise · Personal Accounts



Kenneth & Trece
 Personal Accounts · Business Accounts
 Personal Loans · Business CENTS



Donnell
 Business CENTS · Business Loan

LEARN MORE
 about our Community
 Programs by visiting
alternatives.org



A PEEK AT SOME OF OUR AWARD-WINNING MARKETING IN 2020

Alternatives
 FEDERAL CREDIT UNION
Where Good Things Happen

At Alternatives Federal Credit Union,
We See the BIGGER PICTURE

Alternatives is more than your trusted, award-winning Credit Union, founded by local community members over 40 years ago. We're more than a source of valuable community programs. We're more than a place where you can bank. We help build wealth and create economic opportunity for underserved communities.

- We are focused on building financial freedom for everyone.
- We contribute to making Ithaca a better community.
- We are thoughtful in the shaping of everything we provide: from financial products & services, to unique community programs, free business coaching, and so much more!

OPEN AN ACCOUNT WITH US and be a part of our social justice movement in Ithaca and the surrounding areas.

Call us at: (607) 273-4611 | Learn more at: wheregoodthingshappen.com

FINANCIAL OVERVIEW

Statement of Financial Condition

(numbers in thousands, e.g. \$1 = \$1,000)

Assets	2020	2019
Mortgage loans	\$63,428	\$ 67,297
Consumer loans	17,452	18,665
Business loans	12,089	10,230
Total loans	92,969	96,192
Allowance for loan loss	(847)	(514)
Cash	44,288	10,176
Investments	2,029	3,875
Fixed assets	3,637	3,626
Other assets	3,127	2,131
Total assets	\$ 145,203	\$ 115,486
Liabilities and member equity		
Liabilities	\$ 1,741	\$ 3,016
Checking	47,038	33,023
Regular savings	64,261	47,270
Certificates	13,924	14,443
Retirement savings	9,054	8,582
Total deposits	134,277	103,318
Secondary capital	980	1,180
Capital	8,205	7,972
Total liabilities and equity	\$ 145,203	\$ 115,486
Capital Ratio	6.33%	7.92%

FINANCIAL OVERVIEW

Statement of Operations

Interest Income	2020	2019
Mortgage	\$ 2,700	\$ 2,781
Consumer	1,273	1,202
Business	628	572
Investments	130	240
Total Interest Income	4,731	4,795

Interest Expense

Member shares and Savings	414	363
Interest on borrowings	93	103
Total interest expense	507	466
Net interest income	4,224	4,329

Loan loss provision	667	263
Net income after provision	3,557	4,066
Operating expenses	(5,748)	(6,067)
Other operating income	2,415	2,128
Net income	\$ 224	\$ 127





**"SERVING THE LOCAL COMMUNITY
SINCE 1979"**

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