

2023 Annual Report

Everyone deserves access to financial resources



 **Alternatives**
FEDERAL CREDIT UNION
Where Good Things Happen

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2023: Living the Mission

828 number of financial and housing counseling sessions

1,013 number of Technical Assistance sessions for businesses

79% portion of total businesses served with Technical Assistance owned by racial/ethnic minorities or women

208% percent increase in lending activity in Chemung County

\$89,233 dollars lent for the purpose of building credit

\$2,890,053 in auto loans to borrowers facing credit challenges

2023: Living the Mission

58% of business loans went to families with low incomes **\$979,700**

79% of personal and auto loans went to families with low incomes

\$6,492,600

59% of mortgage loans went to families with low incomes

\$3,091,321



Message From Our CEO

Kevin Mietlicki

Another year has quickly gone by, and I find myself again taking a moment to celebrate another challenging, yet successful, year for Alternatives. Last year, I wrote about using the challenges presented by the pandemic as an opportunity to embrace change and possibilities. This year, I will take a minute to inform you of some of the work our credit union staff takes on to make positive change possible.

One of our credit union partners has broken down the work we do into eight categories:

1. *Consumer Financial Lives in Transition*
2. *Community Social Impact*
3. *Credit Union of the Future*
4. *Data Analytics & the Future of Financial Services*
5. *Diversity, Equity & Inclusion*
6. *Emerging Technology*
7. *Innovation & Incubation*
8. *Leadership, Strategy & Governance*

The employees and volunteers of Alternatives are proud of the work our members see us do daily: lending, transactional services, technology upgrades and new product and service development.

We are equally proud of the work we are doing behind the scenes to ensure that Alternatives is evolving with the advancements in the financial industry space to be certain that we are providing our dedicated members and supporters a modern credit union ready for the future. We have been serving our members and community since 1979, and we will continue to look for improvements and positive changes in the ways we serve you.

I hope we continue to make you proud to say that you are a part of Alternatives Federal Credit Union. Alternatives is on strong financial footing, and we look forward to continuing to assist our members and our communities in reaching their financial goals to make life-changing impacts.



Message From Our Board Chair

Brian DeYoung

We live in complex times, and banking and financial matters are just as complex as ever. Around us, we see financial uncertainty and unease. Despite that, in my time at Alternatives (approaching a decade), I have never felt better about our solid and secure place in the local market and the region. That is not to say we are not seeing certain challenges. However, statistics and performance indicate that we have an excellent and informed leader and CEO who has led us to a position of strength. Aside from our financial position, we also have other facets to our roles in the community.

I am proud to be part of a board that works to serve members in all the different geographic, financial and educational spectrums that we have in our region. We come from different backgrounds and bring different skills and strengths to the table. We have divergent ideas and potential solutions, and yet, we work together to find consensus. I am proud to say I have gone into a meeting with one opinion, and by the time I left, I had changed that opinion.

I thank all of the board members and staff for the open communication and patient dialogue we have developed to search for the best solutions for members.

2024 will have its own challenges, and so will the other years beyond. If you are able to serve on a committee, please make yourself available. If you can't serve, please stay informed and seek out information from a board or staff member, so we know your concerns and can work to serve you with the programs, products, service and staff required to meet your needs.



Treasurer's Report

Michele Johnson

In 2023, Alternatives Federal Credit Union made several changes to our fee and rate structures to keep more of our members' money working for them. Decisions to eliminate Non-Sufficient Funds (NSF) fees, reduce Overdraft Protection costs in conjunction with limiting the number of times we charge that fee, and providing a grace period for negative balances before a fee is charged were made with members in mind. We reduced fee collection by 67%, keeping nearly \$350,000 in our members' pockets. We took steps to reduce our higher-end loan fees, making loan payments more affordable for members struggling the most. Lastly, we increased our share certificate rates to provide more dividend income to members.

To ensure our continued community investment, we must maintain a profitable bottom line for financial sustainability, now and into the future. The largest revenue source for financial institutions comes from lending, and we are happy to report that we had a 10% increase in loans to members during the year. A portion of that increase can be attributed to new lending products, such as FAIR Mortgage, as well as a focused effort on auto lending to ensure that our members have reliable transportation to support their busy lives. The credit union ended the year on strong financial footing that will enable us to expand our service areas, and strengthen community engagement in more communities that need the products and services we offer.

During the past 18 months, we have seen inflation increase to rates not seen in a generation, but we took strategic action to enhance current products, develop new offerings and connect with members to ensure that we supported you -- our family, friends and Alternatives members.



Supervisory Committee Report

Richard Lansdowne, Chair

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 retains Sciarabba Walker & Co., LLP to perform required annual audits to assure that the Credit Union's financial reports conform with generally accepted accounting principles. Auditors are also engaged to perform additional audit and review responsibilities on a quarterly and periodic basis to assist the committee in fulfilling its responsibilities.

With the assistance of an employee, the Committee ensures that additional internal reviews of practices and procedures of the credit union are conducted throughout the year.

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

On the Road Again

Melinda DeVine

When Enfield resident Melinda DeVine went through a divorce, it wiped her out. Bankruptcy followed, and she found it impossible to get help from a series of area financial institutions. She had a good job, but she needed a reliable vehicle to get to and from work, and she began to worry that a car loan would be out of the question.

“I tried every bank in Tompkins County,” she explains. “I tried banks in Cortland County. By that time, I was pretty beat up and I thought, ‘Oh hell, I’ll just go and ask. They’ll tell me no,

Public transportation to work is rare. In one study, almost 98% of rural working families relied on personal cars for all local transportation. But buying and owning a reliable car is expensive.

- The Annie E. Casey Foundation

but at least I can say I tried.’ Well, Alternatives is the only one that gave me an opportunity.” Alternatives routinely makes loans to borrowers with credit scores that are much lower than most banks will consider. That’s because we’re a Community Development Financial Institution, or CDFI, and it’s integral to our mission to expand access to financial services to those who have been traditionally marginalized or ignored by mainstream financial institutions. In 2023 alone, loans were made to borrowers with scores as low as 419. Additionally, Alternatives has programs that help members improve their credit scores or establish credit for the first time.

Melinda says she kept up well with her loan payments for a long time, and then the COVID-19-induced shutdown happened, and she lost her job.

“I got behind on the car loan, and I got behind on a personal loan because I went several months with no money whatsoever,” she says. “Megan (Alternatives Solutions Manager) was very compassionate and understanding, and she called me every week to make sure I was OK. I wasn’t trying to get out of paying for my car!”

Melinda got a few part-time jobs, but her health was poor at the time, and they didn’t work out. Megan was calling her weekly throughout this period, offering encouragement and making sure she had what she needed. Ultimately, a restructuring of Melinda’s loans emerged as a way to help make her payments more manageable. She ended up with a lower payment and a lower interest rate.

Finally, she was rehired at her pre-COVID job, and her income returned to a level she was used to. Suddenly, making her loan payments on time was a breeze again.

79% of Alternatives’ personal and auto loans in 2023 were made to people with low incomes, many with challenged credit histories.

“(In poverty), you lose more than just money. You lose your sanity. You lose your peace. You become sick, you get anxiety, you get depressed. So it does cost a lot when you’re in poverty.”

“For me, when I was in poverty, I realized - you lose more than just money,” she explains. “You lose your sanity. You lose your peace. You become sick, you get anxiety, you get depressed. So it does cost a lot when you’re in poverty.”

“If it wasn’t for Megan and Alternatives, I wouldn’t be where I am right now,” Melinda says. “She actually cared what was happening in my life when I didn’t have anybody else. And I’ve never told her that before, but that’s what she is to me. She’s just my angel.

“My hope is that if there is someone out there like me who’s afraid to ask, because they’ve been told no so many times, they’ll read my story and maybe they’ll reach out their hand for somebody to actually take it instead of slapping it away.”

It Takes A Village to Build A Business *Satya Celeste*

Ithaca resident Satya Celeste grew up idolizing the community-minded activism that played out in stories like Robin Hood. As a teenager, they worked in human-service organizations, always driven to participate in the creation of a more just, equitable society.

But despite having banked with Alternatives for years, when they decided to put that passion to work in a business offering grant-writing and strategic consulting during the summer of 2023, it didn't immediately occur to them to inquire about supports for that endeavor.

"I knew I had the skills to do this grant-writing and consulting business, and I knew the people I wanted to work with, and I knew that I had helped other people start businesses," Satya explains. "But I started struggling with this feeling of 'It's just me in a void. Just me with this idea.' And I would think through things and be thinking about the same things, and ruminating on stuff."

Soon, people in their inner circle mentioned the business development consultants at Alternatives as a resource that could help Satya to get the business off the ground and build some momentum. The fit with the team was immediately good.

58% of Alternatives business loans in 2023 were made to people or families with low incomes.

"I had this incredible sense of ease and care and empowerment from everybody on the team," they explain. "I got to meet with lots of different people and get lots of different perspectives. It became the affirmations and reminders that I return to regularly where I'm like 'yes, this is the information that I need, the mindset that I need, the resources that I need to make this lifelong dream really become a reality.'"

Business development consultations are available at no cost to anyone in the community. You do not need to be an Alternatives member. Just schedule an appointment online. And those who avail themselves of them get support figuring out legal structure (ex: LLC, S-Corp, Sole Proprietorship), help with websites, marketing and social media advice, and much more.

"I was able to sleep because I was like 'Right, it's all lined up and I know what I need to do, and I know if I have a big question, there's an entire team of people who are there to help,'" Satya says.



"I know what I need to do, and I know if I have a big question, there's an entire team of people who are there to help."

"Eileen (from Alternatives) helped me schedule a presentation to the Upstate NY Business Meetup group, and now the biggest client we work with came from that day, that presentation. It was amazing."

Truth Star Consulting was born to Satya with lots of support from a team at Alternatives. It supports mission-driven artists, nonprofits, and small businesses to develop internal and external resources that promote positive impact in the world. Satya says they particularly enjoy the way writing grant applications can help people seeking funds to achieve important introspection and clarity on their work, mission and opportunities.

"Alternatives is not just a bank," Satya stresses. "It's changing lives. For real."

Statement of Financial Condition

Statement of Operations

Assets	2023	2022
<i>(numbers in thousands)</i>		
Mortgage loans	\$48,352	\$46,472
Consumer loans	27,074	29,983
Business loans	12,003	10,763
Total loans	\$87,429	\$87,218
Allowance for loan loss	(1,348)	(637)
Cash	12,729	29,190
Investments	42,884	38,151
Fixed assets	2,293	3,315
Other assets	6,528	6,870
Total assets	\$150,515	\$164,107
Liabilities and member equity		
Liabilities	\$962	\$174
Checking	48,961	53,809
Regular savings	61,518	71,899
Certificates	14,087	12,057
Retirement Savings	7,061	7,414
Total deposits	\$131,627	\$145,179
Secondary capital	6,440	6,580
Capital	11,486	12,174
Total liabilities and equity	\$150,515	\$164,107
Capital ratio	11.91%	11.43%

Interest Income	2023	2022
<i>(numbers in thousands)</i>		
Mortgage	\$2,078	\$2,008
Consumer	2,134	1,973
Business	643	609
Investments	2,002	1,030
Total interest income	\$6,857	\$5,620
Interest Expense		
Member shares and savings	359	271
Interest on borrowings	40	54
Total interest expense	\$399	\$325
Net interest income	\$6,458	\$5,295
Loan loss provision	\$604	\$324
Net income after provision	\$5,854	\$4,971
Operating expenses	(7,542)	(6,795)
Other operating income	\$2,104	\$2,388
Net income	\$416	\$564

Our Mission

“To help build and protect wealth for people with diverse identities who have been historically marginalized by the financial industry, especially those with low wealth or identifying as Black, indigenous, or people of color.”



www.alternatives.org

