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CEO Report Eric Levine

2018 was a very successful year for Alternatives, and an especially memorable one for me. After serving as General

Counsel for 13 years, and Acting CEO for 16 months, I was greatly honored to be selected by our CEO Search Committee and hired by the board, as the third CEO in Alternatives' 40-year history. It is my proudest accomplishment and one which I owe to the support and dedication of the Alternatives staff, which confidently delivers the mission and member service with such great care and competence.

As part of delivering its mission, Alternatives actively listens to the needs of the community, so we are in a position to innovate solutions to meet those needs. This happens through empowering our staff closest to the members, and through continually engaging in outreach and partnership efforts. Most recently some of those needs were identified in the transgender community and the community of formerly incarcerated people who are reentering the community and workforce. We responded by partnering with Planned Parenthood of the Southern Finger Lakes to develop our TransAction loan product and staff training around the financial needs of the transgender community. Also, Alternatives is currently meeting with stakeholder organizations concerned with prisoner re-entry, to develop loan products and services to meet those needs.

Among Alternatives' more established programs, Alternatives continues to impact and change lives through financial empowerment and education. 2018 was a very impactful year with many deliverables from our Community Programs Department. Some of the impressive numbers include:

- 614 individual appointments for credit, financial and housing counseling.

- 464 one-on-one entrepreneurship consultations through Business CENTS (Community Enterprise Network and Training Services). Of that 464, 71% were female, and 25% were minorities.
- 61 new matched savings IDAs (Individual Development Accounts) opened, with 26 meeting asset goals during 2018 (i.e., purchasing a first home, starting a business, or education).
- 11 Student Credit Union branches available to 2,843 elementary school students.
- 2,748 Free Tax Preparation Program clients with \$5,280,232 total refunds including \$2,185,596 in Earned Income Tax Credits ("new money" coming into the community). Since starting the program in 2003, we've returned over \$45 million in tax refunds through 24,000 returns filed on behalf of low-income community members.

Another important aspect of Alternatives' mission is providing underserved and marginalized individuals inclusive and fair access to credit. In 2018, Alternatives met its ambitious goal to increase lending by 10%. Our Consumer Loan Department had its first \$1 million month in October! We concentrated on increasing automobile loans to people who may not qualify for reasonable rates elsewhere due to credit score or recently reentering the workforce. We also grew solar and energy efficiency lending through key partnerships, including Renovus Solar.

In June, Alternatives expanded branch hours for member convenience, until 5:00pm weekdays (4:00pm on Wednesdays). The drive-thru and walk-up tellers remain open until 6:00pm weekdays, and the branch remains open 10:00am-1:00pm on Saturdays.

In July the board adopted a very ambitious Strategic Plan and five-year financial forecast. The plan is based on the foundation of growth to support the full breadth of Alternatives' banking and Community Programs operations. The goal is to completely support all of

our Community Programs with operating income from transaction and loan services, and not in reliance on diminishing and uncertain grant funding. We will do this without compromising the mission which Alternatives will continue to deliver in full force: To build wealth and create economic opportunity for underserved people and communities.

The board capped off 2018 by voting to reduce a potential obstacle to membership, particularly for low-income individuals, by lowering the one-time membership fee from \$20 to \$2. The \$2 represents the cost to join The Alternatives Fund of Ithaca—the credit union's field of membership organization, which among other things sponsors Alternatives' biennial Living Wage Study.

With such a successful 2018, the outlook for 2019 is bright, as we gear up for two significant milestones to celebrate: the 40th Anniversary of Alternatives' Federal Credit Union charter, and the 25th anniversary of Alternatives' Living Wage Study. When we celebrate our milestones, successes, and impacts, we also express gratitude to our membership, whose consistent support has made all this possible. With every deposit, loan payment, and use of our debit card, each member is part of a cooperative movement supporting economic justice in the community. And for that, we thank all of our members and community partners.



President's Report Ariana Blossom

As funding support for low-income and marginalized people is increasingly threatened, our board has leaned

in. We've focused on becoming more efficient, as our board Vice-President Michael McNeil says, "working more on less." Several new board directors have brought a renewed energy to our meetings, while our steadfast long-serving directors continue to bring a wealth of institutional memory. Our new CEO, Eric Levine, is diligent and thoughtful in



Dragon Boat Race 2006:

Alternatives at the finish line—just one example of how our employees come together to tackle challenging jobs. We learned to paddle, worked together, and trusted each other to get the job done.

responding to all the board’s questions regarding growth and mission.

The relationship between the board and management is strong and continues to deepen. A small and mighty group of board directors and managers dug in their heels to figure out how to make our committee structure more effective, and with the support of our fearless HR-guru board director Robert Brown, we’ve developed that structure.

Every one of our directors is committed to building wealth for people who the financial system neglects. We share that same commitment beyond the walls of the Credit Union. Our Secretary Ashley Cake was recently given the Ally Award from the Advocacy Center for her support for victims of domestic and sexual violence.

We are proud of the work we’re doing, our members, and the community we serve.

Supervisory 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, 2018. The auditors issued an opinion

that the reports of financial performance are fairly presented and comply with generally accepted accounting principles. Also, the committee retained Sciarabba Walker quarterly to perform additional reviews and procedures for the purposes of monitoring internal controls in conjunction with procedures carried out by Melissa Pollack, Alternatives Senior Director of Compliance.

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 **super-[visory@alternatives.org](mailto:supervisory@alternatives.org)**. Your inquiry will be addressed in an impartial and confidential manner.

Treasurer’s Report
Jim Fravil

In 2018, Alternatives continued to record healthy, manageable growth. Assets grew, finishing the year at \$109.5 million. Our loan portfolio increased to reach \$88.7 million. Growth came from all three areas of lending; consumer, business and mortgage.

For Alternatives, lending is not only the key driver of our credit union’s income; it is the manifestation of our mission to build wealth and create economic opportunity for underserved people and communities. Loans to First Home Club buyers not only generate interest income to sustain Alternatives, but they also help provide our community with greater stability and become a source of wealth for the families who live in them. As a not-for-profit institution, Alternatives seeks to return value to members and the communities we serve in any way possible.

To succeed with our mission of community reinvestment, we must also maintain a profitable bottom line to remain financially sound today and into the future. Your credit union finished the year with a return on average assets of .56% and net income of \$602,000, sufficient to maintain a well-capitalized position. Our overall capital/asset ratio is 8.19%.

Utilizing our strategic plan for growth, the credit union focused on member engagement and community outreach and obtained growth in membership, loans, and deposits during 2018. Alternatives continues to adapt to an uncertain funding environment while we build on positive net income and seek grants and additional sources of finance, including individual donations made to Alternatives Impact, to meet demand from our community for our Community Programs. We encourage you to support Alternatives so that we may continue to make an impact in our community.

2018/19 Alternatives Board of Directors

Ariana Blossom
President

Michael McNeil
Vice President

Jim Fravil
Treasurer

Ashley Cake
Secretary

Brian DeYoung
Leonardo Vargas-Méndez
Kenneth McLaurin
Robert Brown
Arthur Fives
Karl Kayser
Leslie Ackerman

STATEMENT OF FINANCIAL CONDITION

Assets	2018	2017
Mortgage loans	\$ 64,300,000	\$ 58,792,000
Consumer loans	15,403,000	10,413,000
Business loans	9,025,000	7,122,000
Total loans	88,728,000	76,327,000
Allowance for loan loss	(528,000)	(458,000)
Cash	7,592,000	13,370,000
Investments	9,208,000	10,128,000
Fixed assets	2,524,000	2,564,000
Other assets	1,923,000	1,790,000
Total assets	\$ 109,447,000	\$ 103,721,000
Liabilities and member equity		
Liabilities	\$ 2,907,000	\$ 2,762,000
Checking	31,397,000	30,662,000
Regular savings	45,851,000	43,607,000
Certificates	12,334,000	10,417,000
Retirement savings	7,996,000	7,640,000
Total deposits	97,578,000	92,326,000
Secondary capital	1,140,000	1,400,000
Capital	7,822,000	7,233,000
Total liabilities and equity	\$ 109,447,000	\$ 103,721,000
Capital ratio	8.19%	8.32%

STATEMENT OF OPERATIONS

Interest income	2018	2017
Mortgage	\$ 2,489,000	\$ 2,468,000
Consumer	1,063,000	775,000
Business	492,000	380,000
Investments	281,000	242,000
Total interest income	4,325,000	3,865,000
Interest expense		
Member shares and savings	195,000	181,000
Interest on borrowings	101,000	101,000
Total interest expense	296,000	282,000
Net interest income	4,029,000	3,583,000
Loan loss provision	246,000	281,000
Net income after provision	3,783,000	3,302,000
Operating expenses	(5,812,000)	(5,142,000)
Other operating income	2,631,000	2,346,000
Net income	\$ 602,000	\$ 506,000