

# Northcountry Cooperative Development Fund 2012 ANNUAL REPORT

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Dear Members, Friends and Investors:

In the past ten years, NCDF has made more than \$22 million in loans to cooperatives across the United States. Last year, NCDF provided \$1.9 million to co-ops in eight states from Arizona to Indiana to Pennsylvania. NCDF financing leveraged more than \$8.5 million in additional financing from other lenders. NCDF loans strengthened the co-ops and their communities: 100% of NCDF's loans were to cooperatives owned by low-income residents and located in economically disadvantaged communities. NCDF's loans created community ownership, healthy food access, workplace democracy, and dignified affordable housing.

Throughout 2012, we worked to build a stable financial base. We raised \$60,000 in equity from new and current members. In addition, we raised \$500,000 in equity thanks to Northwest Area Foundation, which converted half of its program-related investment (PRI) to preferred stock. At the same time, earned revenue declined as the loan portfolio contracted during the recession, and management took steps to reduce operating expenses: relocating its offices, adjusting staffing and reducing interest expenses. However, despite these savings, we were disappointed to post an operating loss for the year. NCDF's management and board are committed to building a strong financial future and have developed a capital plan to build equity, ensure profitable operations, and continue to expand our impact.

Also, in 2012, NCDF's sister organization, Northcountry Cooperative Federal Credit Union (NCFCU), merged with South Metro Federal Credit Union. NCFCU was chartered in 2003 to provide loans to housing cooperatives and their members, but had faced financial challenges as the result of the housing crisis and increasing credit union capital requirements. The merger with South Metro retained NCFCU's field of membership—NCDF members and the members of member co-ops. NCDF is looking forward to partnering with South Metro to increase the financial resources available to cooperatives.

We deeply appreciate the support of NCDF's members, investors, and supporters, and we look forward to continuing to work together to build the cooperative economy.

In cooperation,



Christina Jennings  
Executive Director



Megan Teare  
President of Board of Directors

**Northcountry Cooperative Development Fund** (NCDF) is a cooperatively owned community development loan fund committed to fostering economic democracy by investing in cooperative enterprises. NCDF was founded in 1978 and provides financing to natural foods, consumer, producer, housing, and worker-owned cooperatives throughout the United States. NCDF is certified by the U.S. Department of Treasury as a Community Development Financial Institution (CDFI) and serves more than 170 cooperative members in more than 30 states.

## 2012 LOANS MADE

**Agua Gorda Cooperative,**  
Long Prairie, Minnesota  
\$5,400 for inputs and equipment for start-up producer cooperative.

**Bloomington Cooperative Living,** Bloomington, Indiana  
\$400,000 from NCDF as part of a \$500,000 package that includes Religious Communities Investment Fund and KSCR Fund. \$320,000 was lent in 2012.

**Colonial Square Cooperative,**  
Ann Arbor, Michigan  
\$32,000 share loan to resident of cooperatively owned townhomes.

**Common Ground Food Co-op,**  
Urbana, Illinois  
\$1,040,000 for expansion of food co-op. NCDF participated with LEAF and Partners for the Common Good. NCDF retained \$398,000.

**Emma Goldman Cooperative,**  
Chicago, Illinois  
\$219,000 to housing co-op to refinance their mortgage and make improvements.

**Just Local Food Cooperative,**  
Eau Claire, Wisconsin  
\$28,000 to worker-owned food co-op for store redesign and reset.

**Mariposa,**  
Philadelphia, Pennsylvania  
\$62,000 as part of a \$2.24 million relocation and expansion of this cooperative grocery store in a low-income West Philly neighborhood. (\$88,000 lent in 2011)

**Park Cooperative Apartments,**  
Minneapolis, Minnesota  
\$30,000 to housing co-op for rehab and improvements. (\$97,000 lent in 2011)

**Sierra Vista Natural Foods Co-op,** Sierra Vista, Arizona  
\$15,000 to start-up financing of consumer-owned grocery in this rural community. (\$125,580 lent in 2011)

**Spiral Natural Food Co-op,**  
Hastings, Minnesota  
\$45,000 to consumer food co-op for leasehold improvements, equipment and inventory for relocation. (\$83,000 lent in 2011)

**Village Green Townhouses,**  
Omaha, Nebraska  
\$34,800 share loan to family to buy a townhome in the cooperatively owned community.

## AUDITED FINANCIAL STATEMENTS Years ending December 31, 2012 and 2011

### Balance Sheet

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Cash	628,438	618,539
Funds Held for KSCR Fund	43,840	70,258
Loans Receivable	6,143,359	6,868,136
Less Loan Loss Reserve	(343,082)	(284,885)
Net Loans Receivable	5,800,277	6,583,251
Other Assets	248,020	250,027
<b>TOTAL ASSETS</b>	<b>6,720,575</b>	<b>7,522,075</b>
<b>Liabilities</b>		
Notes Payable	6,401,803	7,621,899
KSCR Fund Payable	43,840	70,258
Other Liabilities	32,112	14,386
<b>Total Liabilities</b>	<b>6,477,755</b>	<b>7,706,543</b>
<b>Stockholders' Equity</b>		
Preferred Stock	975,960	478,922
Common Stock	954,434	885,242
Retained Earnings	(1,687,574)	(1,548,632)
<b>Total Equity</b>	<b>242,820</b>	<b>(184,468)</b>
<b>Total Liabilities &amp; Equity</b>	<b>6,720,575</b>	<b>7,522,075</b>

### Income Statement

<b>Revenues</b>	<b>2012</b>	<b>2011</b>
Interest Income	434,012	480,883
Interest Expense	(158,055)	(173,636)
<b>Net Interest Income</b>	<b>275,957</b>	<b>307,247</b>
Provision for Loan Losses, Net	(58,197)	21,843
<b>Net Interest After Provision</b>	<b>217,760</b>	<b>329,090</b>
Loan Fee Revenue	49,694	45,005
Grant Revenue	1,019	55,980
Other Income	941	314
<b>Total Earned Revenues</b>	<b>51,654</b>	<b>101,299</b>
<b>Total Income</b>	<b>269,414</b>	<b>430,389</b>
<b>Noninterest Expenses</b>		
Salaries & Benefits	233,134	305,028
Occupancy	55,962	70,250
Contract Services	100,370	76,299
Other Expenses	29,307	32,247
Reimbursement by Affiliates	(16,397)	(56,962)
<b>Total Noninterest Expenses</b>	<b>402,376</b>	<b>426,862</b>
Income (Loss) Before Taxes	(132,962)	3,527
Loan Write Off		(739,746)
	(132,962)	(736,219)
Income Tax Expense	—	(100)
<b>Net Income</b>	<b>(132,962)</b>	<b>(736,319)</b>



**Agua Gorda Cooperative**  
**Long Prairie, Minnesota**

NCDF made a \$5,400 micro loan to the Agua Gorda Cooperative, a start-up vegetable production cooperative in Long Prairie, Minn. Its seven members are immigrants from Mexico who work in area turkey or beef processing plants or as farm laborers on local farms. The cooperative serves as an incubator, allowing members to learn about organic farming, marketing, and distribution.

In 2012, the co-op leased six 40'x40' plots at Long Prairie Community Garden and a 0.3 acre lot nearby. The co-op members used the loan to purchase seeds, plants, irrigation material and small tools for the 2012 growing season. The cooperative has received technical assistance from Latino Economic Development Center.

In their first season, the co-op harvested Roma tomatoes, jalapeño and bell peppers, tomatillos, cucumbers, watermelons, and melons.

For 2013, their second year of operation, the co-op has obtained contracts with Twin Cities businesses and will be farming 3.5 acres with estimate crop sales of \$40,000 with financing from NCDF, Latino Economic Development Center, and AgStar.

**Common Ground Food Co-op**  
**Urbana, Illinois**

In 2008, financing from NCDF allowed Common Ground Food Co-op to take a giant leap, moving from the church basement to be an anchor tenant in a shopping center that was part of a redevelopment initiative of a downtown neighborhood. After just three years, the co-op was so successful that it embarked on a new \$1.6 million expansion at its current site. The co-ops raised 40% of the project costs from its consumer-owners. NCDF originated a loan for \$1,040,000 and participated with two other CDFIs, Partners for the Common Good and Local Enterprise Assistance Fund (LEAF).



Jacqueline Hannah, the co-op's general manager, said, "The co-op's relocation and expansion have created high-quality jobs, increased access to healthy, fresh foods for the surrounding community and supported small, local farmers and producers who have an expanded market for their products."

**SPECIALIZED FUNDS**

**Worker Ownership Fund**

The Worker Ownership Fund is a specialized fund within NCDF, which provides loans to worker-owned cooperatives throughout the U.S. WOF was launched by NCDF in 2007 and works in partnership with the U.S. Federation of Worker Cooperatives to increase access to financing for worker-owned co-ops and create democratic jobs, especially in low-income communities.

	<b>2012</b>	<b>2011</b>
Loans Made	\$28,000	\$165,000
Loans Outstanding	\$138,287	\$316,503
Investments Held Equity	\$73,004 \$98,980	\$371,627 \$98,980
Deployment Rate	80%	85%

**The KSCR Fund**

The KSCR Fund was created in 1989 to meet the financing needs of democratically controlled, affordably priced cooperative housing in campus communities across North America. NCDF has administered the KSCR Fund on behalf of NASCO Development Services since January 2010.

	<b>2012</b>	<b>2011</b>
Loans Outstanding	\$152,741	\$127,246
Investments Held	\$174,533	\$172,632
Deployment Rate	88%	74%

## Just Local Food Cooperative

### Eau Claire, Wisconsin

In October, Just Local Food Cooperative, a retail grocery cooperative, received a loan of \$28,000 from NCDF as part of a \$64,000 store redesign project, with the co-op putting \$36,000 into the project. Just Local Foods is organized as a worker-owned cooperative and a majority of the co-op's staff are worker-owners. NCDF has made several loans to the co-op in the past.



## Emma Goldman Cooperative

### Chicago, Illinois

Emma Goldman Cooperative is a small, limited-equity housing cooperative in Chicago's Logan Square neighborhood. The cooperative was created in 1992 to provide home ownership to low and moderate-income households. The co-op borrowed \$219,000 from NCDF to refinance its mortgage on the three-unit building and make some small improvements.



## Bloomington Cooperative Living

### Bloomington, Indiana

Bloomington Cooperative Living, a student housing cooperative near the Indiana University campus, borrowed \$400,000 from NCDF to purchase and renovate the first home owned by the co-op. The new house adds 20 units of affordable housing for students and community members. The co-op also borrowed \$100,000 from the KSCR Fund, which is administered by NCDF, and Religious Communities Investment Fund.



## 2012 INVESTORS

Adrian Dominican Sisters  
Amazing Grains Food Co-op  
Arizmendi Association of Cooperatives  
BMO Harris Bank  
Community Investments  
Calvert Foundation  
Catholic Health Initiatives  
CDFI Fund  
Chequamegon Food Co-op  
College Houses  
Community Mercantile  
Community Pharmacy  
Congregation of the Humility of Mary  
CooperationWorks!  
Cooperative Development Foundation  
Cronin-Geller Social Justice Fund  
CROPP—Organic Valley  
East Lansing Food Co-op  
Emily Faulkner Trust  
Episcopal Diocese of Iowa Investment Fund  
Federated Youth Foundation  
Franciscan Sisters of Little Falls  
Gadfly Trust  
Grain Train Natural Food Co-op  
The Kentron Foundation  
Hampden Park Co-op  
Inter-Cooperative Council, University of Michigan  
Isthmus Engineering  
Kansas Midwives LDF  
Keweenaw Cooperative  
Lexington Real Foods Community Cooperative  
Linden Hills Co-op  
Madison Community Co-op  
Mississippi Market  
NASCO Properties, Inc.  
Natural Harvest Food Co-op  
NCB Capital Impact  
National Cooperative Grocers Association  
New Pioneer Co-op  
New Riverside Café  
New Wine Commune  
Northwest Area Foundation  
Oberlin Student Cooperative Association  
Oneota Community Co-op  
Open Harvest Food Co-op  
Our Lady of Victory Missionary Sisters  
Ozark Natural Food Co-op  
Park Cooperative Apartments  
People's Food Co-op  
The People's Food Co-op  
Positively 3rd Street  
Riverton Community Housing  
Roots and Fruits Produce  
School Sisters of Notre Dame  
School Sisters of St. Francis  
Seward Community Co-op  
Sinsinawa Dominicans  
Sisters of Charity of the BVM  
Sisters of St. Dominic  
Sisters of St. Francis of Philadelphia  
Sisters of St. Joseph of Carondelet  
Sisters of the Presentation of the BVM  
Sisters, Servants of the Immaculate Heart of Mary  
Twin Pines Cooperative Foundation  
Union Cab  
United Natural Foods, Inc.  
Valley Natural Foods Co-op  
Wedge Community Co-op  
Wells Fargo Community Lending & Investment  
Western Wisconsin Coalition of Co-ops  
Whole Foods Community Co-op  
Willy Street Co-op  
Woodlands Investment Management

