



Northcountry
Cooperative
Development
Fund

2013 ANNUAL REPORT

Board of Directors

Sharon Barber
Treasurer
Roy Berger
Alex Betzenheimer
Barbara Broen
John Flory
Melissa Hoover
Alysen Land
Elka Malkin
Tom Pierson
Vice President
Dave Swanson
Secretary
Megan Teare
President

Loan Committee

Alex Betzenheimer
Barb Broen
Ted deBarbieri
John Flory
Alysen Land
Tom Pierson, Chair
Karen Reid
Monica Romero

Staff & Consultants

Sandra Hales
Loan Fund Administrator
Christina Jennings
Executive Director
Brenda Pfahnl
Loan Officer & Program Manager
Jim Shadko
Loan Officer
Meredith Smith
Finance Manager
Rhonda Weidling
Office Manager

Dear Members, Investors and Friends,

Thirty-five years ago, on June 28, 1979, NCDF made its first loan—a loan to Mill City Co-op Foods in Minneapolis. Since then, NCDF has made nearly 800 loans to cooperatives totaling \$37 million. Loans have financed the startup, growth, and expansion of worker, farmer, food and housing co-ops. Over the years, NCDF has remained true to its mission of fostering economic democracy by providing financing to cooperative enterprises. NCDF has also maintained a steadfast commitment to investing in low-income and economically disadvantaged communities, recognizing cooperatives as a vital tool for community development and creating equitable economic opportunity.

In 2013, NCDF provided \$2 million in loans to 14 cooperatives: five worker-owned co-ops, one farmer-owned co-op, five retail grocery co-ops, and three housing co-ops. Each dollar invested by NCDF, on average, helped the co-ops leverage an additional \$12 dollars of other resources, bringing a financial impact of over \$14 million. Loans went to co-ops in 8 states around the U.S.: two co-ops in Baltimore, Maryland; three in Portland, Oregon; and co-ops in Greensboro, North Carolina; Austin, Texas; Bloomington, Indiana; Marquette, Michigan; Berkeley and Isla Vista, California; and Rochester, Long Prairie, and Grand Marais, Minnesota. These cooperatives are making a difference in their communities: 100% of the co-ops that received financing in 2013 are located in and serving economically disadvantaged communities and 50% of the retail food grocery co-ops are in food deserts. The 11 cooperative businesses that received financing created and maintained 171 jobs, and the three housing co-ops created and maintained 20 units of affordable housing.

In 2013, NCDF's board and management continued the work of building a solid financial foundation for the organization. We exceeded goals for earned revenue and held tightly to budgeted expenses, but we were disappointed to post a deficit for the year after falling short of our goal for grants and donations. Nonetheless, NCDF showed an increase in stockholders equity in 2013, raising additional equity from the sale of common stock to new members, additional capital contributions from existing members, and the sale of preferred shares.

As we move into 2014, NCDF is well-positioned to meet its financial and programmatic goals. We have made significant progress with fundraising, and we continue to underwrite a steady pipeline of financing projects with co-ops around the US. We have expanded our partnerships with credit unions, banks and CDFIs, allowing us to serve new areas and providing capital access for more cooperatives. As NCDF's loan portfolio grows, we are able to move the organization forward towards greater financial self-sufficiency and expand the impact of our work.

In cooperation,



Christina Jennings
Executive Director



Megan Teare
President of the 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.

A FEW OF OUR BORROWERS

Red Rabbit Cooperative Bakery Austin, Texas

Inspired by the Michael Moore documentary, *Capitalism: A Love Story*, Red Rabbit's bakers set out to create an equitable and democratic workplace and really good vegan donuts. After just two years, they needed more equipment to keep up with demand. The worker-owned, wholesale bakery sells its wares to Austin-area coffee shops, grocery stores, and farmers markets. With the backing of other area co-ops, they borrowed \$33,000 from NCDF's Worker Ownership Fund in 2013, tripling their annual sales.



Marquette Food Cooperative Marquette, Michigan

In 2013 Marquette Food Co-op bought a building in central Marquette and began the process of build out and relocation. The new store is located in a food desert and will create 25 to 30 new jobs. The expansion will triple the retail space to 9,000 square feet, offer shoppers a greater selection of products, more local foods, wider aisles, parking, and community meeting space. NCDF helped leverage almost \$3 million in additional financing from Range Bank and Northern Initiatives Fund. NCDF participated a portion of its loan to Local Enterprise Assistance Fund (LEAF).



Red Clover Collective Baltimore, Maryland

In the Better Waverly neighborhood of Baltimore, Red Clover Collective is an urban intentional community. Formed in 2004, the six members are committed to cooperative living and collective ownership. Together they are working towards a world where sustainable living, social justice, and artistic creation are central values. However, without a lender willing to make a loan to the cooperative, one member took on the mortgage, leasing it back to the cooperative. In 2013, the cooperative turned their ideal of collective ownership into reality, refinancing the mortgage with a \$235,000 loan from NCDF.



The Vital Compass Portland, Oregon

A worker-owned, collectively run acupuncture clinic and herbal pharmacy, the Vital Compass opened its doors in 2013. The founders set out to create a democratic and just workplace for practitioners, and also to provide services to residents of the low-income community where they are located. They offer acupuncture, massage, herbal consultation, and prescription compounding. Through the Worker Ownership Fund, NCDF provided a \$17,500 loan to finance leasehold improvements and startup costs.



Red Emma's Bookstore Coffeehouse Baltimore, Maryland

Started in 2004, the worker-owned restaurant, coffee roaster, and bookstore set out to create a community gathering space and a financially viable cooperative business.



As members of the collective explain, "Our mission is twofold: first, to demonstrate that it's possible to build institutions that directly put values like sustainability and democracy to work; and second, to build a resource for movements for social justice here in Baltimore." When the opportunity arose to move into a larger space, members threw themselves into the effort, raising capital from the community and investing substantial sweat equity. With a \$50,000 loan from NCDF's Worker Ownership Fund, they opened the new 4,600-square-foot space in 2013.

Cook County Whole Foods Grand Marais, Minnesota

In 2013, Cook County Whole Foods built a new store. The \$2.4 million project was financed by the local credit union, a county revolving loan fund, and member loans, but when they still faced a \$400,000 financing gap, they turned to NCDF. As General Manager Jennifer Stoltz notes, "NCDF offered us the last piece of financing that we were unable to secure elsewhere." The expansion allowed the co-op to expand its offerings, grow sales, buy more energy-efficient equipment, add jobs, improve working conditions, and increase wages. Adds Stoltz, "Wages and benefits were up 59% over last year," while maintaining the same labor margin.



2013 AT A GLANCE

NCDF made over \$2 million in loans to 14 cooperatives in eight states:

- Five worker-owned co-ops in Maryland, California, Texas, and Oregon
- Three housing co-ops in Maryland, Indiana, and Oregon
- One farmer-owned co-op in Minnesota
- Five food co-ops in North Carolina, California, Michigan, and Minnesota

99% of NCDF financing went to co-ops located in economically distressed communities.

With the support of NCDF financing, the co-ops:

- Created and retained 171 jobs
- Created and retained 20 units of affordable housing
- Leveraged more than \$12 million in additional capital

SPECIALIZED FUNDS

Sustainable Food Systems Financing (SF2)

NCDF SF2 Program supports sustainable food systems and access to healthy foods by providing financing to cooperatives in production, retail sales, wholesale, distribution and marketing of sustainably produced food, including small farmer and grocery co-ops.

	2013	2012
Loans Made	\$1,462,155	\$1,330,396
Loans Outstanding	\$2,997,023	\$2,558,820

Worker Ownership Fund

In partnership with the US Federation of Worker Cooperatives, NCDF's WOF provides financing to worker-owned co-ops to create democratic jobs, especially in low-income communities.

	2013	2012
Loans Made	\$325,500	\$28,000
Loans Outstanding	\$444,674	\$138,287
Investments Held	\$140,048	\$73,004
Equity	\$98,980	\$98,980
Deployment Rate	186%	80%

The KSCR Fund

KSCR Fund provides financing to democratically controlled, affordable cooperative campus housing. NCDF administers the fund for NASCO Development Services.

	2013	2012
Loans Outstanding	\$100,095	\$152,741
Investments Held	\$197,974	\$174,533
Deployment Rate	51%	88%

2013 INVESTORS AND DONORS

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

AUDITED FINANCIAL STATEMENTS Years ending December 31, 2013 and 2012

Balance Sheet

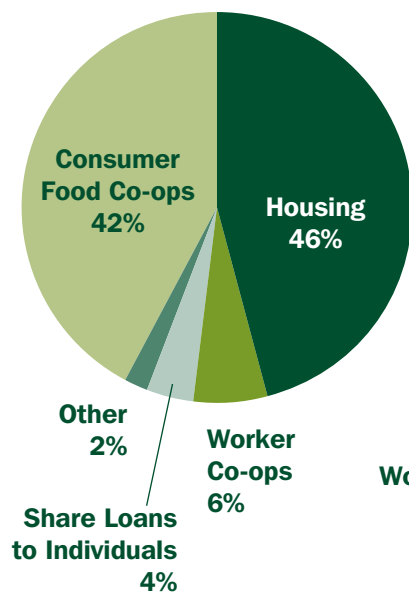
Assets	2013	2012
Cash	1,039,975	628,438
Funds Held for KSCR Fund	116,136	43,840
Loans Receivable	7,016,557	6,143,359
Less Loan Loss Reserve	(380,025)	(343,082)
Net Loans Receivable	6,636,532	5,800,277
Other Assets	241,985	248,020
TOTAL ASSETS	8,034,628	6,720,575
Liabilities		
Notes Payable	7,636,875	6,401,803
KSCR Fund Payable	116,136	43,840
Other Liabilities	18,203	32,112
TOTAL LIABILITIES	7,771,214	6,477,755
Stockholders' Equity		
Preferred Stock	1,025,960	975,960
Common Stock	985,199	954,434
Retained Earnings	(1,747,745)	(1,687,574)
TOTAL EQUITY	263,414	242,820
TOTAL LIABILITIES & EQUITY	8,034,628	6,720,575

Income Statement

Revenues	2013	2012
Interest Income	487,188	434,012
Interest Expense	(155,997)	(158,055)
Net Interest Income	331,191	275,957
Provision for Loan Losses	(36,943)	(58,197)
Net Interest Income after provision	294,248	217,760
Loan & Servicing Fees	48,663	49,694
Grant Revenue	16,112	1,019
Other Income	221	942
Total Noninterest Income	64,996	51,655
Income Before Operating Exp.	359,244	269,415
Operating Expenses		
Salaries & Benefits	237,727	233,318
Contract Services	112,489	100,870
Occupancy & Office	30,341	32,533
Other Expenses	38,858	35,656
Total Operating Expenses	419,415	402,377
Net Income (Loss)	(60,171)	(132,962)

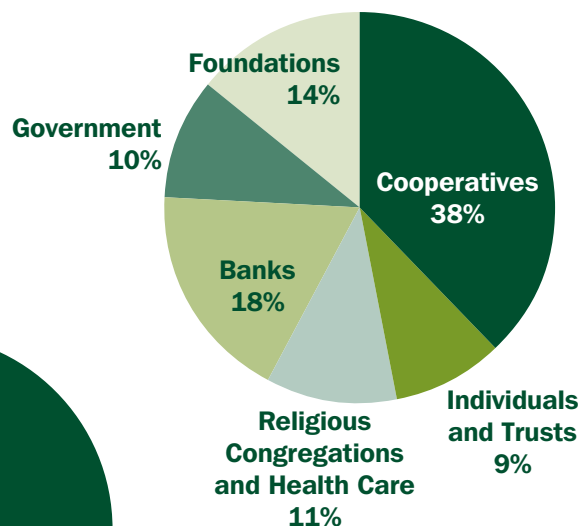
LOAN PORTFOLIO

As of 12/31/13



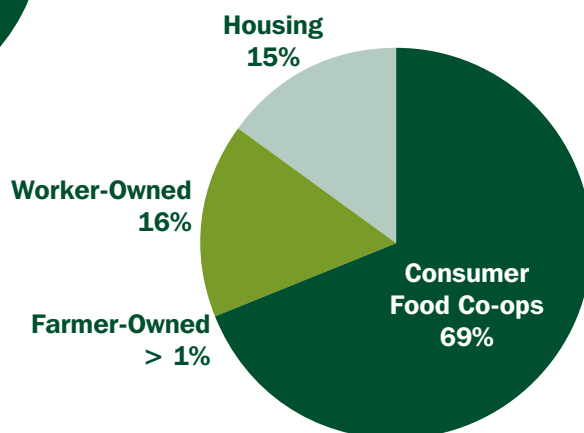
INVESTMENT SOURCES

As of 12/31/13



LOANS ISSUED

in 2013



All percentages are by dollars.



**Northcountry
Cooperative
Development Fund**

2600 East Franklin
Minneapolis, MN 55406

2013 LOANS

Agua Gorda Cooperative,
Long Prairie, Minn.
\$9,155 to the small producer
co-op and farm incubator to pro-
vide seasonal working capital to
finance seeds, small equipment
and inputs.

**Citybikes Workers'
Cooperative,** Portland, Ore.
\$160,000 to refinance their
mortgage and make upgrades to
their building.

Cook County Whole Foods,
Grand Marais, Minn.
\$400,000 to finance a portion
of the co-op's \$2.4 million
expansion project.

Deep Roots Market,
Greensboro, N.C.
\$350,000 as part of a
\$1,250,000 relocation and
expansion project.

Inkworks Press, Berkeley, Calif.
\$45,000 to the worker-owned
print shop to finance work-
ing capital and equipment
maintenance.

Isla Vista Food Co-op,
Isla Vista, Calif.
\$200,000 as part of the \$1.6
million financing package to
purchase of their building.

Life Center Association,
Philadelphia, Pa.
\$85,000 to the housing co-op to
make repairs and improvements
to several of its homes in West
Philly.

Marquette Food Cooperative,
Marquette, Mich.
\$750,000 as part of the co-
op's \$5 million relocation and
expansion to a new site.

People's Food Co-op,
Rochester, Minn.
\$250,000 as part of the
\$3 million build-out of a new
store in downtown.

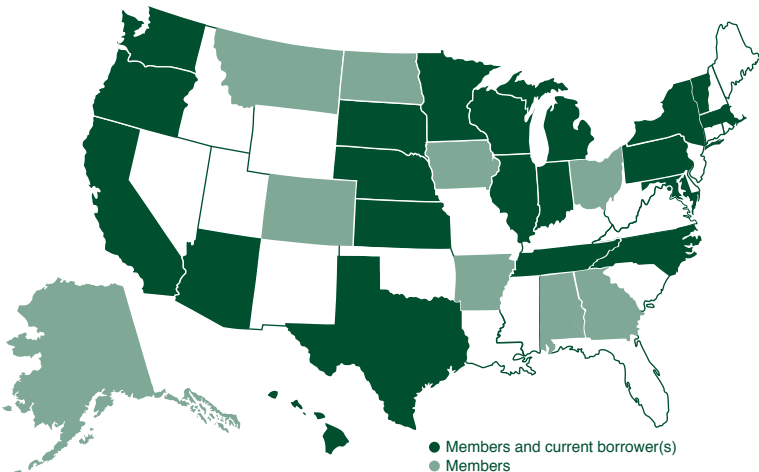
Red Clover Collective,
Baltimore, Md.
\$235,000 to the six-member
housing cooperative to pur-
chase the building and finance
improvements.

**Red Emma's Bookstore
Coffeehouse,** Baltimore, Md.
\$50,000 to finance leasehold
improvement and working capital
for the relocation and expansion
of the worker-owned bookstore
and vegetarian cafe.

**Red Rabbit Cooperative
Bakery,** Austin, Texas
\$33,000 to finance new equip-
ment and working capital for the
worker-owned vegan bakery.

The Vital Compass,
Portland, Ore.
\$17,500 to finance leasehold
improvements and startup costs
for the worker-owned, collectively
run acupuncture clinic and herbal
pharmacy.

NCDF MEMBERS AND BORROWERS



**Northcountry
Cooperative
Development Fund**

2600 East Franklin
Minneapolis, MN 55406

612-767-2100
www.ncdf.coop