2012 LOANS MADE

Age Groves Cooperative
Long Prairie, Minnesota
$35,000 to upgrade and purchase for startup market cooperation

Bloomington Cooperative Loan Fund
Bloomington, Minnesota
$450,000 from NCFD as part of a $500,000 package that includes Minnesotan Cooperatives Investment Fund and ASFCG ($320,000) in 2012

AUDITED FINANCIAL STATEMENTS

Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>628,459</td>
<td>518,526</td>
</tr>
<tr>
<td>Funds Held for KSCR Fund</td>
<td>43,840</td>
<td>70,258</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>5,143,359</td>
<td>6,968,136</td>
</tr>
<tr>
<td>Less Loan Loss Reserve</td>
<td>(343,062)</td>
<td>(284,891)</td>
</tr>
<tr>
<td>Total Loans Receivable</td>
<td>5,800,277</td>
<td>7,653,251</td>
</tr>
<tr>
<td>Other Assets</td>
<td>248,020</td>
<td>290,037</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>6,720,755</td>
<td>7,552,975</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes Payable</td>
<td>6,401,803</td>
<td>7,521,899</td>
</tr>
<tr>
<td>KSCR Fund Payable</td>
<td>43,840</td>
<td>70,258</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>32,112</td>
<td>14,142</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>6,477,755</td>
<td>7,706,243</td>
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<table>
<thead>
<tr>
<th>Stockholders' Equity</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred Stock</td>
<td>975,965</td>
<td>478,922</td>
</tr>
<tr>
<td>Common Stock</td>
<td>904,634</td>
<td>980,212</td>
</tr>
<tr>
<td>Retained Earnings (1,687,514) (1,548,632)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL EQUITY</td>
<td>2,212,820</td>
<td>2,846,481</td>
</tr>
</tbody>
</table>

| Total Equity | 6,720,755 | 7,552,975 |

Income Statement

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Services</td>
<td>100,370</td>
<td>76,299</td>
</tr>
<tr>
<td>Equity in Earnings of Investee Corporations</td>
<td>32,205</td>
<td>51,361</td>
</tr>
<tr>
<td>Reimbursement by Affiliates</td>
<td>(16,397)</td>
<td>(56,962)</td>
</tr>
<tr>
<td>Revenues from Cooperatives</td>
<td>122,242</td>
<td>179,909</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Income (Loss) Before Taxes</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (Loss) Before Taxes</td>
<td>(132,962)</td>
<td>3,527</td>
</tr>
<tr>
<td>Less: Income Tax Expense</td>
<td>(132,962)</td>
<td>(378,746)</td>
</tr>
<tr>
<td>Net Income</td>
<td>(378,746)</td>
<td>(375,219)</td>
</tr>
</tbody>
</table>

NCDF MEMBERS AND BORROWERS

- Members and current borrower(s) - Members

Northcountry Cooperative Development Fund
2600 East Parkway, Minneapolis, MN 55406
612-767-3100
www.ncdf.coop

NCDF members and borrowers include:

- Members and current borrower(s)

Northcountry Cooperative Development Fund
2600 East Parkway
Minneapolis, MN 55406
612-767-3100
www.ncdf.coop

NCDF members and borrowers include:

- Members and current borrower(s)
serves more than 170 cooperative members in more than 30 states. NCFD provides financing to natural foods, consumer, producer, housing, and worker-owned cooperatives throughout the United States. NCDF was founded in 1978 and is committed to fostering economic democracy by investing in cooperative enterprises. In cooperation with NCFD, we will be offering a series of webinars and workshops to help cooperatives improve their financial health and sustainability.

**Worker Ownership Fund**

The Worker Ownership Fund is a specialized fund within NCFD that provides loans to worker-owned cooperatives. In 2012, the WOF was launched by NCFD and in 2017, with nearly $5 million in assets, is one of the largest funds of its kind in the U.S. The WOF focuses on providing low-interest, non-recourse loans to worker-owned cooperatives to help them invest in their future and grow their businesses. In 2012, the WOF loan portfolio amounted to $1.2 million, with an average loan size of $150,000. The WOF has helped support a variety of worker-owned cooperatives, including food co-ops, housing cooperatives, and community development corporations.

**The KSCR Fund**

The KSCR Fund was created in 1986 to meet the financial needs of democratically controlled, worker-owned cooperatives in the U.S. The KSCR Fund focuses on providing low-interest, non-recourse loans to worker-owned cooperatives to help them invest in their future and grow their businesses. In 2012, the KSCR Fund had a loan portfolio of $2.3 million, with an average loan size of $150,000. The KSCR Fund has helped support a variety of worker-owned cooperatives, including food co-ops, housing cooperatives, and community development corporations.

**Common Ground Food Co-op Urban Agriculture**

Common Ground Food Co-op Urban Agriculture was founded in 2008 with the goal of creating a sustainable, equitable, and healthy food system for the city of Chicago. The co-op aims to provide fresh, healthy, and affordable produce to the local community while also supporting local farmers and small businesses. In 2012, the co-op received a loan from NCFD to purchase and renovate the first floor of a new location, which allowed them to expand their operations and create new jobs. The co-op is now one of the largest food co-ops in the city and continues to work with local farmers and producers to provide fresh, healthy, and affordable produce to the community.

**Bloomington Cooperative Living**

Bloomington Cooperative Living is a student housing cooperative located in Bloomington, Indiana. The co-op is owned and managed by its residents, who are responsible for their own rooms and share common areas, such as kitchens, living rooms, and bathrooms. In 2012, the co-op received a loan from NCFD to renovate an existing building and expand their operations. The co-op is now one of the largest student housing cooperatives in the country and continues to work with local businesses and organizations to promote sustainable and equitable living.

**Just Local Food Cooperative**

Just Local Food Cooperative is a grocery cooperative located in Urbana, Illinois. The co-op was founded in 2005 with the goal of providing fresh, healthy, and affordable food to the local community while also supporting local farmers and small businesses. In 2012, the co-op received a loan from NCFD to purchase and renovate the first floor of an existing building, which allowed them to expand their operations and create new jobs. The co-op is now one of the largest food co-ops in the area and continues to work with local farmers and producers to provide fresh, healthy, and affordable produce to the community.

**Northcountry Cooperative Development Fund (NCFD)**

NCFD is a cooperatively owned community development loan fund committed to fostering economic democracy by investing in cooperative enterprises. NCFD was founded in 1978 and provides financing to worker-owned cooperatives, natural foods co-ops, and community development corporations. NCFD's mission is to promote economic democracy by investing in cooperative enterprises and providing low-interest, non-recourse loans to worker-owned cooperatives to help them invest in their future and grow their businesses.

**SPECIALIZED FUNDS**

- **Worker Ownership Fund**
  - The Worker Ownership Fund provides loans to worker-owned cooperatives.
- **The KSCR Fund**
  - The KSCR Fund provides loans to worker-owned cooperatives.
- **Common Ground Food Co-op Urban Agriculture**
  - The co-op provides fresh, healthy, and affordable produce to the local community.
- **Bloomington Cooperative Living**
  - The co-op provides student housing to residents.
- **Just Local Food Cooperative**
  - The co-op provides fresh, healthy, and affordable food to the local community.
### 2012 LOANS MADE

- Age Grocer Cooperative, Long Prairie, Minnesota
  - $5,356,000 loan to support production and equipment for startup cooperative

- Bloomington Cooperative Loan Fund, Bloomington, Minnesota
  - $450,000 from NCFD as part of a $550,000 package that includes Rural Community Cooperative Development Fund and KFCG, $250,000 was lent in 2012.

### AUDITED FINANCIAL STATEMENTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Total Liabilities</th>
<th>Stockholders' Equity</th>
<th>Noninterest Expenses</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
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</tbody>
</table>

### Income Statement

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Interest Income</th>
<th>Interest Expense</th>
<th>Net Interest Income</th>
<th>Loan Fee Income</th>
<th>Grant Income</th>
<th>Loan Fee Income After Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2012</td>
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<tr>
<td>2011</td>
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</tr>
</tbody>
</table>

### Northcountry Cooperative Development Fund

**2012 Annual Report**

- **NCDF Members and Borrowers**
  - Members and current borrower(s)
  - Members

- **Balance Sheet**
  - Assets
  - Liabilities
  - Total Liabilities
  - Stockholders' Equity
  - Noninterest Expenses
  - Net Income

- **Incomes Statement**
  - Revenues
  - Interest Income
  - Interest Expense
  - Net Interest Income
  - Loan Fee Income
  - Grant Income
  - Loan Fee Income After Provision

- **Northcountry Cooperative Development Fund**
  - 2600 East Parkway
  - Minneapolis, MN 55406
  - 612-767-3100
  - www.ncdf.coop
Dear Members, Friends and Investors:

In October, Just Local Food Cooperative, a total green cooperative, received a loan of $24,800 from NCDF as part of its multi-million dollar project, with the co-op paying $33,000 into the project. Just Local Foods is organized as a worker-owned cooperative and a market-driven food access business in Urbana, Illinois. NCDF has made several loans to the co-op in the past.

Emilia Goldman Cooperative
Chicago, Illinois

Emilia Goldman Cooperative is a small, start-up, community-based cooperative housing in Chicago, Illinois. The development of the cooperative was created in 2010 to create ownership in low and moderate-income households. The co-op bought $219,000 from NCDF to reinsure its mortgage on the building and make some small improvements.

Bloomington Cooperative Living
Bloomington, Indiana

Bloomington Cooperative Living, a student cooperative housing, serves the University Campus, born from 1400 rooms from NCDF to purchase and renovate the first floor so that the new house and its units of affordable housing for students and community members. The co-op also received a $700,000 loan from the NCDF Fund, which is administered by NCDF, and the Religious Communities Investment Fund.

SPECIALIZED FUNDS

Worker Ownership Fund

The Worker Ownership Fund is a specialized fund within NCDF, which provides loans to worker-owned Cooperatives. The fund 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.

The KSCR Fund

The KSCR Fund was created in 1988 to meet the financial needs of democratically controlled, affordable worker-owned co-ops in low-income communities.

The KSCR Fund is administered by NCDF.

Northcoast Cooperative Development Fund (NCDF) is a cooperatively owned community development loan fund committed to fostering economic democracy by investing in cooperative enterprise. NCDF was founded in 1978 and provides financing to worker-owned and community cooperatives, natural food co-ops, community food co-ops, and other community cooperatives in 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.

In 2013, their second year of operation, the co-op has obtained contracts with Twin Cities businesses and will be farming 3 acres with estimate crop sales of $30,000 with financing from NCB, Federal Home Loan Bank.

Agua Gorda Cooperative
Long Prairie, Minnesota

NCDF made a $5,450 loan to the Agua Gorda Cooperative, a worker cooperative production vegetable operation in Long Prairie, Minnesota. In seven member counties from Minnesota who work in area rural or small business and farmers, the co-op continues to grow.

In 2012, the co-op leased 60 acres of prime farmland to Long Prairie Community Garden and 5.5 acres to the nearby. The co-op members sold the land to four-geared land, plans, and infrastructure.

In the 2013 season, the co-op has increased its income, added new farmers, and expanded its market.

Just Local Food Cooperative
Bloomington, Indiana

Just Local Foods is organized as a worker-owned cooperative and a market-driven food access business in Urbana, Illinois. NCDF has made several loans to the co-op in the past.

Emilia Goldman Cooperative
Chicago, Illinois

Emilia Goldman Cooperative is a small, start-up, community-based cooperative housing in Chicago, Illinois. The development of the cooperative was created in 2010 to create ownership in low and moderate-income households. The co-op bought $219,000 from NCDF to reinsure its mortgage on the building and make some small improvements.

Bloomington Cooperative Living
Bloomington, Indiana

Bloomington Cooperative Living, a student cooperative housing, serves the University Campus, born from 1400 rooms from NCDF to purchase and renovate the first floor so that the new house and its units of affordable housing for students and community members. The co-op also received a $700,000 loan from the NCDF Fund, which is administered by NCDF, and the Religious Communities Investment Fund.
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 support the growth and development of 47 cooperatives in 12 states. Our loan portfolio has leveraged more than $5.8 million in additional financing from other lenders. NCDF loans strengthened the co-ops and their communities: 100% of NCDF loans were to cooperatives owned by low-income residents and located in economically disadvantaged communities. NCDF’s loan created community ownership, healthy food, local economies, workforce, and dignified affordable housing.

Throughout 2012, we worked to build a stable financial base. We raised $600,000 in equity from new and current members. In addition, we raised $350,000 in equity through a corporate fundraising tour. Northcountry Assistance Foundation, which contributed all of its program-related investment (PRI) to preferred stock. At the same time, earned revenue declined as fees from external consulting decreased during the fall season, and management took steps to reduce operating expenses: relocating to offices, adjusting staffing and reducing membership fees. However, despite these setbacks, 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, expand our impact, and expand our reach.

Also, in 2012, NCDCF’s new, Northcountry Cooperative Federal Credit Union (NCFCU), merged with South Metro Credit Union. NCFCU was chartered in 2003 to provide loans to housing cooperatives that serve lower-income residents. NCFCU’s board, however, had faced financial challenges as the result of the housing crisis and increasing credit demands. The merger with South Metro merged the two cooperatives’ management, operations, human resources, and IT systems into one credit union in order to strategically direct resources towards supporting affordable housing for low-income and moderate-income households. The merger retained NCFCU’s transformative mission: to finance cooperative housing that is affordable and sustainable for its occupants.

In 2012, the co-op leased six 40’x40’ plots at Long Prairie Community Garden and a 5.5-acre lot nearby. The co-op members used the plots to grow food, plants, and small foodservice. In 2012, the co-op was able to boost its membership to 84 families. NCDF loaned $50,000 to the co-op to purchase and renovate a church basement to be an anchor tenant in a shopping development of 15 townhomes. The co-op was so successful that it embarked on a new $1.6 million expansion project to add 20 more townhomes.

NCDF made a $5.4 million loan to the Agua Gorda Co-op to support a vegetable production and packaging operation in Long Prairie, Minn. Seven members who are immigrants from Mexico who work in the area grew or processed produce or farm laborers on farms. The cooperative serves as an incubator, allowing members to learn about organic farming, marketing, and distribution.

In 2012, the first-year, 43-partner Romanesque, jalapeño and bell peppers, tomatillos, cucumbers, watermelons, and melons. The co-op 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,

Meredith Smith
Office Manager
Christina Jennings
Loan Fund Administrator
Alex Betzenheimer
Loan Committee
Barb Brown
John Rody
Amy Smith
Tom Parrish, Chair
Karen Reid
Melissa Hoover
Staff & Consultants
Santha Halles
Loan Fund Administrator
Christina Jennings
Executive Director
Sarah Plants
Loan Officer
Program Manager
Jim Lenney
Loan Officer
Michael Wilson
Senior Finance Manager
Rhonda Westling
Office Manager

NCDCF serves more than 170 cooperative members in more than 30 states. NCDCF is certified by the U.S. Department of Treasury as a Community Development Financial Institution (CDFI) and provides financing to natural foods, consumer, producer, housing, and worker-owned cooperatives throughout the United States. NCDCF is looking forward to partnering with South Metro to increase the financial resources available to cooperatives.

In cooperation,

Meredith Smith
Office Manager
Christina Jennings
Loan Fund Administrator
Alex Betzenheimer
Loan Committee
Barb Brown
John Rody
Amy Smith
Tom Parrish, Chair
Karen Reid
Melissa Hoover
Staff & Consultants
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Michael Wilson
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Rhonda Westling
Office Manager

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2012 LOANS MADE

Agro-eco Co-op

Long Prairie, Minnesota
$5,000 to start-up for family producer cooperative

Browning Cooper Cooperative

Northfield, Minnesota
$400,000 from NCFD as part of a $500,000 package that includes Regional Cooperatives Investment Fund and KSCF $220,000 was in 2012.

AUDIT FINANCIAL STATEMENTS

Years ending December 31, 2012 and 2011

Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>62,439</td>
<td>61,634</td>
</tr>
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</tr>
<tr>
<td>Less Loan Loss Reserve</td>
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<td>(284,885)</td>
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<td>Total Assets</td>
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<tr>
<td>Liabilities</td>
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<td></td>
</tr>
<tr>
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<td>KSCF Fund Payable</td>
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<tr>
<td>Other Liabilities</td>
<td>32,112</td>
<td>14,308</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>6,477,755</td>
<td>7,706,543</td>
</tr>
</tbody>
</table>

2013

Institutional

Colonial Square Cooperative
Antioch, Michigan
$30,000 share to proponent of cooperatively owned real estate.

Common Ground Food Co-op

Philadelphia, Pennsylvania
$1,040,000 for expansion of teaching kitchen. NCFD participated with Lehman and Partners for the Common Ground Co-op.

Gansevoort Cooperative

Chicago, Illinois
$218,000 to ho use co-op to refinance their mortgage and make improvements.

2012

Investment Fund

Includes Religious Communities, Bloomington, Indiana, Common Good. NCDF retained with LEAF and Partners for the Urbana, Illinois and Presbyterians' national endowment for cooperatively owned Ann Arbor, Michigan.

2011

Year Ending December 31, 2012 and 2011

$30,000 to housing co-op in Omaha, Nebraska

Common Members and Borrowers

In 2012.

NCDF Members and Borrowers

http://www.ncdf.coop

Income Statement

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Earned Revenues</td>
<td>51,654</td>
<td>101,299</td>
</tr>
<tr>
<td>Grant Revenue</td>
<td>1,019</td>
<td>55,980</td>
</tr>
<tr>
<td>Net Interest After Provision</td>
<td>217,760</td>
<td>329,090</td>
</tr>
</tbody>
</table>

Net Interest Before Provision | 237,057 | 387,247 |

Loan Fees | 49,694 | 45,005 |
| Grant Revenues | 1,029 | 55,980 |
| Other Income | 941 | 314 |
| Total Earned Revenues | 51,654 | 101,299 |
| Total Income | 265,411 | 406,389 |

Noninterest Expenses

Salaries & Benefits | 233,134 | 305,028 |
| Occupancy | 50,962 | 70,250 |
| Contact Services | 100,370 | 76,299 |
| Other Expenses | 26,307 | 32,247 |
| Total Noninterest Expense | 521,791 | 616,652 |

Interest (Loss) Before Taxes | (132,962) | 3,527 |
| Income Tax Expense | (132,962) | (736,745) |
| Net Income | (132,962) | (733,719) |