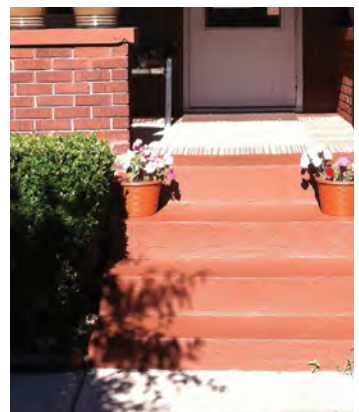


2014

# annual report



Northcountry  
Cooperative  
Development Fund



# Message from the Board President and Executive Director

Thanks to the hard work of staff and the commitment of our board and members, we are pleased to report that Northcountry Cooperative Development Fund achieved a strong double bottom-line in 2014, with successful financial performance and strong social impact. Support from members and allies continued to grow, and that support was essential in leveraging a \$1.5 million award from the CDFI Fund of the US Department of Treasury. Last year, we invested \$3.2 million in local communities through loans and investments to sixteen cooperatives in eight states. Further, we reached an important milestone, having invested over \$40 million in more than 800 cooperative projects toward our mission to advance economic democracy through cooperative enterprise since our founding.

As the numbers and stories on the following pages reveal, by providing access to capital, NCDF has had a significant impact on the co-ops, their members, and their communities. We continued to focus our support on low-income communities, with over 92% of our financing going to cooperatives in economically disadvantaged areas. Our co-op borrowers are creating living-wage jobs; bringing access to healthy foods; building affordable, democratically-owned housing; creating markets for local, sustainable farmers; and forging democracy in the workplace and in communities. Our investments were further amplified, as our loans leveraged an additional \$35 million in capital to the projects we financed.

NCDF has come into 2015 on strong financial footing, able to expand our financing to more cooperatives and to make vital, strategic investments in our own capacity and infrastructure to better serve our co-op members in the years to come. Growing public interest in cooperative models is creating new opportunities, as well as some challenges, for the cooperative sector. We have forged numerous new partnerships, and expanded long-standing ones, in order to mobilize capital and technical support for cooperative enterprises. The support of our co-op members demonstrates a commitment to building a strong source of cooperative capital, owned and directed by the cooperative community and not subject to the fluctuations of attention by outside funders. By borrowing from and investing in NCDF, our members are investing in each other and in a cooperative economy.

In Cooperation,



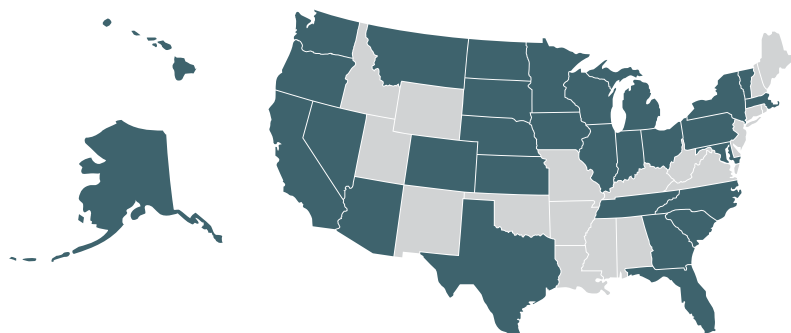
**Christina Jennings**  
*Executive Director*



**Tom Pierson**  
*President*

## NCDF Members

MEMBERS



## Board of Directors

Thomas Beckett  
Carolina Common Enterprise

Roy Berger (Treasurer)  
Mississippi Market

Alex Betzenheimer (Vice President)  
Seward Community Co-op

Jacqueline Hannah  
Food Co-op Initiative

Amy Johnson  
US Federation of  
Worker Cooperatives

Pamela Madzima  
Federation of Southern  
Cooperatives/ Land  
Assistance Fund

Elka Malkis  
Wedge Community Co-op

Tom Pierson (President)  
CooperationWorks!

Anne Reynolds (Secretary)  
University of Wisconsin  
Center for Cooperatives

Dave Swanson  
Dorsey & Whitney

Jaime Villalaz  
Latino Economic  
Development Center

## Staff

Christina Jennings  
Executive Director

Marya Case-Ruchala  
Loan Fund Assistant

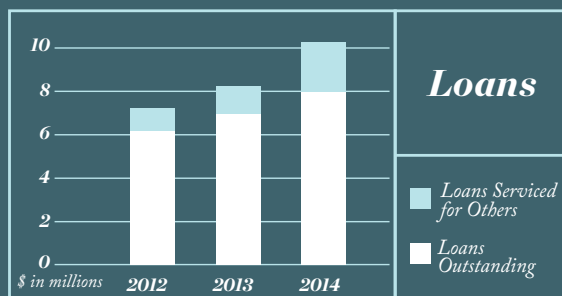
Mark Fick  
Director of Lending

Brenda Pfahnl  
Program Director &  
Senior Loan Officer

Joe Riemann  
Associate Director

Jim Shadko  
Senior Loan Officer

Rhonda Weidling  
Operations Manager



# 2014 Activities, Community Impact & Audited Financials

## Balance Sheet (as of Dec. 31, 2014)

ASSETS	2014	2013
Cash	\$1,730,545	\$1,156,111
Loans Recievable	7,640,324	7,016,557
Allowance	(304,403)	(380,025)
Investments in Cooperatives	148,160	0
Grants Receivable	99,904	0
Other Assets	244,347	241,985
<b>TOTAL ASSETS</b>	<b>\$9,558,877</b>	<b>\$8,034,628</b>
LIABILITIES		
Notes Payable	\$8,542,574	\$7,636,875
Funds Held For Others	451,574	116,136
Other Liabilities	88,247	18,203
<b>TOTAL LIABILITIES</b>	<b>\$9,082,395</b>	<b>\$7,771,214</b>
EQUITY		
Preferred Stock	\$1,205,960	\$1,025,960
Common Stock	957,259	985,199
Retained Earnings	(1,686,737)	(1,747,745)
<b>TOTAL EQUITY</b>	<b>476,482</b>	<b>263,414</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$9,558,877</b>	<b>\$8,034,628</b>

## Income Statement fiscal year ending Dec. 31, 2014

	2014	2013
Interest & Loan Fee Revenue	\$559,222	\$535,851
Grant and Contract Revenue	171,347	16,333
<b>Total Income Before Expenses</b>	<b>\$730,569</b>	<b>\$552,184</b>
Interest Expense	(172,925)	(155,997)
Operating Expenses	(504,758)	(419,415)
<b>Net Income (Loss) Before provisions and taxes</b>	<b>\$52,886</b>	<b>(\$23,228)</b>
Provision for Loan Losses	28,122	(36,943)
Income Taxes	(20,000)	0
<b>NET INCOME (LOSS)</b>	<b>\$61,008</b>	<b>(\$60,171)</b>

## In 2014

**\$3.1 million**  
in loans

**\$35 million**  
in capital leveraged

**88%**  
in low-income communities

**583 jobs**

**87 housing units**

**175 members**  
in **31 states**

## Since 1978

**\$40 million**  
in loans

**Over 800**  
cooperative projects



# 2014 Lending and Investing

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## *Sustainable Food Systems Financing (SF2)*

Our SF2 program supports sustainable food systems and access to healthy foods by providing financing to cooperative businesses throughout the food system—from small farmers to distribution to grocery co-ops—that support the health of our communities and our environment. In 2014 NCDF financed seven food co-ops through our SF2 Program. These co-ops increased healthy food options and sparked local economic development in cities and towns across the U.S.

### **Durham Central Market**

Durham, North Carolina  
\$576,000 for startup financing

### **Good Earth Food Co-op**

St. Cloud, Minnesota  
\$120,000 for store remodel and upgrades

### **Hendersonville Community Co-op**

Hendersonville, North Carolina  
\$850,00 for store expansion and relocation

### **Marquette Food Co-op**

Marquette, Michigan  
\$480,000 for store expansion and relocation

### **Mississippi Market**

St. Paul, Minnesota  
\$16,000 equity investment for a third store

### **River Market Community Co-op**

Stillwater, Minnesota  
\$125,015 for store improvements

### **Seward Community Co-op**

Minneapolis, Minnesota  
\$650,000 for renovations for a commissary kitchen and cafe  
\$135,000 equity investment for a second store

*We make loans available to food co-op startups so people can realize their dream of having a community-owned grocery store*

## *The Worker Ownership Fund*

Worker co-ops offer people opportunities to create jobs and found democratic workplaces for themselves and their neighbors. Founded in partnership with the US Federation of Worker Co-ops, our Worker Ownership Fund provides cooperative-friendly financing to worker-owned businesses to support their growth and to create jobs in low-income neighborhoods.

### **Design Action Collective**

Oakland, California  
\$20,000 for office leasehold improvements

### **Red Rabbit Bakery**

Austin, Texas  
\$10,000 for café equipment

## *Housing Cooperative Finance*

Housing co-ops help build community, providing affordable housing options to individuals, families, students and seniors. In 2014 all of our loans went to housing cooperatives located in economically disadvantaged neighborhoods. The funds were used to acquire new buildings and to make improvements to existing housing.

### **Horizontal Housing Cooperative**

Baltimore, Maryland  
\$50,000 to purchase a new property

### **Irvington Court Realty Company**

Indianapolis, Indiana  
\$145,000 to finance improvements

### **Life Center Association**

Philadelphia, Pennsylvania  
\$85,000 to finance improvements

### **Omega One Ltd.**

Minneapolis, Minnesota  
\$105,000 for home improvements

### **Royal Apartments Cooperative**

Minneapolis, Minnesota  
\$25,624 for improvements

### **South Aldrich Apartments**

Minneapolis, Minnesota  
\$50,000 for improvements

# Borrower Stories

## Mississippi Market – St. Paul, Minnesota Seward Community Cooperative – Minneapolis, Minnesota

Mississippi Market and Seward Community Cooperative are well-established, dynamic food co-ops, and both are opening new store locations in the fall of 2015. Each co-op is opening a new store in a low-income neighborhood with limited grocery access, and they were able to use New Markets Tax Credit (NMTC) financing for their projects. While these are complicated financing arrangements requiring that the co-op establish an LLC with an outside entity taking a small ownership position - they can provide significant financial advantages to the co-ops.

Having a trustworthy, values aligned partner was essential. Through two equity investments, NCDF was able to take a 5% ownership position in each LLC. “Northcountry is an important long-term partner for Seward Co-op. They were critical to helping us complete our NMTC loan by being an equity investor,” said Sean Doyle, Seward Community Co-op’s general manager. Gail Graham, Mississippi Market’s general manager noted, “NCDF’s involvement allows us to leverage way more than we could with conventional financing.”

*“NCDF was critical to helping us complete our New Market Tax Credit loan by being an equity investor.”*

–Sean Doyle  
General Manager,  
Seward Community Co-op





***“We’ll be bringing more economic activity to this neighborhood and creating jobs for people who live here.”***

–Laura Pyatt  
Marketing Manager,  
Durham Central Market

### **Durham Central Market – Durham, North Carolina**

How do you rebuild your local economy? One solution is to start a co-op. The Durham community began its organizing effort in 2008 to start a food co-op that would offer the community more local produce and healthy food options. Former tobacco farmers who now grow local produce wanted more markets, and local neighborhoods wanted jobs and a place to buy healthful foods. “Local is very important to us,” said Laura Pyatt, the co-op’s marketing manager. “It’s our priority.” So is accessibility. Pyatt said that as a consumer-owned business, it’s important to them to have public gathering spaces, be pedestrian-friendly and offer bilingual marketing.

In partnership with two other CDFIs, NCDF provided a loan of \$576,000 as part of a \$2 million project for their 10,000 square foot store. The co-op also worked with a local community developer who developed and built out the space. “NCDF’s impact on this project has been instrumental,” Pyatt said. She added that the store is “bringing more economic activity to this neighborhood and creating jobs for people who live here.”

### **Irvington Court Realty Company – Indianapolis, Indiana**

***“I didn’t want to have to leave the community and the co-op made it possible to stay.”***

–Sue Taylor,  
Resident Owner,  
Irvington Court

The Irvington Court housing co-op is home to 18 families who live in the two rows of brick townhouses facing a pleasant courtyard in a historic neighborhood of Indianapolis. The homes were built in 1924 for railroad workers and were converted to a housing cooperative in 1951 to create greater affordability and home ownership opportunities. The cooperative structure has helped keep the homes affordable even as area housing prices have risen. Sue Taylor, who has lived in the housing co-op for 20 years, found that living at Irvington Court helped her continue to afford living in the neighborhood she had long loved. “I didn’t want to have to leave the community and the co-op made it possible to stay,” she said.

After the very cold winter of 2013-14, the co-op board realized that they needed to replace their boiler system to heat the buildings. But when they approached their local bank for a loan, the bank said that they didn’t know how to structure a loan with a housing co-op. Then they turned to NCDF. They received a \$150,000 mortgage loan from NCDF, which allowed them to replace the boiler and add new gutters and downspouts. In addition, their loan officers at NCDF helped them create a budget for ongoing maintenance and plan for a capital reserve to fund future improvements projects. Burrton Woodruff, the co-op’s treasurer said, “Not only did the process of getting a loan from NCDF go well, but it put us in a more business-like position.”



## Design Action Collective – Oakland, California

In 2003, the founders wanted to create a worker-owned graphic design firm dedicated to social justice. “Our story starts with Inkworks Press in Berkeley,” said Sabiha Basrai, one of Design Action Collective’s worker-owners, referring to the worker-owned print shop serving the East Bay nonprofit and social justice community (Inkworks is also an NCDF member). The founders wanted to expand on the work of Inkworks Press by creating a firm to focus on social media, website design and logo identity. “All of us have a shared commitment to activism and we work side-by-side with our clients,” she said.

Having started in a garage, Design Action Collective knows what it’s like to pinch pennies, but in 2014, when they outgrew their second office space, they realized that renovating a larger space in downtown Oakland would be a great investment in their business and in the community. As previous borrowers of NCDF, they knew where to turn when it came time to find financing. Basrai explained that their \$20,000 loan from NCDF to finance the leasehold improvement “allowed us to invest in ourselves and reach our goals.” The group put the money toward materials and equipment and committed significant sweat equity, doing most of the work themselves. “This loan opportunity helped us plan from a place of abundance,” Basrai notes.

Now Design Action Collective’s ten diverse, multi-lingual worker-owners are enjoying the upgraded offices, which include community meeting spaces. “We can think long-term, and our space is a resource to the community that supports us,” Basrai said.

*“This loan opportunity helped us plan from a place of abundance.”*

–Sabiha Basrai  
Worker-Owner, Design  
Action Collective







# Northcountry Cooperative Development Fund

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Minneapolis, MN 55406

## *Thank you to all of our donors and investors!*

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

