

2022 Annual Report:

A Year of Transformation



2022: focusing on our mission



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2022 by the Numbers

78% of Alternatives loans were made to low-income borrowers

\$1.6 million in loans were made for the express purpose of credit building

636 people received financial and housing counseling

1,037 technical assistance sessions were hosted by our Business Development team

10 homes were purchased through the Black, Indigenous & People of Color Prosperity Fund of Tompkins County, supporting first-time homebuyers with a combination of grants and counseling

66 small business loans totalling \$2.5 million were made, 72% to Minority or Women-Owned Business Enterprises

122%

**increase in lending in
Chemung County**

\$25,000

**in grants were awarded
to 13 local Women &
Minority Owned
Businesses.**



71%

**of Business
Development
clients were
women. 56% were
people of color.**

\$31,500

**in grant-matching funds were
leveraged to support 12
Chemung County businesses
owned by Black, Indigenous &
People of Color.**



Rules Were Created to Exclude Many from Homeownership

The long-lasting effects of segregation and the stigma of “bad” credit has put homeownership unjustly out of reach for many working class and even middle-income families. So in 2022, we started to re-imagine what it means to be “credit-worthy” and in 2023, launched the FAIR Mortgage (Finance Addressing Inequality and Racism). This mortgage provides greater access to building generational wealth for those affected by systemic racism and economic inequality.

- NO minimum credit score
- NO down payment
- NO PMI (Private Mortgage Insurance)
- NO auto-disqualifications for bankruptcies, collections, student loan defaults, medical debt
- Emergency savings fund built into the monthly payment
- Accessible for those who are self-employed or receive commission/tip-based income

With the FAIR Mortgage, Alternatives is pushing the envelope further to strengthen the communities we serve.



A Message from our Board Chair

Brian DeYoung

Thank you for belonging to Alternatives. You have chosen to be part of us, part of our community. Every staff member and every credit union member has chosen to be part of Alternatives. Credit Union Membership is a much more conscious and important choice than simply opening an account at a financial institution.

Today, more than ever, people are divided by their choices, and yet globally we all also seek to belong. We want to be part of something, to be included, to matter, to enjoy life, and to feel fulfilled. The credit union cannot do all of this. Incredibly though, Alternatives helps us to try. They help the underserved and marginalized with Home Ownership. They help us to find ways to improve and build credit, and they help us to simply have and obtain the basics of modern life. By being a member, you build community and help others, many of whom you will never meet. By participating and by supporting our events you meet the incredible staff that serve all of us, with nearly unbounded enthusiasm and with a rare dedication not found at most places of employment. The staff and board are dedicated because they believe in the mission, and they want to make a difference. That is amazing, wonderful and inspiring.

You too can make a difference. We are in a period of great change. As the local and world scene changes others need help understanding technology and discerning what news and information is important, and valid. You can help at the credit union. You can help your neighbor. We all have so much more to do than before covid, it feels busier and we all want to do what is meaningful, not just spend empty hours. How can you make a difference when you feel you have no extra time? Tell the staff the next time you are in the credit union what a great job they are doing. It is hard to find staff today, many businesses are working with reduced staff. People want to be appreciated. The Board appreciates the staff, and we work to approve policies that show the staff they are valued. You can do your part by learning their names and greeting them. It may sound like a small thing. But it is a start. Employee retention and satisfaction is important. When we retain staff, we thus have the manpower to do all the other things we need and want to do, rather than just be open. With staff, we can expand, and help more people. With a board, with committees, we also can start more initiatives, and reach out to more communities.

Thank you for being part of us. Thank you for being you. And thank you for bringing your You and your communities to Alternatives.



A Message from our CEO

Kevin Mietlicki

Since the global pandemic began in early 2020, Alternatives - as well as our members, communities, and world - have been through a lot. There are two ways to approach what we have been through: we can go the route of fear and risk and cocoon, or we can open ourselves up to change and possibilities.

We have seen this pattern before. The Bubonic Plague was followed by the Renaissance. The 1918 Flu Pandemic was followed by the Roaring Twenties. The Covid-19 Pandemic has led to this turning point. The past years have seen changes in Humanism - through the focus on well-being, Innovation (I've heard it said that technology changed faster in 2022 than it ever has and slower than it ever will again), and Transformation (a new chapter in a nationwide conversation on race, Ukraine, bitcoin). We are living through a period of tremendous tide changes.

Alternatives FCU is choosing to change and harness the possibilities of that change. We have continued to build on a renewed mission focused on building and protecting wealth for people with diverse identities who have been historically marginalized - especially those with low wealth or identifying as Black, Indigenous, or People of Color. We have implemented policy changes to better lend into our mission-aligned communities. We have placed importance on having staff outside of the building to meet and work with communities to help them learn that there is a financial institution in their area that wants to work to make a difference in their lives. We have been making updates and changes to our technology to offer better service options to our members and potential members. We have invested time in the development of our staff. We have restructured programs, services, rates, and fees to allow the communities we work in to retain more of their hard-earned dollars. I want to thank the staff, our volunteers, and our members for your belief and support of the credit union. I hope we continue to make you proud to say that you are a part of Alternatives Federal Credit Union.

Alternatives is on strong financial footing, and we look forward to continuing to assist our members and our communities in reaching their financial goals to make life-changing impacts.

Changing the Rules of Lending

When **Jerome Emanuel** became Alternatives' Community Development Director in early 2022, he brought extensive business and management experience and the perspective of someone who knew what it was like to have roadblocks between him and his dreams. His new role put him in charge of all three lending departments and with his passion for the mission and ability to inspire his team, he worked on new programs and processes to make loans for homes, autos and businesses more accessible than they'd ever been.

Born and raised in Elmira, NY, Emanuel developed a strong sense of community and a feeling that there must be a better way than working for 30 years and retiring on whatever you were lucky enough to be able to save. But he also knew some communities didn't have access to the same information and services that others did.

"As a kid growing up around here, you hear everybody's got ideas and everybody's got this thing they want to do," says Emanuel. "And they talk to their mom, their dad, their sister, their uncle -- and they don't come up with the money. And people forget about their dreams every day."

These limitations unnecessarily keep many people from reaching their potential. But with an outsider's perspective and products like the all-new FAIR (Finance Addressing Inequality and Racism) Mortgage, Alternatives is enhancing its role as a Community Development Financial Institution (CDFI).

The FAIR Mortgage, launched in the Spring of 2023, requires no minimum credit score, no down payment, no Private Mortgage Insurance (PMI) and does not disqualify applicants automatically based on bankruptcies, collections, student loan defaults, or medical debt. It also includes an emergency savings fund built into the monthly payment and gives special consideration to people who are self-employed or whose income is largely tip or commission-based. Emanuel says it's this kind of shift that can help people who have always figured traditional lending and the development of generational wealth that can come from it is just not available to them.

"Not only can we help you dream, but we can help you dream bigger," he says. "We want to help people stop thinking about how they're going to pay their rent, and start thinking about how they're going to buy the building."

"I didn't have anybody to teach me about saving money, making money, starting or owning a business," he explains. "How do you teach somebody about credit if you've always had bad credit? How do you teach somebody how to save money if you've never had any? I know what it's like to be poor. I want to give people that information so they can advance too."

Humanizing the lending process to look at what's positive in an application rather than what's negative is key to serving this community. That, combined with the launch of products like



"Not only can we help you dream, but we can help you dream bigger."

Jerome Emanuel
Community Development Director

the FAIR Mortgage, means Alternatives is helping more people who struggle financially.

"As a Community Development Financial Institution (CDFI), we're just super intentional about choosing to do it (the mission)," says Emanuel. "And shockingly enough, the numbers are going up as far as the dollars we are lending. And also shockingly enough, delinquencies are going down. So we're putting more money out and less money is getting charged off and the business model is working."

And there's still so much more to accomplish.

"When I look back over the last year and see everything we've done, it's like wow - we did a lot," he says. "But there's still so much to do. I feel like we haven't even gotten started yet."

A Profile of Success

Curtis “Cap” Poole

Born and raised in Elmira, Curtis Poole (known to virtually everyone as “Cap”) feels like he knows a lot of people. But like many folks who’ve experienced some bumps along the way to success, Cap learned quickly that having the RIGHT contacts is more important than having a LOT of contacts. The Business Development Team at Alternatives proved to be a valuable group when it came to starting and growing his business, D.A.J. Media, which provides video, production/recording, podcasting, and more to a variety of non-profit organizations and businesses around the area.

From forming his Limited Liability Corporation (LLC) developing business accounting practices, to getting him started on a business plan - and everything in between - Alternatives ended up being an indispensable partner to Cap.

“I’ve been like a walking billboard for them,” Cap says with a smile. “I’m able to tell my niece, her fiance, the artists I work with, young brothers looking to start up their own business or people that already have, you know. Yeah, man, I’m forever grateful ‘cause I understand how expensive these services can be.”

Aside from Business Development services, Cap was also the recipient of two different \$2,500 grants that helped him build his business by covering costs associated with much needed equipment. At first, he was skeptical that the help he was getting was really as straightforward as it seemed.

“A lot of people from lower socioeconomic statuses don’t trust people with money in positions of power,” Cap explains. “You can say whatever you want to somebody that’s struggling but if they don’t really believe that you’re gonna help them, the information will never get absorbed. So it’s almost like you have to show them what’s really going on. So when they gave it to me, I was like ‘there’s gotta be some strings attached or something weird,’ you know what I mean? That never happened though. They definitely earned my trust when it comes to banking.”

Cap says he thinks more people should know about what Alternatives offers, because their support could unlock significant power from traditionally marginalized communities.

“I know there’s probably a hundred different people that have ideas - powerful ideas - that if they took advantage of the things I was able to take advantage of, they’d be so far ahead,” he says.

Cap’s own ideas have been slowed by life experiences including a brief incarceration and a prolonged struggle with COVID in 2021. But now he’s focused on growing his impact, thanks



in part to the impact Alternatives has had on him. D.A.J. Media is expanding its capabilities and working to support local and regional recording artists - as well as businesses and organizations in the area that need video/media services. But Cap is also laser focused on a vision that involves supporting at-risk youth and incarcerated teenagers to help them find a path to safety and stability. He spends the better part of two days each week at a regional detention center with teenagers doing heavy sentences, teaching them audio engineering.

“I’m creating and shaping my future,” he says. “It’s taken a lot of sacrifice. I can’t give up. I don’t really know how.”

Supervisory Committee Report

Richard Lansdowne, Chair

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, 2022.

The auditors issued an opinion that the reports of Alternatives' financial performance are fairly presented and comply with generally accepted accounting principles. The auditors were also engaged to perform additional audit responsibilities on a quarterly basis. With the assistance of an employee, the Committee ensured that additional internal audit activities and reviews of practices and procedures of the credit union were conducted throughout the year. In order to represent the membership, the Committee should be aware of your concerns. You may contact our regulator, the National Credit Union Association (NCUA), or the Supervisory Committee via email at supervisory@alternatives.org, and your inquiry will be addressed in an impartial and confidential manner.



Treasurer's Report

Tolkyn Aidarova

In 2022, Alternatives Federal Credit Union continued to recover from the global pandemic, helped our members deal with high inflation and increasing interest rates. We did our best to maintain lower loan rates for our members, only adjusting long-term mortgage rates to the market fluctuations. We also changed our overdraft program and lowered or eliminated some fees to save our members money.

To succeed with our community investment goals 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 .34% and net income of \$565,644. Our overall capital/asset ratio is a healthy 11.43% after healthy earnings. The credit union ended the year on strong financial footing that will enable us to expand our mission to include other counties in our service area and strengthen community engagement in more communities that need the products and services we offer.

Statement of Operations

	2022	2021
Interest Income		
Mortgage	\$2,008	\$2,511
Consumer	1,973	1,308
Business	609	638
Investments	1,030	195
Total Interest Income	5,620	4,652
Interest Expense		
Member shares and Savings	271	386
Interest on borrowings	54	60
Total interest expense	325	446
Net interest income	5,295	4,206
Loan loss provision	324	304
Net income after provision	4,971	3,902

Financial Condition

	2022	2021
Assets		
Mortgage loans	\$46,472	\$50,307
Consumer loans	29,983	24,961
Business loans	10,763	13,007
Total loans	87,218	88,275
Allowance for loan loss	(637)	(965)
Cash	29,190	50,192
Investments	38,151	21,395
Fixed assets	3,315	3,438
Other assets	6,870	3,441
Total assets	\$164,107	\$165,776
Liabilities and member equity		
Liabilities	\$174	\$2,160
Checking	53,809	56,233
Regular savings	71,899	73,795
Certificates	12,057	12,672
Retirement savings	7,414	8,528
Total deposits	145,179	151,228
Secondary capital	6,580	780
Capital	12,174	11,608
Total liabilities and equity	\$164,107	\$165,776
Capital Ratio	11.43%	7.47%



Alternatives

FEDERAL CREDIT UNION

Where Good Things Happen

Federally insured by NCUA

www.alternatives.org

