



NORTH SIDE COMMUNITY FEDERAL CREDIT UNION

2009 ANNUAL REPORT

COMMUNITY-BASED

TRUST HELPING HANDS

SOCIALLY CONSCIOUS SIMPLE

CREDIT AND HOUSING COUNSELING

NOT FOR PROFIT

2009 Annual Report

NORTH SIDE COMMUNITY FEDERAL CREDIT UNION

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LETTER FROM The President

“To those who hunger, give bread; to those who have bread, give a hunger for justice.”

- Source Unknown

For me, this quote sums up quite nicely the nature of North Side's work with our members. On the one hand, we are a community development institution, always plotting our strategy to benefit the least advantaged members of the community. On the other hand, we are a federally insured, regulated financial institution that provides efficient and effective financial products to those who believe in our mission. 2009 was a year to reconnect with this mission. We certainly saw our own share of adversity - our corporate credit union with whom we bank was burned badly by the US Central Corporate Credit Union meltdown. When the smoke cleared, we had lost almost all of our ownership investment in our corporate credit union - to the tune of \$80,000. Thankfully, we had fortified our balance sheet in recent years so well that we were able to withstand that blow and still maintain an acceptable capital ratio.

Without patting ourselves too much on the back, this is the credit union way – at least here at North Side. We do our job; we know our members; we serve our members; we maintain the trust of our members, partners and of our federal examiners. We have received much help over the years, but we also know how to manage a credit union without putting our members' deposits at risk. [Safety, Security, Simplicity, Trustworthy, and Social Responsibility: these are a few of the values that guide our work here at North Side.](#)

Here are some of the important highlights of last year:

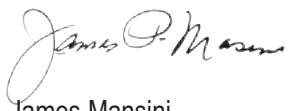
- We received financial support from The Northern Trust, The National Credit Union Foundation, JPMorgan Chase, the Private Bank, and American Chartered Bank. Thanks to all of them for their ongoing support of our work.
- Our Manager, Ed Jacob, advanced our work through chairing the Boards of both the Woodstock Institute and the Illinois Credit Union Foundation.
- We once again partnered with the Center for Economic Progress to prepare tax returns for low and moderate-income members and community residents, processing 813 returns with refunds totaling almost \$1.2 million – a 48 percent increase from 2008.
- We greatly expanded our HUD-certified Housing Counseling Program with Munai Newash and Jennifer

Pallas working with almost 400 members and community residents. This work was supported by HUD, the Illinois Housing Development Authority, and the City of Chicago Department of Community Development.

- We added online banking, (giving our members the convenience of banking in their pajamas and receiving electronic statements), and a pre-paid debit card for members unable to qualify for a checking account.
- We said a reluctant “good-bye” to Jennifer Sierecki, our Marketing Manager, who spearheaded many special projects for us over the three years she spent with North Side. We were fortunate enough to recruit Kristen Cox to take her place who is already building her own record of success in her first year.

Financially, while other lending institutions decreased lending, we had another great year for loans with 1,055 written for over \$2.1 million. This represented a 25% increase in lending from 2008. In December we loaned our \$36 millionth dollar since the organization's inception! Many of these were for our smaller emergency loans, like our Payday Alternative and Hot Funds/Cold Cash, but 23% was a result of our new \$1,000 Step Up loan. Our Total Net Loan portfolio at the end of the year stood at a healthy size of \$3.93 million. Despite the problems of the economy at large, we charged off only \$66,588; meanwhile, we had recoveries of \$26,120. This is evidence of the healthy state of our portfolio as is the fact that our overall portfolio delinquency stood at a very low 1.69%.

I cannot leave a review of our year without once again paying tribute to the stability, consistency, and hard work of our staff. They implement our hard choices every day, doing business the credit union way. We all owe them a great debt of gratitude. 2010 has already shown us that we are not done with the financial challenge. We pledge to continue to take the lead in working toward real sustainability in our own community and in the larger economy. We have to do it, because we know that our members are doing it as well.



James Mansini



Walter E. Brown

Member since 1999

small business owner, W.E.B. Exchange

COMMUNITY-BASED

Walter's Story

A financial institution that is **community-based**, supportive, and diligent in meeting the needs of the community are just some of the key reasons that have kept me coming back to the North Side Community Credit Union. This credit union is about educating the community; it's about supporting small businesses, individuals, and families. As a **not-for-profit**, it has offered a much needed hand to the community and helped a lot of people who may have otherwise been without support.

I maintain my business with North Side, due to an earned **trust**. I have been a member since 1999. I have a

North Side Credit Union is a socially responsible financial institution because member deposits stay within the community. The more member equity we have, the more money we can lend out to the community.

business account, personal checking and savings account. I can always count on the best customer service in the world from one of the friendliest represent-

atives on the planet, Connie. She knows my name and greets me with a warm and reassuring smile every single

time I come in. As a small business owner, I have inquired for a loan on several occasions and have found the process to be easy, **simple** and rewarding.

Through the many years as I've grown personally and professionally, so has the credit union. But the one thing that has remained constant is the friendly, personable, and timely service I receive when I walk through their doors. Recently while on a trip to Texas, I received a call from Connie letting me know of some suspicious activity on my account. I thought how incredible to receive a personal call like that. The problem was resolved quickly and all is well. Now that's what I call service!

This credit union is about educating the community; it's about supporting small businesses, individuals, and families.



Lauri Macklin

Member since 1992

small business owner, Person to Person, Inc.

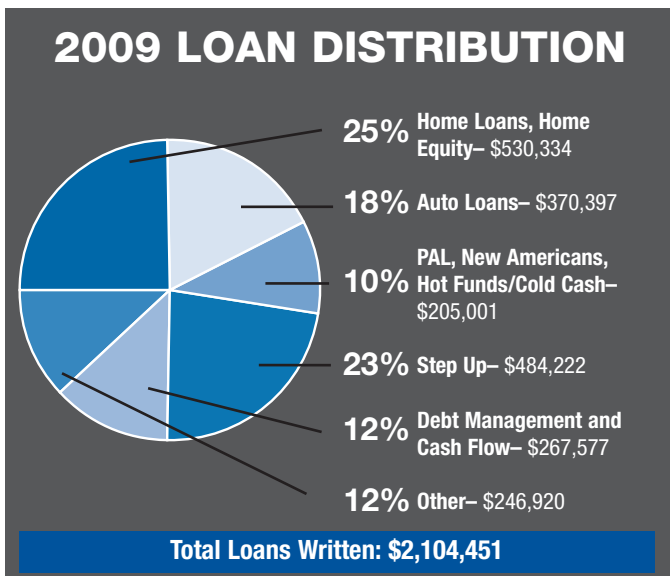
It was in 1992 that one of the founders of the non-profit organization I helped start, The Quarry, suggested getting a **checking account** at North Side Credit Union. She worked around the corner, and we had very little money, and I decided after some time that I should open my own personal account there too. I also learned that I could take out a small \$500 loan and repay

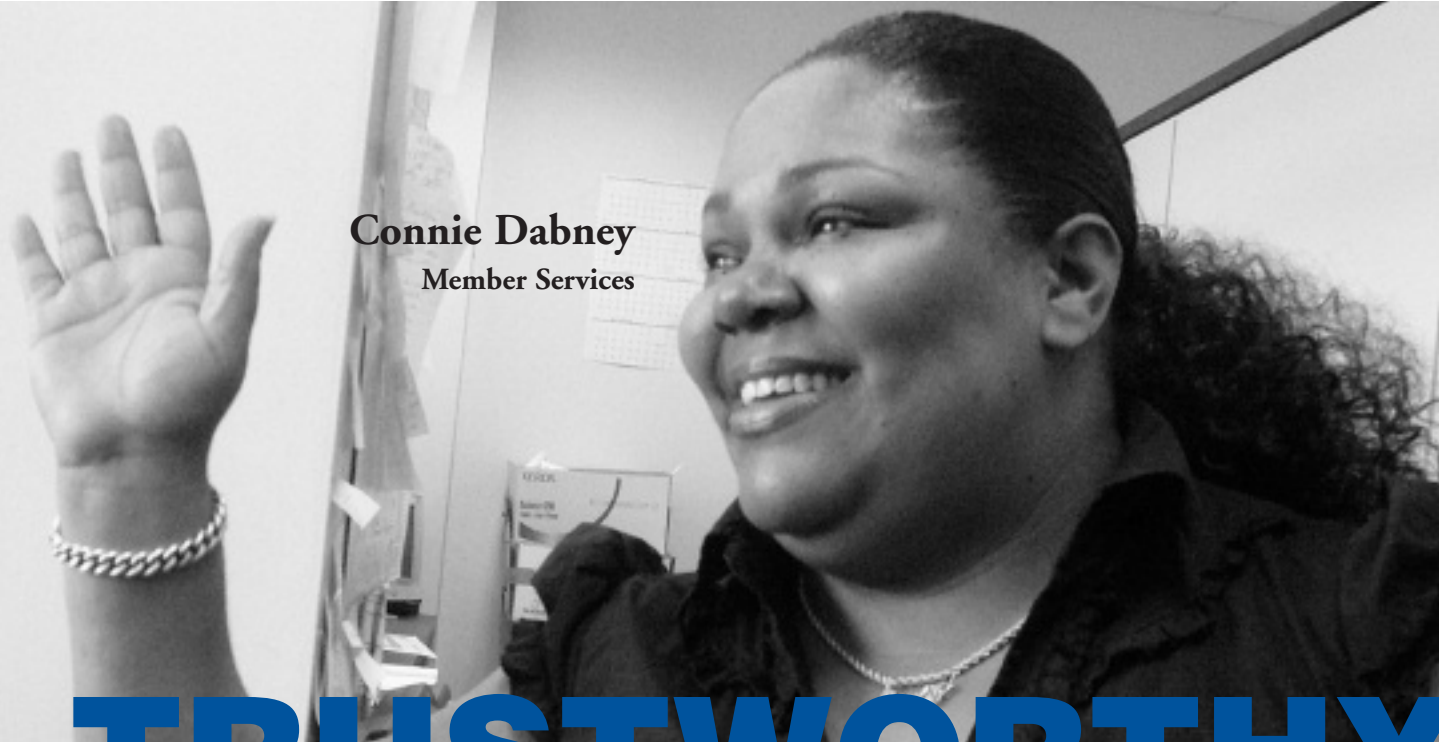
it in 6 months, which would help my credit rating.

In the late 90's, I started a for-profit business, coaching and training people and businesses in communication, and presentation skills. I opened another account at the credit union for that business, Person to Person, Inc. Over the years, I took out some larger **home equity** and **auto loans** for repairing my house and buying a car.

With the credit union, not only was it easy to call and get answers to questions, staff members would point out helpful tips to me.

Everyone was nice, friendly and helpful at the credit union. This was such a different experience from the one I had with the huge financial institution underwriting my mortgage loan. There, I never knew who I was talking to. It took a long time to contact them for anything, longer still to get answers to questions, and it was always very complicated. With the credit union, not only was it easy to





Connie Dabney
Member Services

TRUSTWORTHY

call and get answers to questions, staff members would point out helpful tips to me. Opening a Christmas savings account, transferring my money from checking into savings to earn interest, or letting me know that I was about to be over-drawn on my account were some of these tips.

The credit union is a small, dedicated organization that I trust.

It is also **simple**. The fees and procedures of big banks are complicated, and hard to understand. Now that

The credit union is a small, dedicated organization that I trust.

there is **online banking**, the Credit Union is even simpler. My life is complicated enough, without spending hours trying to figure out “hidden costs”,

so I really appreciate that I have the credit union.

Over the years, my business has done very well, and as we all know, housing prices have gone up. When I was able to take out a second mortgage on my house, it

Online in 2009!

Members can now access their savings, checking and loan accounts online as well as verify deposits, check e-statements, send messages for assistance, and view our quarterly newsletter.

was a no-brainer – I decided to get a **home mortgage** from the credit union. I knew that I could get a little bit better rate at a big bank, but why? I would much rather have my money in a place where I know the people, can ask questions, get answers, and feel that no one is taking advantage of me. North Side made this process so easy and I wanted to support an organization that is helping me, and others in this way. When my 5-year mortgage was up, I combined my first and second mortgages into one, and refinanced that loan with North Side. As I explained to a friend who thought I should have gotten a better rate elsewhere, ‘there are some things that are worth paying for.’

COMMITTEE Reports

Supervisory Committee Report

Despite our modest size, the Supervisory Committee of the North Side Community FCU manages compliance with an ever-expanding number of regulations of credit unions. The committee is dedicated to complying with all federal regulations regarding Bank Secrecy Act, identity theft, and other requirements for currency transactions. A special focus in 2009 was to manage security and privacy with third-party vendor relationships. These actions insure that your deposits and private information are in good hands.

Committee members Laurie Fuller, Tania Kadakia, Marva Williams, and Amy Crawford work monthly with Ed Jacob to assure that the Credit Union is running smoothly and serving our members to the best of our ability. In April, we underwent our annual Supervisory Committee Exam, performed by Selden-Fox, Ltd, who reviewed accounting records, loan documentation, internal controls, and confirmation of deposit balances. For the fourth year in a row, the exam noted improvements in operating procedures.

Finance Committee Report

Overall, NSCFCU maintained a solid financial base in 2009. Assets increased considerably at a rate of more than 23%, a portion of that as a result of more members opening or expanding their accounts at the credit union. While down from last year, the Net Capital/Assets ratio remained strong at a rate of 8.14%.

A difficult economic environment also impacted our loan portfolio, investment income, and membership shares in our corporate credit union. Despite a 25% increase in dollars lent, outstanding loans at year-end

dipped slightly (by less than 1%) from the previous year and loan loss provision increased from \$26,500 to \$30,000. Interest rates remained at all time lows impacting our investment income and the .25% annual dividend that we were able to pay, as total dividends slipped by \$15,000 from the prior year.

Finally, our membership capital stake in our corporate credit union, Members United, was negatively impacted due to losses they incurred. This resulted in a non-operating loss of \$81,211 as reflected on our income statement. In addition, all federally-insured credit unions were assessed a special deposit insurance premium, which resulted in an increased expense of \$25,524 for North Side.

As Treasurer, Curt Roeschley chairs the Finance Committee.

Credit Committee Report

Despite the fact that many lenders reduced lending in 2009, North Side increased our lending by 25%, with a total of 1,055 loans written for \$2,104,451 during the year. We continued to focus on the needs of the community for affordably priced, small dollar loans, with an average loan size of under \$2,000. For members who have graduated from PAL and Hot Funds/Cold Cash loans, our Step Up loan continued to be a popular stop on their way to building a positive credit path. We continued to be diligent in managing our portfolio in 2009, and ended the year with a delinquency rate (60 days or more) of 1.69%.

Candi Huber continued to Chair the Credit Committee, assisted by Kelly Mizeur.

FINANCIAL

Report

INCOME STATEMENT	2009	2008	2007	2006
INCOME				
Loan Interest	\$287,618	\$278,792	\$243,833	\$261,659
Loan Interest-Visa	\$19,906	\$20,992	\$19,838	\$17,923
Investment Income	\$88,401	\$86,642	\$142,510	\$167,671
Fees/Charges	\$157,803	\$153,600	\$156,456	\$116,201
Miscellaneous	\$80,410	\$87,634	\$64,078	\$133,132
Total Operating Income	\$634,138	\$627,660	\$626,715	\$696,587
EXPENSES				
Compensation	\$221,610	\$212,139	\$211,720	\$176,567
Employee Benefits	\$61,597	\$51,760	\$50,482	\$42,371
Travel/Conference	\$3,907	\$3,831	\$5,129	\$2,036
Association Dues	\$9,442	\$10,035	\$10,150	\$4,804
Occupancy	\$43,865	\$43,936	\$39,242	\$36,406
Office Operations	\$146,801	\$118,723	\$110,803	\$120,972
Education/Promotion	\$3,799	\$8,674	\$9,655	\$13,361
Loan Servicing	\$14,890	\$13,720	\$14,379	\$27,378
Professional Services	\$6,250	\$5,572	\$7,160	\$7,464
Loan Loss Provision	\$30,000	\$26,500	\$7,000	\$69,000
Federal Exam Fees	\$1,761	\$1,560	\$1,831	\$1,831
Interest Expense	\$4,000	\$4,000	\$4,000	\$4,000
Annual Meeting Expense	\$469	\$554	\$1,478	\$1,505
Miscellaneous*	\$27,151	\$25,165	\$457	\$3,344
Miscellaneous-Visa/ATM	\$13,602	\$14,963	\$14,686	\$1,647
Total Operating Expense	\$589,142	\$541,130	\$488,172	\$512,685
Income from Operations	\$44,995	\$86,530	\$138,543	\$183,901
Dividends	\$111,878	\$126,438	\$143,305	\$105,538
Non-Operating Gain**	(\$14,402)	\$180,000	\$25,000	\$0
Net Income	(\$81,284)	\$140,092	\$20,238	\$78,363

* For 2009, includes \$25,524 special deposit insurance premium.

** For 2009, includes \$81,211 non-operating loss from ownership share in Members United corporate credit union.

FINANCIAL

Report continued

BALANCE SHEET	2009	2008	2007	2006
ASSETS				
Loans	\$3,835,150	\$3,850,083	\$3,664,499	\$2,964,006
Loans-Visa	\$191,508	\$191,032	\$201,309	\$174,350
Loan Loss Allowance	(\$96,632)	(\$106,161)	(\$109,828)	(\$110,441)
Net Loans	\$3,930,026	\$3,934,954	\$3,755,980	\$3,027,915
Cash	\$84,911	\$141,827	\$219,357	\$148,297
Investments:				
Members United	\$3,902,187	\$3,132,869	\$2,758,406	\$4,027,159
CUSIP	\$1,000,000	\$0	\$0	\$0
Prepaid Expenses	\$17,462	\$24,138	\$13,673	\$12,322
Fixed Assets	\$104,926	\$124,216	\$157,544	\$143,501
Other Assets	\$67,175	\$37,936	\$92,650	\$99,027
Total Assets	\$9,106,686	\$7,395,940	\$6,997,610	\$7,458,221
LIABILITIES				
Abandoned Accounts	\$0	\$0	\$0	\$15,991
Dividends Payable	\$17,020	\$17,643	\$17,749	\$16,620
Taxes Payable	\$5,266	\$7,636	\$8,244	\$7,921
Accounts Payable***	\$1,080,861	\$117,174	\$15,075	\$32,473
Total Liabilities	\$1,103,146	\$142,453	\$41,068	\$73,005
EQUITY				
Shares	\$3,216,787	\$2,725,611	\$2,463,914	\$3,175,999
Share Drafts	\$357,334	\$508,750	\$367,363	\$621,452
Certificates	\$3,687,934	\$3,166,358	\$3,412,588	\$2,915,326
Regular Reserve	\$198,551	\$309,835	\$330,073	\$289,835
Undivided Earnings	\$542,933	\$542,933	\$382,604	\$382,604
Total Equity	\$8,003,540	\$7,253,486	\$6,956,542	\$7,385,215
Total Liabilities/Equity	\$9,106,686	\$7,395,940	\$6,997,610	\$7,458,221

*** For 2009, includes \$1,000,000 CUSIP Note Payable.

Board and Staff

Officers

President – James Masini

Vice-Presidents – Clifford Scott-Rudnick, Kelly Mizeur

Secretary – Kelly Mizeur

Treasurer – Curtis Roeschley

Board of Directors

Amy Crawford

N. Paul Elue

Mark Fick

Ayo Ma'at

Michael Robinson

Khamphoui Singvongsa

Directors Emeritus – Angela Turley, Roger Krause

STAFF

Manager – Ed Jacob

Loan Manager – Maria Montoya

Member Services – Constance Dabney

Marketing and Community Relations Manager – Kristen Cox

Housing Counselors – Jennifer Pallas, Munai Newash

Housing Outreach – Mary Burke-Peterson



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