

COMMUNITY DEVELOPMENT CREDIT UNION:  
A PATHWAY TO COMMUNITY ECONOMIC DEVELOPMENT

By

Robert T. Moore

Southern New Hampshire University

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Melissa L. Nemon

Associate Dean

Melissa L. Nemon, PhD

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## **ABSTRACT**

1<sup>st</sup> Bergen Federal Credit Union proposes to develop and construct a new community branch operation in Garfield, NJ with a major goal of building financial stability for low-income households and residents of Garfield, NJ, a city with an increasing poverty rate and a burgeoning immigrant population. Many do not access mainstream financial institutions and are using high-cost financial products such as pay-day lenders and check cashiers. While the branch will provide city residents access to affordable financial products and services, the long-term goal is to attract the unbanked and underbanked low-income households to the branch, with an ultimate objective to have low-income people save and/or borrow thus helping to build financial stability and assets both personally and community-wide..

The credit union will offer a series of financial literacy and budgeting programs in order to educate low-income credit union members on the benefits of money management and participation in the banking system. By the end of three (3) years of operations, the branch is forecasted to have acquired over \$2.5 million in assets and a loan portfolio of over \$2 million, with profits being reinvested in the credit union for the benefit of its members.

## COMMUNITY CONTEXT

### *Community Profile*

The City of Garfield's population has remained constant over the last decade. The population increased by only 1.2% (433) to 29,002 from 2000 to 2009, according to the United Census Bureau. This 2009 growth rate is slightly more than the County growth rate of .5% and approximately half of the 2.8% growth rate for the State of New Jersey, during the same time period.

Garfield is the third largest of seventy (70) political subdivisions in Bergen County and is one of three designated as a City. Bergen County is the most populated County (888,546 in 2009) in New Jersey and accounts for 10.3% of the State's total population. Garfield is 2.1 square miles and has a per-mile population density of 13,810 (U.S. Census Bureau, 2005-2009).

Racially, the composition of the City is relatively homogeneous, with a majority of the residents describing themselves as being white. According to the U.S. Census, in 2009, 74.5% of City residents were white, 6.0% were black or African American, and Asians accounted for 4.4% of the total. However, the City is ethnically diverse: a significant number of residents come from communities throughout Eastern Europe and Latin America. Moreover, residents describing themselves as white include individuals of Hispanic or Latino decent. U.S. Census statistics (2009) reported a 58% increase in Hispanic and Latino residents over 2000.

As of 2009 slightly over 39% of the Garfield population is foreign born. Additionally, 57.9% of residents over 5 years old speak a language other than English in the home (U.S. Census Bureau, 2005-2009).

In 2000, 7.8% (2,305) of residents lived below the poverty line. The number of residents living below the poverty line had increased to 3,427 (11.8%) by 2009, a 51% increase. The poverty rates for Blacks and Hispanic/Latinos are 21.8% and 12.9%, respectively. Similarly, the number of families living in poverty has grown from 7.8% of families in 2000 to 11.8% in 2009.

The rate of growth of median family income (MFI) has increased only 6% over the last nine years ending 2009, while according to the U.S. Census Bureau, during the same period the national rate of growth was 24% (\$62,363 vs. \$50,046) and 27% (\$99,398 vs. \$78,079) for Bergen County. Moreover, by the end of 2009, Garfield, which is situated in one of the wealthiest counties in the U.S., has seen its MFI, median household income, and per capita income fall below the national average.

### ***Community Needs Assessment***

Access to banking services and products allows individuals and families to conduct basic financial transactions as well as provides opportunities for savings and borrowing. However, the 2009 FDIC National Survey on Unbanked and Underbanked Households (Survey) estimates that 7.7% of all U.S. households are unbanked, i.e., no household member has a checking or savings accounts (Federal Deposit Insurance Corporation, 2009). This equates to approximately 9 million households and in excess of 17 million adults residing in these unbanked households.

The survey further reports that an estimated 17.9%, or 21 million households, are underbanked. Underbanked households are defined as households that have a checking or savings account but rely on more costly non-traditional banking services such as check-

cashing stores, pay-day lenders, rent-to-own agreements, pawn shops or refund anticipation loans. Low to moderate income households tend to have limited access to banking services and low-cost loans, resulting in paying more for basic transactional and credit services. Therefore, low-income households are more vulnerable to loss or theft and regularly struggle to build credit histories and financial security (Federal Deposit Insurance Corporation, 2009).

The percentage of unbanked households is extremely high for lower income households. Households with annual earnings below \$30,000 account for almost 7 million households or 71 percent of all unbanked households. Reasons that low-income consumers use alternate financial services or remained unbanked include limited traditional financial institution options, desire for immediate access to financial services, inability to maintain required minimum bank account balances, belief that assets accumulation will limit eligibility for public assistance, distrust of mainstream financial institutions, difficulty in managing debt or inability to evaluate costs of banking options (Johnson, 2007).

The percentage of unbanked or underbanked households varies among racial and ethnic groups. An estimated 21.7% of Black households, 19.3% of Hispanic households and 15.6% of American Indian and Alaskans are unbanked. Similarly, minority populations account for a large portion of the underbanked population. For example, almost 54% of blacks and over 43% of Hispanic are unbanked or underbanked. In New Jersey, 7.4% or an estimated 233,000 households are unbanked. 19.0% of households with annual income at or below \$30,000 are unbanked as well. The percentage of unbanked minority households equals or exceeds the national average in

New Jersey. Moreover, another 4.4% of all New Jersey households are underbanked. An estimated 377,000 households (an estimated 851,000 residents) in New Jersey are either unbanked or underbanked (Federal Deposit Insurance Corporation, 2009).

Extrapolating the national and state statistical averages based upon Garfield’s demographic characteristics (U.S. Census Bureau, 2009), the number of unbanked and underbanked residents can conservatively be estimated at 817 and 1,342, respectively.

*Table 1: Estimated Unbanked and Underbanked, 2009.*

	Number			Percentage		
	Garfield NJ	NJ	U.S.	Garfield NJ	NJ	U.S.
	Actual	(1000’s)	(1000’s)	Actual	(1000’s)	(1000’s)
Total Households	11,101	3,141	118,574	100%	100%	100%
Unbanked	817	233	9,085	7.4%	7.4%	7.7%
Unbanked & Underbanked	1,321	377	21,276	12.0%	12.0%	17.9%
Residents Un/Underbanked	3,462	851	62,000			

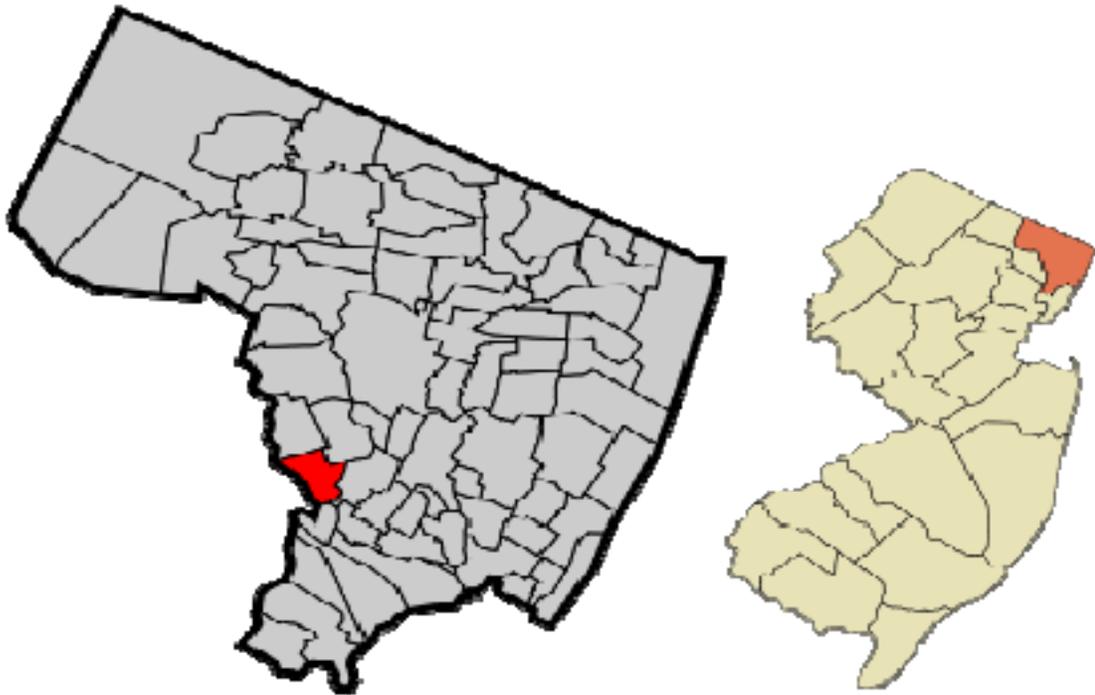
Over the last decade, Garfield has experienced an increasing poverty rate, higher unemployment and degrading purchasing power due to slow household income growth. Garfield, also, has a substantial unbanked and underbanked population, many of whom are foreign born. Worsening local economic conditions provides undesirable alternate financial institutions (pay-day lenders, check cashing stores, pawn shops, etc.) the opportunity to flourish, further reducing the long-term development of personal assets, particularly for the poor. A community-based credit union serving the needs of the economically disadvantaged in Garfield can be of great assistance to the poor of this city.

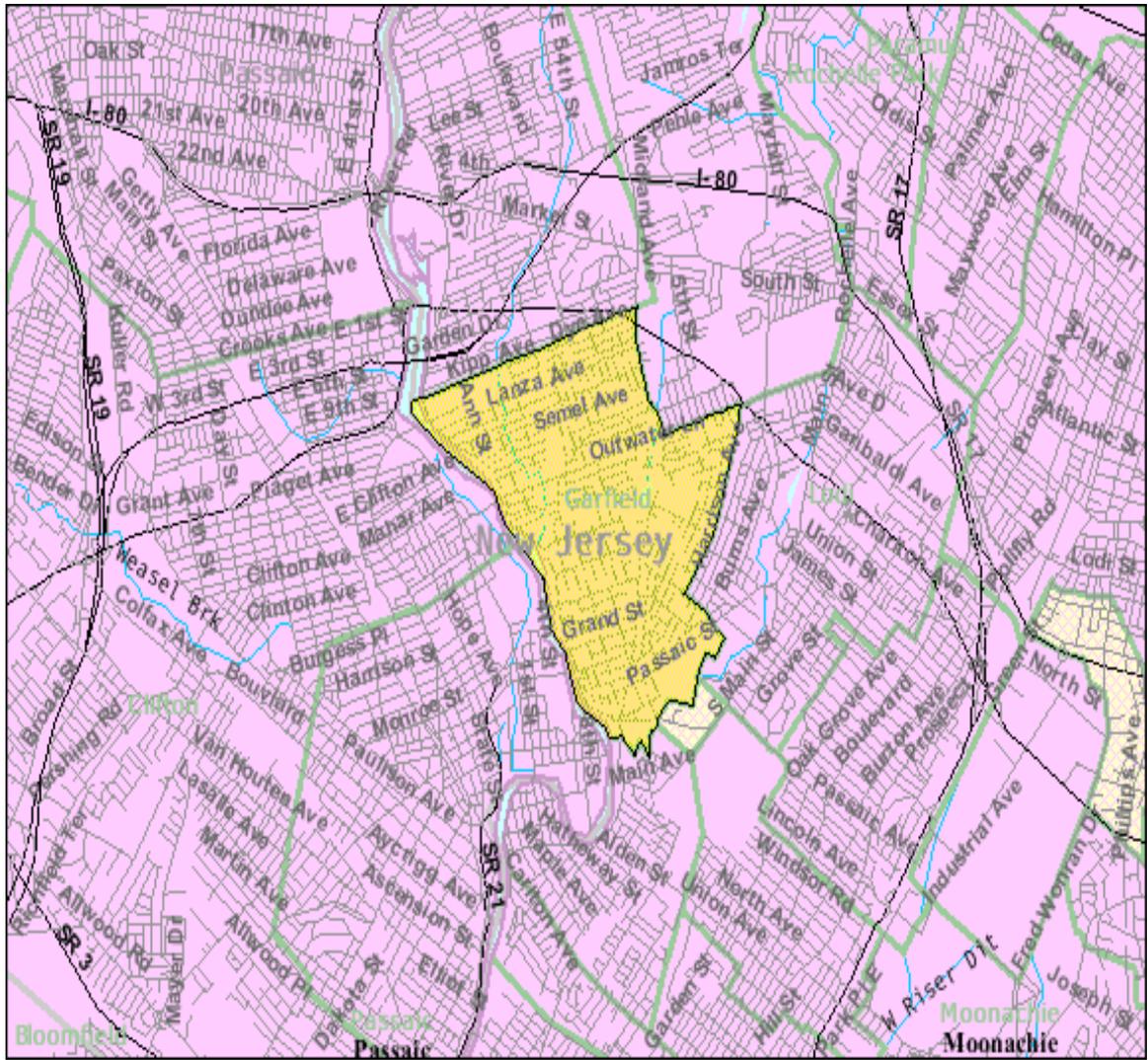
***Target Community***

The target community consists of the low-income residents that are unbanked or underbanked, particularly the minority Hispanic and eastern European immigrant and the

Black populations of the City of Garfield, NJ. The immigrant populations have grown substantially over the last decade and the city has seen a 51% increase in its poverty rate. Moreover, the poverty rate for Blacks exceeds 21%, almost double the city's poverty rate. In addition, the City of Passaic borders Garfield to the west with a population of over 69,000, with a minority population of over 54% and a poverty rate of 29.8%: those residents will be able to access the services of the credit union (U.S. Census Bureau, 2010).

Maps following show Garfield, NJ in relation to the County of Bergen and the State of New Jersey.





*Bergen County / New Jersey / Garfield, NJ*

## **PROBLEM ANALYSIS**

### ***Problem Statement***

One in three low-income households in Garfield is unbanked or underbanked and unable to save or borrow in order to acquire financial stability.

The inability of low-income households to achieve financial stability and build wealth has many causes. Financial stability is not easily defined. However, building wealth through savings and asset acquisition leads to financial stability. Accessing available public benefits, reducing debt, increasing credit scores, learning to budget, starting a savings plan, limiting use of credit cards, and accessing mainstream financial institutions are common strategies employed to develop financial security.

Difficulty managing debt, language barriers and cultural differences, inability to maintain minimum bank balances, lack of income, limited access to financial institutions and poor credit are factors that limit the realization of financial stability. To remove the barriers to wealth accumulation, low-income households must access the products and services of mainstream financial institutions. The banking system provides access to basic saving, checking and loan products and the ability to process basic financial transactions.

Over 800 residents in Garfield live in households where no household member has a checking or savings account (unbanked), and another 1,300 residents reside in a household where at least one member has a checking or savings account, but the household members rely on more costly financial services such as check-cashing retailers and pay-day lenders (underbanked).

Community development credit unions (CDCU) have the ability to provide low-cost financial services, loan products and saving opportunities for the low-income consumer, including the unbanked and underbanked.

Undesirable effects of not accessing the banking system include the inability to borrow, dependence on high-cost pay-day lenders and check-cashing retailers to process transactions, limited access to affordable credit, inability to acquire a home or business, lack of credit history, reliance on government programs, and theft of non-banked cash. Currently, over 65% of 1<sup>st</sup> Bergen Federal Credit Union's members are low-income and Bergen County Community Action Partnership, Inc. (BCCAP), 1<sup>st</sup> Bergen's sponsor organization, serves over 26,000 low-income residents of Bergen County annually.

Opening a second credit union branch in Garfield will provide access to affordable financial service for the marginalized community and allow for expansion of credit union and agency services. The proposed banking branch will be located in Community Action's HELP Center in Garfield. The HELP center campus is home to a Head Start center, a Federally Qualified Health center, and a job training center, with future plans for a low-income adult medical day care facility.

### ***Stakeholders***

The support for branch expansion in Garfield is strong. The Boards of both 1<sup>st</sup> Bergen and BCCAP have approved preliminary development plans. BCCAP has committed its facilities rent free for five years and agreed to provide \$25,000 of start-up funding. 1<sup>st</sup> Bergen's Board has directed staff and Board members to develop a start-up and operating budget, and draft a branch facility design. Garfield's Mayor and Town

Administrators have been apprised of the plans and have verbalized their support for the project. The building department will need to approve construction plans and the zoning board may need to approve a traffic flow plan. Approval for branch expansion is required by the National Credit Union Administration (NCUA). NCUA will be provided with a well thought out expansion and business plan detailing the costs and benefits associated with the expansion plans, including estimates of growth in low-income membership.

Expansion includes a number of challenges and opportunities. The sponsor organization has committed funding to the project, but the funding is limited and expansion will require other resources. However, BCCAP has the capability to raise grant funds through an experienced research and development department and has marketing and outreach staff available to market the new branch. Local banks have also committed to making deposits in the credit union. The additional branch will provide opportunities for membership growth and long-term financial strength for the credit union, but the first few years of operation may require outside support to cover the costs of the operations before the branch is profitable. Experience gained from opening the first branch and a veteran member services representative and an active Board and management team should diminish the effects of any unanticipated fiscal challenges.

*Table 2: Stakeholder Analysis Team*

<b>Team Member Name</b>	<b>Affiliation and/or Relationship to Planned Project</b>
Allan De Giulio	Chairman of 1 <sup>st</sup> Bergen FCU Board of Directors/Oversight and approval of planning and development of credit union.
Rev. Vernon Walton	Pastor, Mt Calvary Baptist Church & Vice Chair of 1 <sup>st</sup> Bergen FCU & Former County Freeholder (Commissioner)/Outreach to Community and political base.
Robert Moore	CFO Bergen County Community Action (BCCAP) & CEO 1 <sup>st</sup> Bergen FCU/Oversight implementation of branch and operations and budget, etc.
Joan Freling	R&D Director of BCCAP (credit union sponsoring agency)
David Wenegrat	Director of Real Estate Development, BCCAP/oversight and implementation of facility construction.

Table 3: Community Stakeholder Analysis Matrix

Stakeholder	Stakeholder Interest(s) in the Project	Assessment of Impact	Potential Strategies for Obtaining Support or Reducing Obstacles
Board of 1 <sup>st</sup> Bergen FCU	Expansion of services to serve an underserved area of the County. Membership growth and increase assets (loans) and deposits. Growth of credit union.	Extremely Important: Requires approval of Board to expand. Board will want to ensure a successful self-sustaining operation. Board represents FCU's members.	Developed well thought out business and expansion plan for Board Approval. A plan vetted by BCCAP, NCUA, NJCUL and 1 <sup>st</sup> Bergen staff.
National Credit Union Administration (NCUA) : NCUA Examiner & Regional Director	Regulatory agency that provides approval for branch and services expansion. Ensure that credit union can support the operations and maintain required ratios and a minimum financial condition.	Extremely Important: Without approval the expansion cannot take place.	Developed well thought out business and expansion plan for NCUA review, approval detailing costs and benefits of new location. Plan must be approved prior to taking action.
NJ Credit Union League (NJCUL)	Expansion of credit unions in NJ and help ensure approvals and non-competition with existing League member credit unions.	Fairly Important: League approval is not technically required.	Support will not require any specific strategies - 1 <sup>st</sup> Bergen is League member. Could potentially assign staff member to Stakeholder Development Team. Use technical support.
NCUA: L. Bethea, Economic Development Specialist (EDS)	Expansion of credit unions serving low-income populations. The development of a business expansion plan.	Extremely Important: Without approval the expansion cannot take place. EDS reviews expansion plans and makes recommendations	Work in collaboration w/EDS to develop business and expansion plan for NCUA review, approval detailing costs and benefits of new location. Plan must be approved prior to taking action.
City of Garfield: Planning and Zoning Dept	To ensure branch meets planning and building codes.	Extremely Important: Required permits for branch construction.	May required zoning variance to place branch at desire location? Develop legally acceptable building plans to appropriate City departments.
City of Garfield Business Administrator	The development of businesses in the community that are appropriately licensed and meet the goals of the City's development plans.	Fairly Important: Permission of Bus. Admin. & Mayor & Council not technically required, but should be included in development stages.	Work w/Board member of credit Union and BCCAP to keep town informed of plans and benefits to the community.
Bergen County Community Action (BCCAP): Facilities	BCCAP has committed space in its community building and partners with the credit union to serve low-income people.	Extremely important: 1 <sup>st</sup> Bergen is financially and operationally dependent on	Work in collaboration w/BCCAP to develop business and expansion plan for Board review and approval detailing costs and benefits of new

		BCCAP's support	location... Plan must be approved prior to taking action
BCCAP: Board and Executive Director (R. Halsch)	BCCAP has committed space in its community building and partners with the credit union to serve low-income people.	Extremely important: The approval of the Board with the E.D.'s support is required.	Work in collaboration w/BCCAP to develop business and expansion plan for Board review and approval detailing costs and benefits of new location.
Local Banking Institutions – Non-credit unions	Competition for existing customer base-negative. Potential investment partners-positive	Fairly Important: Actual private sector banks buy-in not necessary they are potential sources of funding for low-income credit unions because they receive CRA credits and do not typically served the credit impaired.	As with the start-up of 1 <sup>st</sup> Bergen, we would work closely with the larger regional and national banks to develop funding and deposits and to ensure them we are not competing with any local branches. Garfield has a few smaller banks that may not be supportive of the credit union moving into town. Would need to ensure that they do not get to the local elected officials in an attempt to stop our expansion.
Check cashing or rent-to-own business'	Competing for low-income clients. Loss of income to their organizations.	Not very important:	The only strategy needed would be if the local stores could convince local politician that credit union should not be opened in Garfield. Very unlikely
Competing Credit Unions-SOUTH BERGEN FCU	Competing in same town for potential members.	Not very important: Since 1 <sup>st</sup> Bergen already has a Charter the opportunity for public comment from other credit unions is not longer required.	South Bergen small, very focused membership (teachers of school district) with little activity or products-not competitive organization.
Competing Credit Unions-United Poles FCU	Competing in same town for potential members. United Poles FCU has an associational membership base of Polish Heritage, but not located in Garfield. Competing for people of Polish heritage. Garfield has large Polish Immigrant population.	Not very important: Since Competing in same town for potential members.	United Poles focuses on ethnic group and not low-income FCU or interest in expanding to other groups.
Competing Credit Unions-Polish and Slavic FCU, Garfield Branch	Competing in same town for potential members. Central Jersey credit union that has an associational membership base of Polish Heritage, but has a branch in	Fairly Important: Competing in same town for potential members. However, credit union has branch in Garfield	If needed, since this is the only other credit union in Garfield, we may need to meet with them to explain that we are not competing but enhancing the opportunity for others in the community. However, credit

	Garfield. Competing for people of Polish heritage. Garfield has large Polish Immigrant population.		union headquartered in NYC and not directly involved with community or County.
FiServ: Banking and Teller Software	Implementation of banking services (software and hardware) for branch	Extremely important:	Need support to upgrade systems to provide services and reporting. No obvious obstacle.
Nat'l Federation Of Community Development Credit Unions.	Expansion of community development credit unions in NJ and help ensure approvals with NCUA.	Fairly Important: Approval is not technically required.	Support will not require any specific strategies - 1 <sup>st</sup> Bergen part of Federation. Could actually assign staff member to Stakeholder Development Team.
Internal Revenue Service and Treasury	Expansion of financial education programs to marginalized communities.	Fairly Important: Approval is not technically required.	The IRS and Treasury provide direct operating and technical assistance funding to low-income credit unions.

Table 4: SWOT Analysis Matrix

<b><u>STRENGTHS</u></b>	<b><u>WEAKNESSES</u></b>
<ul style="list-style-type: none"> <li>• Access to experienced, qualified staff with capacity for program design and implementation.</li> <li>• The sponsor agency has strong longstanding leadership, including executive leadership with more than 45 years combined experience.</li> <li>• The diversity of the staff mirrors the community and clients served by the sponsor agency and credit union.</li> <li>• Continuity of staff at the management level.</li> <li>• Emphasis on staff training through a tuition waiver program at a local community college.</li> <li>• Organization has over 45 years experience in developing programs to help change people's lives.</li> <li>• Access to over 26,000 sponsor clients.</li> <li>• Sponsor agency &amp; credit union continues to provide on-going professional development opportunities for staff.</li> <li>• Organization seeks new avenues for growth &amp; expansion of programs to address emerging needs.</li> <li>• Existing programs and services produce successful outcomes.</li> <li>• The sponsor agency provides innovative Research and Development activities for program development and credit union.</li> <li>• Continuing efforts to develop new programs (e.g., asset development) to address a changing landscape.</li> <li>• Staff has the capacity to address multiple client needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Need to increase media promotion (e.g., human interest) to generate community awareness.</li> <li>• Need to increase communication with additional outside organizations.</li> <li>• Need to create additional space to accommodate program expansion.</li> <li>• Need to reduce dependency on government funding sources.</li> <li>• Need staff to become proactive in utilizing technology and data for reporting.</li> <li>• Continued fundraising projects to generate resources as well as good will and awareness among the community.</li> <li>• Need to increase communication among staff to ensure full understanding of projects and efficiency of reporting, etc.</li> <li>• Need sponsor agency management team to communicate issues with agency directors, regularly, ensuring that no division operates in a silo.</li> <li>• Need to consider resources for senior citizen clients for opportunities to save.</li> <li>• Need to increase the staffing capacity to meet the agency's growing technology needs.</li> <li>• Need to determine whether to first seek existing funding opportunities or to create new programs to meet growing needs and then explore funding options.</li> </ul>

<ul style="list-style-type: none"> <li>• Agency staff is proactive in outreach/networking for client enrollment and program development.</li> <li>• A wide variety of programs allow for increased opportunities for BCCAP and clients and credit union members.</li> <li>• Increased its presence in the community and outreach activities.</li> <li>• Successful ongoing and community &amp; governmental partnerships and continues to develop new collaborations.</li> <li>• Offices located in a prime area for client convenience and service provision.</li> <li>• Solid client base and positive reputation among community members.</li> <li>• Broad-based support from the community.</li> <li>• Continues to maintain and update technology to ensure accurate data tracking, reporting, and program implementation.</li> <li>• Sponsor agency continues to have strong fiscal management and continues to support credit union operations.</li> <li>• Strong faith-based relationships.</li> </ul>	
<p><b><u>OPPORTUNITIES</u></b></p> <ul style="list-style-type: none"> <li>• Survey of credit union members demonstrate that the members meet the threshold for low-income designation which will allow credit union to receive funding from NCUA and Treasury and accept secondary capital to increase credit union's net worth</li> <li>• Increased financial literacy for low-income persons through federal credit union.</li> <li>• Implement centralized information and referral to all clients at a single point of intake, providing clients with access to comprehensive benefits along with follow-up.</li> <li>• Expand weatherization services based on funding opportunities and community need and ability to provide loans to weatherization clients for other home services.</li> <li>• Rising unemployment creates the need to serve additional clients.</li> <li>• Pursue additional VITA activities for low-income persons.</li> <li>• Staff has the opportunity to enroll in community college free tuition waiver program.</li> <li>• Explore options for additional products and services for sponsor agency clients and existing credit union members.</li> </ul>	<p><b><u>THREATS</u></b></p> <ul style="list-style-type: none"> <li>• Ongoing competition for funding from other agencies, including partners.</li> <li>• Relationships with other organizations in the community can pose challenges as well as competing financial institutions.</li> <li>• The cost of employee benefits continues to rise and staying competitive is a challenge.</li> <li>• Reduced sponsor support.</li> <li>• A turnover of front-line staff can pose challenges in delivering stable service.</li> <li>• Fiscal challenges: cuts in funding, increased federal regulations.</li> <li>• There is an ongoing need for increased cash reserves and net worth growth.</li> <li>• Increased regulatory requirements.</li> <li>• Challenges arising on the state level result in long wait for approved funds.</li> <li>• Changes in State &amp; Federal government have resulted in inability to receive information in a timely manner.</li> <li>• There is the potential for an overwhelming number of clients and insufficient funding to accommodate their needs (re: downturn in economy).</li> <li>• Loan defaults of low-income credit union members</li> </ul>

### ***“CEDness” of the Project***

The major goal for opening the community development credit union is to build financial stability for low-income households and the residents of Garfield. A number of negative economic factors have positioned many Garfield residents for risk of further economic decline. First, the community has seen a 49% increase in residents living in poverty since 2000 and a 58% increase in its Hispanic population. Low income households and the Hispanic population make up large percentages of the unbanked or underbanked.

Access to affordable financial services through the credit union will help remove barriers to building financial stability and provide low-cost financial services. The credit union will be able to provide savings options and loans and financial education to the marginalized community.

A number of tasks need to be completed to reach the desired outcome. First, the next twelve to eighteen months will be spent completing all the required administrative tasks, completion of a business and marketing plan and obtaining approvals necessary to open the branch. Second, once the credit union is open for business, the next two-to-three years will focus on developing the local membership base and accepting member deposits, implementing community outreach and marketing plans, particularly to the low-income community, providing financial education classes, and developing a loan portfolio. It is forecasted that the credit union will be self-sustaining or profitable between years five and six of operations.

The credit union not only provides the service and products needed to build financial stability, but also provides the community and its membership with a safe place

to save and borrow and participate in the operation of the institution. Specific long-term, intermediate and short-term outcomes, including outputs and program activities, are described in the Program Design/Logic Model section.

## LITERATURE REVIEW

The inability of low-income households to access low-cost financial services at mainstream financial institutions, effectively creating barriers to wealth accumulation, is well documented. Low-income consumers with limited or no access to financial services also restricts their options to obtain credit. Historically, credit unions have provided an outlet for affordable services for the poor and, in fact, the foundations of the credit union movement can be considered biblical in nature. Credit unions are financial cooperatives developed to provide access to safe affordable lending and low-cost financial services to its members. Credit unions have frequently been organized in many cases by church organizations, as moral and practical responses to marginalized communities as a means to empower and build wealth for those who could not get access to capital and credit (Gay, 2007).

Historically, cooperative wealth building is steeped in religious text. For example, Psalm 15:5 of the Old Testament states one may dwell in the house of the Lord, “*who does not put his money to usury and takes no bribe against an innocent man*” (The New English Bible, 1972) and Exodus 22:25 states, “*If you advance money to any poor man amongst my people, you shall not act like a money-lender: you must not exact interest in advance from him.*” Credit unions can also be seen as expressing core Catholic principles such as the common good and the universal destination of goods and participation and solidarity (Liberia Editrice Vaticana., 2005).

One in three low-income households in the target community are unbanked or underbanked, many of whom are foreign born, and are unable to accumulate financial wealth. The creation of a community development credit union in Garfield will bring

much needed financial services to the poor providing opportunities for building assets and savings.

Socioeconomic and demographic characteristics influence the likelihood of being unbanked. Lower levels of education, larger family sizes, unmarried households, poverty-level income and immigrant populations are more likely not to participate in financial markets. Furthermore, Latino and Mexican immigrant populations have the highest rates of being unbanked (Rhine and Greene, 2006). During the last decade Garfield has seen a 58% increase in Hispanic and Latino residents as well as a 49% increase in the poverty rate (U.S. Census Bureau, 2009) greatly increasing the likelihood of non-participation with financial institutions.

Low-income and immigrant households remain unbanked or use alternate financial services, such as pay-day lending vendors, because of the inability to maintain required minimum balances, distrust of financial institutions, the belief that asset accumulation will limit public assistance eligibility, and the inability to manage debt and obtain credit (Johnson, 2007).

Forgoing relationships with financial institutions limits the low-income household's ability to obtain credit and establish credit worthiness. Without transactional accounts the low-income household also forgoes the ability to insure their cash reserves and access to consumer protection laws and regulations enacted to ensure that individuals are protected from unfair, discriminatory, and predatory lending practices.

Credit unions have become central to the inclusion of low-income and immigrant households in the banking system. For instance, in Durham, North Carolina, Latinos faced obstacles when applying for bank loans such as high fees and interest rates and

providing proof of citizenship. Many in the Latino community were unfamiliar with the language and culture in America and uncomfortable with the banking system, keeping their savings in cash, thus leaving them vulnerable to theft (Gutfeld, 2004).

In collaboration with Latino/Hispanic Affairs for the Center for Community Self-Help, the Latino Community Credit Union (LCCU) was formed in 2000. LCCU helps members with applying for required social security numbers and provides low-cost basic financial services. Members can open interest-bearing accounts as long as they maintain a minimum \$10 balance and have access to checking services for only a \$2 per month fee as well as unlimited no-fee access to ATMs and reduced fees for cross-border money-transfers. LCCU also offers classes on obtaining mortgages and helps members establish better credit by taking out small secured loans.

LCCU estimates that 90% of its members are opening accounts for the first time. In addition, LCCU offers all services in both English and Spanish. LCCU, initially requiring financial support of the community, in just over 10 years has grown to over 54,000 members and has in excess of \$106 million in assets (National Credit Union Administration, 2010).

Similarly, in Hackensack, NJ, during the height of the 2008-2009 national banking crisis, Bergen County Community Action Partnership (BCCAP), along with support of local private banking institutions and government, sponsored the start-up of a community chartered credit union – 1<sup>st</sup> Bergen Federal Credit Union -- to serve the low-income community, with an emphasis on the immigrant population. According to Dr. Allan De Giulio, Chairman of the Board and a founding member, 1<sup>st</sup> Bergen was the first

credit union to open in NJ in over twenty years, and was one of only two in the country in 2009 (personal communications, March 4, 2010).

The credit union opened its doors in June of 2009 with a small branch in its sponsor's main office on Main Street in Hackensack with less than \$100,000 in assets and no members. With the help of BCCAP's outreach staff and local support, 1<sup>st</sup> Bergen now has over 1,000 members and over \$1.4 million dollars in assets (National Credit Union Administration, 2010) with over 55% of deposits loaned to members for small secured and unsecured loans -- as small as \$250. Over 60% of its membership is low-income and, of the membership, over 70% are either of Hispanic or African-American decent – the most likely to be unbanked.

1<sup>st</sup> Bergen requires only a small \$25 (sometimes waived) balance in an interest-bearing account to access banking services such as on-line access to accounts, free checking and access to financial literacy programs, IDA programs, savings programs, and ESL classes offer by the sponsor organization. In the same building as the branch, members have the ability to apply for help with past due rents and utilities, and credit counseling services. A high percentage of the members seeking loans are credit-impaired or in need of debt consolidation and have been turned down by the private banking sector and are forced to make choices between paying their high-interest credit cards or buying food or paying rent or using pay-day lenders. 1<sup>st</sup> Bergen has provided an affordable option to the marginalized community.

Research has shown that the effects of being unbanked, particularly for the poor, can lead to extreme financial hardships for low-income households. Correspondingly,

credit unions have served as an affordable option for the low-income community to access the financial markets and credit and afford them an opportunity to build wealth.

Such should be the case in Garfield.

## **PROJECT DESIGN / LOGIC MODEL**

A community development credit union will provide the physical community presence necessary to access affordable financial services for the target community (low-income and un/under-banked). The physical location will allow the target community access to staff for banking services and financial literacy programs.

Four short-term outcomes have been developed to measure positive community. They include increasing knowledge of budgeting and debt management, decreasing language and cultural barriers to accessing mainstream financial institutions, decreasing negative perceptions and attitudes about the conventional economic sector, and increasing access to affordable savings and borrowing services not provided by the traditional financial market for the targeted community.

Furthermore, the project's intermediate outcomes forecast that within the next three years at least 50% of un/underbanked households will open bank accounts and 75% of the newly-banked households will gain the skills necessary to properly manage and budget their financial resources.

Through the credit union operations, credit union members, including the target community, can access affordable financial services such as savings accounts, lower-cost check cashing and money orders, checking accounts, debit cards and ATMs, certificates of deposits, IRAs, loan programs and specialized savings programs such as IDAs. A federally-insured financial institution provides the community the ability to access (or experience) the operations of a financial institution along with the education they receive as part of the financial literacy programs.

Sophisticated banking software will automatically measure various outcomes in the short and intermediate term, such as number of newly banked low-income, savings accounts opened, loans acquired, IDA accounts opened, and so on.

The first three outcomes are not outcomes solely based upon quantitative outcomes, but have benchmark measures such as completion and testing of budgeting skills as part of an education program. Moreover, language and cultural barriers which deny access to mainstream financial institutions can be ameliorated by providing extended service hours, outreach activities and bilingual staff and documents (flyers, applications, etc.). The education classes will be provided on a scheduled basis and provided at the credit union offices (sponsor location) and at other community sites, as well as at member drive presentations.

Through partnerships and outreach activities between the credit union, the faith-based community, local and state elected officials, and other community partners, the credit union should be able to make significant strides towards its proposed long-term outcome: over 75% of unbanked or underbanked low-income households which open banks accounts over the next three years will be able save at least 5% of the annual household income and 50% of those households will be able to obtain financing through improved credit scores.

*Table 5: Project Logic Model*

Community Development Credit Union				
LONG TERM OUTCOME	<b>LTO:</b> Over 75% of unbanked or underbanked low-income household who open banks accounts over the next three years will be able save at least 5% of their annual household income. 50% of those households will be able to obtain financing through improvement to their credit scores.			
INTERMEDIATE OUTCOME	In the next three years at least 50% of un/underbanked households will open bank accounts and 75% of the newly-banked households will gain the skills necessary to properly management and budget their financial resources.			
SHORT TERM OUTCOMES	Increase knowledge of	Decrease language and cultural	Decrease negative perceptions and	Increase access to affordable savings

	budgeting and debt management.	barriers to accessing mainstream financial institutions.	attitudes about the conventional economic sector.	and borrowing services not provided by traditional financial market.
OUTPUTS	<ul style="list-style-type: none"> <li>➤ 12 monthly credit counseling and credit score enhancement workshops</li> <li>➤ 72 participants enroll in credit workshops</li> <li>➤ 50% of participants credit score increases by at least 100 points</li> <li>➤ Quarterly budget and money management workshops</li> <li>➤ 80 people participate in budget workshops</li> <li>➤ 50 people gain access to sponsor agency (community action agency) programs and services</li> <li>➤ 50 people referred to other community services</li> </ul>	<ul style="list-style-type: none"> <li>➤ 12 monthly financial literacy workshops at branch alternating monthly by language (English, Spanish &amp; Polish)</li> <li>➤ Refer 50 people (members) to sponsor ESL program</li> <li>➤ Access sponsor interpreter services as needed</li> <li>➤ 80 people participate at branch in workshops on functionality of banking system.</li> <li>➤ 12 monthly distributions of basic budgeting and banking service pamphlets through local business, schools, government offices and faith-based organizations</li> </ul>	<ul style="list-style-type: none"> <li>➤ Quarterly (4) financial literacy workshops at local community based organizations, housing authority and senior housing complexes</li> <li>➤ 60 people participate in quarterly “You and Your money” workshops</li> <li>➤ 30 (50%) program participants pass financial literacy examination</li> <li>➤ 12 monthly distributions of credit union savings and loan program pamphlets through local business, schools, government offices and faith-based organizations</li> </ul>	<ul style="list-style-type: none"> <li>➤ Branch opens within six (6) months of NCUA application</li> <li>➤ Finalized cost-benefit analysis and obtain approval by Board of Directors within four (4) months of Board of Director’s approval to seek branch expansion</li> <li>➤ Analysis of banking product offerings completed within (3) months of Board approval</li> <li>➤ Analysis of loan product offerings completed within three (3) months of Board approval</li> <li>➤ Analysis and approval received from Board of Directors of hours of operation completed within four (4) months</li> <li>➤ Development of specialized saving programs completed</li> </ul>

				<p>within four (4) months of Board approval</p> <ul style="list-style-type: none"> <li>➤ Three-year budget of revenues and costs, including start-up costs, within four (4) months of Board approval months</li> <li>➤ 15% (200 consumers) of unbanked open an account at credit union</li> <li>➤ Over 500 people join credit union in first year of operations</li> <li>➤ Over 100 loans are closed within one (1) year of branch opening</li> <li>➤ Completed MOU with sponsor organization</li> </ul>
ACTIVITIES	<ul style="list-style-type: none"> <li>➤ Provide credit counseling services</li> <li>➤ Provide budgeting workshops</li> <li>➤ Provide access to sponsor organization asset development programs</li> <li>➤ Offer credit score improvement programs</li> <li>➤ Offer and</li> </ul>	<ul style="list-style-type: none"> <li>➤ Offer financial literacy workshops in English, Spanish, and Polish</li> <li>➤ Make available interpreter services for non-English consumers</li> <li>➤ Provide access to ESL courses</li> <li>➤ Provide training workshops on benefits and</li> </ul>	<ul style="list-style-type: none"> <li>➤ Provide workshops and literature through outreach activities to minority and low-income community</li> <li>➤ Hold quarterly basic “You and Your Money” workshops at credit union branch</li> <li>➤ Coordinate, at least, quarterly,</li> </ul>	<ul style="list-style-type: none"> <li>➤ Seek NCUA permission to open credit union branch</li> <li>➤ Complete cost-benefit analysis of branch operations</li> <li>➤ Develop an array of consumer products, including, at a minimum, low or no-cost checking, savings plans, certificate plans and on-</li> </ul>

	<p>provide referral services to other community based organizations</p>	<p>safety of banking system</p> <ul style="list-style-type: none"> <li>➤ Develop and provide outreach and training materials in English, Spanish and Polish</li> </ul>	<p>outreach activities at faith based and community based organizations</p> <ul style="list-style-type: none"> <li>➤ Advertise credit union activities and services through community-based organizations, governmental offices and public service announcements</li> </ul>	<p>line access</p> <ul style="list-style-type: none"> <li>➤ Develop a loan application and approval process</li> <li>➤ Open credit union, including hours of operations that meet community need</li> <li>➤ Develop and offer specialized savings programs, such as IDAs, for low-income consumers</li> <li>➤ Prepare three(3) year branch operations budget</li> </ul>
INPUTS	<ul style="list-style-type: none"> <li>➤ Credit counseling and financial literacy staff</li> <li>➤ Program supplies</li> <li>➤ Copier &amp; printer</li> <li>➤ Consumer (client) tracking software</li> <li>➤ Office space</li> <li>➤ Credit counseling and financial literacy software</li> <li>➤ MOU</li> </ul>	<ul style="list-style-type: none"> <li>➤ Outreach and training staff</li> <li>➤ Program supplies</li> <li>➤ Copier &amp; printer</li> <li>➤ Consumer (client) tracking software</li> <li>➤ Office space</li> <li>➤ Translators</li> <li>➤ Brochures</li> <li>➤ MOU</li> </ul>	<ul style="list-style-type: none"> <li>➤ Outreach and training staff</li> <li>➤ Program supplies</li> <li>➤ Copier &amp; printer</li> <li>➤ Consumer (client) tracking software</li> <li>➤ Office space</li> <li>➤ Translators</li> <li>➤ Brochures</li> <li>➤ MOU</li> </ul>	<ul style="list-style-type: none"> <li>➤ Member Services Representative staff (bi-lingual)</li> <li>➤ Branch facility</li> <li>➤ Branch leasehold improvements</li> <li>➤ Start-up non-banking equipment and supplies</li> <li>➤ Banking software and computer equipment and implementation</li> <li>➤ MOU</li> <li>➤ Operating supplies &amp; expenses</li> <li>➤ Audit &amp; legal services</li> </ul>

## METHODOLOGY

### *Project Participants/Beneficiaries*

The opening of the community development credit union branch in Garfield will provide access to affordable banking services for low-income residents and households, as well as those who are unbanked or using high-cost financial service providers such as rent-to-own retailers.

Membership (or clients) will grow through a combination of various outreach activities. First, the host or sponsor organization, by providing rent-free space to the credit union in its HELP Center campus will provide the credit union with direct access to low-income community residents accessing other services. A Federally Qualified Health Center (FHQC), a Weatherization training and service center, and an early childhood education center (Head Start and Early Head Start) are just a few of the services offered on the community-service campus. On a combined basis the HELP Center provides services to approximately 15,000 low-income individuals annually.

Second, the credit union will conduct outreach activities (membership drives and various financial literacy workshops) at local faith-based organizations, Garfield City Hall and town library, the local high school and other community-service organizations. Most outreach activities will take place in low-income or immigrant neighborhoods, although activities will take place throughout the city.

Third, through a planned program of marketing activities, credit union staff and volunteers will distribute credit union flyers and brochures – that include a membership application – at local community-based agencies, city offices, local businesses and schools. The credit union will also update its website to include the branch location

address, hours of service, contact information, a revised membership informational video, and product offerings. Garfield residents will be able to access the website at [www.1stbergen.com](http://www.1stbergen.com).

Finally, a series of public service announcements (PSA) and press releases will be developed and provided to the local cable companies' community access channels, newspapers, as well as distribution to other community stakeholders.

More than 500 people will join the credit union through the Garfield Branch in its first year of operations. It is anticipated that at least 300 (or over 60%) members will be classified as low-income (less than 50% of area medium income). Moreover, it is forecasted that 75 new members will be previously unbanked or first-time banked.

### ***Community Role***

Successful branch activities will include the input, resources and participation of a number of community partners and stakeholders. In addition to BCCAP's commitment of staff and resources, outlined below, the credit union will depend heavily on the resources of the City of Garfield, the NCUA, and the local faith-based community, the New Jersey Credit Union League (NJCUL), the IRS, and the National Federal of Community Development Credit Unions.

The City of Garfield is responsible for approving building permits and branch construction, zoning and parking variances, and traffic flow plans necessary to develop the branch location. Garfield's City Administrator, Mayor and Council have committed to providing access to city community meeting rooms for outreach activities and allowed

for placing of credit union flyers and brochures in city buildings. Similarly, the town library has offered access to community rooms for credit union activities.

NCUA's approval is required to open the branch in Garfield. In addition to its approval, the NCUA through its Office of Small Credit Union Initiatives will provide oversight, input and approval of the branch expansion operation and business plan. The NCUA will also be able to provide technical support, financial assistance through grant funds and loans, and potentially secondary investment capital.

The local faith-based community, through the Inter-religious Fellowship, will provide access to various houses of worship. Credit union staff and board members will discuss with the congregations the benefits of being a credit union member and, also, it will provide outreach opportunities to the low-income or immigrant population.

The NJCUL and the National Federal of Community Development Credit Union will provide specific technical support, professional staff development activities and access to grants and secondary capital necessary for financially secure branch operations. Working in partnership, through its VITA (Volunteer Income Tax Assistance) program, the credit union will provide tax assistance to qualified taxpayers at its branch. The IRS will provide the necessary training, technical assistance and grant funds.

Credit union members, the key constituency, will also provide volunteer services, make deposits, access loan funds and provide input in the development of products and services and serve on the Board of Directors or participate in board committees.

### ***Host Organization/Group***

The main sponsor, both operationally and financially, of the credit union is Bergen County Community Action Partnership, Inc. (BCCAP), a 501 (c) (3), not-for-

profit Community Action Agency. Established in 1967, BCCAP is Bergen County's designated anti-poverty agency. The Board of Directors is appointed or elected within the county, and represents the low-income population (includes individuals, families, seniors, and foreign born, most of whom are below 125% of the federal poverty guidelines) served by the organization, local government, and private sector entities. In 2010, BCCAP served over 26,000 low-income persons.

BCCAP's mission is "to change lives through education, economic opportunities, healthcare, housing, and human services." BCCAP provides programs that encompass housing and shelter, education and training, and a range of clinical and support services. Income-eligible members of 1st Bergen will also have access to all services provided by BCCAP.

BCCAP has a long history of providing related services to that of the credit union such as financial education and asset building programs. BCCAP services include the following:

- Financial Education classes focusing on banking and money management, including budgeting, savings and investments, understanding insurance, loans, etc., and the difference between homeownership and renting. Classes are provided to agency clients and members of 1st Bergen FCU.
- Credit counseling sessions (individual and/or group), facilitated by certified credit counselors, focus on resolving credit issues, budgeting, money management, accessing free credit reports, and providing referrals to financial education classes.

- Individual Development Accounts (IDA) provide low-income participants with matched savings for vehicle purchase, education, housing or business ownership.
- Homelessness Prevention Programs provide rental assistance to income-eligible families who are being evicted due to a temporary financial hardship.
- Housing Counseling includes budgeting, information/referral, delinquency counseling, advocacy with landlords/mortgage companies, and obtaining affordable housing.

Eligible clients accessing the credit union also have access to BCCAP's social services, including vocational training/job placement, English Literacy & Civics Education, Head Start, Early Head Start and other child development programs, Low-Income Home Energy Assistance, Weatherization, and housing (permanent, rental and ownership units).

Collaboration with BCCAP will provide the credit union the strength of program management and activities coupled with financial expertise.

### ***Project Staff***

The expanded branch operations will be staffed by one-full time and one part-time Member Services Representative (MSR). The MSRs work directly with members and man the teller windows. The MSRs also provide outreach activities in the community and are directly managed by the sponsor's manager of asset development programs. Overall responsibility for the credit union is the CEO, who also serves as the CFO of the sponsor organization.

In addition to permanent staff, volunteer board members will be responsible for the distribution of credit union information and provide community outreach activities through the board marketing committee led by the board vice-chair.

Information technology, financial reporting, facility operations, human resources and senior management oversight will be provided by the sponsor agency with the approval of the credit union Board of Directors. The CEO, COO and CFO of BCCAP have over 70 years of professional experience in community-based organizations.

### ***Project Implementation***

The credit union branch has a series of tasks that need to be completed such as the development of an operating plan for submission to NCUA for expansion approval and the completion of facility plans for City approvals, just to name two. These activities are planned to be completed in the first year of the expansion project.

Following approval to expand and the opening of the branch extensive outcome-related activities will occur. Activities will include managing the day-to-day branch operations, outreach activities, program development, and offering of financial literacy workshops.

A Project Gantt Chart providing a timeline of the required project activities and responsible parties can be found in the Appendix.

### ***Budget***

The attached project budget includes columns for the start-up budget, and annual budgets for years one (1) through three (3). The appendix includes monthly operating statements for the 1<sup>st</sup> year of operations.

The start-up budget (September 1, 2011 through August 31, 2012) includes the cost of the licensing and the application process required to receive NCUA branch expansion approval. The budget assumes it will take one year from the Board's decision to expand to the receipt of NCUA approval. The start-up budget includes deposits from various governmental authorities and \$61,000 of in-kind and cash support from Bergen County Community Action Partnership, Inc. (BCCAP)

The proposed first year operating budget (September 1, 2012 through August 31, 2013) included in the Appendix is presented in a month-to-month format. The budget details the growth of membership and loans. As noted, years two (2) and three (3) are presented on an annual basis.

*Key Assumptions:*

Membership growth: The key to long-term success for the branch is membership growth and the issuance of performing loans. The total number of members at the end of year one, two and three are 600, 1260 and 1890, respectively. Average member deposits are budgeted at \$1,250. It further assumed that at least 50% of the member will qualify as low-income under NCUA guidelines.

Loan growth: Outstanding loans will grow from \$501,600 at the end of year one to \$2,069,200 at the end of year three. Average loans are approximately \$6,000 with an average effective loan rate of 9.5%. Loans are limited to personal and vehicle loans.

Income: Budgeted income is based upon three major categories: loan interest income, investment income and grants (referred to as miscellaneous income).

In the early years of operation of the credit union will require outside sources to cover the costs of operations and to ensure that its net worth ratio exceeds seven (7) percent, as required by the NCUA.

Expenses: Expenses include the costs necessary to operate the branch location including wages and fringe benefits, occupancy costs, professional costs, banking software and other operating expenditures. Expenses also include the cost of the provision for loan loss (2% of outstanding of loans) necessary for accruing for delinquent loans. A major expense is the cost of funds or dividend expense. Dividend expense is based upon an average earnings rate of approximately 1.3% of member deposits. The budget does assume the need to borrow funds from non-member sources.

Funding: The branch will require funds to ensure statutory compliance as well as to cover the cost of operations. Income category “miscellaneous operating income” reflects the amount of funds the credit union will need to raise from outside funding sources. The credit union will need to raise, on average, about \$130,000 per year. The credit union will seek funds from its sponsor (BCCAP), local banks, the NCUA, the US Treasury, industry associations and other funders.

Budget Summary: It is anticipated by the end of six (6) years of operations the credit union branch will be self-sustaining.

Table 6: Estimated Three Year Project Budget

	<u>START- UP*</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
TOTAL INCOME FROM LOANS	0	18,011	36,023	71,945
TOTAL INVESTMENT INCOME	0	922	3,453	3,054
TOTAL MISC. OPERATING INCOME	61,000	127,048	154,512	111,864
<b>TOTAL REVENUE</b>	<b>61,000</b>	<b>145,981</b>	<b>193,988</b>	<b>186,862</b>
	0	0	0	0
TOTAL EMP RELATED EXPENSES	0	62,050	62,050	62,050
TOTAL ASSOCIATION EXPENSES	0	1,625	1,625	1,625
TOTAL OCCUPANCY EXPENSES	0	10,200	10,200	10,200
TOTAL OFFICE OPERATIONS EXP	0	24,600	24,600	24,600
TOTAL EDUC & PROMO EXPENSES	0	2,700	2,700	2,700
TOTAL LOAN SERVICING EXPENSE	0	1,800	1,800	1,800
TOTAL PROFESSIONAL EXPENSES	0	1,750	1,750	1,750
TOTAL PROVISION FOR LN LOSS	0	10,032	15,068	16,300
TOTAL MEMBER EXPENSES	0	240	360	480
TOTAL CASH SHORT(OVER)	0	0	0	0
TOTAL INT ON BORROWED MONEY	0	0	0	0
TOTAL DIVIDEND EXPENSES	0	4,832	13,767	22,729
TOTAL NON-OPER (INC) EXP	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>0</b>	<b>119,829</b>	<b>133,920</b>	<b>144,234</b>
	0	0	0	0
<b>NET INCOME (LOSS)</b>	<b>61,000</b>	<b>26,152</b>	<b>60,067</b>	<b>42,628</b>
	0	0	0	0
<b>KEY FINANCIAL DRIVERS SUMMARY:</b>				
<i>EFFECTIVE LOAN RATE (INCOME)</i>	<i>N/A</i>	<i>9.6%</i>	<i>9.6%</i>	<i>9.6%</i>
<i>EFFECTIVE INVESTMENT RATE (INCOME)</i>	<i>N/A</i>	<i>1.3%</i>	<i>1.2%</i>	<i>1.2%</i>
<i>DIVIDEND RATE ON SHARES (COST)</i>	<i>N/A</i>	<i>1.3%</i>	<i>1.2%</i>	<i>1.2%</i>
<i>NET WORTH RATIO</i>	<i>N/A</i>	<i>9.7%</i>	<i>8.5%</i>	<i>7.4%</i>
<i>TOTAL ASSESTS</i>	<i>N/A</i>	<i>897,152</i>	<i>1,722,419</i>	<i>2,552,547</i>
<i>TOTAL MEMBER DEPOSITS</i>	<i>N/A</i>	<i>810,000</i>	<i>1,575,200</i>	<i>2,362,700</i>
<i>TOTAL NET WORTH</i>	<i>N/A</i>	<i>87,152</i>	<i>147,219</i>	<i>189,847</i>
<i>* Start-up expenses incurred during 1 year planning, approval and expansion phase. (09/01/11 through 08/31/12)</i>				

## **MONITORING**

### ***Monitoring Indicators***

Project monitoring will include the completion of monthly reports that update the status and timeliness of planned activities and completion of expected outputs (targets) necessary to reach stated project outcomes. Various project targets have been developed in order to monitor program successes and timeliness by task and by individual responsible for the activities.

Monitoring will include tracking work assignments for five major categories of project activities: Research and Development; Governmental Outreach and Fund Raising; Community Outreach and Marketing; Facilities Development and Operations; and, Administration, Budget and Analysis.

### ***Methods, Tools, Forms***

The Monthly Monitoring Report (found in the Appendix), will be updated on a regular basis at all phases of project implementation. The report, in chart format, lists necessary project activities. It includes a planned start and end date of each activity, timeliness of activities as well as reporting on expected outputs. The report also provides for changes in planned activities or revised time-lines. Specific activities and forms of data collection can be found on the included Project Logic Models (table 5) and on the Evaluation Matrix (table 7).

### ***Team/Tasks***

With input from team members the report will be completed by the credit union CEO and reported to the Board of Directors and, if necessary, to funding organizations. Following is a Project Organizational Chart and Project Reporting Structure (chart 1). The organizational chart is segregated by the five major categories of responsibilities and assigns individual responsibilities. Following the organization chart is a Project Roles and Responsibilities Flow Chart (chart 2). Each managing team member will be responsible for completing and reporting to the team the status of assigned tasks. Each team member will complete, based on an agreed-upon reporting frequency, a Work Assignment Reporting Form (chart 3) and submit it to the CEO on a timely basis for inclusion on the monitoring reports.

Chart 1: Project Organizational Chart

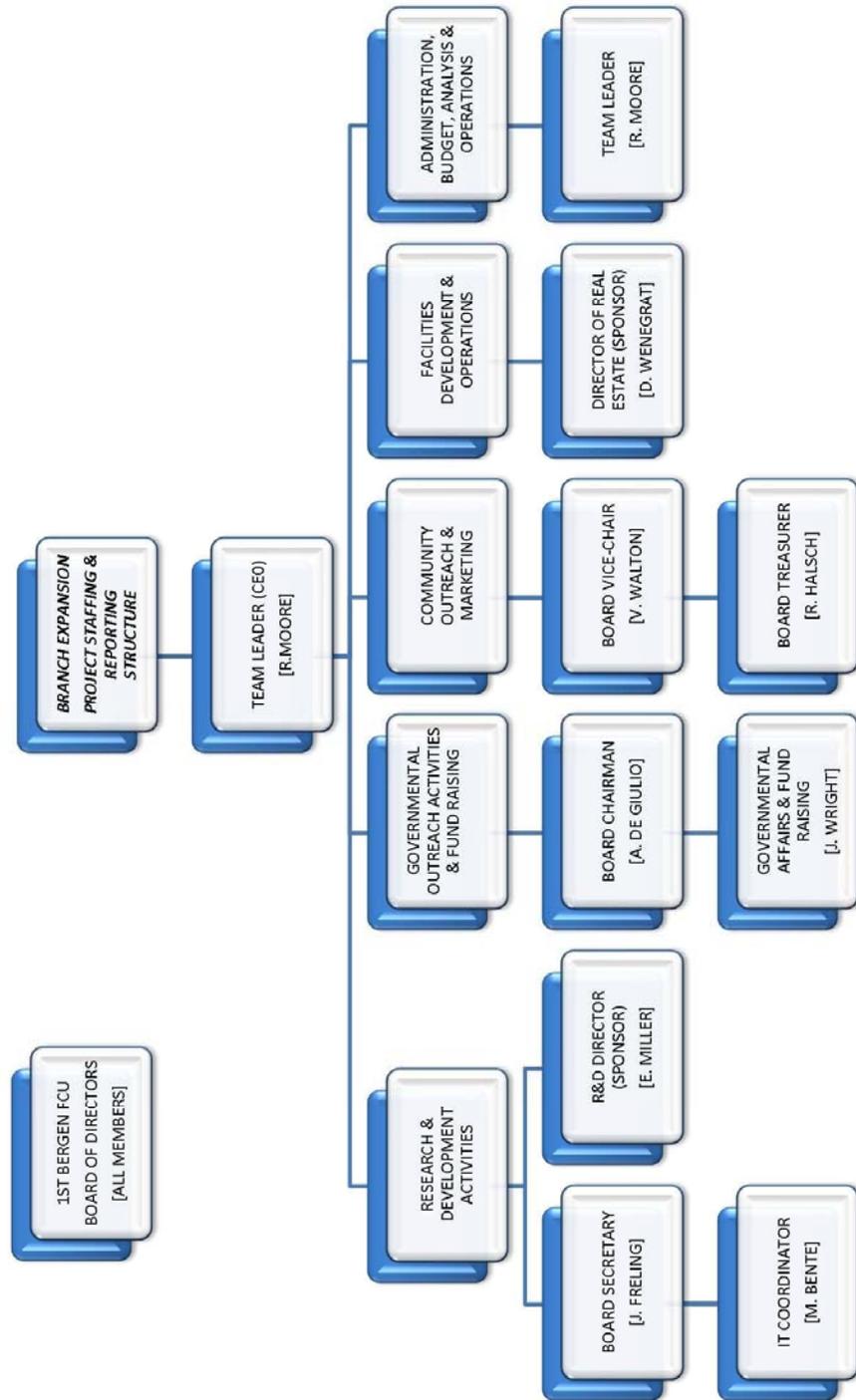
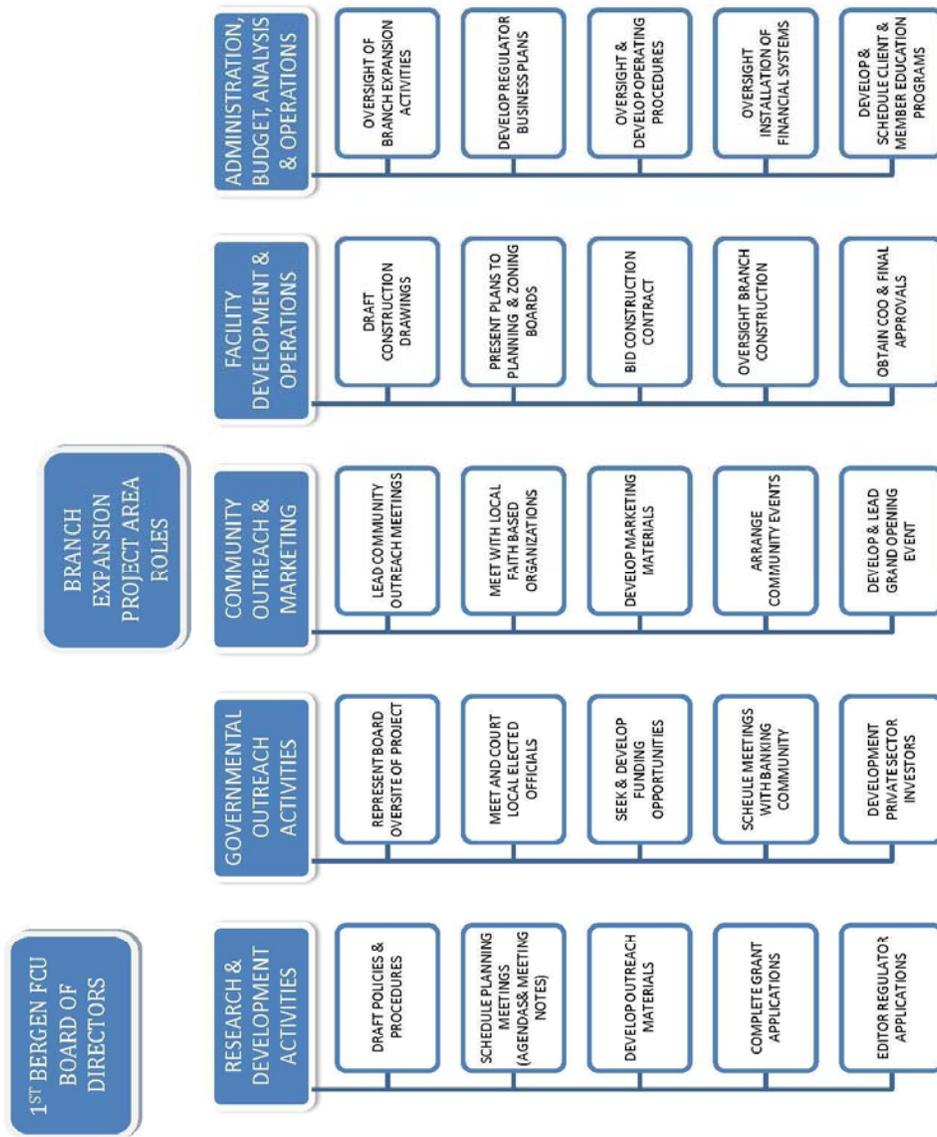


Chart 2: Project Roles and Responsibilities



*Chart 3: Work Assignment Reporting Form*

1ST Bergen Federal Credit Union  
 CDCU Branch Expansion Project  
 Work Assignment(s) EXAMPLE REPORT FORMAT

Report Date: 3/31/12  
 Report Frequency:  WEEKLY  SEMI-MONTHLY  MONTHLY  
 Product Area/Committee (1):  R&D  GOV.  COM.  FAC.  ADM  
 Team type:  BOARD  STAFF  VOLUNTEER

Team Member Name: \_\_\_\_\_

ACTIVITIES		DUE DATE		STATUS	ACTIVITY NOTES
NO.	DESCRIPTION	PLANNED	REVISED	UPDATE(2)	
1	(EXAMPLE)BUILD OUT BRANCH FACILITY	6/1/12	9/30/12	DE	WAITNG FOR ZONING BOND
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

1. R&D=RESEARCH & DEVEL, GOV=GOVERNMENTAL ACTIVITIES, COM=COMMUNITY OUTREACH, FAC=FACILITIES, ADM=ADMIN.  
 2. NS=NOT STARTED, PL=AS PLANNED, DE=DELAYED, C=CANCELED

***Monitoring Report***

The Project Monitoring Report can be found in the Appendix section.

## EVALUATION

Beyond the monitoring of activities and results versus targeted outputs, an evaluation of the project will be conducted to determine the success of the anticipated positive change (outcomes) for the marginalized community. Individual Indicators for short-term, intermediate, and long-term outcomes have been developed to measure the success of the planned project.

### *Evaluation Variables and Indicators*

The Board of Directors and stakeholders will want to know if the credit union branch is reaching the low-income unbanked/underbanked of Garfield, if the branch is achieving its planned financial goals to ensure organizational stability and sustainability, and if the planned products and services are pertinent to the needs of the targeted community.

To evaluate measurable positive change three basic questions must be answered. The first project short-outcome attempts to “increase knowledge of budgeting and debt management.” *How will participant knowledge increase?*

For evaluation purposes members of the targeted community (low-income members) will be tested at three intervals throughout the budget and debt management workshop cycle (ten week courses). Each participant will be tested at the beginning of the workshop (pre-program test), at its mid-point (approximately week 5) and at the end of class cycle. The increased number of participants able to pass the standardized test will provide a reliable measure of outcome change.

Project outcome number two seeks to “decrease language and cultural barriers to accessing mainstream financial institutions,” and another related project outcome endeavors to “decrease negative perceptions and attitudes about the conventional economic sector.” *How will the project successfully remove barriers and negative perceptions?*

Research has demonstrated that language and cultural barriers can be a deterrent to low-income people (particularly immigrant populations) accessing the mainstream banking system. To evaluate success, credit union staff, for example, will tally the number of financial literacy or budget workshop program participants who were unbanked or using high-cost alternatives (i.e., check cashing stores) before participating in the one of the classes and compare it to the number of participants who have opened bank accounts by the end of the program cycle.

Finally, a fourth project outcome will attempt to “increase access to affordable savings and borrowing services not provided by traditional financial markets”. *How will the credit union increase access to savings and borrowing not afforded to the low-income community?*

A number of valid measurements are available to determine the success of this short-term project outcome. For instance, completing output benchmarks (i.e., approval of member products and services offerings) relating to the opening of the credit union branch will, obviously, increase access to savings and borrowing. However, opening savings accounts or procuring credit by low-income members are more important measurements. Evaluation of this outcome will include totaling the number of unbanked or underbanked who have opened savings accounts and the number of low-income who

obtained loans in the first year of credit union operations. These results will be compared to planned project outcomes for evaluation purposes.

### ***Data Gathering Methods, Tools, Forms***

Beyond the monitoring of activities and results, ongoing evaluations of the project will be conducted to determine the success of the anticipated positive change (outcomes) for the marginalized community. Individual Indicators for short-term, intermediate, and long-term outcomes have been developed to measure the success of the planned project outcomes.

Various tools and forms, such as program client surveys, comparative pre and post tests for workshops, and data compilation techniques, have been or will be developed to measure outcome success.

Data compilation methods, sources of data and timeframes for completion have been summarized on the “Evaluation Matrix” presented below.

### ***Data Analysis***

While providing access to financial services and products, and helping to build wealth for low-income members are extremely important outcomes, it is also important to evaluate how much it costs to achieve these results. A *cost-benefit analysis* to determine project efficiency, as well as a *cost-effectiveness analysis* to determine the cost of outcome benefits will be completed. Detailed analyses of these measures are presented in the sustainability section of this thesis.

Over the next three to five years project results should demonstrate that the opening of the credit union will have a significant positive outcome on the low-income (particularly those who are unbanked or underbanked) households in Garfield, NJ.

***Evaluation Team/Task***

In order to evaluate the effectiveness of the project and its impact on the community, the Board of Directors will appoint an impartial evaluator who will develop evaluation plans, design measurement criteria and conduct the evaluation process in accordance with the Evaluation Matrix. The evaluator will seek input from the Board of Directors, staff, members of the credit union and other stakeholders, including funding organizations. The evaluator will compile and analyze results and report his/her findings to the Board and disseminate results as instructed. The evaluations will be used to assess the effectiveness of the project as compared to the original project goals, and as a guide for implementing improvements to the project design.

It is anticipated that evaluations will take place on a yearly basis for a three year period after the opening of the branch. Year one evaluation will analyze the original needs assessment, the project design and theory, as well as the project implementation timeline. At the end of year two, an evaluation of the project outcomes and a cost-benefit analysis will take place. At the end of year three a final evaluation of the project since the branch opening will be completed, including the preparation of a final evaluation report.

***Evaluation Schedule***

Evaluation of project activities and outputs will be reported on a monthly basis throughout the length of the project on the Monitoring Report found in the Appendix.

*Table 7: Evaluation Matrix – Long-Term Outcomes*

<b>OUTCOMES</b>	<b>INDICATORS</b>	<b>DATA GATHERING METHOD(S)</b>	<b>SOURCE(S)</b>	<b>TIMEFRAME</b>
<b>LTO:</b> Over 75% of unbanked or underbanked low-income household who open bank accounts over the next three years will be able save at least 5% of their annual household income. 50% of those households will be able to obtain financing through improvement to their credit scores.	<ol style="list-style-type: none"> <li>1. Number of un/underbanked members (low-income) saving over 5% of annual household income</li> <li>2. Number of households obtaining loans</li> <li>3. Number of members with improved credit scores of more than 100 points</li> <li>4. Number of qualified members taking advantage of IDA matched-savings programs</li> </ol>	<ol style="list-style-type: none"> <li>1. Surveys</li> <li>2. Qualitative analysis and reports</li> <li>3. Banking software</li> </ol>	<ol style="list-style-type: none"> <li>1. Members' feedback</li> <li>2. Workshop attendance reports</li> <li>3. Credit reports</li> <li>4. Sign-up sheets</li> <li>5. Membership application</li> <li>6. Members' income and banking status questionnaires</li> <li>7. Banking software reports</li> <li>8. Qualitative analysis reports</li> <li>9. Members' savings records and asset reports</li> </ol>	3 years

Table 8: Evaluation Matrix – Intermediate Outcomes

OUTCOMES	INDICATORS	DATA GATHERING METHOD(S)	SOURCE(S)	TIMEFRAME
<b>IO:</b> In the next three years at least 50% of un/underbanked households will open bank accounts and 75% of the newly-banked households will gain the skills necessary to properly manage and budget their financial resources	<ol style="list-style-type: none"> <li>Number of un/underbanked households opening bank accounts</li> <li>Number of members who attended and completed at least one financial literacy workshop</li> <li>Number of low-income members join credit union</li> </ol>	<ol style="list-style-type: none"> <li>Surveys</li> <li>Qualitative analysis and reports</li> <li>Member workshop attendance</li> <li>Banking software</li> </ol>	<ol style="list-style-type: none"> <li>Members' feedback</li> <li>Workshop attendance reports</li> <li>Sign-up sheets</li> <li>Membership application</li> <li>Member income and banking status questionnaires</li> <li>Banking software reports</li> <li>Qualitative analysis reports</li> </ol>	2 to 3 years

Table 9: Evaluation Matrix – Short-Term Outcomes

OUTCOMES	INDICATORS	DATA GATHERING METHOD(S)	SOURCE(S)	TIMEFRAME
<b>STO 1:</b> Increase knowledge of budgeting and debt management.	<ol style="list-style-type: none"> <li>Percentage of participants demonstrating an increased understanding of budgeting</li> <li>Percentage of participants demonstrating an increased understanding of debt management skills and techniques</li> <li>Number of participants attending workshops</li> <li>Percentage of participants completing workshops</li> </ol>	<ol style="list-style-type: none"> <li>Classroom participation</li> <li>Classroom quizzes</li> <li>Workshop surveys and participant course evaluations</li> <li>Budget workshop attendance</li> <li>Credit counseling and credit score workshop attendance</li> <li>Pre- and post-test comparisons</li> </ol>	<ol style="list-style-type: none"> <li>Attendance records</li> <li>Compilation report of participant surveys</li> <li>Performance tests</li> <li>Evaluation reports</li> </ol>	1 to 3 years

<p><b>STO 2:</b> Decrease language and cultural barriers to accessing mainstream financial institutions.</p>	<ol style="list-style-type: none"> <li>1. Percentage of program participants attending ESL classes</li> <li>2. Percentage of program participants completing the financial literacy workshops</li> <li>3. Number of training sessions held</li> <li>4. Distribution of multi-language outreach materials</li> </ol>	<ol style="list-style-type: none"> <li>1. Classroom participation</li> <li>2. Classroom quizzes</li> <li>3. Workshop surveys and participant course evaluations</li> <li>4. Workshop attendance</li> <li>5. Distribution of outreach materials</li> </ol>	<ol style="list-style-type: none"> <li>1. Attendance records-ESL classes</li> <li>2. Compilation report of participant evaluations</li> <li>3. Performance tests</li> <li>4. Evaluation reports</li> <li>5. Report of outreach activities and attendee sign-up sheets</li> </ol>	<p>1 to 3 years</p>
<p><b>STO 3:</b> Decrease negative perceptions and attitudes about the conventional economic sector.</p>	<ol style="list-style-type: none"> <li>1. Percentage of minority participants attending outreach workshops and outreach events</li> <li>2. Percentage of program participants expressing a better understanding of the conventional banking sector</li> </ol>	<ol style="list-style-type: none"> <li>1. Outreach event attendance</li> <li>2. Workshop quiz</li> <li>3. Attendee questionnaire</li> <li>4. Event attendee participation</li> </ol>	<ol style="list-style-type: none"> <li>1. Report of outreach activities and attendee sign-up sheets</li> <li>2. Compilation report of participant questionnaires</li> </ol>	<p>1 to 3 years</p>

<p><b>STO 4:</b> Increase access to affordable savings and borrowing services not provided by traditional financial market.</p>	<ol style="list-style-type: none"> <li>1. Obtain Board approval to seek NCUA's permission to expand</li> <li>2. Development of Board approved business and operating plan</li> <li>3. Submit expansion plan to NCUA</li> <li>4. Receive NCUA approval</li> <li>5. Commence branch operations and services</li> </ol>	<ol style="list-style-type: none"> <li>1. Completion and presentation of business plan</li> <li>2. Presentation to Board for review and approval</li> <li>3. Development of policies and procedures</li> <li>4. Submission of plans to NCUA</li> </ol>	<ol style="list-style-type: none"> <li>1. Business plan abstract, business and operating plan documents</li> <li>2. Policy documents</li> <li>3. Board minutes and resolutions</li> <li>4. Correspondence to NCUA and official plan documents</li> <li>5. NCUA approval correspondence</li> <li>6. Operations records</li> </ol>	<p>1-to 3 years</p>
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## SUSTAINABILITY

### *Sustainability Elements*

Branch expansion sustainability is based upon the assumption that the branch must be self-sufficient both from an operating standpoint and a fund-raising standpoint. However, it should be noted that the branch will have support (financially and operationally) from the existing credit union and the credit union's sponsor organization, if necessary.

While the community is in need of the low-cost financial services that the credit union will offer and the credit union has very strong sponsor and municipality support, the credit union branch must be operated like a business (i.e., strong underwriting and high performing loan portfolios) in order to stay viable.

While people express much more positive feelings about credit unions than the larger privately-held banking and financial organizations, the credit union must, at all times, strive to improve services and products, and stay relevant and competitive. More and more institutions, including credit unions, are liquidating or merging with larger financial institutions in order to provide services to their membership (customers) that the local credit union is not capable of offering (resource limitations), or to reduce increased operating and technology costs, or due to ever-increasing regulatory requirements. Although increased services may be a positive to members, many times those services come at an additional cost to the consumer. Moreover, many times local branches are closed or merged and the personal customer service received from a familiar customer service representative or branch manager is lost forever.

### ***Sustainability Plan***

Credit union leadership and management strongly believe, while keenly aware that major technology shifts and future member demographics are changing rapidly, a locally-based member-owned and supported financial institution will continue to be a major need in the low-income community. Larger financial institutions are interested in providing services that increase their bottom line, while the credit union's vision is to offer modern and affordable financial services and products that increase the wealth of the low-income community member as well as providing resources for a financially viable financial institution.

Companies like Wal-Mart and large insurance companies and other non-regulated financial organizations continue to enter the financial services industry to earn additional profits, usually at costs higher than credit unions offer, further reducing low-income people's financial resources.

Beyond the activities and outputs planned elsewhere in this project, the credit union intends on offering services beyond basic checking and savings accounts, and loans such as ACH services, ATM and debit cards, on-line bill pay and mobile banking, not only to provide modern services to its membership but to attract young adults who are technologically savvy, but tend to have little disposal income and use high-cost transaction methods. The credit union will provide these services at a fee that will allow the credit union to create earnings, but at costs much less than the market in order to create resources for its members and provide a positive return to the community.

Moreover, the credit union will provide a neighborhood branch in order to provide face-to-face services to members who need or prefer traditional banking

methods. It will fund the branch operations through offerings of secondary capital to private sector institutions, resources available to the credit union due to its Low-Income Credit Union (LICU) designation from the NCUA and U.S. Treasury.

## RESULTS

The following paragraphs address the latest results of each of the four (4) short-term outcomes established as part of this project. Each of the proposed project outcomes will be described followed by a listing of selected planned outputs for each outcome that will be examined relative to the completion or barriers to completion of the noted projected outputs. The narrative attempts to demonstrate how the output activities have led or will lead to the attainment of each short-term outcome, and what lessons have been learned. Finally, original assumptions or expectations made that need to be revised or eliminated since the project's inception are identified.

Generally, the short-term outcomes are planned to occur in two phases. The first phase applies mostly to outcomes and linked inputs that are planned to be completed within one year of the project's planned beginning date of September 1, 2011, and another phase where outcomes and activities will occur in the second and third year of the program. The first phase centers on start-up activities while the second phase, which assumes the branch is open and operating, focuses on outputs that relate to clients (members) use of the services and financial products offered by the credit union.

### ***Short-term Outcomes***

#### *Increase knowledge of budgeting and debt management*

The purpose of the outcome is to enhance low-income members understanding of budgeting their resources and properly managing and acquiring debt – making sure they acquire debt based upon their true needs at the lowest possible cost. A series of educational classes and program will be offered to members starting when the branch

opens and offered throughout the following year. It is anticipated that the series of educational programs will be offered annually on an ongoing basis.

Results of this series of workshops include a goal of 72 people enrolling in a credit counseling workshop, where 50% of the participants improve their credit score by 100 points, 80 people participate in quarterly budget workshops where 50 of the participants are referred to services of the sponsor agency (i.e., energy assistance) and 50 are referred to other community services.

The original start date for these programs was scheduled for fall of 2012 at the new branch location, but due to branch construction issues (see more detail in short-term outcome results below) the programs will be offered either at the current branch or at a sponsor training facility adjacent to the proposed branch.

*Decrease language and cultural barriers to accessing mainstream financial institutions*

Garfield, as noted elsewhere in this thesis, has a large Hispanic and Polish immigrant population with limited English language skills, therefore, in order to remove potential cultural barriers the credit union will offer monthly financial literacy workshops in English, Spanish and Polish to community members. The new branch has set a goal (output) that 50 of the 80 planned participants annually will access the ESL programs of the sponsor agency. In addition, starting late 2012 credit union savings and loan program pamphlets will be distributed monthly through local business, schools, government offices and faith-based organizations in Garfield.

*Decrease negative perceptions and attitudes about the conventional economic sector*

Evidence strongly indicates that low-income people do not access the mainstream financial system and are unbanked or under-banked and access high-cost financial services (i.e., pay-day lenders). Some of the reasons low-income consumers do not use conventional financial institutions (banks and credit unions) include their inability to maintain minimum balances or distrust of the mainstream banks.

In order to help reduce that negative perception and drive low-income consumers to more affordable financial products at the credit union, quarterly financial literacy workshops will be offered at local housing authorities, the new branch (2013), and other community locations with an annual goal of 60 participants with a success rate of 50% passing a post-program financial literacy examination. The first quarterly program will be scheduled in the last quarter of 2012.

*Increase access to affordable savings and borrowing services not provided by traditional financial markets*

Most of the outputs and activities planned as part of this short-term outcome have been completed or will be completed within one year from September 1, 2011, the start date of this project. For example, the following five (5) outputs have been completed: completion of a cost-benefit analysis of branch operations; development of an array of consumer products, including, low and no-cost checking, savings plans, certificate plans and on-line banking access; development of a loan application and approval process; development of specialized savings programs, such as IDAs, for low-income consumers; and, the preparation of a three (3) year branch operations budget.

However, the opening of the branch, originally planned for by September 2012, will not occur until the spring of 2013. The delay is due to construction-related problems at the proposed community center in Garfield, putting this part of the project approximately six-months behind schedule. Therefore, the planned outcomes of 500 people opening an account and 100 loans closed in the first year will also be delayed by six months. However, preliminary hours of operations and a Memo of Understanding with the sponsor agency have been approved.

## CONCLUSIONS AND RECOMMENDATIONS

### *Prospects of Attaining Intermediate and Long-Term Outcomes*

The opening of another branch of 1<sup>st</sup> Bergen Federal Credit Union serving the unbanked and underbanked of the City of Garfield, New Jersey is a substantial undertaking. While the project has suffered a minor setback due to the inability to meet its planned goal of a branch opening in September of 2012, the project continues to move forward and the delay should have no effect on the attainment of the project's intermediate and long-term outcomes. For instance, short-term goals are planned to be achieved during a one-to-three year time period starting September 1, 2011, many of which have already been completed. Moreover, many of the member-based services planned as part of the project's short-term activities are currently being offered at the credit union's existing branch facility or the sponsor organization's training center adjacent to the proposed site of the Garfield branch.

Since September of 2011, the following short-term outcomes have been accomplished, including a Board of Directors approved three year Strategic Plan that includes the approval of the Garfield branch expansion, a branch operating budget, the development of loan underwriting policies and procedures, and the offering of credit counseling services, to name a few.

Since many of the short-term activities have been completed or are in-process, the project's intermediate outcome scheduled to be completed during the second and third year after the branch opening should be attainable in the time frame as originally planned. Similarly, the successful realization of the project's long-term outcome should be

attainable by the end of three years of operations as originally proposed (September 2015).

Finally, as with any CED project, the successful attainment of the project's intermediate and long-term outcomes is predicated on successful fundraising and strong support. 1<sup>st</sup> Bergen, while continually seeking new funds to support new products and initiatives, continues to have strong support from its sponsor organization, Bergen County Community Action Partnership (BCCAP) both financially and operationally. BCCAP has been in existences for over 45 years and serves over 26,000 low-income people in Bergen County, NJ, annually. Over 50% of the credit union members not only and access its financial products and services, but access services of BCCAP. Coupled with BCCAP's support and income derived from loan products and fees the future looks bright for the credit union and a successful project implementation.

Regardless of the timing of individual tasks, if the project emphasis continues to focus on providing affordable access to the low-income community, including opportunities to save or borrow in order to acquire financial stability, then the project will be considered successful.

### ***Personal Thoughts***

As expressed earlier in this thesis, the opening of a financial institution with an ultimate goal of building financial stability for low-income households and residents of Garfield, particularly those that are unbanked or underbanked, is a monumental endeavor and takes the commitment of not only the CED practitioner, but

requires the commitment of the local community, the regulatory agency, other community-based organizations and the credit union's membership and board.

It has been no easy task to adhere to proposed deadlines. Attempting to garner support from varying constituencies and groups, let alone motivate them to follow through on assigned tasks has also been a struggle. As the project moves forward, input and support, including the completion of assigned tasks, of project staff and volunteers will become increasingly important. The project will require continued monitoring, evaluation and follow-up to ensure the timely implementation of project tasks and the realization of successful outcomes.

While the project is basically meeting its targets timely and substantial progress is being made, in hindsight, the branch expansion could have been structured differently, by possibly operating a mobile branch at the sponsor's facility in the earlier years, with the hard-construction occurring later in the project, focusing first on delivery of products and services (which would not have required regulatory approval or city approval) in order to put more emphasis on the needs of the low-income members and community first rather than constructing and outfitting a full-service branch prior to delivery of services.

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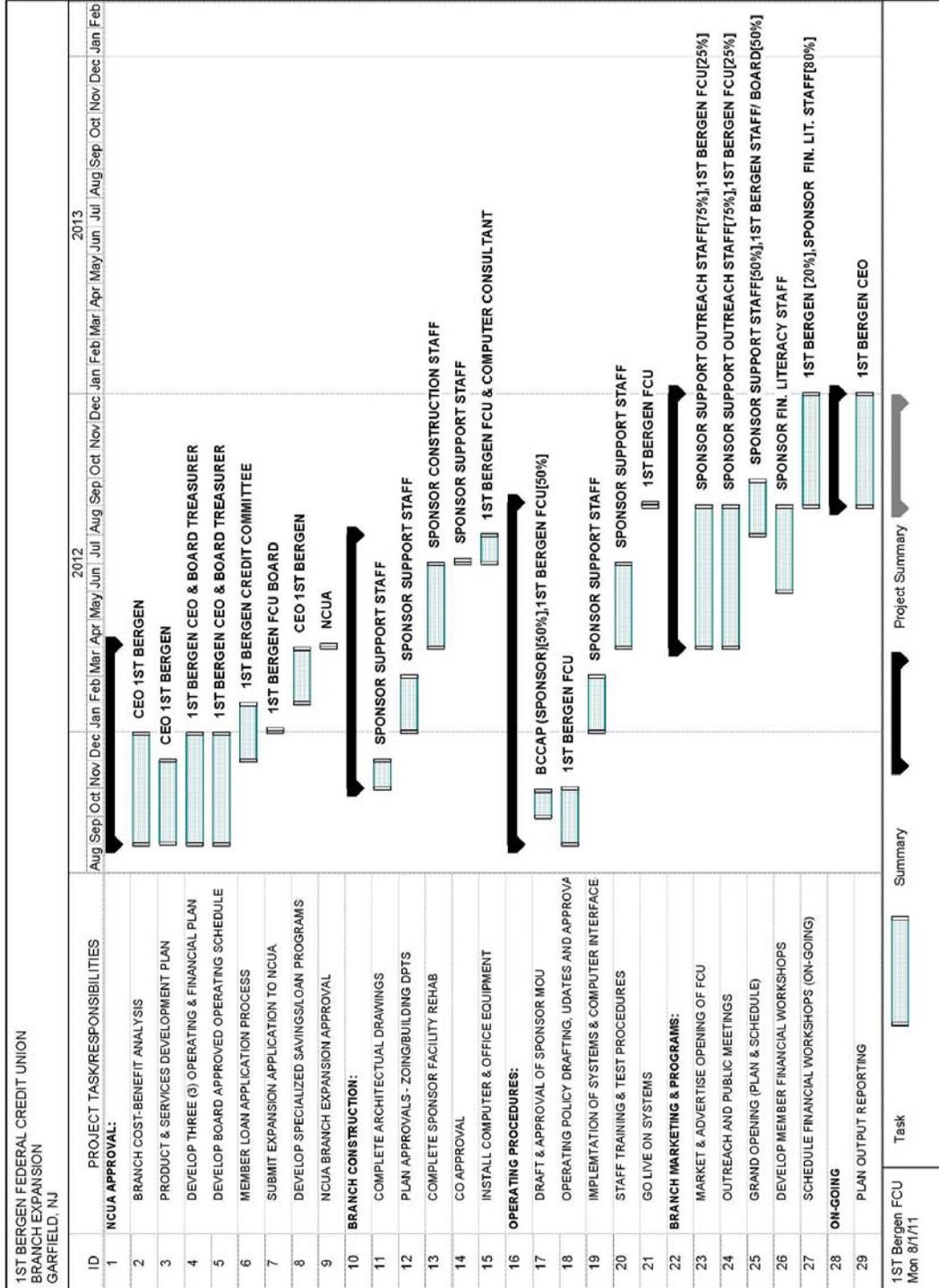
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# APPENDIX

## Project Gantt Chart



# Detailed Project Budget Information

1ST BERGEN FCU GASFIELD EXPANSION  
STATEMENT FINANCIAL CONDITION  
PROJECT BUDGET

STATEMENT*	Sched 12	YEAR 1												YEAR 2 FORECAST	YEAR 3 FORECAST	
		Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13			
<b>ASSETS</b>																
UNSECURED	0	11,000	12,200	15,800	19,000	22,800	27,400	32,900	38,500	47,400	56,200	63,300	82,000	485,200	1,096,500	1,799,300
SECURED	0	1,700	2,000	2,400	2,900	3,400	4,100	4,900	5,900	7,100	8,500	10,200	12,300	65,400	163,600	269,900
REAL ESTATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HOME EQUITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HOME EQUITY LOC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STUDENT LOAN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STUDENT LOAN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STUDENT LOAN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STUDENT LOAN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LINE OF CREDIT - REVOLVING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL LOANS TO MEMBERS	0	12,700	15,200	18,200	21,900	26,200	31,500	37,800	45,400	54,500	65,400	78,500	94,300	501,600	1,254,100	2,069,200
ALLOWANCE FOR LOSSES	0	254	304	364	438	524	630	756	908	1,090	1,308	1,570	1,886	10,032	25,100	41,400
ALLOW FOR LOSSES, OTHER	0	254	304	364	438	524	630	756	908	1,090	1,308	1,570	1,886	10,032	25,100	41,400
TOTAL ALLOWANCE FOR LOSSES	0	508	608	728	876	1,048	1,260	1,512	1,816	2,180	2,616	3,140	3,772	20,064	50,200	82,800
TOTAL LOANS	0	13,208	15,808	18,928	22,700	27,248	32,700	39,312	47,216	56,680	68,016	81,640	98,072	521,664	1,304,300	2,152,000
CHECKING ACCOUNT	60,000	14,050	14,800	15,550	16,350	17,050	17,500	17,450	17,250	17,000	15,850	13,250	9,200	245,400	95,900	215,300
SAVINGS ACCOUNT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RETIRE - 401K	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RETIRE - 401K	10,000	5,522	2,174	90	2,489	3,853	2,764	2,262	3,467	4,880	5,089	5,569	6,263	5,234	3,919	30,047
RETIRE - 401K	85,000	19,572	16,974	15,640	18,939	19,903	20,264	19,732	21,317	21,080	20,239	18,810	15,463	313,654	146,819	260,347
INVESTMENT - COM MUTUAL INSTNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INVESTMENT - COM MUTUAL INSTNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INVESTMENT - COM MUTUAL INSTNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INVESTMENT - COM MUTUAL INSTNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL COMPLEMENTAL INVESTMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER INVESTMENTS	0	4,500	5,000	5,500	5,500	5,500	6,000	6,000	6,000	6,000	5,000	4,500	4,000	63,000	325,000	250,000
ALLOW FOR INVESTMENT LOSSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INVESTMENTS	0	4,500	5,000	5,500	5,500	5,500	6,000	6,000	6,000	6,000	5,000	4,500	4,000	63,000	325,000	250,000
TOTAL INVESTMENTS	0	4,500	5,000	5,500	5,500	5,500	6,000	6,000	6,000	6,000	5,000	4,500	4,000	63,000	325,000	250,000
LAND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FURNITURE & EQUIP	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000	15,000	15,000
LEASEHOLD IMPROVEMENTS	21,000	0	0	0	0	0	0	0	0	0	0	0	0	21,000	21,000	21,000
LEASED ASSETS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER FIXED ASSETS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ACCUM DEPR - LAND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ACCUM DEPR - BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ACCUM DEPR - FURN & EQUIP	0	-250	-250	-250	-250	-250	-250	-250	-250	-250	-250	-250	-250	-3,000	-4,000	-5,000
ACCUM DEPR - LEASEHOLD IMPROV	0	-350	-350	-350	-350	-350	-350	-350	-350	-350	-350	-350	-350	-4,200	-4,800	-12,600
ACCUM DEPR - LEASED ASSETS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ACCUM DEPR - OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL FIXED ASSETS	36,000	-600	-600	-600	-600	-600	-600	-600	-600	-600	-600	-600	-600	28,200	21,600	14,400
NOTES & OTHER RECEIVABLES	0	3	5	5	6	8	10	11	14	16	20	23	27	149	149	0
TOTAL ACCRUED INCOME	0	3	5	5	6	8	10	11	14	16	20	23	27	149	149	0
<b>TOTAL ASSETS</b>	<b>111,000</b>	<b>35,991</b>	<b>36,275</b>	<b>37,881</b>	<b>45,308</b>	<b>50,488</b>	<b>56,544</b>	<b>62,188</b>	<b>71,223</b>	<b>79,907</b>	<b>89,451</b>	<b>99,663</b>	<b>111,304</b>	<b>897,152</b>	<b>1,712,419</b>	<b>2,551,547</b>





1ST BERGEN FCU, GARFIELD EXPANSION  
 INCOME STATEMENT  
 PROJECT BUDGET

	YEAR 1												YEAR 2			YEAR 3			
	START-UP*	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Aug-13	Aug-13	Aug-13	Aug-13	Aug-13	
<b>INCOME</b>																			
UNSECURED	0	85	188	310	458	634	846	1,100	1,406	1,772	2,213	2,741	3,375	3,375	15,128	30,256	60,426		
SECURED	0	15	33	55	81	112	149	194	248	313	390	484	596	596	2,670	5,339	10,663		
REAL ESTATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
HOME EQUITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
HOME EQUITY - LOC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
STUDENT LOAN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
1ST MORTGAGE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
LINE OF CREDIT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
LINE OF CREDIT - REVOLVING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
NOTES RECEIVABLES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
NON-MEMBER LOANS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
OTHER (FEE INCOME)	0	10	11	12	13	15	16	18	19	21	24	26	29	29	214	428	855		
<b>TOTAL INCOME FROM LOANS</b>	<b>0</b>	<b>111</b>	<b>232</b>	<b>377</b>	<b>552</b>	<b>760</b>	<b>1,011</b>	<b>1,312</b>	<b>1,673</b>	<b>2,107</b>	<b>2,627</b>	<b>3,290</b>	<b>4,000</b>	<b>4,000</b>	<b>18,011</b>	<b>36,023</b>	<b>71,945</b>		
INVESTMENTS - US GOVERNMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
INVESTMENTS - CORP CU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
INVESTMENT-COML&MUTUAL INSTNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
LOANS TO OTHER CREDIT UNIONS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
INVEST IN CUSC'S	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
SECURITIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
OTHER INVESTMENT INCOME	0	12	23	33	44	57	70	82	95	108	121	133	143	143	922	3,453	3,054		
<b>TOTAL INVESTMENT INCOME</b>	<b>0</b>	<b>12</b>	<b>23</b>	<b>33</b>	<b>44</b>	<b>57</b>	<b>70</b>	<b>82</b>	<b>95</b>	<b>108</b>	<b>121</b>	<b>133</b>	<b>143</b>	<b>143</b>	<b>922</b>	<b>3,453</b>	<b>3,054</b>		
GAIN/LOSS/ELIGIBLE OBLIGATNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
SERVICE INCOME CREDIT CARDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
SERVICE INC COMMITMENT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
CREDIT CARD INTERCHANGE	0	0	70	148	235	333	442	566	703	857	1,030	1,224	1,439	1,439	7,048	9,512	11,864		
TRADING PROFITS (LOSSES)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
OTHER MISC OPERATING INCOME	61,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000	145,000	100,000		
<b>TOTAL MISC. OPERATING INCOME</b>	<b>61,000</b>	<b>10,000</b>	<b>10,070</b>	<b>10,148</b>	<b>10,235</b>	<b>10,333</b>	<b>10,442</b>	<b>10,566</b>	<b>10,703</b>	<b>10,857</b>	<b>11,030</b>	<b>11,224</b>	<b>11,439</b>	<b>11,439</b>	<b>127,048</b>	<b>154,512</b>	<b>111,964</b>		
<b>TOTAL REVENUE</b>	<b>61,000</b>	<b>10,123</b>	<b>10,325</b>	<b>10,558</b>	<b>10,831</b>	<b>11,150</b>	<b>11,523</b>	<b>11,960</b>	<b>12,471</b>	<b>13,072</b>	<b>13,778</b>	<b>14,607</b>	<b>15,582</b>	<b>15,582</b>	<b>145,981</b>	<b>193,988</b>	<b>186,862</b>		
<b>EXPENSES</b>																			
SALARIES	0	300	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	33,300	33,300	33,300		
COMPENSATION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
OTHER	0	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200	13,200	13,200		
SSI TAXES	0	107	314	314	314	314	314	314	314	314	314	314	314	314	3,557	3,557	3,557		
OTHER STATUTORY EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
DENTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
PENSION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
OTHER EMPLOYEE BENEFITS	0	313	916	916	916	916	916	916	916	916	916	916	916	916	10,393	10,393	10,393		
TRVL & CONF - EMPLOYEE	0	0	0	150	0	0	150	0	0	150	0	0	150	0	600	600	600		
TRVL & CONF - OFFCKS & DIRS	0	0	0	250	0	0	250	0	0	250	0	0	250	0	1,000	1,000	1,000		
TRVL & CONF - OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>TOTAL EMP RELATED EXPENSES</b>	<b>0</b>	<b>1,820</b>	<b>5,330</b>	<b>5,730</b>	<b>5,330</b>	<b>5,330</b>	<b>5,730</b>	<b>5,330</b>	<b>5,330</b>	<b>5,730</b>	<b>5,330</b>	<b>5,330</b>	<b>5,730</b>	<b>5,730</b>	<b>62,050</b>	<b>62,050</b>	<b>62,050</b>		

1ST BEERGEN FOU, GARFIELD EXPANSION  
 INCOME STATEMENT  
 PROJECT BUDGET

	YEAR 1												YEAR 2		YEAR 3		
	START-UP*	Sept-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	TOTAL	FORECAST	TOTAL	FORECAST
STATE ASSN EXPENSES	0	0	0	1,500	0	0	0	0	0	0	0	0	0	0	1,500	1,500	1,500
NAIPL ASSN EXPENSES	0	0	0	125	0	0	0	0	0	0	0	0	0	0	125	125	125
<b>TOTAL ASSOCIATION EXPENSES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,625</b>	<b>0</b>	<b>1,625</b>	<b>1,625</b>	<b>1,625</b>									
RENT	0	500	500	500	500	500	500	500	500	500	500	500	500	500	6,000	6,000	6,000
MAINTENANCE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UTILITIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEPRECIATION EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AMORT OF LEASEHOLDS	0	350	350	350	350	350	350	350	350	350	350	350	350	350	4,200	4,200	4,200
PROPERTY TAXES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OCCUPANCE EXPENSES - OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL OCCUPANCY EXPENSES</b>	<b>0</b>	<b>850</b>	<b>10,200</b>	<b>10,200</b>	<b>10,200</b>												
COMMUNICATIONS	0	125	125	125	125	125	125	125	125	125	125	125	125	125	1,500	1,500	1,500
EQUIPMENT RENTALS	0	175	175	175	175	175	175	175	175	175	175	175	175	175	2,100	2,100	2,100
MAINTENANCE	0	100	100	100	100	100	100	100	100	100	100	100	100	100	1,200	1,200	1,200
DEPRECIATION EXPENSE	0	250	250	250	250	250	250	250	250	250	250	250	250	250	3,000	3,000	3,000
INSURANCE	0	150	150	150	150	150	150	150	150	150	150	150	150	150	1,800	1,800	1,800
SOFTWARE LEASES & SVC FEES	0	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200	13,200	13,200
SUPPLIES	0	50	50	50	50	50	50	50	50	50	50	50	50	50	600	600	600
OTHER OFFICE OPERATION EXP	0	100	100	100	100	100	100	100	100	100	100	100	100	100	1,200	1,200	1,200
<b>TOTAL OFFICE OPERATIONS EXP</b>	<b>0</b>	<b>2,050</b>	<b>24,600</b>	<b>24,600</b>	<b>24,600</b>												
ADVERTISING	0	75	75	75	75	75	75	75	75	75	75	75	75	75	900	900	900
PUBLICITY & PROMO ITEMS	0	50	50	50	50	50	50	50	50	50	50	50	50	50	600	600	600
OUTREACH EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VITA/ETC PROGRAM SUPPLIES	0	50	50	50	50	50	50	50	50	50	50	50	50	50	600	600	600
EDUCATIONAL & FIN LITERACY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER EDUC & PROMOTIONAL EXP	0	50	50	50	50	50	50	50	50	50	50	50	50	50	600	600	600
<b>TOTAL EDUC &amp; PROMO EXPENSES</b>	<b>0</b>	<b>225</b>	<b>2,700</b>	<b>2,700</b>	<b>2,700</b>												
COLLECTION	0	75	75	75	75	75	75	75	75	75	75	75	75	75	900	900	900
RECORDING FEES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CREDIT REPORTS	0	75	75	75	75	75	75	75	75	75	75	75	75	75	900	900	900
CREDIT CARD FEES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LEGAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER LOAN SERVICING EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL LOAN SERVICING EXPENSE</b>	<b>0</b>	<b>150</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>												
ACCOUNTING	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AUDIT	0	0	0	0	0	0	0	1,000	0	0	0	0	0	0	1,000	1,000	1,000
LEGAL	0	0	0	250	0	0	250	0	0	0	0	250	0	0	750	750	750
CONSULTANT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER PROFESSIONAL FEES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PROFESSIONAL EXPENSES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>1,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>1,750</b>	<b>1,750</b>	<b>1,750</b>
PROV FOR IN LOSS - CONSUMER	0	254	304	364	438	524	630	756	908	1,090	1,308	1,570	1,886	10,032	15,068	16,300	16,300
PROV FOR IN LOSS - BUSINESS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1ST BERGEN FCU, GARFIELD EXPANSION  
INCOME STATEMENT  
PROJECT BUDGET

	YEAR 1												YEAR 2 TOTAL FORECAST	YEAR 3 TOTAL FORECAST			
	START-UP*	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13			Aug-13		
PROV FOR LN LOSS-CONS RLEST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROV FOR LN LOSS-BUS RLEST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROV FOR LOAN LOSSES - OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PROVISION FOR LN LOSS</b>	<b>0</b>	<b>254</b>	<b>304</b>	<b>364</b>	<b>438</b>	<b>524</b>	<b>630</b>	<b>756</b>	<b>908</b>	<b>1,090</b>	<b>1,308</b>	<b>1,570</b>	<b>1,886</b>	<b>10,032</b>	<b>15,068</b>	<b>16,300</b>	
MEMBER'S INS - SHARE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MEMBER'S INS - LIFE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MEMBER'S INS - BORROWER'S	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MEMBER'S INS - BUSINESS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MEMBER INS - OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
FEDERAL FEES	0	20	20	20	20	20	20	20	20	20	20	20	20	20	360	480	
<b>TOTAL MEMBER EXPENSES</b>	<b>0</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>240</b>	<b>360</b>	<b>480</b>	
CASH - (OVER)/SHORT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL CASH SHORT(OVER)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
INTEREST EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
COMMITMENT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
INT ON BORROWED MONEY-OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL INT ON BORROWED MONEY</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
DIV EXP - REGULAR SHARES	0	0	2	3	5	7	9	12	15	18	22	26	30	148	55	91	
DIV EXP - SHARE DRAFTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
DIV EXP - REGULAR CLUBS	0	1	1	2	2	3	4	5	6	8	9	11	13	65	221	365	
DIV EXP - IRA/KEOUGH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
DIV EXP - SHARE CERTIFICATES	0	32	67	106	150	199	255	317	386	464	551	648	757	3,932	13,372	22,076	
DIV EXP - MONEY MARKETS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
DIV EXP - PUBLIC UNITS	0	50	50	50	50	50	50	50	50	50	50	50	50	600	88	146	
DIV EXP - RENT SECURITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
DIV EXP - IDA ACCOUNTS	0	0	1	1	1	1	2	2	3	3	4	4	5	26	9	15	
DIV EXP - CLIENT SAVINGS	0	0	1	1	2	3	4	5	6	7	9	10	12	60	22	37	
DIV EXP - OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL DIVIDEND EXPENSES</b>	<b>0</b>	<b>83</b>	<b>121</b>	<b>163</b>	<b>211</b>	<b>264</b>	<b>324</b>	<b>391</b>	<b>466</b>	<b>550</b>	<b>644</b>	<b>749</b>	<b>867</b>	<b>4,832</b>	<b>13,767</b>	<b>22,729</b>	
(GAIN) LOSSINVESTMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(GAIN) LOSS ON ASSET DISPOSIN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
OTHER (GAIN) LOSS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
OTHER EXTRAORDINARY (GAIN) LOSS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL NON-OPER (INC) EXP</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL EXPENSES</b>	<b>0</b>	<b>5,452</b>	<b>9,050</b>	<b>11,427</b>	<b>9,274</b>	<b>9,415</b>	<b>9,979</b>	<b>11,022</b>	<b>9,999</b>	<b>10,665</b>	<b>10,577</b>	<b>11,194</b>	<b>11,778</b>	<b>119,839</b>	<b>153,920</b>	<b>144,234</b>	
<b>NET INCOME (LOSS)</b>	<b>61,000</b>	<b>4,671</b>	<b>1,275</b>	<b>-869</b>	<b>1,558</b>	<b>1,738</b>	<b>1,544</b>	<b>938</b>	<b>2,473</b>	<b>2,407</b>	<b>3,201</b>	<b>3,413</b>	<b>3,804</b>	<b>26,152</b>	<b>60,067</b>	<b>42,628</b>	
<b>EFFECTIVE LOAN RATE (INCOME)</b>	<b>10.4%</b>	<b>10.4%</b>	<b>10.0%</b>	<b>9.5%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	
<b>EFFECTIVE INVESTMENT RATE (INC)</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.6%</b>	
<b>DIVIDEND RATE ON SHARES (COST)</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.2%</b>	

# Monitoring Reports

1ST Bergen Federal Credit Union  
 CDCU Branch Expansion  
 Monitoring Report for the month of: Mar-12  
 Monitors Name: Robert Moore

Program Start Date: Sep-11

ACTIVITIES/DATES>>>	BEG	END	STATUS	TIMELINESS	EXPLANATION FOR DELAY	ALTERNATIVE ACTION	ATTAINMENT OF OUTPUT
➤ Develop an array of consumer products, including, at a minimum, low or no-cost checking, savings plans, certificate plans and on-line access	Sep-11	Nov-11	Fully completed	As planned			<b>Target 1:</b> Analysis of banking product offerings completed within (3) months of Board approval <b>To Date:</b> 1
➤ Develop a loan application and approval process	Sep-11	Nov-11	Fully completed	As planned			<b>Target 1:</b> Analysis of loan product offerings completed within three (3) months of Board approval <b>To Date:</b> 1
➤ Develop and offer specialized savings programs, such as IDAs, for low-income consumers	Sep-11	Nov-11	Partially completed	Delayed	Other: program in place. Expand upon branch opening	Estimated revised completion date: June 2012	<b>Target 1:</b> Development of specialized saving programs completed within four (4) months of Board approval <b>To Date:</b> 0

1ST Bergen Federal Credit Union  
 CDCU Branch Expansion  
 Monitoring Report for the month of: Mar-12  
 Monitors Name: Robert Moore Program Start Date: Sep-11

ACTIVITIES/DATES>>>	BEG	END	STATUS	TIMELINESS	EXPLANATION FOR DELAY	ALTERNATIVE ACTION	ATTAINMENT OF OUTPUT
> Complete cost-benefit analysis of branch operations	Sep-11	Dec-11	Partially completed	Delayed	Full analysis has not been completed due to inactivity on facility development. Expanded budget to be completed which includes costs of facilities along with operating budget.	Estimated revised completion date: MAY 2012	<b>Target 1:</b> Finalized cost-benefit analysis and obtain approval by Board of Directors within four (4) months of Board of Director's approval to seek branch expansion <b>To Date:</b> 0 <b>Target 2:</b> Complete MOU with sponsor organization <b>To Date:</b> 1 <b>Target 3:</b> Three-year budget of revenues and costs, including start-up costs, within four (4) months of Board approval months <b>To Date:</b> 0 <b>Target 4:</b> Analysis and approval received from Board of Directors of hours of operation completed within four (4) months of Board approval <b>To Date:</b> 0

1ST Bergen Federal Credit Union  
 CDCU Branch Expansion

Monitoring Report for the month of:  
 Monitors Name:

Mar-12  
Robert Moore

Program Start Date:

Sep-11

ACTIVITIES/DATES>>>	BEG	END	STATUS	TIMELINESS	EXPLANATION FOR DELAY	ALTERNATIVE ACTION	ATTAINMENT OF OUTPUT
➤ Seek NCUA permission to open credit union branch	Dec-11	Mar-12	Not Started	Delayed	To early to file as request due to facility delay.	Estimated revised completion date: MAY 2012	<b>Target 1:</b> Branch opens within six (6) months of NCUA application <b>To Date:</b> 0
➤ Develop and provide outreach and training materials in English, Spanish and Polish	Mar-12	Aug-13	Not Started	As planned			<b>Target 1:</b> 12 monthly distributions of basic budgeting and banking service pamphlets through local business, schools, government offices and faith-based organizations <b>To Date:</b> 0

1ST Bergen Federal Credit Union  
 CDCU Branch Expansion  
 Monitoring Report for the month of:  
 Monitors Name: Mar-12  
Robert Moore

Program Start Date: Sep-11

ACTIVITIES/DATES>>>	BEG	END	STATUS	TIMELINESS	EXPLANATION FOR DELAY	ALTERNATIVE ACTION	ATTAINMENT OF OUTPUT
> Advertise credit union activities and services through community-based organizations, governmental offices and public service announcements	Mar-12	Aug-13	Not Started	As planned			<b>Target 1:</b> 12 monthly distributions of credit union savings and loan program pamphlets through local business, schools, government offices and faith-based <b>To Date:</b> 0
> Provide credit counseling services	Sep-12	Aug-13	Partially completed	As planned	Provided in other local community; Services already in place.		<b>Target 1:</b> 12 monthly workshops annually <b>To Date:</b> 10 <b>Target 2:</b> 72 participants enroll in credit workshops <b>To Date:</b> 10
> Provide budgeting workshops	Sep-12	Aug-13	Not Started	As planned	Provided in other local community; Services already in place.		<b>Target 1:</b> Quarterly budget and money management workshops <b>To Date:</b> 10 <b>Target 2:</b> 80 people participate in budget workshops <b>To Date:</b> 10

1ST Bergen Federal Credit Union  
 CDCU Branch Expansion  
 Monitoring Report for the month of: Mar-12  
 Monitors Name: Robert Moore Program Start Date: Sep-11

ACTIVITIES/DATES>>>	BEG	END	STATUS	TIMELINESS	EXPLANATION FOR DELAY	ALTERNATIVE ACTION	ATTAINMENT OF OUTPUT
➤ Provide access to sponsor organization asset development programs	Sep-12	Aug-13	Partially completed	As planned	Provided in other local community		<b>Target 1:</b> 50 people gain access to sponsor agency (community action agency) programs and services <b>To Date:</b> 0
➤ Offer credit score improvement programs	Sep-12	Aug-13	Partially completed	As planned	Provided in other local community		<b>Target 1:</b> 50% of participant's credit score increases by at least 100 points <b>To Date:</b> 0
➤ Offer and provide referral services to other community based organizations	Sep-12	Aug-13	Not Started	As planned			<b>Target 1:</b> 50 people gain access to sponsor agency (community action agency) programs and services <b>To Date:</b> 0 <b>Target 2:</b> 50 people referred to other community services <b>To Date:</b> 0

1ST Bergen Federal Credit Union  
 CDCU Branch Expansion  
 Monitoring Report for the month of:  
 Monitors Name:

Mar-12  
Robert Moore

Program Start Date: Sep-11

ACTIVITIES/DATES-->>>	BEG	END	STATUS	TIMELINESS	EXPLANATION FOR DELAY	ALTERNATIVE ACTION	ATTAINMENT OF OUTPUT
➤ Offer financial literacy workshops in English, Spanish, and Polish	Sep-12	Aug-13	Partially completed	As planned			<b>Target 1:</b> 12 monthly financial literacy workshops at branch alternating monthly by language (English, Spanish & Polish) <b>To Date:</b> 0
➤ Make available interpreter services for non-English consumers	Sep-12	Aug-13	Not Started	As planned	Provided in other local community		<b>Target 1:</b> Access sponsor interpreter services as needed <b>To Date:</b> 0
➤ Provide access to ESL courses	Sep-12	Aug-13	Not Started	As planned	Provided in other local community		<b>Target 1:</b> Refer 50 people (members) to sponsor ESL program <b>To Date:</b> 0
➤ Provide training workshops on benefits and safety of banking system	Sep-12	Aug-13	Not Started	As planned			<b>Target 1:</b> 80 people participate at branch in workshops on functionality of banking system <b>To Date:</b> 0

1ST Bergen Federal Credit Union  
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 Monitoring Report for the month of:  
 Monitors Name:

Mar-12  
 Robert Moore

Program Start Date: Sep-11

ACTIVITIES/DATES>>>	BEG	END	STATUS	TIMELINESS	EXPLANATION FOR DELAY	ALTERNATIVE ACTION	ATTAINMENT OF OUTPUT
➤ Provide workshops and literature through outreach activities to minority and low-income community	Sep-12	Aug-13	Not Started	As planned			<b>Target 1:</b> Quarterly (4) financial literacy workshops at local community based organizations, housing authority and senior housing complexes
➤ Hold quarterly basic "You and Your Money" workshops at credit union branch	Sep-12	Aug-13	Not Started	As planned			<b>Target 1:</b> 60 people participate in quarterly "You and Your money" workshops <b>To Date:</b> 0 <b>Target 2:</b> 50% of program participants pass financial literacy examination <b>To Date:</b> 0
➤ Coordinate, at least, quarterly, outreach activities at faith based and community based organizations	Sep-12	Aug-13	Not Started	As planned			<b>Target 1:</b> Conduit four (4) community outreach activities <b>To Date:</b> 0

1ST Bergen Federal Credit Union  
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Mar-12  
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Program Start Date: Sep-11

ACTIVITIES/DATES>>>	BEG	END	STATUS	TIMELINESS	EXPLANATION FOR DELAY	ALTERNATIVE ACTION	ATTAINMENT OF OUTPUT
> Open credit union, including hours of operations that meet community need	Sep-12	Aug-13	Not Started	As planned			<b>Target 1:</b> Over 500 people join credit union in first year of operations <b>To Date:</b> 0 <b>Target 2:</b> Over 100 loans are closed within one (1) year of branch opening <b>To Date:</b> 0 <b>Target 3:</b> 15% (200 consumers) of unbanked open an account at credit union <b>To Date:</b> 0