

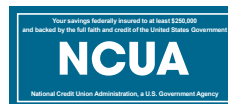


**TRUE NORTH**  
FEDERAL CREDIT UNION

# Annual Report 2009



EQUAL HOUSING  
OPPORTUNITY





## Mission Statement

*"Creating a true member moment every day!"*

## Our Values

Here at True North, our bosses are the people we serve every day – our members. We believe that member service starts with how we work with each other – if we love what we do and where we work, the members will share that experience. We each contribute to our organization and play a vital role in delivering the highest level of service to our membership. The values stated herein are integral to who we are as an organization, and are the foundation upon which we shall succeed.

**A - Attitude** – We recognize that a positive attitude is critical to a positive environment. We are committed to creating a work place that is professional and respectful, but also fun and dynamic.

**S - Service** – We are dedicated to providing excellent service to our members and to our co-workers each day. This is our mission, and we thrive on exceeding the expectations of others.

**T - Team** – We believe that we can achieve more together than apart, and that great teams are worth hard work. We will work with patience, trust and honesty to build great teams at True North.

**R - Resilience** – Change happens. We recognize that a successful organization must evolve and adapt in order to thrive. We embrace change as an opportunity to grow and improve service.

**I - Initiative** – We are encouraged to ask questions, voice ideas, and seek opportunities to improve our service to members and each other. To do so, we will ask questions knowing that they are welcome and we will strive to create opportunity where we do not immediately see it.

## BOARD OF DIRECTORS

**Jim Anderson**  
CHAIR

**Creighton Laurent**  
VICE CHAIR

**Brad Pierce**  
SECRETARY

**Kim Garnero**  
TREASURER

**Alan Schorr**

**David Teal**

**Gretchen Keiser**

## CORPORATE

**Lauren MacVay**  
PRESIDENT/CEO

**Jeff Vogt**  
CHIEF FINANCIAL OFFICER

**Bill Peters**  
VP OF CORPORATE DEVELOPMENT

**Marlene Huerta**  
VP OF COMPLIANCE

**Patty Ray**  
VP OF OPERATIONS

**Tracy Gottschlich**  
ACCOUNTING MANAGER

**Julie Fenunia'i**  
CREDIT & COLLECTIONS MANAGER

**Trevor League**  
IT MANAGER

## BRANCHES

**TinaMarie Kile**  
BRANCH MANAGER / ASSISTANT  
VP OF BRANCH OPERATIONS

**Lisa Topping**  
FAIRBANKS BRANCH MANAGER

**Gail O'Dell**  
JUNEAU AREA BRANCH MANAGER

**Adina Larson**  
YAKUTAT BRANCH MANAGER

## SUPERVISORY COMMITTEE

**Randy Super**

**Jeff Landvatter**

**Laura Bruce**

**Kelly Brown**

**Rory Darling**

## LOAN AUDIT COMMITTEE

**Julie Fenunia'i**

**Mark Troupin**

**Sandra Holst**

**Darcy Stetson**

## Contact Us

### Juneau Administrative Office

2777 Postal Way  
P.O. Box 34157  
Juneau, AK 99803  
907-523-4778  
Fax 907-586-8078  
[admin@truenorthfcu.org](mailto:admin@truenorthfcu.org)

### Express Teller

Audio Response

1-800-4-TELLER  
(outside of local areas)

523-4744 Juneau

771-4744 Anchorage

328-4744 Fairbanks

### 24/7 Loans Toll-free:

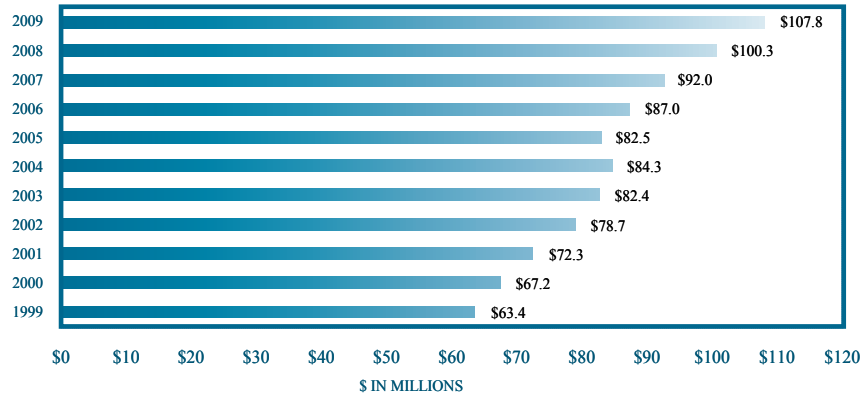
1-866-564-22590

### Website:

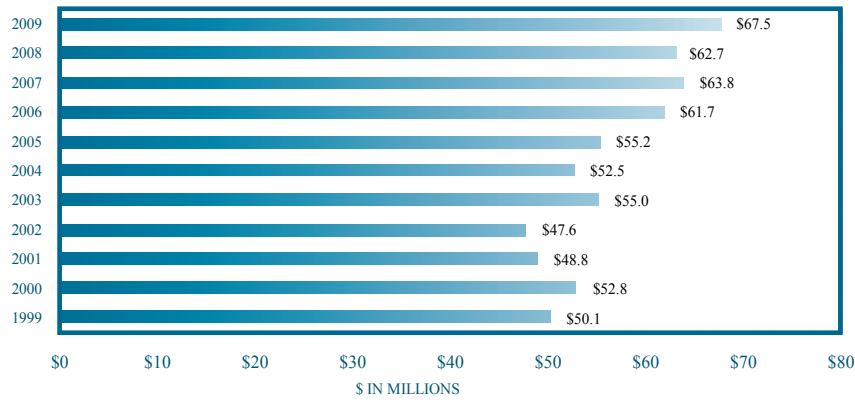
[www.truenorthfcu.org](http://www.truenorthfcu.org)

GROWTH STATISTICS FOR TNFCU OVER THE PAST TEN YEARS.

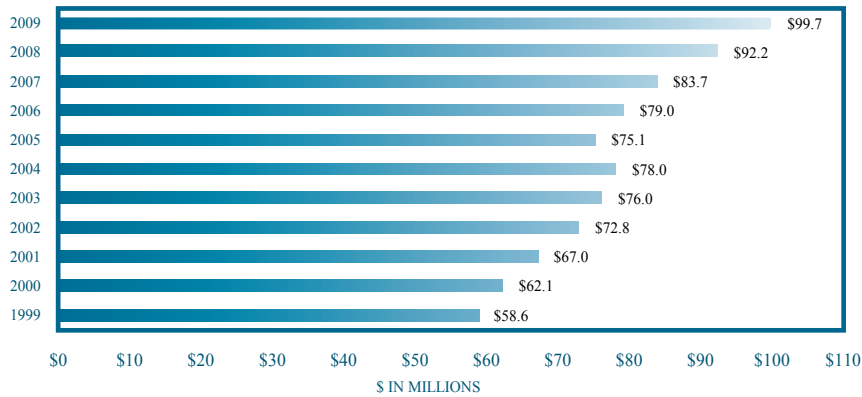
**ASSETS**



**LOANS**



**DEPOSITS**



**TRUE NORTH  
FEDERAL CREDIT UNION**

**62<sup>nd</sup> ANNUAL MEETING  
MARCH 17, 2010 - 5:30 P.M.**

True North Administrative Offices  
2777 Postal Way  
Juneau, Alaska

**AGENDA**

- Call to Order
- Ascertainment of Quorum (15 members)
- Introduction of Volunteers
- Approval of Minutes from March 18, 2009 Annual Meeting
- Official Reports:
  - Board of Directors Report
  - Supervisory Committee Report
- Unfinished Business
- New Business
  - Nomination Committee Report
  - Elections
- Recognition and Awards
- Adjournment

**TRUE NORTH FEDERAL CREDIT UNION  
61<sup>st</sup> ANNUAL MEETING  
MINUTES  
MARCH 18, 2009**

The 61st Annual Meeting of True North Federal Credit Union was called to order at 5:35 p.m. in the lobby of the Mendenhall Valley Branch/Administration offices by Creighton Lauren, Vice-Chair of the Board of Directors.

It was determined that a quorum was present (27 total present).

Creighton Laurent stated the meeting would be conducted under Robert's Rules of Order and appointed Gretchen Keiser as Parliamentarian.

Lauren MacVay delivered a President's Report. She reviewed 2008 accomplishments including the opening of the new Fairbanks Building and the remodeled Juneau branch, and the restructured mortgage program. Lauren reviewed changes in the Executive Management team in 2008, and introduced the team, including Patty Ray, Bill Peters and Rose Wysocki. Lauren reviewed the revised Strategic Planning process that True North began in 2008 in partnership with the Institute for Strategic Learning, including the key initiatives for 2009: Membership Growth, Reducing staff turnover, and increasing profitability. Lauren discussed the economic turmoil in the economy and its effects on earnings. However, she stressed that this is a time for Credit Unions to be true to their roots and remain institutions available to help members in need. Lauren introduced the Board of Directors, as well as Laura Bruce and Rory Darling (Supervisory Committee) and Julie Fenumia'i and Darcy Stetson (Loan Audit Committee).

The membership considered approval of the minutes from the March 12, 2008 annual meeting. Kim moved to suspend reading of the minutes and asked for unanimous consent. There being no objection, the motion carried.

There was no unfinished business.

The only item of new business was election of Board officers. Creighton asked Brad Pierce to give the report of the Nominating Committee. Brad reported that the nominating committee, composed of himself, Jim Andersen and David Teal, reported that all Board members with seats up for re-election were willing to serve additional terms. Therefore, the committee presented Alan Schorr, Gretchen Keiser and Creighton Laurent for reelection to the Board. Creighton thanked Brad for his report and then asked if there were any nominations from the floor. Hearing none, Creighton closed nominations from the floor. Creighton stated that he would accept a motion to accept the slate of officers as presented by the Nominating Committee. Kim so moved. There being no objection, the motion carried.

Lauren MacVay then recognized Sara Boyer, Tia Cheatham-Spain, and Tiffany Laws for 5 years of service to True North.

Creighton asked for questions from the floor. There being none, he asked Alicia to begin drawings for Door Prizes.

There being no further business before the membership, Lauren took a moment to direct attendees to help themselves to food, and thanked all the staff for their hard work. Alan adjourned the meeting with no objection from the membership. The meeting adjourned at 5:50 p.m.

Respectfully submitted,

\_\_\_\_\_  
Creighton Laurent, Chair

\_\_\_\_\_  
Brad Pierce, Secretary

**2009 in Pictures...  
IT'S BEEN A BUSY YEAR!**



**Bill and Lauren pass out a donation of t-shirts to the Thunder Mountain High School staff in 2009!**



**Gail's Juneau crew... Kelly & Dani get their picture taken in front of the Alaska Capitol!**



**Tina's Anchorage Staff strike a quick pose during one of their busy days!**



**Lisa's Fairbanks crew give a smile during Employee Appreciation Week.**



**Joy, Judy, Jinifer & Adina gather in Yakutat for the 2009 Employee Appreciation picture.**



**Adina Larson helps with the cleaning and the coordination of the 2009 Coastal Code Cleanup in Yakutat.**



**Helping Alaskans on their financial journey... TRUE CREW shirts for community outreach!**



**The True Crew with hundreds of pounds of trash on International Coastal Clean-up Day.**



**Our members are truly appreciated on International Credit Union Day!**



**Juneau area staff members carve pumpkins with costumed kiddos.**



**Juneau staff in a Karaoke Christmas carol contest at the 2009 Juneau Holiday Party.**

## SUPERVISORY COMMITTEE

The Supervisory Committee, appointed by the Board of Directors, monitors the activities of the Board, management and staff by reviewing the National Credit Union Administration (NCUA) exams, arranging for independent audits, and overseeing internal controls. Through these activities, the Supervisory Committee assists in ensuring the financial safety and soundness of the Credit Union.

In 2009, True North again retained Moss-Adams, LLP as its independent auditing firm. Moss-Adams issued a clean opinion with one qualification – they opined the adjustment of our Wescorp capital should have been taken in March 2009 as opposed to April 2009. True North's annual NCUA exam was then held in October 2009, effective September 30, 2009; the NCUA had no issue with the accounting treatment of that adjustment.

True North's Supervisory Committee is composed of committed volunteers with diverse backgrounds and skill sets, and they meet monthly with members of True North's management team. It is a pleasure to serve on the committee and represent the members' interests in True North Federal Credit Union.

Jeff Landvatter, Chair  
Laura Bruce  
Randy Super  
Kelly Brown  
Rory Darling

## 2009 ASTRI Winners!

Each year True North management identifies and selects two individuals whom best represent the credit union's values. Meet our ASTRI winners for 2009!



**Gail O'Dell**, Juneau Area Branch Manager:

Gail brings a bright attitude to work every day and provides solid leadership for the Juneau branches. She has been instrumental in building positive, service oriented teams!



**Julie Bates**, Marketing Officer:

Julie's can-do attitude and creativity have brought a spark to True North! She is team focused, provides excellent service, and she consistently manages multiple priorities with ease!

## BOARD OF DIRECTORS ANNUAL REPORT

On behalf of the Board of Directors of True North Federal Credit Union, I am pleased to present our annual report to you. Since its inception in 1948, the Credit Union has focused on providing competitively priced loans and deposit services to its membership, meeting their needs in good times and in bad.

2009 was a year of upheaval in the Credit Union industry. While Credit Unions did not engage in the lending practices which led to the economic crisis of the past several years, the movement was not immune to the effects. Most Credit Unions, including True North, were forced to recognize negative adjustments which had nothing to do with their operations.

True North faced the effects of the recession in other ways as well. Interest rates have remained at the lowest point in a generation. This has created a great environment for borrowers, but has had a negative effect on the Credit Union's interest income. Additionally, while the economic crisis has not impacted Alaska to the extent it has in the Lower 48, the Alaskan economy did go into a recession and many borrowers are struggling to stay afloat. As a result, delinquency and loan losses were a problem in 2009. The good news is 2009 ended with a much lower delinquency ratio than it started, and we are optimistic we'll see an improvement in loan losses in 2010. Further, outside of those extraordinary adjustments referenced above, True North's financial performance exceeded that budgeted for 2009.

A new challenge facing Credit Unions in 2009 was the increase in regulatory activity. In response to bank failures and their impact on the world wide economy, Congress was incredibly active in 2009 and passed many new pieces of legislation. While the Credit Union movement was not part of the problem, Credit Unions were swept up in the resulting legislation and regulatory reform. The result is Credit Unions are spending unprecedented amounts of time and resources on keeping up with the increased regulatory environment. As an example, we will be implementing changes to our credit card and check card programs as a result of new regulations which will be introduced in 2010.

Despite the economic and regulatory turmoil, 2009 was a good year in many ways at True North. Members continued to save, and deposits at the Credit Union grew by \$7.4 million. While many members took advantage of the extremely low mortgage rates and refinanced their home equity loans, we also saw growth in consumer loans and credit card lending. The Credit Union experienced significant growth in Mortgage Lending as well. We remodeled a portion of our Mendenhall Branch in Juneau to include a Mortgage Department and added two additional mortgage staff members to serve True North members. The Mortgage Department closed over \$15 million in new mortgage loans in 2009, much more than in prior years. In addition, in partnership with a local developer, we established a unique package of mortgage products to help provide affordable housing in Juneau. It was a high point of the year to be able to use our new Mortgage Department to assist with such a significant community need.

As elected volunteers, we guide the direction of the credit union to meet our member's needs. 2009 was a challenging year and while we fear the Credit Union movement will be feeling the effects of this economic crisis for some years to come, True North remains financially sound – we are Local, Stable and Ready to serve! We encourage you as a member-owner to forward your comments or concerns to us. Your input is important for our continued success.

Jim Andersen, Chair  
Brad Pierce, Secretary  
Alan Shorr, Member  
Gretchen Keiser, Member

Creighton Laurent, Vice Chair  
Kim Garner, Treasurer  
David Teal, Member

**True North Federal Credit Union**  
**Comparative Balance Sheets**  
**December 31, 2008 and 2009**

<u>Assets</u>	<u>12/31/2009</u>	<u>12/31/2008</u>
Loans	\$ 67,902,614	\$ 63,009,414
Less: Reserve for Loan Loss	\$ (421,217)	\$ (352,571)
Net Loans	\$ 67,481,397	\$ 62,656,843
Cash and Cash Equivalents	\$ 1,727,969	\$ 1,999,306
Investments	\$ 29,905,067	\$ 27,049,753
Accrued Interest Receivable	\$ 284,998	\$ 300,887
Property and Equipment, net	\$ 5,549,262	\$ 5,832,989
NCUA Share Insurance Deposit	\$ 923,312	\$ 816,296
Prepaid Expenses and Other Assets	\$ 1,952,841	\$ 1,689,275
<b>Total Assets</b>	<b>\$ 107,824,846</b>	<b>\$ 100,345,349</b>
<b><u>Liabilities and Members' Equity</u></b>		
Shares	\$ 21,765,096	\$ 21,186,427
Share Money Market	\$ 26,573,126	\$ 23,041,635
Share Certificates	\$ 24,571,709	\$ 23,502,121
IRA's	\$ 2,489,255	\$ 2,453,077
IRA Certificates	\$ 5,199,898	\$ 4,470,284
Share Drafts	\$ 19,074,591	\$ 17,559,905
Accrued Dividends	\$ 1,344,349	\$ 596,440
Other Liabilities	\$ 415,700	\$ 511,077
<b>Total Liabilities</b>	<b>\$ 101,433,724</b>	<b>\$ 93,320,966</b>
Members' Equity		
Regular Reserves	\$ 2,576,163	\$ 2,576,163
Undivided Earnings	\$ 3,814,959	\$ 4,448,220
<b>Total Members' Equity</b>	<b>\$ 6,391,122</b>	<b>\$ 7,024,383</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 107,824,846</b>	<b>\$ 100,345,349</b>

**True North Federal Credit Union**  
**Comparative Income Statements**  
**For the Years Ended December 31, 2009 and 2008**

<u>Income</u>	<u>12/31/2009</u>	<u>12/31/2008</u>
Interest on Loans	\$ 4,551,395	\$ 4,665,859
Interest on Investments	\$ 697,662	\$ 872,757
Fee and Other	\$ 2,102,485	\$ 1,921,053
<b>Total Income</b>	<b>\$ 7,351,542</b>	<b>\$ 7,459,669</b>
<b><u>Expenses</u></b>		
Dividends on Members' Deposits	\$ 1,028,304	\$ 1,875,082
Provisions for Loan Loss	\$ 520,000	\$ 601,637
Operating Expenses	\$ 5,522,398	\$ 5,089,457
<b>Total Expenses</b>	<b>\$ 7,070,702</b>	<b>\$ 7,566,176</b>
<b>Income Before Extraordinary Items</b>	<b>\$ 280,840</b>	<b>\$ (106,507)</b>
Extraordinary Items *	\$ (912,518)	
<b>Net Income</b>	<b>\$ (631,678)</b>	<b>\$ (106,507)</b>

**NCUA NATIONAL CREDIT UNION SHARE INSURANCE FUND STATEMENT – REDUCTION OF CAPITAL INVESTMENT WITH WESCORP CREDIT UNION**

Our regulators (The National Credit Union Association – NCUA) determined the need to utilize the National Credit Union Share Insurance Fund (NCUSIF) to guarantee deposits in the Corporate Credit Union system in December of 2008. NCUA took this action because the corporate Credit Unions (which serve natural person Credit Unions like True North) were feeling the effects of the deterioration of the investment market even though their investments were in permissible, highly rated instruments. The impact of this special assessment will be carried over a five year period and in 2009 the cost to True North was \$138,497. Our Corporate Credit Union (Wescorp Credit Union) was one of the Corporate Credit Union's negatively affected. The resulting impact to True North was a \$764,367 loss of our capital investment in Wescorp. The net affect of these two adjustments is reflected in the financials herein. This adjustment is considered an extraordinary event and is not reflective of True North's operations or the stability of any Credit Union, but rather is indicative of the Credit Union industry's self reliance and dedication to cooperative principles.

**Local. Stable. Ready to lend.**

Serving Alaskans since 1948

- \* online account access \* online bill pay \* shared branching
- \* free checking \* savings accounts \* investment accounts
- \* e-statements \* vehicle, rv, boat, and mortgage loans

[www.truenorthfcu.org](http://www.truenorthfcu.org)

NCUA CU SERVICE CENTER