



TRUE NORTH
FEDERAL CREDIT UNION



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FEDERAL CREDIT UNION

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523-4744 Juneau

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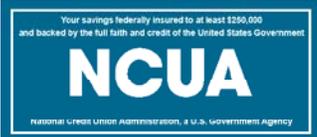
24/7 Loans Toll-free:

1-866-564-22590

www.truenorthfcu.org



Federally insured by NCUA



Annual Report 2010



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.

CORPORATE

Lauren MacVay
PRESIDENT/CEO

Jeff Vogt
CHIEF FINANCIAL OFFICER

Bill Peters
VP OF CORPORATE DEVELOPMENT

Patty Ray
VP OF OPERATIONS

TinaMarie Kile
AVP BRANCH OPERATIONS

Jamey Young
BUSINESS LENDING MANAGER

David Olsen
MORTGAGE MANAGER

Marlene Huerta
COMPLIANCE MANAGER

Tracy Gottschlich
CONTROLLER

Crystal Hegel
ACCOUNT SERVICES MANAGER

Julie Fenumia'i
CREDIT & COLLECTIONS

Aaron Mar
IS MANAGER

BRANCHES

Sarah Boyer
ANCHORAGE BRANCH MANAGER

Adina Larson
FAIRBANKS BRANCH MANAGER

Wello Raidmae
JUNEAU AREA BRANCH
MANAGER

Joy Johnson
YAKUTAT BRANCH MANAGER

BOARD OF DIRECTORS

Jim Andersen **Creighton Laurent**
CHAIR VICE CHAIR

Brad Pierce **Kim Garner**
SECRETARY TREASURER

Mark Troupin

David Teal

Gretchen Keiser

SUPERVISORY COMMITTEE

Randy Super

Jeff Landvatter

Laura Bruce

Kelly Brown

Rory Darling

LOAN AUDIT COMMITTEE

Elizabeth Lapierre

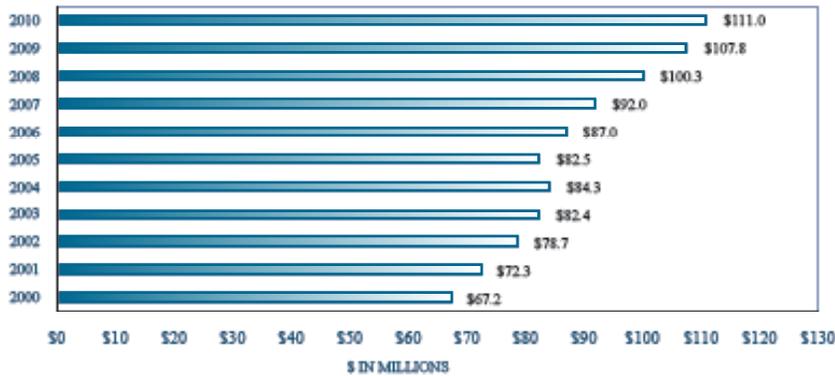
Karla Stephens

Sandra Holst

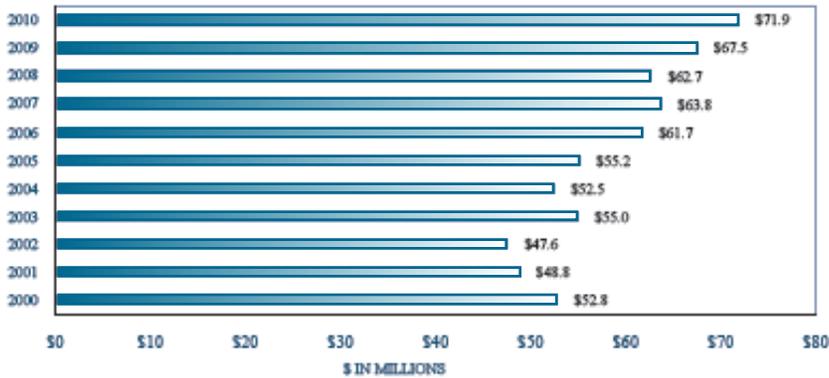
Darcy Stetson

GROWTH STATISTICS FOR TNFCU OVER THE PAST TEN YEARS.

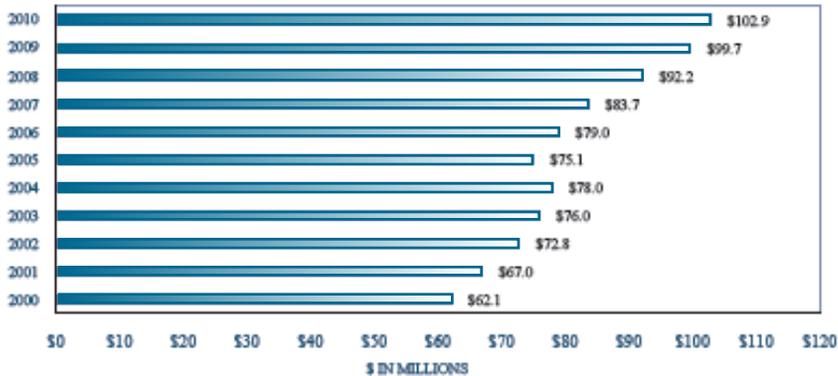
ASSETS



LOANS



DEPOSITS



**TRUE NORTH
FEDERAL CREDIT UNION**

**63rd ANNUAL MEETING
MARCH 16, 2011 - 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 17, 2010 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
62nd ANNUAL MEETING
MINUTES
MARCH 17, 2010

The 62nd Annual Meeting of True North Federal Credit Union was called to order at 5:30 p.m. in the lobby of the Mendenhall Valley Branch/Administration offices by Jim Andersen, Chair of the Board of Directors.

Jim stated the meeting would be conducted under Robert's Rules of Order and appointed David Teal as Parliamentarian.

Lauren MacVay delivered a President's Report. She talked about the events of 2009 and the effects of national economic turmoil on the Credit Union. As it is her 15th anniversary at the Credit Union, she talked about how the Credit Union has changed in those years. However, she highlighted that despite the change and the turmoil of the past year, True North continues to focus on what's important. She reviewed 2009 accomplishments including internal communications and efficiencies, community involvement, the growth of the Mortgage Department, and the use of that department to help address affordable housing challenges in Juneau. She stressed that change is a constant in the industry, but True North's internal cultural values provide strength in that environment.

The membership considered approval of the minutes from the March 18, 2009 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. Jim reported that two existing Board members were up for reelection, and wished to keep their seats. Alan Schorr had stepped down from the Board and the Nominating Committee recommended Mark Troupin for the empty seat. The slate of candidates being present was therefore Brad Pierce, David Teal and Mark Troupin. Jim asked if there were any nominations from the floor. Hearing none, Jim closed nominations from the floor. Jim 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 Kelly Dunivin, Aaron Mar and James Ray for 5 years of service to True North, Bonnie Tourtillotte for 10 years, and Marlene Huerta for 20 years of Service.

Jim asked for questions from the floor. There being none, he asked Crystal 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. Jim adjourned the meeting with no objection from the membership. The meeting adjourned at 5:50 p.m.

Respectfully submitted,

Jim Andersen Chair

Brad Pierce, Secretary



True North proudly supports the communities we do business in. We embrace the credit union philosophy of "people helping people" and to that end, we make contributions to non-profit organizations, civic, recreational or charity events, programs and directories that serve the communities in which the majority of our members and potential members work or live. These are just some of the organizations True North has provided contributions to:

- Art is Elementary, Glacier Valley Elementary School
- Juneau Arts and Humanities Council
- United States Coast Guard Chief Petty Officers Association
- 25th Annual Legislative Welcome
- Abused Women's Aid in Crisis
- Ben Eielson High School
- Riverbend Elementary School Breakfast Program
- Dimond Lady Lynx Athletics
- West Valley High School
- The Healing Hand
- Thunder Mountain High School – Freshman Orientation Program
- Fairbanks Counseling and Adoption
- Boy Scouts of America
- The Alaska Youth Choir
- Yakutat Department of Public Safety
- Juneau Jazz and Classics
- Perseverance Theatre
- Juneau Dance Unlimited

Should your organization like to apply for a contribution from True North, you will find our Community Support Application on our website at www.truenorthfcu.org under the Resources and Tools tab.

SUPERVISORY COMMITTEE ANNUAL REPORT

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 2010, 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 (thereby falling into our audit year of 4/1/2009 to 3/31/1010). True North's annual NCUA exam was held in October 2010, effective September 30, 2010; 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

2010 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 2010!



TinaMarie Kile
AVP Branch Operations

Tina has accomplished much in her new role as the Assistant Vice President of Branch Operations for all Alaska. Through her leadership, she effectively unified the lending and operations teams in to one unit in our branches. She guides her teams daily to provide consistent, personalized service to the membership and we are fortunate to have a leader of her caliber here at True North!



Crystal Hegel
Account Services Manager

Crystal has worn many hats at True North, both in Branch Operations and our Accounting Department. She consistently takes on additional workload and is dynamic when leading special projects for True North. Crystal facilitates True North's internal employee recognition campaign and does a fantastic job. Her commitment to service sets her apart from her peers and has earned her this well deserved recognition!

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.

Heading into 2010, we knew it was going to be a year of considerable change. The recession left in its wake an environment of profound regulatory activity, and we began to see the impact of regulatory change early in 2010. True North implemented modifications to credit cards, debit and ATM cards, consumer loans and mortgage loans. The result of these changes on the Credit Union had a significant impact on staff time, reductions in income, and increased compliance costs. Our membership also felt the effects of these changes as we were forced to stop offering the conveniences of Multi-Featured Open End lending for consumer loans, modify our credit card programs, and change the way we process our debit cards. True North staff members were able to successfully implement these changes with little disruption to the membership, and in several instances improve the member experience in the process.

The interest rate environment continued to be a challenge for all Financial Institutions in 2010. Rates remained very low and there was little opportunity for investment. As a result, margins continued to be under pressure. True North continues to embrace the belief that our best investment is in providing low cost loans to our membership and we are looking for more avenues to invest in loans to Alaskans in the coming years.

True North navigated the waters in 2010 well, and achieved some notable successes. Our deposits grew by approximately 4% and loans grew by 7%, with growth in several key areas of the portfolio. Despite continued assessments by the NCUA which impacted earnings, our Net Worth increased by 7%.

The Mortgage Department, which gained traction in 2009, thrived in 2010. The department, new for True North, helped 110 members with \$21 million in mortgages. We are becoming known for our ability to respond quickly and with a true dedication to helping you, our member. Further, True North continued its focus on the affordable housing crisis in Juneau by offering a custom loan package for mobile home lending in the Juneau area.

Additionally, we are very happy to report True North met a long term strategic goal of offering Business Loans in 2010. We now offer business term loans, lines of credit and credit cards, which we believe will be a great benefit to small businesses in the communities we serve, while also diversifying our product base.

Another step taken by the Credit Union to manage the risks posed in our current environment was the reluctant decision to close the Yakutat branch. In the wake of regulatory change, and with the promise of more to come, the Board concluded the Yakutat branch model was no longer sustainable. True North has greatly enjoyed its role serving members in the Yakutat Community over the past four years and we look forward to continuing to meet their financial needs through a different business model.

There are several major regulatory changes pending which will have profound impacts on True North in 2011 and beyond. The Dodd Frank Interchange provision is a huge concern. If implemented as currently proposed by the Federal Reserve, our Check Card program would not be sustainable and we would have to look to alternate fee sources to cover the expenses of the program. There are other lending regulations pending which pose a concern, and we await word from the newly formed Consumer Financial Protection Bureau on how those will be implemented. Finally, we anticipate continued assessments from the NCUA as the Credit Union movement works it way through the effects of the recession that swept the nation.

Despite the regulatory environment, we look to 2011 with optimism. We anticipate continued strength in the Mortgage Lending program as members and potential members learn of the broad range of programs that we offer with True North's dedication to service. We look forward to growth in our new Business Lending program as well. We believe there is a need in our communities for business lending dedicated to the small business owner, and we plan to meet their needs. Our Consumer Loan program continues to provide our members with great loan rates, combined with great service.

In 2010, your Credit Union overcame a significant number of hurdles, and heads into 2011 well poised for continued growth and success. True North is Local, Stable and Ready to serve! As elected volunteers, we guide the direction of the credit union to meet the needs of the membership. 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, Board Chair

True North Federal Credit Union
Comparative Balance Sheets
December 31, 2010 and 2009

<u>Assets</u>	<u>12/31/2010</u>	<u>12/31/2009</u>
Loans	\$ 72,452,654	\$ 67,902,614
Less: Reserve for Loan Loss	\$ (472,840)	\$ (421,217)
Net Loans	\$ 71,979,814	\$ 67,481,397
Cash and Cash Equivalents	\$ 1,882,813	\$ 1,727,969
Investments	\$ 28,089,662	\$ 29,905,067
Accrued Interest Receivable	\$ 301,359	\$ 284,898
Property and Equipment, net	\$ 5,712,847	\$ 5,549,262
NCUA Share Insurance Deposit	\$ 987,594	\$ 923,312
Prepaid Expenses and Other Assets	\$ 2,078,559	\$ 1,952,841
Total Assets	\$ 111,032,648	\$ 107,824,846
<u>Liabilities and Members' Equity</u>		
Shares	\$ 24,977,590	\$ 21,765,096
Share Money Market	\$ 30,591,220	\$ 26,573,126
Share Certificates	\$ 18,977,845	\$ 24,571,709
IRA's	\$ 2,815,342	\$ 2,489,255
IRA Certificates	\$ 4,727,449	\$ 5,199,898
Share Drafts	\$ 20,816,956	\$ 19,074,591
Accrued Dividends	\$ 236,635	\$ 415,700
Other Liabilities	\$ 1,089,417	\$ 1,344,349
Total Liabilities & Members' Equity	\$ 104,232,454	\$ 101,433,724
<u>Members' Equity</u>		
Regular Reserves	\$ 3,250,355	\$ 2,576,163
Undivided Earnings	\$ 3,549,839	\$ 3,814,959
Total Members' Equity	\$ 6,800,194	\$ 6,391,122
Total Liabilities and Members' Equity	\$ 111,032,648	\$ 107,824,846

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

*Losses reflected in this category in 2010 are associated with efforts taken by our regulator, the National Credit Union Association (NCUA), to replenish the National Credit Union Share Insurance Fund (NCUSIF) and stabilize the Corporate Credit Union system. Losses in 2009 also include those associated with NCUA's conservatorship of Wescorp Credit Union (a corporate credit union). We anticipate the credit union industry will potentially be subject to assessments for corporate stabilization efforts through 2021. These adjustments are not reflective of True North's operations or performance, but rather reflect the Credit Union movements dedication to self reliance and dedication to cooperative principles.

True North Federal Credit Union
Comparative Income Statements
For the Years Ended December 31, 2010 and 2009

<u>Income</u>	<u>12/31/2010</u>	<u>12/31/2009</u>
Interest on Loans	\$ 4,499,969	\$ 4,551,395
Interest on Investments	\$ 548,043	\$ 697,662
Fee and Other	\$ 2,359,285	\$ 2,102,485
Total Income	\$ 7,407,297	\$ 7,351,542
<u>Expenses</u>		
Dividends on Members' Deposits	\$ 726,229	\$ 1,028,304
Provisions for Loan Loss	\$ 372,500	\$ 520,000
Operating Expenses	\$ 5,740,101	\$ 5,522,398
Total Expenses	\$ 6,838,830	\$ 7,070,702
Income Before Extraordinary Items	\$ 568,467	\$ 280,840
Extraordinary Items *	\$ (100,201)	\$ (912,518)
Net Income	\$ 468,266	\$ (631,678)

BUSINESS LENDING AD AT THE JUNEAU AIRPORT BAGGAGE CLAIM AREA