

2015 ANNUAL REPORT



TRUE NORTH

FEDERAL CREDIT UNION

TRUE NORTH ... A LOCALLY MANAGED CREDIT UNION THAT
PROVIDES QUALITY FINANCIAL SOLUTIONS FOR ITS ALASKAN MEMBERS

Federally Insured by NCUA



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Online!

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solution for you.

We have all your home buying needs under one roof!

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AHFC First-time Homebuyer and other programs
Native American Home Loans – HUD 184

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MISSION

True North Federal Credit Union is a member owned and locally managed credit union that provides quality financial solutions for its Alaskan members. True North is dedicated to improving the economic well-being of the members, employees, and communities it serves.

VISION

True North Federal Credit Union will be the Alaskan credit union of choice that dynamically improves the communities it serves, while offering cutting edge technology, above and beyond service, and a commitment to doing the right thing.

VALUES

Welcoming
Responsive to Member Needs
Trustworthy
Community Oriented
Dedicated to Member
Service Excellence

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ANNUAL MEETING AGENDA

TRUE NORTH FEDERAL CREDIT UNION

MARCH 9, 2016

MENDENHALL BRANCH
2777 POSTAL WAY
JUNEAU, ALASKA

- Call to Order
- Ascertainment of Quorum
- Introduction of Volunteers
- Approval of Minutes from
March 26, 2015 Annual Meeting
- CEO Report
- Unfinished Business
- New Business
- Recognition and Awards
- Adjournment

67th ANNUAL MEETING MINUTES

TRUE NORTH FEDERAL CREDIT UNION • MARCH 26, 2015

The 67th 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 Kim Garner, Chair of the Board of Directors.

Kim asked Tonie Vonda how many members were in attendance, and Kathryn reported 32. Kim declared a quorum had been reached.

Kim asked that the volunteers present introduce themselves. The Board of Directors was fully in attendance and introduced themselves, as did Rory Darling and Crystal Ellis from Supervisory Committee. Kim then notified the membership that Jim Andersen, a former Director, had been appointed to Supervisory Committee earlier that day.

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

The membership considered approval of the minutes from the March 12, 2014 annual meeting. Kim stated that if there was no objection, she would adopt a motion to waive reading of the minutes. Bill Peters moved that the reading of the minutes

be waived. Hearing no objection, the reading was waived. Kim stated that if there was no objection, she would adopt a motion to approve the minutes of March 12, 2014. No objection was made and the minutes were approved.

Lauren MacVay delivered the President's Report. She reported that 2013 had been a strong year with 4.5% share growth, 5.6% loan growth, and 9.39% increase in Net Worth. She noted the introduction of remote deposit capture, facility improvements and the addition of AHFC and HUD 184 loan programs to better meet member needs.

For 2015, Lauren reported that members can expect to see a vast improvement in Home Banking and EStatements, as well as a new Construction loan program and USDA Rural loans. She also announced that the CU will be holding a photo competition for the Credit Union's 2016 calendar, and the intent to participate in more initiatives to strengthen communities.

Lauren concluded with thanks to the True Crew, the Supervisory Committee and the Board of Directors for their efforts on behalf of the

membership.

There was no unfinished business.

The only item of new business was election of Board officers. David Teal reported for the Nominating Committee that three Board seats were up for election this year, those of Gretchen Keiser, Creighton Laurent and Mark Troupin, and all three were seeking reelection. David reported that the Nominating Committee recommended the incumbents for reelection to the Board of Directors.

Kim asked if the candidates nominated would like to make a statement in support of their candidacy to the membership. Gretchen Keiser spoke of her belief in the Credit Union model and her desire to help to shape True North's future, as well her commitment to the membership and helping them improve their financial well being.

Kim asked if there were any nominations from the floor. No nominations were made. Christine Moleski moved to accept the slate of candidates proposed by the Nominating Committee, and the motion was seconded. Kim asked for

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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.

2015 was a year of solid loan growth for True North. Our consumer, mortgage and business loans grew by 16.7%. True North lenders closed 1,928 loans for \$63,560,289; helping Alaskans with their personal, home and business needs. Member deposits grew by 6.3% and the Credit Union's Net Worth grew by 1.7%.

One of our main strategic focuses during the past few years has been improved member-facing technology. In the spring of 2015 we launched a new home banking and mobile platform with a fresh look and improved functionality. Through Express PC Home Banking you now have access to account alerts, electronic notices, savings and budget management tools, as well as the ability to open money market and certificate accounts online. In addition, True North Mobile now gives you access on your smartphone to Bill Pay with a consistent

look and feel to Express PC.

Through our strategic planning process we recognized changes in the financial services landscape as it relates to our branching model and made the difficult decision to close our Fairbanks Branch. As a part of our review, we considered member usages trends, regulatory changes and economic pressures expected in the coming years. With the evolution of electronic service delivery, and plans to enhance electronic services in the coming years, we believe more and more transactions will occur electronically. Currently many of you do most, if not all, of your financial transactions with True North electronically. True North remains a vibrant and healthy Credit Union, and consolidating and refocusing our resources will open up new opportunities for us to better serve our membership statewide.

As it relates to membership at True North, we had good news for the Anchorage market. Over the past year we have been

working to identify a means to provide needed financial services to the residents of Anchorage. In late 2015 the National Credit Union Administration approved our request for additional underserved census tracts in that market. These census tracts open up True North's field of membership in the Anchorage area to an additional 97,000 residents.

One other new development at True North was the creation of an Alaska Native Advisory Committee, which was recommended by the board of directors to obtain insight into current issues and needs of Alaska Native tribes and communities. Through the work of this advisory board, we hope to better understand and identify specific ways we can better serve these communities in our credit union capacity.

As a part of our dedication to serving our communities, during 2015 True North and our employees raised and provided

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67th ANNUAL MEETING MINUTES *(continued)*

Continued from page 5

objections, and hearing none, the motion electing the slate of candidates passed.

Lauren MacVay then recognized Roger Smith, Jamey Young, and Danielle Bear for 5 years of service, Aaron Mar for 10 years, and Bonnie Tourtillotte for 15 years. Kim Garnero then recognized Lauren for 20 years of service with True North.

Kim asked for questions from the floor. There being none, she asked Kathryn to begin drawings for Door Prizes.

There being no further business before the membership, Kim adjourned the meeting with no objection from the membership. The meeting adjourned at 5:50 p.m.

Respectfully submitted,
Mark Troupin, Secretary

Account Access, Anytime, Anywhere.



BOARD OF DIRECTORS ANNUAL REPORT *(continued)*

Continued from page 5

funds for a number of Alaskan non-profits in the communities we serve including: Relay for Life; Big Brothers Big Sisters of Alaska; United Way; Alaska Business Week at the University of Alaska, Fairbanks; Glacier Swim Club; the Whale Project; and Bean's Cafe. True North's dedication to providing excellent member service was again recognized in 2015 by the readers of the Juneau Empire. The readership voted True North 2nd in the category of Best Bank/Credit Union.

In 2016, we will continue our initiative to enhance credit union technology with the launch of a new core processing system. The new core will update our technology and streamline workflows, improving service delivery to the membership.

We have a proud history of serving Alaskans. Your credit union,

originally chartered as Juneau Territorial Employees Federal Credit Union was renamed Juneau State Employees FCU in 1959, the year Alaska became a state. We then became Alaska State Employees FCU in 1978 after merger with Northern State Employees FCU. We changed our name to True North Federal Credit Union in 2003 recognizing the expanded membership we now serve. While the names may have changed, True North has been dedicated to meeting the financial needs of its members and supporting the communities it serves, and that continues to be our mission today.

True North is a locally managed credit union that provides quality financial solutions for its Alaskan members. 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 True North's continued success.

Now you can use your True North VISA® card directly from your iPhone, Apple Watch, or iPad to pay for purchases!



Visit www.TrueNorthFCU.org for more information.



MANAGEMENT TEAM



LAUREN MACVAY
CEO/PRESIDENT



JEFF VOGT
CHIEF FINANCIAL OFFICER



PATTY RAY
VP OF OPERATIONS



BILL PETERS
VP OF CORPORATE
DEVELOPMENT



TINAMARIE KILE
AVP OF BRANCH
OPERATIONS



SHERI VIDIC
MORTGAGE LENDING
MANAGER



ANDREA BENNETT
COMPLIANCE MANAGER



CRYSTAL HEGEL
ACCOUNTING MANAGER



AARON MAR
IS MANAGER



JAYME HILL
LOAN SERVICES MANAGER



DANIELLE BEAR
COLLECTIONS MANAGER



SARA BOYER
ANCHORAGE BRANCH AND
CONTACT CENTER MANAGER



WILLIAM BOOTHE
JUNEAU AREA
BRANCH MANAGER

SUPERVISORY ANNUAL REPORT

The Supervisory Committee, appointed by the Board of Directors, has diverse responsibilities focused at protecting the interests of True North's member owners. The Committee's tasks include:

- Review and respond to member complaints.
- Arrange for annual Financial Statement audits.
- Monitor the activities of the board, management and staff by reviewing the National Credit Union Administration (NCUA) exams and other compliance related audits and tests, along with managements responses to them.
- Audit compliance with select policy and procedure, and the integrity of internal controls.

Through these activities the Supervisory Committee assists in ensuring the financial safety and soundness of the Credit Union.

True North has retained CliftonLarsonAllen, LLP (an independent auditing firm) to perform an annual Financial Statement Audit and verification of member accounts. In the spring of 2015, CliftonLarsonAllen audited True North as of December 31, 2014 for the calendar year 2014. The result was an unqualified opinion, with no material weaknesses in financial reporting found. This indicates to True North's

members that the financial statements presented by management are a true and correct statement of our financial position.

Additionally, your Supervisory Committee has audited numerous functions with the Credit Union over the past year, including but not limited to Information Security Access Controls, Branch security controls, key account reconciliations, and purchasing authorizations, and our findings reflect that True North is in compliance with the requirements set forth by policy and procedure.

True North's Supervisory Committee is composed of committed volunteers with diverse backgrounds and skill sets. In addition to securing the annual audit, we prepare and implement our own audit plan designed to verify that Management is implementing Board approved policies. It is a pleasure to serve on the committee and represent the member's interests in True North Federal Credit Union.

Rory Darling, Chair
Laura Bruce
Chris Letterman
Crystal Ellis
Jim Andersen

BOARD OF DIRECTORS

**KIM
GARNERO**
CHAIR

**CREIGHTON
LAURENT**
VICE-CHAIR

**DAVID
TEAL**
TREASURER

**MARK
TROUPIN**
SECRETARY

**GRETCHEN
KEISER**

**STEVE
BYERS**

**CHRISTINE
MOLESKI**

SUPERVISORY COMMITTEE

RORY DARLING
CHAIR

**LAURA BRUCE
CHRIS LETTERMAN**

**CRYSTAL ELLIS
JIM ANDERSEN**

Experience Life...

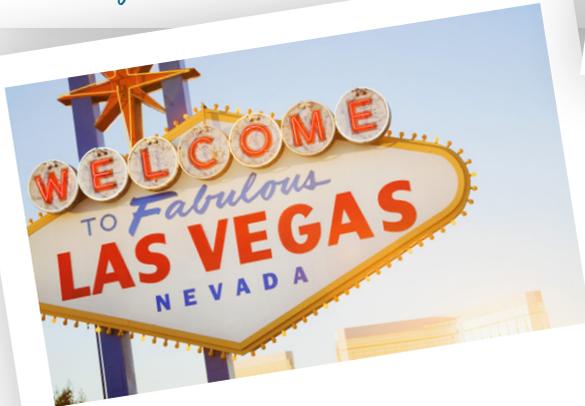
in Platinum.



Italy



Hong Kong



Las Vegas



Online: www.TrueNorthFCU.org

By Phone: **24/7 LOANS Toll-Free 1-866-564-2259**

In Person: **Ask Your Branch Representative for an Application**

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2015 & 2014



Income	2015	2014
Interest on Loans	5,070,621	4,928,193
Interest on Investments	211,757	285,392
Fees and Other Incomes	2,672,624	2,570,169
Total Income	\$7,955,002	\$7,783,754
Expenses		
Dividends on Members' Deposits	255,981	275,733
Provisions for Loan Loss	304,000	346,000
Operating Expenses	7,026,777	6,634,466
Total Expenses	\$7,586,757	\$7,256,198
Income Before Extraordinary Items	\$368,244	\$527,556
Extraordinary Items Income/(Expense)	8,688	322,253
Net Income	\$376,932	\$849,810

COMPARATIVE BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

Income	2015	2014
Loans to Members	113,831,535	97,515,927
Less: Reserve for Loan Loss	(553,566)	(497,448)
Net Loans	\$113,277,969	\$97,018,478
Cash and Cash Equivalents	1,590,123	1,642,403
Investments/Fed Funds	15,578,225	24,352,723
Accrued Interest Receivable	297,191	272,385
Property and Equipment, net	5,278,392	5,365,349
NCUA Share Insurance Deposit	1,194,609	1,144,173
Prepaid Expenses and Other Assets	1,517,182	1,112,209
Total Assets	\$138,733,689	\$130,907,722
Liabilities and Members' Equity		
Shares	39,315,350	35,298,860
Share Money Market	37,841,805	36,760,133
Share Certificates	12,731,280	13,556,820
IRA's	2,472,457	2,367,526
IRA Certificates	3,047,355	3,371,836
Share Drafts	31,538,613	28,785,293
Accrued Dividends	53,310	74,385
Other Liabilities	1,675,650	801,688
Total Liabilities	\$128,675,821	\$121,016,539
Members' Equity		
Unrealized Gain/(Loss) on Securities	(215,546)	(5,300)
Regular Reserves	4,163,163	4,163,163
Undivided Earnings	6,110,252	5,733,320
Total Members' Equity	\$10,057,869	\$9,891,183
Total Liabilities and Members' Equity	\$138,733,689	\$130,907,722

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LOW
AS**

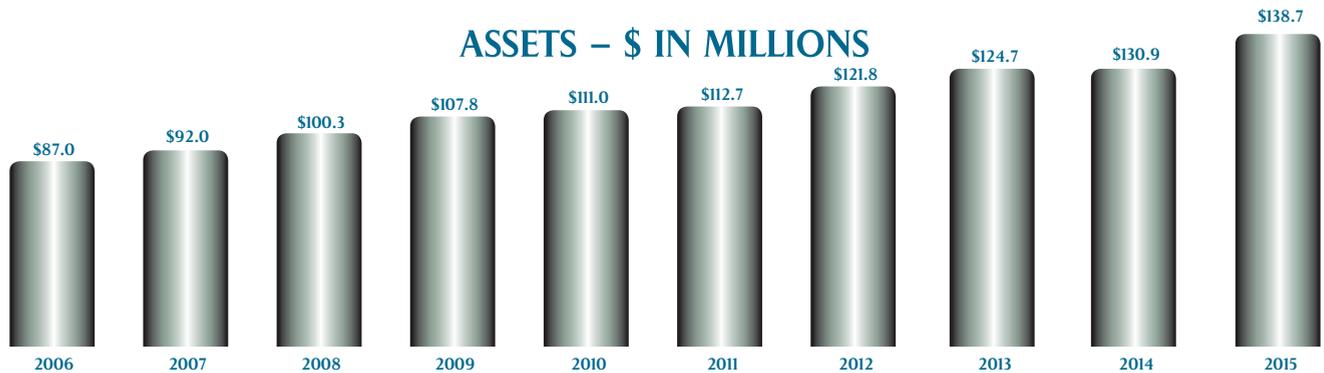
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**Apply online at www.TrueNorthFCU.org or
ask your branch representative for an application.**

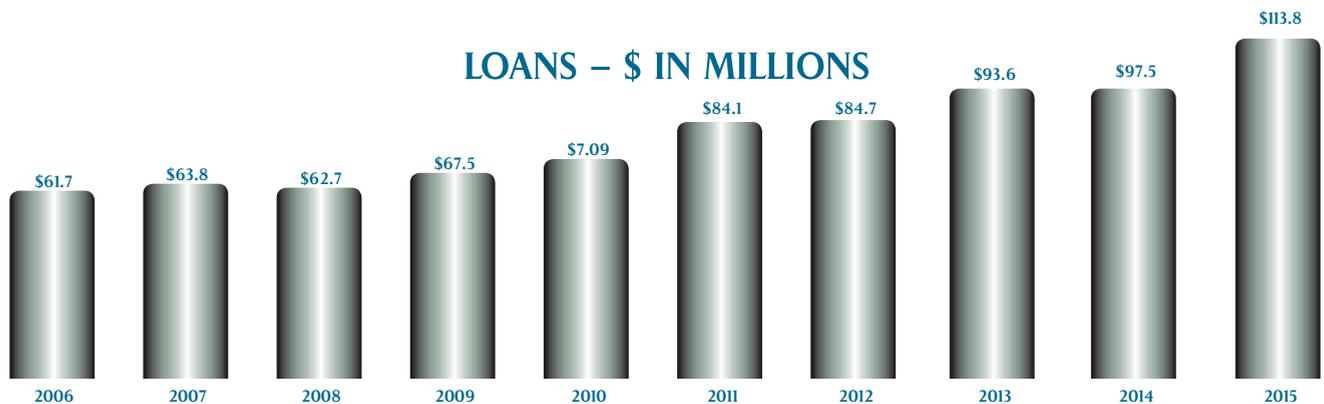
*APR is Annual Percentage Rate. Rates, terms and conditions are subject to change without notice. Rate subject to creditworthiness; advertised rate includes discounts for credit protection.

GROWTH STATISTICS

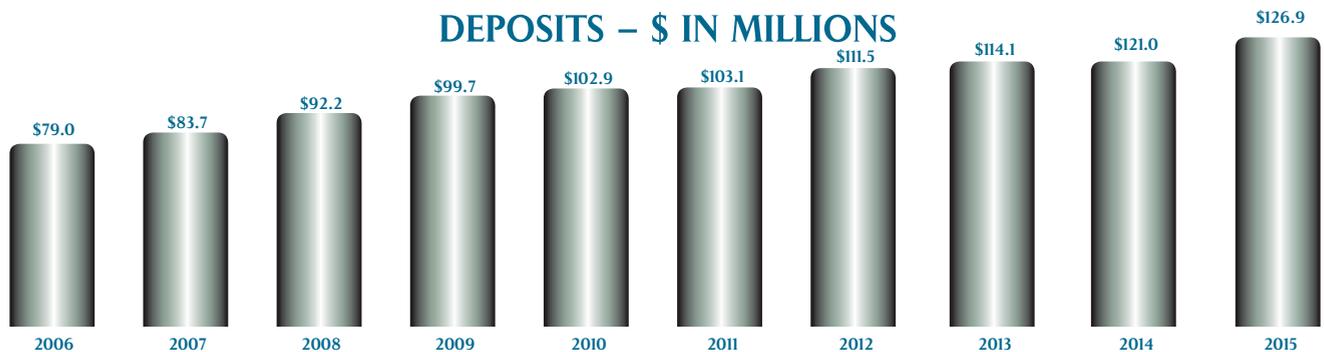
ASSETS – \$ IN MILLIONS



LOANS – \$ IN MILLIONS



DEPOSITS – \$ IN MILLIONS



ADMINISTRATIVE OFFICE

P.O. BOX 34157
JUNEAU, ALASKA 99803

PHONE: (907) 523-4778
FAX: (907) 586-8078
E-MAIL: ADMIN@TRUENORTHFCU.ORG

www.TrueNorthFCU.org

