

TRUE NORTH  
FEDERAL CREDIT UNION



# 2018 ANNUAL REPORT

Federally Insured by NCUA



# True**Zero**Down HOME LOAN

With no down payment requirements & competitive rates,  
the USDA Rural Housing mortgage program provides an  
affordable opportunity for many home-buyers.



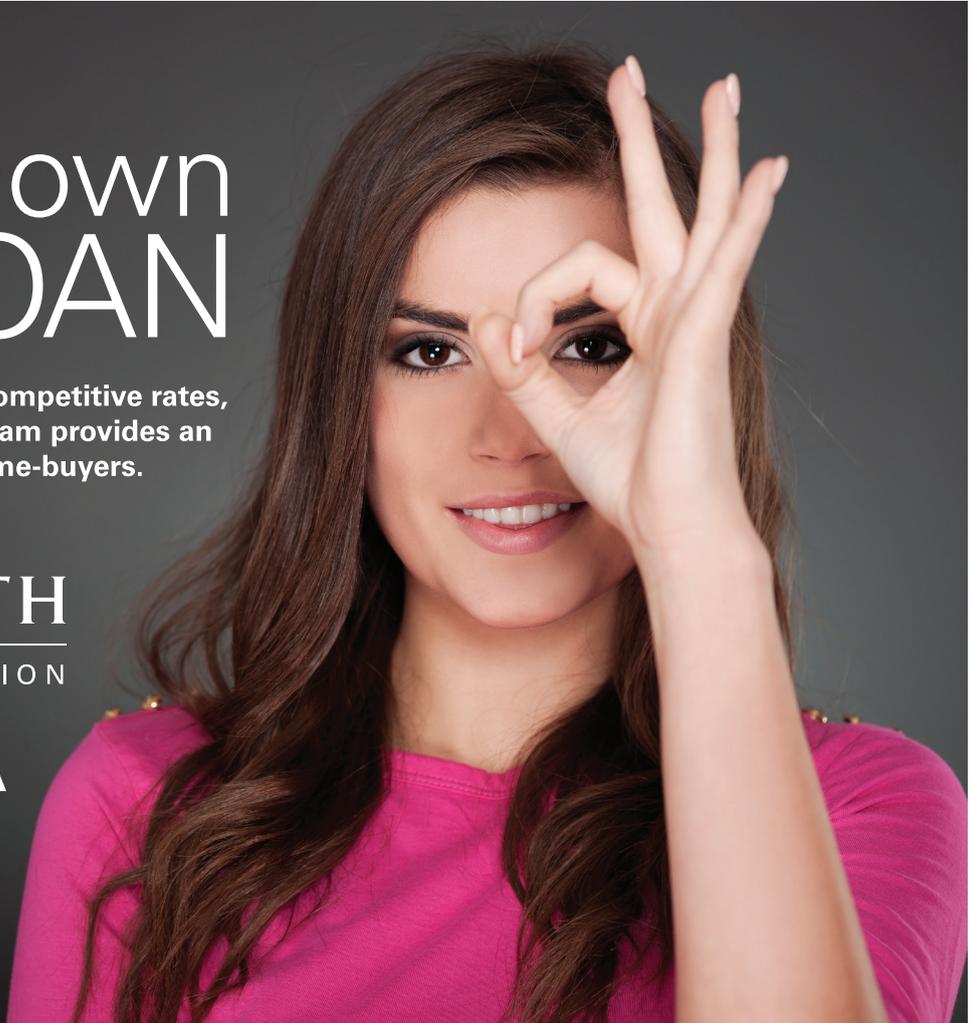
**TRUE NORTH**  
FEDERAL CREDIT UNION

**To learn more about how a USDA  
guaranteed loan can help you,  
call (907) 523-4700 today!**



True North FCU NMLS #440100

Federally Insured by NCUA



**BOARD OF DIRECTORS**

KIM GARNERO  
*Chair*

MARK TROUPIN  
*Vice-Chair*

DAVID TEAL  
*Treasurer*

CHRISTINE MOLESKI  
*Secretary*

JIM ANDERSEN  
LILLIAN "LISA" M. WORL  
KAREN MORGAN

**SUPERVISORY COMMITTEE**

BUFFY PEDERSON  
*Chair*

CHRIS LETTERMAN  
ERIC DEMOULIN  
KIM GARNERO

*True North ... A locally managed credit union that provides quality financial solutions for its Alaskan members.*

**TABLE OF CONTENTS**

BOARD OF DIRECTORS..... PAGE 01

SUPERVISORY COMMITTEE ..... PAGE 01

70TH ANNUAL MEETING MINUTES..... PAGE 02

AGENDA ..... PAGE 04

MESSAGE FROM THE CEO ..... PAGE 04

MISSION, VISION AND VALUES ..... PAGE 05

BOARD OF DIRECTORS ANNUAL REPORT ..... PAGE 06

MANAGEMENT TEAM ..... PAGE 08

SUPERVISORY REPORT ..... PAGE 09

COMPARATIVE INCOME STATEMENTS..... PAGE 10

COMPARATIVE BALANCE SHEETS ..... PAGE 11

GROWTH STATISTICS FOR TRUE NORTH ..... PAGE 12

CONTACT INFORMATION..... PAGE 14

# 70th ANNUAL MEETING MINUTES

TRUE NORTH FEDERAL CREDIT UNION • MARCH 14, 2018

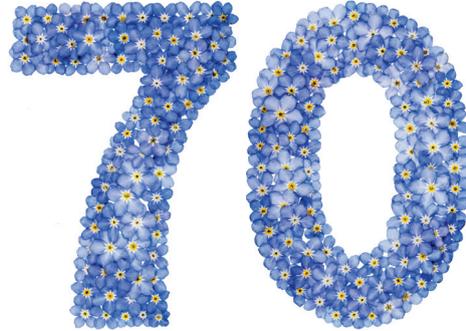
The 70th Annual Meeting of True North Federal Credit Union was called to order at 5:30 p.m. in the lobby of the Mendenhall Valley Branch/ Administration offices by Creighton Laurent, Vice-Chair of the Board of Directors.

Creighton asked Kaitlin Murray how many members were in attendance, and she reported that 38 members were in attendance. Creighton declared a quorum had been reached.

Creighton asked that the volunteers present introduce themselves, and those in attendance did so.

Creighton 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 15, 2017 annual meeting. Creighton stated that if there was no objection, he would adopt a motion to waive reading of the minutes. Hearing no objection, the reading was waived.



Creighton stated that if there was no objection, he would adopt a motion to approve the minutes of March 15, 2017. No objection was made and the minutes were approved.

Lauren MacVay delivered a report on behalf of the Board and Executive Management. She reported on legislation currently before the Senate that would provide substantive regulatory relief for Credit Unions and Community Banks. She reported on the success of the Financial Reality Fairs in Alaska, which True North strongly supports, noting that so far during this school year, 2400 students have been reached through 40 fairs at 33 schools throughout the state.

At True North, staff members continue to work to integrate the technology investments made over the prior few years. Those investments have allowed staff to significantly improve consumer loan turnaround time, which has more than doubled loan volume. Finally, 2017 was the Credit Union's strongest



financial year yet, closing the year for the first time with over a million dollars in net earnings.

The Board began their strategic planning process in May 2017, and determined that with the Credit Union's technology position vastly strengthened, it was time to return to basics. Management will focus on the member experience, growing deposit products, and strengthening the position in the Anchorage market.

Lauren concluded with thanks to the Board of Directors for their dedication, and thanked the True Crew for their efforts on behalf of the membership over the past year.

Creighton asked if there was any Unfinished Business. There was none.

Creighton announced that the first item of New Business was Nominations. Christine Moleski reported for the Nominating Committee that three Board seats were up for election this year, those of Creighton Laurent, Mark Troupin and Lisa Worl. She noted that after 16 years of service to the Credit Union, Creighton was not seeking reelection, but Mark and Lisa were. The Nominating Committee put forth a slate of candidates that included Mark Troupin, Lisa Worl and introduced Karen Morgan as the recommended candidate to fill the vacated Board seat.

Creighton asked if the candidates nominated would like to make a statement in support of their candidacy to the membership, and each candidate spoke of their reasons for

seeking election to the Board.

Creighton asked if there were any nominations from the floor. No nominations were made and Creighton closed nominations from the floor. Creighton asked for a motion to accept the slate of candidates presented by the Nominating Committee, and said motion was made by Tina Kile whose motion was seconded. Creighton asked for objections, and hearing none, the motion electing the slate of candidates passed.

Creighton turned the gavel over to Mark Troupin, who then asked if there was any other new business. None was raised.

Lauren MacVay then recognized six employees for five, ten and thirty years of service. She also expressed her gratitude to the Board and Supervisory for their contributions during the year. She then recognized Creighton for all he has done for the Credit Union in his 16 years of service.

Mark asked Kaitlin to begin with Door Prizes, and three prizes were awarded.

There being no further business before the membership, Creighton adjourned the meeting with no objection from the membership. The meeting adjourned at 5:55 p.m.

Respectfully submitted,  
Christine Moleski, Secretary



# ANNUAL MEETING AGENDA

TRUE NORTH FEDERAL CREDIT UNION  
MAY 23, 2019  
MENDENHALL BRANCH  
2777 POSTAL WAY, JUNEAU, ALASKA

- Call to Order
- Ascertainment of Quorum
- Introduction of Volunteers
- Approval of Minutes from March 14, 2018 Annual Meeting
- Supervisory Committee
- CEO Report
- Unfinished Business
- New Business
  - *Nomination Committee Report*
  - *Elections*
- Recognition and Awards
- Adjournment

## MESSAGE FROM THE CEO

There is much to talk about when it comes to 2018. It was a strong financial year, and we accomplished much to increase the member's equity in, and value received from, their Credit Union. It was also a year when we looked inside, and looked at what we needed to do to strengthen our infrastructure and staffing after years of significant technological change. Part of that process was to examine our Mission, Vision, and Values, as those are rails on which we run the Credit Union. You'll see these stated on page 5, so I won't repeat them here, but there are some themes that really resonated for me this year and I want to call out.

One is Alaska. There are only ten Credit Unions serving our great state that are actually headquartered here, and only eight that have kept their efforts solely focused on Alaska. True North is happy to be in that group, and has no intent to change – we are dedicated to supporting the financial well-being of Alaska members and communities. We remain local, stable and ready to grow with you.

Another is Community. We are a member owned cooperative, and as such we thrive when our members and our communities thrive. We seek partnerships that allow us to understand community needs, and strive to craft unique programs to meet those needs.

And finally, Responsiveness. We want to not only provide you with great service, but also provide you with products and services that mean something to you, whether you are just starting out or are planning for retirement.

Our vision is that we will be so successful at providing meaningful and innovative solutions, with such great, and authentic service, that we will become Alaska's most loved Credit Union. As always, you have my thanks for your membership and your patronage. It's an honor to be CEO of an organization that is committed to its mission driven roots, and I look forward to what we can accomplish for you in the coming year.

# MISSION

True North 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 wellbeing of the members, employees and communities it serves.



# VISION

We will be Alaska's most loved Credit Union by providing members with meaningful and innovative financial solutions at every point in their financial journey.

# VALUES

## AUTHENTICITY

True North is an organization that is dedicated to doing the right thing for its membership, and our actions will be true to our mission and values.

## RESPONSIVENESS

True North strives to understand and then meet or exceed the needs of its members, staff, and communities with a consistent commitment to excellent service levels.

## INNOVATION

True North is an organization that prizes creative solutions to member needs, combining nimble technology with a passion for service.

## COMMUNITY

True North is a cooperative owned by Alaskan members with a mission to serve Alaskan communities.

## FAMILY

True North works to support the financial wellbeing of Alaska's families, one member solution at a time.

# BOARD OF DIRECTORS ANNUAL REPORT

On behalf of the Board of Directors of True North Federal Credit Union, I am pleased to present our 71st annual report! Chartered in 1948, True North is the oldest operating Credit Union in Alaska, and the only financial institution based in Juneau. We have a proud history of serving Alaskans, originally chartered seventy years ago as Juneau Territorial Employees Federal Credit Union. In 1959 – the year Alaska became a state – our name was changed to Juneau State Employees FCU. We then became Alaska State Employees FCU in 1978 after a 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’s mission continues to be dedication to meeting the financial needs of its members and supporting the communities it serves. Finally, we remain fully committed to this great state of Alaska, and your credit union will continue to be managed by Alaskans, for Alaskans.

2018 was a benchmark year for True North. True North staff disbursed \$58 million in loans to members, and the loan portfolio grew by over 6%. Shares grew by 5%, and total assets increased by 7%. Additionally, member capital increased by \$1.2 million, or almost 10%, and the Credit Union is at its highest capital level in its history. In early 2019, we reached our targeted Net Worth level of 9% for the first time!

In accordance with our three year strategic plan, 2018 was a year focused on a return to basics. We worked with the management team to refresh our Values statement and develop a new Vision statement to provide and direction and motivation to staff (please see page 5). Our Mission hasn’t changed – we continue to be committed to being member owned and Alaska managed, and dedicated to improving the economic wellbeing of our members, employees and communities. We foresee a bright future for True North – one where we provide you with





meaningful solutions that meet your needs, and do it with a culture that is true to our values.

We laid ground work for new initiatives, which you'll hear more about shortly, but also focused resources on staff training and internal communication. After years of change, we found that service levels needed to be reestablished, and in 2018 we started that process. Also, after many years of focusing on loan growth, in 2018 we turned our marketing attention to deposit growth. True North has always been known for highly competitive loan rates, but less so for our deposit offerings. This was the origin of the "Rates too high to keep a secret" campaign and the launching of Top Shelf Certificate specials. These were both successful campaigns that led to notable share growth at a time when that is hard to come by.

We're very excited to also tell you that in 2018, we launched the first ever True North scholarship. The program offers three \$2500 scholarships for the 2018-2019 academic year for high school graduates intending to be full time students at a college, university or technical school in Fall 2019. This is a big first for True North, and furthers our commitment to financial education for Alaska's youth. The program has been a success, with over 75 applications received from around the state, and we're looking forward to seeing it thrive in the coming years. We say that True North is a guide to Alaskans

along their financial journey, and this scholarship program is one more way that we're fulfilling that need.

What's next? As always, there's lots on the plate. In particular, however, we're launching a new member survey program to better capture your thoughts and opinions so that management has the right information to understand and meet your needs. Also, for the first time, we'll be offering the ability to E-Sign documents, which is an exciting new addition to our technology platform and will allow us to better meet the needs of our membership state wide.

Also, as a part of our dedication to serving our communities, during 2018 True North and our employees raised and provided 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; SE Alaska Food Bank; Glacier Swim Club; Arctic Slope Community Foundation Food Bank; Family Promise and Red Cross of Alaska.

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.

# MANAGEMENT TEAM



**LAUREN  
MACVAY**  
CEO/PRESIDENT



**PATTY  
RAY**  
CHIEF OPERATIONS  
OFFICER



**JOHN  
MOLESKI**  
CHIEF FINANCIAL  
OFFICER



**TINAMARIE  
KILE**  
VP MEMBER EXPERIENCE  
AND CONSUMER LENDING



**NICCHIA  
LEAMER**  
VP OF LENDING



**AARON  
MAR**  
IS MANAGER



**WILLIAM  
BOOTHE**  
BUSINESS LENDING  
MANAGER



**STEPHEN  
BEEDLE**  
LOAN SERVICES  
MANAGER



**ZACH  
WARMBRODT**  
ACCOUNTING  
MANAGER



**ASHLEE  
HAMILTON**  
JUNEAU MENDENHALL  
BRANCH MANAGER



**TAYLEE  
ESCALANTE**  
JUNEAU IGA  
BRANCH MANAGER



**KRISTIN  
OBERMAN**  
ANCHORAGE  
BRANCH MANAGER

# SUPERVISORY COMMITTEE ANNUAL REPORT

The Supervisory Committee is composed of committed volunteers with diverse backgrounds and skill sets. We are members of the Credit Union, appointed by the elected Board of Directors, with responsibilities focused on protecting the interests of True North's member owners. The Committee's tasks include:

- Review and respond to member complaints
- Arrange the annual Financial Statement audit
- 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 management's responses to them.
- Audit compliance with select Policies and Procedures and confirm the integrity of Internal Controls.

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

The Committee retained the independent auditing firm CliftonLarsonAllen, LLP to perform the annual Financial Statement Audit for year-ended December 31, 2017, and verification of member accounts. 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. True North also secured audits by external third parties for compliance with Bank Secrecy Act and SAFE Act regulations and received good reports on each.

Additionally, this year your Supervisory Committee went through a thorough vetting process to evaluate independent auditing firms, and at its conclusion decided to retain CliftonLarsonAllen for another three year period. During the past year, the committee has also audited numerous functions with the Credit Union, including but not limited to: analyzing Credit Union operating expense accounts; reviewing branch cash management and security controls; reviewing Bank Reconciliations and walking through the entire process, and performing surprise cash drawer and vault counts at branches. Our findings reflect that True North is in compliance with the requirements set forth by policy and procedure, and we made recommendations for improvements as needed.

Buffy Pederson, Supervisory Committee Chair  
Chris Letterman, Supervisory Committee Secretary  
Eric Demoulin, Supervisory Committee Member  
Kim Garner, Board of Directors Chair and  
Supervisory Committee Member



# COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED  
DECEMBER 31, 2018 & 2017



Income	2018	2017
Interest on Loans	6,921,955	5,634,894
Interest on Investments	210,194	260,057
Fees and Other Incomes	2,677,819	2,692,542
<b>Total Income</b>	<b>\$9,809,968</b>	<b>\$8,587,492</b>
Expenses		
Dividends on Member Deposits	459,379	249,662
Provisions for Loan Loss	1,096,030	573,100
Operating Expenses	6,994,368	6,790,205
<b>Total Expenses</b>	<b>\$8,549,777</b>	<b>\$7,612,967</b>
<b>Income Before Extraordinary Items</b>	<b>\$1,260,192</b>	<b>\$974,525</b>
Extraordinary Items Income/(Expense)	26,564	148,476
<b>Net Income</b>	<b>\$1,286,755</b>	<b>\$1,123,001</b>



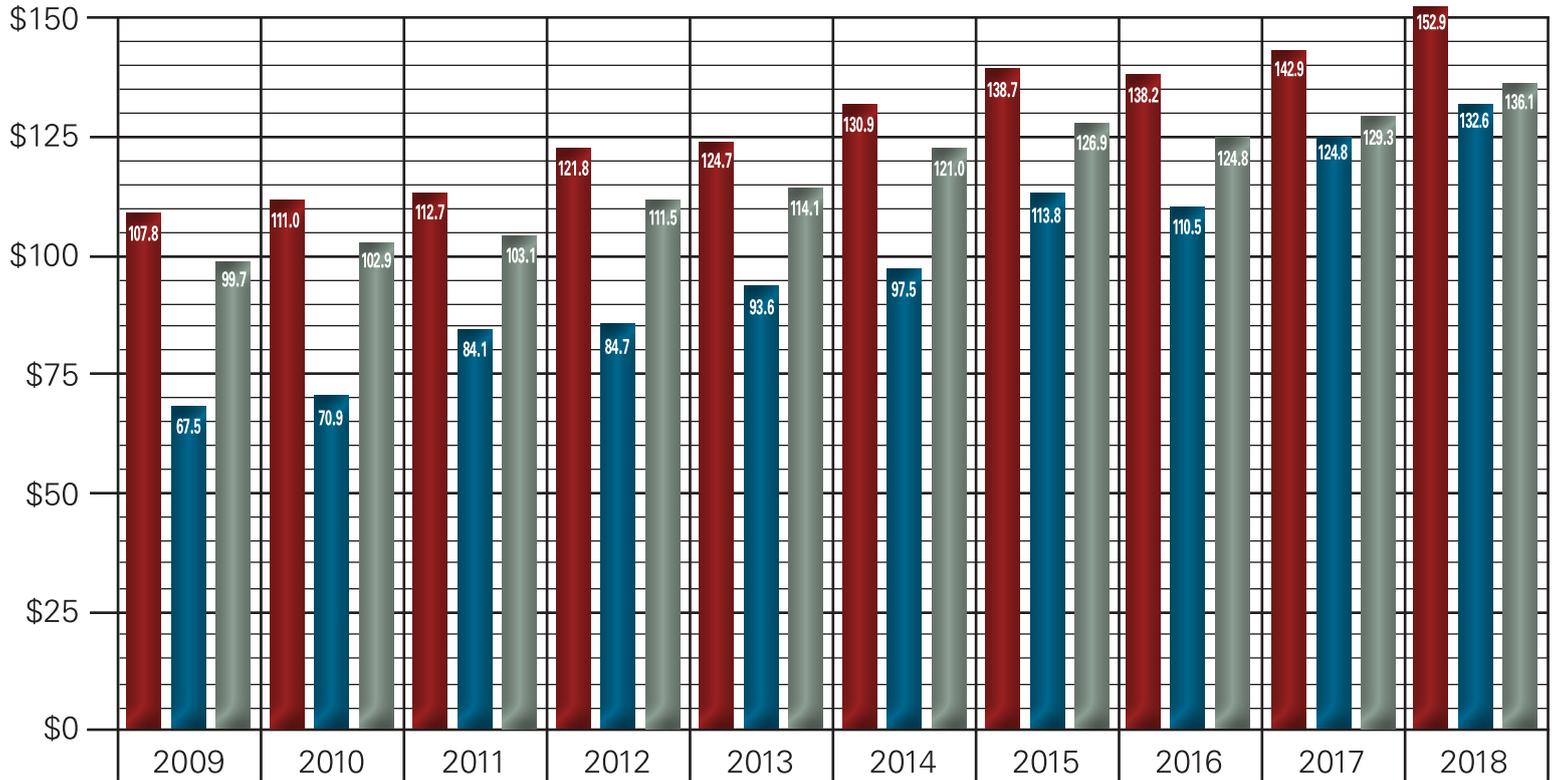
<b>Income</b>	<b>2018</b>	<b>2017</b>
Loans to Members	133,521,443	124,819,230
Less: Reserve for Loan Loss	(877,332)	(557,237)
<b>Net Loans</b>	<b>\$132,644,111</b>	<b>\$124,261,993</b>
Cash and Cash Equivalents	1,194,248	1,307,157
Investments/Fed Funds	10,289,328	8,715,490
Accrued Interest Receivable	484,603	426,312
Property and Equipment, net	5,779,927	5,969,248
NCUA Share Insurance Deposit	1,270,418	1,211,105
Prepaid Expenses and Other Assets	1,288,573	1,081,270
<b>Total Assets</b>	<b>\$152,951,208</b>	<b>\$142,972,554</b>
<b>Liabilities and Members' Equity</b>		
Shares	42,305,498	41,642,955
Share Money Market	35,308,747	39,116,929
Share Certificates	19,932,254	12,510,023
IRA's	2,090,629	2,298,865
IRA Certificates	1,890,095	2,432,049
Share Drafts	34,587,111	31,331,377
Accrued Dividends	95,185	49,989
Other Liabilities	3,302,339	1,398,756
<b>Total Liabilities</b>	<b>\$139,511,859</b>	<b>\$130,780,942</b>
Member Equity		
Unrealized Gain/(Loss) on Securities	(110297)	(71,280)
Regular Reserves	4163163	4,163,163
Undivided Earnings	9386484	8,099,729
<b>Total Members' Equity</b>	<b>\$13,439,350</b>	<b>\$12,191,612</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$152,951,208</b>	<b>\$142,972,554</b>

# COMPARATIVE BALANCE SHEETS

DECEMBER 31, 2018  
AND 2017

# GROWTH STATISTICS

■ ASSETS IN MILLIONS   ■ LOANS IN MILLIONS   ■ DEPOSITS IN MILLIONS



# MobiMoney

## On or Off?

Use MobiMoney to give your True North debit or credit card an extra layer of protection from fraud or unauthorized transaction.



Scan to watch a video of  
MobiMoney in action.



Download on the  
App Store



ANDROID APP ON  
Google play



## ADMINISTRATIVE OFFICE

P.O. BOX 34157  
JUNEAU, ALASKA 99803

PHONE: (907) 523-4700

FAX: (907) 586-8078

E-MAIL: [ADMIN@TRUENORTHFCU.ORG](mailto:ADMIN@TRUENORTHFCU.ORG)

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

