



TRUE NORTH
FEDERAL CREDIT UNION

2021 ANNUAL REPORT

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At True North Federal Credit Union, we're committed to providing valuable financial products and services to our member-owners and treating them with the respect they deserve. Since 1948, we've been supporting individuals and businesses in Alaska with the right financial solutions and delivering technology that allows business to be conducted thousands of miles apart.

OUR 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.

OUR 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.

OUR CORE 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.

“Our loan officer bent over backwards to make things come together.”

—RH

TRUE CREW ACKNOWLEDGEMENTS

For exemplifying the value of dedication to member service excellence.

TRUE SERVICE AWARD



KIRSTEN SANCHEZ

For awesome willingness to make sure our members get what they need, and for keeping work fun while she's doing it.

For outstanding demonstration of Attitude, Service, Teamwork, Resilience and Initiative in service of the members and staff of True North.

ASTRI LEADERSHIP AWARD



CHRIS OESER

For showing us leadership strength when taking on new responsibilities during a chaotic time, and doing it with enthusiasm, humor and unwavering support for his team.

ASTRI EMPLOYEE AWARD



AUSTIN MADDOX

For dedication to team, incredible resilience, and for challenging us to be a better organization.

ASTRI NOMINEE



CRYSTAL HEGEL

For mental fortitude and for finding happiness in making others lives easier!

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COOPERATIVE PRINCIPLES

The International Cooperative Alliance defines the following cooperative principles which are the guidelines by which cooperatives put their values into practice. These principles form the warp and weft of our identity as a credit union.

VOLUNTARY AND OPEN MEMBERSHIP

TNFCU is open to all people within our approved field of membership who are interested in using our services while ensuring their money stays working in their local community.

DEMOCRATIC MEMBER CONTROL

The members of TNFCU choose the individuals who serve on our elected Board of Directors

MEMBER ECONOMIC PARTICIPATION

Through their elected officers, Members control the Credit Union's capital and how it is used to benefit members and community.

COOPERATION AMONG COOPERATIVES

Collaboration with community and industry partners is part of our DNA as a credit union.

AUTONOMY AND INDEPENDENCE

While heavily regulated, credit unions offer Member-Owners a voice in the future of their cooperative. Our customers are our member-owners.

EDUCATION, TRAINING AND INFORMATION

Core to our mission is providing our members with tools to improve their economic wellbeing, whether this be through products and services or educational resources.

CONCERN FOR COMMUNITY

Supporting the financial wellbeing of communities we serve, and not just our members, is part of our mission.

These volunteers are elected to serve as your voice.

Our thanks to these Volunteers, whose dedication and leadership are fundamental to the success of our cooperative!

BOARD OF DIRECTORS

CHRISTINE
MOLESKI, CHAIR

DAVID
TEAL, VICE-CHAIR

MARK
TROUPIN, TREASURER

LILLIAN 'LISA'
WORL, SECRETARY

KIM
GARNERO

KAREN
MORGAN

VALERIE
MERTZ

SUPERVISORY COMMITTEE

ELIZABETH
'BUFFY'
PEDERSON, CHAIR

JOSEPHINE
STERN, SECRETARY

CHRIS
LETTERMAN

AMBER
LEBLANC

"I have been with
this Credit Union
since 1987. I love the
ability to do banking
with their phone app.
Great service."

—GC

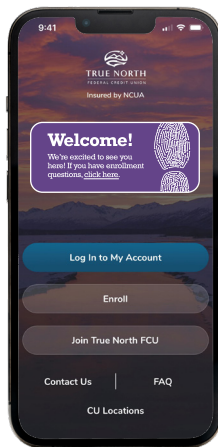
CHAIR & PRESIDENT MESSAGE

Last year at this time, we expected that 2021 would bring the end of the pandemic and a return to normal, although perhaps a new version of it. Instead, new challenges arose as the pandemic lingered, and the need for nimbleness and resilience continued to evolve. We saw hiring phenomena in the Great Resignation and unprecedented supply chain issues, the ripples from both of which will be felt well beyond 2021. As your financial cooperative, we share in the impacts these uncertain times have on our lives, our businesses, and our communities. While we have certainly been impacted by these dynamics, True North remains steadfast in its focus on members and mission.



Some of these dynamics have impacted service levels. There have been points where we had to cut back hours in response to covid protocols and short staffing, and turnover has been a challenge. We also found that simple things like replacing drive up tube parts were victims of supply chain woes. Management has refocused investments and efforts in training and efficiency and remains dedicated to providing the best experience possible to our member-owners.

Despite all the challenges we faced in 2021, it was a very strong year financially, accompanied by continued growth in



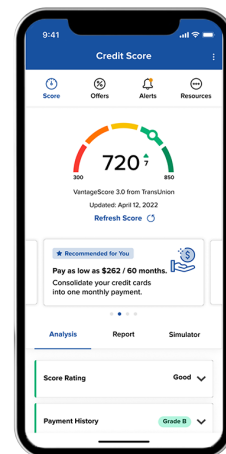
member deposits, but a net decline in the loan portfolio. You'll find more detail on our strong financial position in the Treasurer's report.

In November 2021, we converted to a new eBanking platform. The new platform brings far greater ease of use, particularly for mobile users, and adoption rates are strong. The conversion was not without its challenges and we thank members for bearing with us. There's a balance to be struck with security and compliance on one side and convenience on the other, and some found the resulting enrollment process difficult. The new platform gives us the ability to offer new services, such as Credit

Score by SavvyMoney. This powerful tool, offered free of charge to the membership, is a great platform that provides members with their credit score, tools on how to improve it, access to their credit report and alerts to protect from identity theft. Additionally, the new eBanking tool offers greater flexibility for transferring funds to and from your other accounts and third parties, and gives more options for making payments on your loans with True North.



Through all the change, we stayed focused on Community



in 2021. True North has been a strong supporter of the Financial Reality Foundation's Reality Fairs, which were a challenge in 2021 as our high school seniors were not attending school in person. However, True North worked with the Juneau School District and the Foundation to offer the first digital Reality Fairs in Alaska! Further, in addition to numerous donations throughout our communities, True North continues to work with community partners, using our capacity as a credit union to support their initiatives. Some examples include:



- ✓ Heat Pump Loan program with Alaska Heat Smart
- ✓ Local Frequency local currency App with Juneau Economic Development Council
- ✓ Mobile Home Down Payment Assistance programs with City and Borough of Juneau

These kinds of community partnerships are great examples of how we can collaborate with others to bring improved resources to our communities. We are open to other opportunities and would love to hear from you if you have ideas on other partnership opportunities.

For a very long time, True North has been talking about being with you on your financial journeys. In 2021 we launched our #MyNextStep stories, featuring staff and members at unique points in their lives and with unique stories to tell. These stories reflect our belief that each of us is on our own



financial journey, and it's True North's mission to support and assist you, wherever your journey takes you. True North has been on its own journey, and next year will be a big year for us as we celebrate our 75th year of service to our members as your financial services cooperative. It is our profound hope that by the time we are celebrating this important milestone, the pandemic will be fully in our rearview mirror, and the road ahead will be clear as we continue to travel with you on your journeys.

On behalf of the Board of Directors and the True Crew, please accept our sincere appreciation for your membership in our financial cooperative, and the trust you place in us to lead it.

Sincerely,

Christine Moleski,
Board Chair

Lauren MacVay,
President/CEO

“I feel like I am important when I contact TNFCU. I get a response everytime and usually within the same day.”

—MM

TREASURERS REPORT



I am pleased to report that TNFCU experienced very strong financial performance in 2021. The Credit Union surpassed the benchmark of \$200 Million in assets for the first time, and had record net earnings of just over \$2 Million. These strong earnings allowed us to maintain a strong Net Worth Ratio (a key regulatory metric) despite the significant asset growth.

True North was well positioned to support members through the mortgage refinance boom that occurred in 2021, and mortgage originations contributed significantly to our strong earnings. Another large contributor was the very strong loan performance across all portfolios, which resulted in less in transfers to our loan reserves than anticipated.

We did see a contraction in the loan portfolio, led largely by a decline in our home equity portfolio, as members paid down that debt with their mortgage refinances. The Used Auto portfolio declined as well, as Used Autos became harder and harder to find.

FINANCIAL HIGHLIGHTS

- Total Assets grew by approximately \$13.5 Million, or 7%, to a balance of \$206 Million. This follows 20% growth in 2020, so the Credit Union has grown by nearly 30% in two years.
- Loans have declined by \$5.5 Million, or 4%, to \$125 Million. The decline was concentrated in the used auto and home equity portfolios.
- Member Deposits increased by \$9.6 Million or 5.4% to a balance of \$186.8 Million.

- Total members increased by 1%, which is slightly below our norm but on par with other credit unions our size.
- 1,814 loans were issued to members totaling \$75.8 Million.
- Loan Losses, Net of Recoveries, totaled \$494,000, compared to \$567,000 the prior year.

True North is a Federal Credit Union chartered and regulated by the National Credit Union Administration. The Credit Union is considered Well Capitalized by our regulator with a capital ratio of 8.71% at year end.

The coming year promises to be interesting, as inflation and interest rate changes impact our economy. We are anticipating that we will see a decline in mortgage volume but anticipate that we will see the home equity and used auto portfolios reverse their decline as 2022 progresses.

TNFCU's Board, Management and employees are dedicated to managing the credit union in a safe and sound manner, while continually seeking avenues for growth in ways that meet member and community needs. The Credit Union has weathered the financial stressors of the pandemic well and is well positioned to continue to thrive as we emerge from its effects.

Mark Troupin,
Treasurer

**“The willingness
to help members
achieve their
goals.”**

—SH

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2021 & 2020

Income	2021	2020
Interest on Loans	7,069,389	7,390,742
Interest on Investments	176,849	171,440
Fees and Other Incomes	3,615,277	3,630,422
Total Income	\$10,861,516	\$11,192,604
Expenses		
Dividends on Member Deposits	383,311	731,219
Provisions for Loan Loss	221,500	942,400
Operating Expenses	8,250,889	8,294,180
Total Expenses	\$8,855,699	\$9,967,799
Income Before Extraordinary Items	\$2,005,816	\$1,224,805
Extraordinary Items Income/(Expense)	50,835	(96,811)
Net Income	\$2,056,651	\$1,127,994

GROWTH METRICS

(IN MILLIONS)

Year	Assets	Loans	Deposits
2012	121.8	84.7	111.5
2013	124.7	93.6	114.1
2014	130.9	97.5	121.0
2015	138.7	113.8	126.9
2016	138.2	110.5	124.8
2017	142.9	124.8	129.3
2018	152.9	132.6	136.1
2019	159.6	132.1	142.9
2020	192.2	130.5	177.2
2021	205.7	125.0	186.8

“Small business feeling, everyone knows me and greets me.”

—PM

COMPARATIVE BALANCE SHEETS

FOR THE YEARS
ENDED
DECEMBER 31,
2021 & 2020

“True North has always been there for me when times were tough and other banks turned me down. I always get the best rate and terms with this bank and I appreciate it.”

—RT

Assets	2021	2020
Loans to Members	126,244,039	131,974,941
Less: Reserve for Loan Loss	(1,195,257)	(1,468,668)
Net Loans	\$125,048,782	\$130,506,273
Cash & Cash Equivalents	1,708,253	1,669,610
Investments/Fed Funds	71,551,521	51,936,565
Accrued Interest Receivable	433,829	468,917
Property & Equipment, net	4,076,008	5,074,490
NCUA Share Insurance Deposit	1,712,091	1,501,110
Prepaid Expenses & Other Assets	1,139,249	1,014,633
Total Assets	\$205,669,734	\$192,171,597
Liabilities & Members' Equity		
Shares	60,948,270	53,477,108
Share Money Market	49,742,449	44,491,119
Share Certificates	20,291,984	23,610,749
IRA's	2,115,870	2,042,953
IRA Certificates	2,723,717	3,207,293
Share Drafts	50,975,429	50,323,038
Accrued Dividends	98,967	222,138
Other Liabilities	1,281,173	(827,996)
Total Liabilities	\$188,177,858	\$176,546,402
Member Equity		
Unrealized Gain/(Loss) on Securities	(167,054)	22,918
Regular Reserves	4,163,163	4,163,163
Undivided Earnings	13,495,766	11,439,115
Total Members' Equity	\$17,491,875	\$15,625,195
Total Liabilities & Members' Equity	\$205,669,734	\$192,171,597

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 primary 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 managements 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 ensures the Credit Union meets their regulatory requirements. The National Credit Union Administration (NCUA) performed a thorough review during 2021. They results were good and the Credit Union is working hard at making any recommended updates. 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.

During the past year, the committee has also audited numerous

functions with the Credit Union, including but not limited to: Analyzing TNFCU operating expense accounts; Reviewing branch cash management and security controls; Reviewing fixed assets; 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 make recommendations for improvements as needed.

The Supervisory Committee would like to thank Karen Tarver for her hard work serving as a member the past couple of years! The Supervisory Committee anticipates this vacant 5th and final spot to be filled timely.

Buffy Pederson,
Supervisory Committee Chair
Josephine Stern,
Supervisory Committee Secretary
Chris Letterman,
Supervisory Committee Member
Amber LeBlanc,
Supervisory Committee Member

“True North gave me a chance when no one else did for a loan. I have improved my credit score and quality of life because of it.”

—GM

LEADERSHIP CREW

Dedicated to guiding our credit union toward a more prosperous future while meeting our members' diverse needs.



LAUREN MACVAY
CEO/PRESIDENT



PATTY RAY
CHIEF OPERATIONS
OFFICER



**MELINDA
WHEELER**
EXECUTIVE
ADMIN ASSISTANT



**AARON
MAR**
IS MANAGER



**STEPHEN
BEEDLE**
LOAN SERVICES
MANAGER



**WILLIAM
BOOTHE**
BUSINESS LENDING
MANAGER



MICHELLE DENTON
CHIEF FINANCIAL
OFFICER



TINAMARIE KILE
VP MEMBER EXPERIENCE
AND CONSUMER LENDING



**AMY
TONSGARD**
MORTGAGE LENDING
MANAGER



**ANGELA
GRAHAM**
MEMBER CONTACT
CENTER MANAGER



**CHRIS
OESER**
MENDENHALL
BRANCH MANAGER



**JOSH
YELLE**
ANCHORAGE
BRANCH MANAGER



NICCHIA LEAMER
VP OF LENDING



**REX
TETZLAFF**
COLLECTIONS
DIRECTOR



**JESSICA
NAUMCHEFF**
RISK MANAGEMENT
DIRECTOR



**KATHRYN
BEERS**
MARKETING
DIRECTOR



**SARA
BOYER**
TRAINING
DIRECTOR

“More personalized approach to lending - not just an application and a credit report. They take into account how long we have been customers and relationships.”

—KV



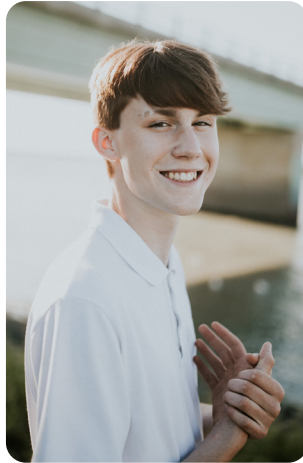
2021 SCHOLARSHIP WINNERS

True North awarded \$2,500 College Scholarships to four Alaskan Students. All our winners were chosen based on community involvement, academic achievement, extra-curricular activities, an essay on 'what service to the community means' and must have maintained an overall high school grade point average (GPA) of 3.00 or more.



**BROCK
MCCORMICK**

Juneau-Douglas
High School



**MAREK
GRIEME**

Kenai Central
High School



**NAARA
CONLON**

Thunder Mountain
High School



**SOPHIA
HELGE**

Thunder Mountain
High School

#MYNEXTSTEP STORIES

It's a journey, but it's not really about the destination, it's about the steps you take along the way. Sometimes the hardest step to take is the next step, but True North is there with our membership, the entire way.

As mentioned in the Chair & President Message on page 7, True North launched a series of #MyNextStep stories, featuring staff and members at unique points in their lives and with unique stories to tell. Be sure to visit our website to read their full story and look for more coming soon!



#MyNextStep?
Embracing new challenges!

SHANNON
Member-Owner
since 1989



#MyNextStep?
Sharing more of the majesty of Alaska!

MELISSA
Member-Owner
since 2002



#MyNextStep?
Guiding a new financial path for the next generation!

AMY
Member-Owner
since 2014



#MyNextStep?
Supporting my family and community.

STEPHEN
Member-Owner
since 2018

ANNUAL MEETING AGENDA

TRUE NORTH FEDERAL CREDIT UNION
MAY 17, 2022
360 EGAN DRIVE, JUNEAU, ALASKA

CALL TO ORDER
ASCERTAINMENT OF QUORUM
INTRODUCTION OF VOLUNTEERS
**APPROVAL OF MINUTES FROM
MAY 27, 2021 ANNUAL MEETING**
SUPERVISORY COMMITTEE REPORT
CEO REPORT
UNFINISHED BUSINESS
NEW BUSINESS
NOMINATION COMMITTEE REPORT • ELECTIONS
ADJOURNMENT

**“Staff are ALWAYS
helpful and
available. I don’t
live where there’s a
TNFCU (Kenai) so
that’s important.”**

—SW

73RD ANNUAL MEETING MINUTES • MAY 27, 2021

The 73rd Annual Meeting of True North Federal Credit Union was called to order at 5:30 p.m. by Christine Moleski, Chair of the Board of Directors. Due to the continuing Emergency Order, the meeting was held virtually, hosted from the Mendenhall Valley Branch/Administration offices in Juneau, AK.

Christine asked Melinda Wheeler to confirm that a quorum was present, which Melinda confirmed.

Christine asked that the volunteers present introduce themselves, which they did.

Christine stated the meeting would be conducted under Robert's Rules of Order and asked David Teal to serve as Parliamentarian. She also established that in the zoom environment, members could comment or ask questions by unmuting themselves, raising their hands or posting their question or statement in the chat panel.

The membership considered approval of the minutes from the May 20, 2020 annual meeting. David asks for unanimous consent to waive the reading of the minutes. Hearing no objection, the reading was waived. Christine stated that if there were no objection, she would adopt a motion to approve the minutes of May 20, 2020. David made a motion to approve the minutes and asks for unanimous consent. Hearing no objections, the minutes were approved.

Christine asked Buffy Pederson, Chair of Supervisory Committee, to give a report to the membership. Buffy reported that the Committee is composed of five volunteers that, while appointed by the Board of Directors, act separate from Board and Management as a form of Internal Audit and Quality Control. They

are comprised of members specializing in the finance and IT fields. They are responsible for the annual CPA Audit, and Buffy reported the Audit of 2020 financials has been completed and was clean. The Committee reviews the NCUA and other regulatory exams conducted regularly throughout the year. She concluded by noting that the Committee also reviews member complaints and have their own PO Box, only checked by the Committee for that purpose. Buffy thanks the Board and members for allowing them to serve the membership in this capacity.

Lauren MacVay delivered a report on behalf of the Board and Executive Management,

She reflected on the past year and noted that any planning for 2020 was successful only if it included being nimble. The Credit Union successfully responded to member needs with new programs including offering Paycheck Protection Program loans with a focus on small borrowers. Service delivery was modified to ensure the safety of staff and members was maintained. Finally, the Credit Union was well positioned to accommodate staff needs and transitioned where possible to remote work with no disruption in service to members.

Community service looked a bit different in 2020. There was mask making early in the year, toy and food drives and working with local communities to partner with programs such as AK Heat Smart and Juneau's Local Frequency app in Juneau.

There were many goals in 2020 that were still met, even with the pandemic challenges. Esign was launched for consumer lending, #MyNextStep campaign kicked off with new brand messaging, and an initiative to update the ATMs moved forward with those installations happening now. There was also a launch of a new Mortgage Loan Origination System which has greatly improved the efficiency of that department. The strategic evaluation of the digital services is complete

CONTINUED FROM PAGE 16

and a new digital banking platform has been selected.

Lauren then shared where the CU was 'by the numbers' and discussed some broad strokes related to the financials. Income was strong at \$1.1 million and a healthy Return on Assets was .65%. Member Equity grew by 8% to \$15.6 Million. . Lauren pointed to significant share growth of 24% as being the real story in the balance sheet for 2020. Driven by changes in member spending and stimulus, the Credit Union saw unprecedented share growth, far outstripping loan growth, dynamic facing most depository institutions in the US. Total Assets grew to \$192 Million by year end, but Lauren noted that the Credit Union was \$204 Million at the end of April 2021.

Lauren reflected that the pandemic, as is often the case with crisis, prompted the Credit Union to focus on the basics. As a result, the Credit Union will emerge from the pandemic with a renewed commitment to mission and to defining how they must evolve to continue to provide the quality financial solutions that members deserve. The CU is focused on implementing a new digital delivery platform, evaluating the social impact and what that means for True North and how they can best serve the communities. True North is also highly focused on financial education and wellness and how they can further integrate a commitment to promoting both into the products and services that are offered.

Lauren thanks all the staff for their commitment to the mission and to Supervisory Committee and the Board for their support and diligent work through this most challenging year.

Christine and the Board thanks Lauren, her Executive Team and all the True Crew for the work they are doing for the Credit Union and its members.

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

Christine announced that the first item of New Business was

Nominations. Kim Garner reported for the Nominating Committee that three Board seats were up for election this year, those of Mark Troupin, Lillian 'Lisa' Worl, and Karen Morgan. She also noted that all volunteers were seeking reelection. The Nominating Committee put forth a slate of candidates that included these three volunteers. Each volunteer took a moment to introduce themselves and share their interest in continuing to serve.

Christine asked if there were any nominations from the floor. No nominations were made and Christine closed nominations from the floor. Christine asked for a motion to accept the slate of candidates presented by the Nominating Committee. David moves to approve the candidates and asks for unanimous consent. Hearing no objections, Christine acknowledges the motion passes for the slate of candidates.

Christine asked if there was any other new business. Lauren MacVay recognized 3 employees for their five years of service and 2 employees for twenty years of service. Christine thanks Lauren and acknowledges the confidence it gives the board with evidenced longevity in the staff.

There being no further business before the membership, Christine adjourned the meeting with no objection from the membership. The meeting adjourned at 6:06 p.m.

Respectfully submitted,

Lisa Worl,
Secretary

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