

2023 ANNUAL REPORT



TRUE NORTH
FEDERAL CREDIT UNION



©Photo by Heidi Morrison

Federally Insured by NCUA

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, Secretary/Treasurer

Karen Morgan

Valerie Mertz

Alec Mesdag

Justin McKoy

Board of Directors

Mailing Address:

P.O. Box 34157, Juneau, AK 99803

SUPERVISORY COMMITTEE

Elizabeth "Buffy" Pederson,

Supervisory Committee Chair

Josephine Stern,

Supervisory Committee Secretary

Chris Letterman

Amber LeBlanc

Timothy Lewis

Supervisory Committee

Mailing Address:

P.O. Box 34141, Juneau, AK 99803

LEADERSHIP CREW



LAUREN MACVAY

PRESIDENT / CEO



PATTY RAY

CHIEF OPERATIONS
OFFICER



MICHELLE DENTON

CHIEF FINANCIAL
OFFICER



TINAMARIE KILE

SENIOR VICE PRESIDENT
OF OPERATIONS



NICCHIA LEAMER

SENIOR VICE PRESIDENT
OF LENDING



TODD SCHUR

VICE PRESIDENT OF
MARKETING AND
COMMUNITY IMPACT



BROOKE JOHNSON

ASSISTANT
VICE PRESIDENT
OF OPERATIONS



WESLEY DANIEL

ASSISTANT
VICE PRESIDENT
OF LENDING

Aaron Mar

IS Manager

Melinda Wheeler

Human Resources and Admin Manager

Stephen Beedle

Loan Services Manager

Amy Tonsgard

Mortgage Lending Manager

Angela Graham

Member Contact Center Manager

Rex Tetzlaff

Collections Director

Jessica Naumcheff

Risk and Compliance Manager

Sara Teague

Training Director

Chris Oeser

Anchorage Branch Manager

Monique De Luca

Juneau Branch Manager

PRESIDENT'S REPORT

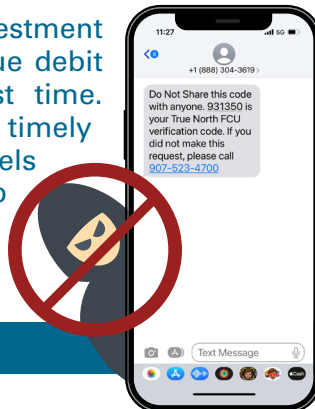
It is with great pleasure that I present to you our 2023 Annual Report, a review of which will reveal to you a Credit Union that is growing and thriving in the face of some challenging economic headwinds. The Credit Union is financially healthy and stable, with solid earnings, strong capital, and at a record high in assets. All the details of our financial success are detailed in the Treasurer's report, but I want to take a moment to credit the staff and Board for steadfast dedication to our strategic mission and focus during a turbulent time.

Over the last two years, the Federal Reserve has raised interest rates 11 times with the goal of reining in our economy, bringing inflation and unemployment to more "normal" levels. We have all felt the pinch and certainly our members are feeling it as they have spent any remaining pandemic savings and are now feeling the strain of higher costs on reduced savings. This environment presented new challenges to the Credit Union has well, as we managed a decline in deposits and pressure on our rates.



Despite this, True North has managed to offer low loan rates and high, sometimes market leading deposit rates. We launched the Diamond Rate Certificate Specials to celebrate our 75th anniversary which have proven to be very popular with members. We also launched an Indirect Auto program with a few dealers in Alaska, making it easier than ever for members and non-members to bring their loan to True North where they can keep that relationship local. This program has been very well received and resulted in strong growth in our auto portfolio.

2023 was also a year where we continued investment in technology, introducing the ability to issue debit cards to members in branch for the first time. Given postal service delays, this has been a timely investment and has improved service levels to the membership. Our online banking app continues to be very well received with 5-star ratings on the Apple App Store, and 4.6 Stars



on Google Play. One challenge we faced in 2023 was an increase in fraud, particularly fraudulent electronic transfers after members were persuaded by the fraudsters to share credentials needed to access online banking. We have made additional investments in technology and member messaging to reduce fraud and have been largely successful. We continue to look for innovative approaches that will allow us to reduce fraud risk without compromising the member experience.

As always, service to our member-owners is our priority. While the best evidence of our success here is in the messages from our members, we were thrilled to again be recognized by the community of Juneau with

Golds for Best Credit Union, Best Home Mortgage, Best Auto Lending and a Silver for Best Place to Work in the Best of Juneau competition. Additionally, the Board continually strives to return value to our members, and this year again took steps to reduce fees with new caps on Courtesy Pay and NSF fees.

Another way we bring value to our membership, and our communities, is through our financial education efforts. All members who use our online banking have access to their Credit Score and Credit Report management resources, allowing members free of cost to gain insights and power over their credit score. We also offer a Financial Wellness Center with powerful resources for adults and teens alike and are working with community partners to customize those resources to meet unique Alaskan needs. In 2023, we also started Membership Matters, a blog about financial matters effecting our members, and we have been blown away by how well received this resource has been. Finally, our Mastercard Debit and Credit Card include valuable benefits including Identity Theft protection tools

True North financed a car for me and I was immediately impressed with the professionalism and personal service. I decided to open other accounts. It is nice to walk in and have people who recognize you.

-True North Member-Owner

Integral part of my financial picture and staff is so helpful and knows what I am like and knows what I like to do...and makes my life easier.

-True North Member-Owner

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PRESIDENT'S REPORT *CONTINUED FROM PAGE 3*

that also add tremendous value with no cost to the membership.

Our mission includes service to community, and one of our strengths is our ability to be nimble in response to community needs. Our Loan program with Alaska Heat Smart is thriving, bringing low-cost financing to homeowners looking to improve their energy efficiency at home with Heat Pump technology. Our loan portfolio with that program grew by 150% in 2023! When the Mendenhall River flooded in August 2023, I'm proud that True North was there



for the community by creating a custom loan to help condo owners deal with the unexpected financial burden they faced. On a lighter note, we launched our **first annual Rock Your Socks Day** celebration in 2023 celebrating **World Down Syndrome Day** – it was a natural fit because we do like our socks here at True North, but it captured our hearts and grew in 2024. I cannot wait to see where that celebration goes in 2025!

As I write this look back on 2023, I'm a few months shy of 20 years as CEO of this fine organization. While it seems like the blink of an eye, I'm struck by how much we have changed, and yet how much has stayed the same. In 2004, we had 47 employees and were \$83.3 Million in assets. We currently have 68 employees and are \$220 Million

in assets. While we are larger and offer more products and services, I know our DNA and commitment to member and mission are the same, and this is thanks to the stewardship of our Volunteers and passionate dedication of the True Crew. My profound thanks to them, and to our member-owners, for their support of our cooperative, now and in the future!

Sincerely,
Lauren MacVay

SCHOLARSHIP PROGRAM

In 2019 True North awarded its first ever set of scholarships to deserving Alaskan high school seniors. Since that time, we have been able to provide \$55,000 in support of young Alaskans in their educational journey. Many continued their education within the University of Alaska system while others have traveled as far as Texas, Virginia or North Carolina to follow their dreams. From trade school to business school, True North applauds these young people and their desire to better themselves through knowledge.

In 2023 we were able to award scholarships to seven students from around the state including winners from Kenai, North Pole and Eagle River. **Congratulations!!**

Gabriel C. | Juneau

Maksym H. | Kenai

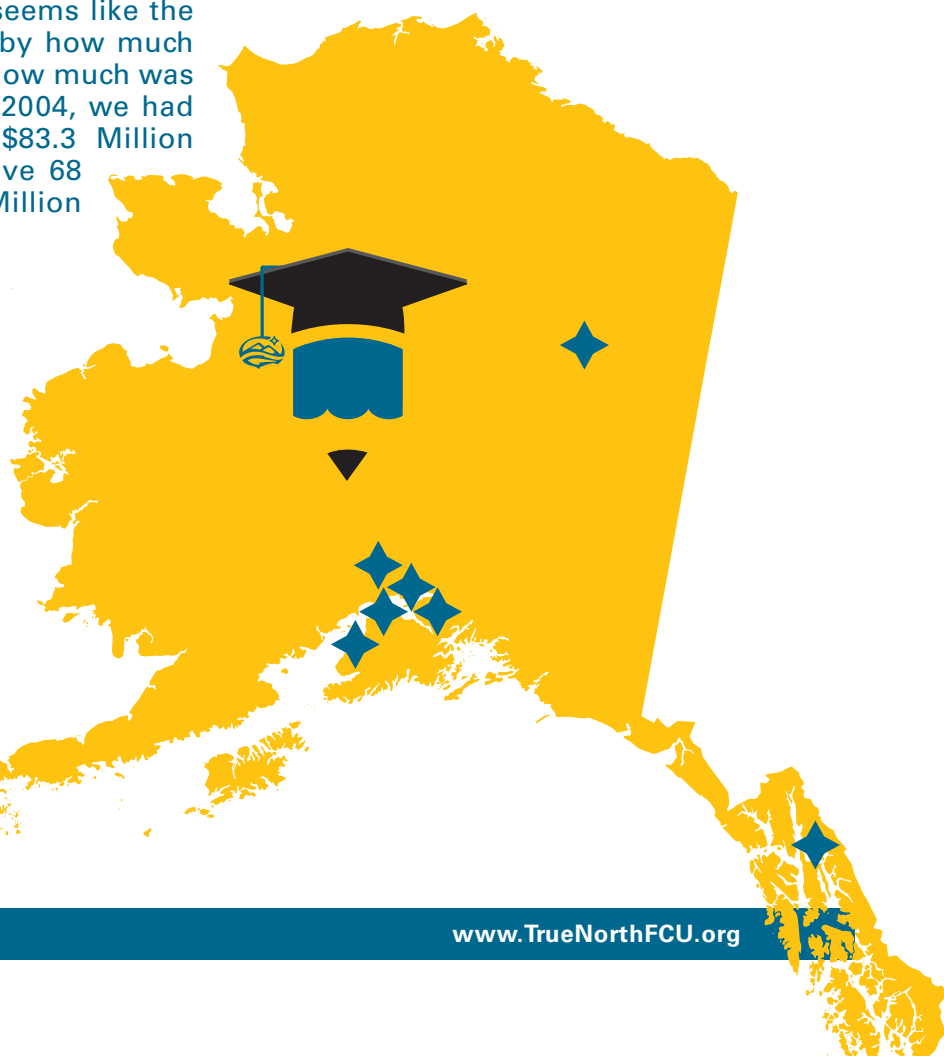
Ajay J. | Eagle River

McKinley R. | North Pole

Brady R. | Anchorage

Corin T. | Anchorage

Sycely W. | Anchorage



BOARD CHAIR'S REPORT

In 2023, we celebrated our 75th year of dedication to the member-owner's of True North Federal Credit Union. Throughout its history, the Board of Directors has served as stewards of your cooperative, ensuring that your credit union meets its mission of providing quality financial solutions while improving the economic well-being of our members, employees and communities it serves.

The Board is committed to leading the Credit Union forward into our next 75 years with the same dedication to principle and to our Alaska communities that is rooted in our history. With that goal in mind, we engaged in a facilitated strategic planning process and recommitted the credit union to its mission, vision and values, along with strategic priorities that included employee development and retention, organic member and share growth, increased community impact and engagement, and continuous evolution

of our technology infrastructure.

We know that the coming year will pose some challenges as economic pressures put stress on the balance sheets of members and the Credit Union alike. As reflected in the Treasurer's report, the Credit Union had another successful year and is well positioned to weather any rough waters ahead, as it has many times over the past 75 years. True North will remain local, stable and ready to support its members and communities for many years to come.

On behalf of the Board of Directors, we thank you for your membership. We appreciate the trust you have shown in us as a partner on your financial journey.

Sincerely,

Christine Moleski

SUPERVISORY COMMITTEE'S 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 also retained the independent auditing firm CliftonLarsonAllen, LLP to perform the annual Financial Statement Audit for year-ended December 31, 2023, and verification of member accounts.

The Committee ensures the Credit Union meets their regulatory requirements. The National Credit Union Administration (NCUA) performed a thorough review covering 2022 into 2023, and the next review is anticipated later this year. The results were good and TNFCU has responded to 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

operating expense accounts; reviewing branch cash management and security controls; performing surprise cash drawer and vault counts at branches, reviewing management and volunteer (Board of Directors and Supervisory Committee members) account controls and loans, reviewing payroll transactions, and analyzing audit and internal control coverage performed by the external financial statement auditors. 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.

Sincerely,

Buffy Pederson, Chair

Josephine Stern, Secretary

Chris Letterman

Amber LeBlanc

Timothy Lewis

TREASURER'S REPORT



I'm happy to report that 2023 was a strong financial year. Member equity grew by 7.2% and we closed the year with a Net Worth Ratio of 9.25%, well above what is considered well capitalized. The Credit Union was well positioned for a difficult rate environment and has been able to continue to offer competitive loan and deposit rates to its member-owners. We issued over \$70 Million in loans to members and member businesses and launched a Diamond Certificate special series offering members market leading certificate rates.

We closed the year at a new high of \$220.5 Million in Assets and earnings were healthy at \$1.4 Million, resulting in an ROA of .68%.

The Credit Union successfully entered the Indirect Auto market in spring of 2023, and the program has been a success, with that new program contributing to the healthy loan growth the Credit Union experienced in 2023. On the flip side, this interest rate environment created new margin and liquidity pressures for the Credit Union to navigate. In addition, a new standard for the accounting of loan losses called CECL (Current Expected Credit Loss) went into effect January 1, 2023. Interest income grew due to high rates, but those gains were more than offset by higher dividends paid to members and increases in costs including the Allowance for Credit Loss.

2023 Financial Highlights:

- Assets grew by \$9.2 Million, or 4.4%.
- Loans grew \$31 Million or 23%.
- Member deposits declined by 2% as members spent pandemic savings, but dividends to members increased by 400%.
- The Credit Union granted 2,068 loans totaling \$70,315,280.
- Transfers to Allowance for Credit Loss more than doubled to just over \$1M as members felt the strain of inflation and the Credit Union adjusted to CECL, the new accounting standard for accounting for anticipated loan losses.

The coming year promises to hold some challenges. While overall our loan portfolio is healthy, we are seeing a return to pre-pandemic levels of loan loss. Further, the high interest rate environment will continue to result in pressures on our net interest margin as we balance competitive loan rates with competitive deposit rates and manage our liquidity. Despite these headwinds, the Credit Union will be financially strong with a healthy net worth level and a continued ability to meet its members' needs.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2023 & 2022

Income	2023	2022
Interest on Loans	8,259,872	6,733,412
Interest on Investments	2,199,244	1,196,941
Fees and Other Incomes	2,511,636	2,577,349
Total Income	\$12,970,752	\$10,507,702
Expenses		
Dividends on Member Deposits	1,388,709	329,287
Provisions for Loan Loss	1,051,000	320,200
Operating Expenses	9,137,427	8,277,855
Total Expenses	\$11,577,136	\$8,927,342
Income Before Extraordinary Items	\$1,393,617	\$1,580,360
Extraordinary Items Income/(Expense)	27,776	30,375
Net Income	\$1,421,392	\$1,610,735

GROWTH METRICS (IN MILLIONS)

Year	Assets	Loans	Deposits
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
2022	211.3	132.3	191.0
2023	220.6	162.5	186.3

COMPARATIVE BALANCE SHEETS

FOR THE YEARS ENDED
DECEMBER 31, 2023 & 2022

Assets	2023	2022
Loans to Members	164,258,150	133,327,369
Less: Reserve for Loan Loss	(1,791,613)	(1,021,416)
Net Loans	\$162,466,538	\$132,305,953
Cash & Cash Equivalents	1,593,423	1,459,853
Investments/Fed Funds	46,721,378	69,190,474
Accrued Interest Receivable	754,200	621,570
Property & Equipment, net	3,854,593	3,939,854
NCUA Share Insurance Deposit	1,740,278	1,764,002
Prepaid Expenses & Other Assets	3,465,681	2,063,520
Total Assets	\$220,596,091	\$211,345,226
Liabilities & Members' Equity		
Shares	58,575,761	64,566,373
Share Money Market	38,707,737	48,583,095
Share Certificates	35,057,381	19,746,087
IRA's	2,163,768	2,196,483
IRA Certificates	2,248,924	2,726,395
Share Drafts	49,557,405	53,176,770
Accrued Dividends	637,506	99,123
Other Liabilities	14,300,098	2,196,764
Total Liabilities	\$201,248,579	\$193,291,090
Member Equity		
Unrealized Gain/(Loss) on Securities	(1,048,056)	(1,215,528)
Regular Reserves	4,163,163	4,163,163
Undivided Earnings	16,232,405	15,106,501
Total Members' Equity	\$19,347,512	\$18,054,136
Total Liabilities & Members' Equity	\$220,596,092	\$211,345,226

ANNUAL MEETING AGENDA

TRUE NORTH FEDERAL CREDIT UNION

MAY 15, 2024

360 EGAN DRIVE
JUNEAU, ALASKA

Call to Order

Ascertainment of Quorum

Introduction of Volunteers

Approval of Minutes

Supervisory Committee Report

CEO/Board Report

Unfinished Business

New Business

Adjournment

75TH ANNUAL MEETING MINUTES • MAY 17, 2023

The 75th Annual Meeting of True North Federal Credit Union was called to order at 5:36pm by Christine Moleski, Chair of the Board of Directors. The meeting was held both virtually and in person, hosted at the KTOO Broadcasting Studio located 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 Mark Troupin to serve as Parliamentarian. She also established that in the zoom environment, members could comment or ask questions by entering their questions in the chat function and Melinda would present their comments or questions to the panel.

The membership considered approval of the minutes from the May 7, 2022 Annual Meeting. Karen motioned to waive the reading of the minutes asking for unanimous consent. 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 17, 2022. No objection was made, and the minutes were approved.

Lauren provided some highlights from 2022 as well as changes made to the election process.

Financially was a great year closing with \$211MM in assets with an ROI of 78%. The net worth was 9.12%. The credit union was well capitalized from the industry regulations standpoint. Mentioning the bank failures in recent news, Lauren spoke to how the Credit Union was different from these large regional banks in both balance sheet composition and management practices, stressing that True North is financial stable and ready to meet members deposit and lending needs.

The year also included a major update to credit and debit card platforms adding tap functionality, real time fraud alerts and the TNFCU Cards app that is the best-in-class level of control over members' cards. Also, a mobile forward website was brought up live that features photography taken by the True Crew and provides a nimbler communication tool. It also includes a financial education resource called MoneyEDU that can be used by members and the community alike.

In 2022 the Credit Union was recognized by the Community of Juneau for Best Credit Union, Best Home Mortgage and Silver in Best Place to Work. True North was nominated in those categories again for 2023 along with Best Auto Loan with the results coming out later this month.

Lauren also spoke to a change in the election process for board seats. This change speaks to the principles of the board by broadening access to Board nomination and election process to members around the state. It also makes the election process more visible to membership by allowing voting to be held electronically or by mail and not just on the floor at the annual meeting. She outlined new time frames and process which includes the ability to nominate by petition, stressing that all voting is concluded prior to the Annual Meeting, with no nominations process available at the meeting. She noted that results would be communicated by this year's Nominating Chair under new business.

Lauren concluded with noting that 2023 celebrates the Credit Union's 75th Anniversary, and members should be proud to have reached this landmark with a thriving financial cooperative that remains true to its DNA. She thanked the membership for their support on behalf of the Board, Supervisory Committee and True Crew.

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

Kim Garnero reported from the Nominating Committee that there were 2 seats to be filled, hers and Christine Moleski's. Kim spoke to her decision to step down from the Board, but that the Chair has run for another term. In February 2023 the Nominating Committee finalized their recommended slate of candidates, putting forth Christine Moleski and Alec Mesdag as their recommended slate of candidates. No nominations by petition were received. As such, per the Bylaws, no vote will be held and Christine and Alec are elected by acclamation.

Christine asked if there was any other new business. There was none.

Lauren presented a gift to Kim Garnero with gratitude for her 21 years of Board service.

There being no further business before the membership, Christine asked for a motion to adjourn the meeting. 5:54pm.

Respectfully submitted,
Karen Morgan, Secretary

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