



# 2020 ANNUAL REPORT

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**TRUE NORTH**  
FEDERAL CREDIT UNION

Federally Insured by NCUA



# 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.

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# BOARD OF DIRECTORS

**CHRISTINE MOLESKI, CHAIR**

**DAVID TEAL, VICE-CHAIR**

**MARK TROUPIN, TREASURER**

**LILLIAN "LISA" M. WORL, SECRETARY**

**KIM GARNERO  
KAREN MORGAN  
VALERIE MERTZ**

# SUPERVISORY COMMITTEE

**ELIZABETH "BUFFY" PEDERSON, CHAIR**

**CHRIS LETTERMAN  
KAREN TARVER  
JOSIE STERN**

# 72ND ANNUAL MEETING MINUTES

TRUE NORTH FEDERAL CREDIT UNION • MAY 20, 2020

The 72nd Annual Meeting of True North Federal Credit Union was called to order at 5:30 p.m. by Kim Garner, Chair of the Board of Directors. Due to the COVID19 emergency, the meeting was held virtually, hosted from the Mendenhall Valley Branch/Administration offices in Juneau, Alaska.

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

Kim asked that the volunteers present introduce themselves, which was done.

Kim stated the meeting would be conducted under Robert's Rules of Order and appointed 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 23, 2019 annual meeting. Kim stated that if there were no objections, she would adopt a motion to waive reading of the minutes. Hearing none, the reading was waived. Kim stated that if there were no objections, she would adopt a motion to approve the minutes of May 23, 2019. No objections

were made and the minutes were approved.

Kim 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 2019 financials has been completed and was clean. The Committee also review 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 thanked everyone for their understanding and patience with the new virtual format as a result of the current pandemic situation. Lauren highlighted growth trends, noting that strong share growth in 2019

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# 72ND ANNUAL MEETING MINUTES

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balanced the high loan growth the prior year. Assets increased by 4.4%, and Lauren noted that the CU asset level at the end of April 2020 was \$169.5 Million, the highest in the Credit Union's history. Member Net Worth grew by 8% to \$14.45 Million. This resulted in a ratio of 9.07%, which is above the Board's targeted level of 9%. Earnings were on par with the prior year, but were reduced by two one-time adjustment items.

2019 saw the launch of the employee intranet, the Compass. This has received positive feedback providing a central location for resources and updates. Staff appreciate the search function and ease of finding things in one location, which improves service and staff satisfaction. At the start of 2020, the Credit Union completed the significant project of implementing electronic signatures for consumer loan documents. This has proven to be a lifesaver during these current times when branches have reduced availability for in-person meetings. Additionally, significant actions have already been taken as a result of feedback received from member surveys that began in 2019. Further survey efforts underway for member experience in the contact center, consumer lending and teller line. The Board also heard clearly from members their desire for a better E-banking platform and has given direction to management to pursue and prioritize this project. Lauren assured the membership that their feedback was being considered by Board and management and encouraged continued participation as it provides invaluable guidance.

Lauren shared that looking forward, there were more questions than answers as the Credit Union navigates the uncertainties resulting from the pandemic. The Credit Union immediately responded to the crisis by establishing programs to support the membership, including payment deferral programs, bridge loans, fee waivers and extended loan grace periods. Lobby access has been restricted and service through drive up expanded as management worked to install the protective barriers needed to protect members and staff alike.

Lauren discussed economic uncertainty due to the Coronavirus crisis. No one is sure how the long-term effects of the virus will impact the economy over the next year. While the original projections for 2020 were for financial performance similar to 2019, those projections may no longer be valid. Member borrowing and spending patterns have changed and will continue to change as

the economy adjusts. Due to the healthy net worth position coming into 2020, the Credit Union is well positioned to support the membership through this crisis. The prediction is that next year's financial report will reflect reduced earnings, but Lauren is sure that she will be able to report that we have fulfilled our mission for the members. In addition to responding to the pandemic, other strategic initiatives will continue. These include ATM upgrades, improved messaging, a new text/chat functionality and continued community engagement.

Lauren thanks all the staff for their commitment to the mission and to Supervisory Committee and the Board for their support and diligent work.

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

Kim announced that the first item of New Business was Nominations. As she is one of the members up for re-election, she turned the meeting over to David. David reported for the Nominating Committee that two Board seats were up for election this year, those of Kim Garner and Christine Moleski. He has spoken to both members and they have expressed interest in running for another term.

David asked if there were any nominations from the floor. Hearing none, David closed nominations from the floor. David asked for a motion to accept the slate of candidates presented by the Nominating Committee, and the motion was moved by Mark Troupin and seconded by Lisa Worl. David asked for objections, and hearing none, the motion electing the slate of candidates passed.

David turned the meeting back over to Kim as she would continue as chairperson until officers were elected and affirmed at the June 2020 Board of Directors' meeting. Kim asked if there was any other new business. None was raised.

Lauren MacVay then recognized 6 employees for five, ten, and fifteen years of service including her own at twenty-five. Kim thanked Lauren for her leadership of the Credit Union.

There being no further business before the membership, Kim adjourned the meeting with no objection from the membership. The meeting adjourned at 6:04 p.m.

Respectfully submitted,  
Christine Moleski, Secretary

# ANNUAL MEETING AGENDA

TRUE NORTH FEDERAL CREDIT UNION  
MAY 27, 2021  
MENDENHALL BRANCH  
2777 POSTAL WAY, JUNEAU, ALASKA

- Call to Order
- Ascertainment of Quorum
- Introduction of Volunteers
- Approval of Minutes from May 20, 2020 Annual Meeting
- Supervisory Committee
- CEO Report
- Unfinished Business
- New Business
  - *Nomination Committee Report*
  - *Elections*
- Recognition and Awards
- Adjournment

# EXECUTIVE MANAGEMENT TEAM



**LAUREN  
MACVAY**  
CEO/PRESIDENT



**PATTY  
RAY**  
CHIEF OPERATIONS  
OFFICER



**MICHELLE  
DENTON**  
CHIEF FINANCIAL  
OFFICER



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



**NICCHIA  
LEAMER**  
VP OF LENDING

Alice was so nice, knowledgeable and took the time to not only explain the process but made sure I understood and was comfortable with the process. — *Billy L.*

# CHAIR and PRESIDENT MESSAGE



## **COOPERATIVE DNA**

Your Credit Union has been serving Alaska since 1948 when it was first formed to serve the needs of employees of the territorial government in Juneau. Just about everything has changed in the intervening 73 years – except the fundamentals. The name has changed, who can join has expanded, what we offer has grown, and how we deliver services to our members has radically changed, but we are still at our core the same – a member owned cooperative.

Our governance structure may not be the highest priority to folks who are just looking for a good car loan rate and convenient access to their checking account. However, it is critical to the nature of credit unions and why we are profoundly different on a fundamental and very meaningful level, and why we play such an important role in the fabric of our communities.

The ICA, the International Cooperative Alliance, defines cooperatives as “people centered enterprises owned, controlled

and run by and for their members to realize their common economic, social and cultural needs and aspirations”. They further state that “cooperatives allow people to take control of their economic future and, because they are not owned by shareholders, the economic and social benefits of their activity stay in the communities where they are established. Profits generated are either reinvested in the enterprise or returned to the members.” This description absolutely describes True North! While a federally chartered credit union that is highly regulated by the NCUA is very different from your local food co-op in many ways, our DNA is the same. *Our Mission states that as 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 we serve. Our cooperative*

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# CHAIR AND PRESIDENT MESSAGE

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DNA is in our values as well, which include Authenticity, Community and Family, as well as Responsiveness and Innovation. And, True North is an Alaskan credit union truly committed to our state. We have no branches out of Alaska and our leadership and Board are here.

The Board has set current strategic priorities that are consistent with that mission, with a focus over the next few years financial education and community impact. It's an exciting time here at True North, as we look forward to putting the chaos of the pandemic behind us and applying our efforts to these next steps that are so central to our DNA.



## 2020 IN REVIEW

But of course, no report about 2020 would be complete without discussing the pandemic, which very quickly redirected our thoughts, energies and resources to unexpected priorities.

In the days and weeks after the pandemic was

declared, the True Crew responded with options to help members bridge whatever financial disruption they were facing. These included: bridge loans, expanded skip pay options with fees waived, extended late fee grace periods on consumer loans, as well as loan modifications for mortgage and business loans. We also quickly spun up appointment software for branch visits and expanded the services available in our drive ups. Finally, the ability to close consumer loans remotely was already mid-launch, and staff were able to fast track that process, ensuring members could continue to borrow despite restricted branch access.

We did close lobbies for a period of time, investing heavily in protective measures for staff and members alike, but reopened to appointments and returning to open lobbies as soon as we were able. During this time, there was no disruption to staff member pay and no one was laid off.

Community support looked different during the pandemic. Some activities were curtailed due to quarantine, but food drives and holiday giving programs were successful. We also produced and distributed hundreds of face masks in the first few months of the pandemic. Further, we continued with the second year of True

North's scholarship for high school seniors, expanded the program to award four \$2500 scholarships to students from Chugiak, Juneau, Palmer and Wasilla.



Other endeavors included supporting the Local Frequency, a payment and loyalty program for local Juneau businesses that promotes keeping money local in a convenient app. We also worked with Alaska Heat Smart to launch a heat pump loan program, providing affordable financing for those seeking to improve emergency efficiency in their homes. These types of programs are so important, and show case our passion for collaborating with community partners. True North has a long history of being responsive to community needs, and it's our goal to look for more opportunities to enhance community impact by working with others.



## PERFORMANCE

Through all of this, the credit union had a strong financial performance in 2020. Our membership grew by 3.21%, which is significantly stronger than most credit unions our size. Financially, it

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I have always been treated very well at True North and I appreciate the local caring staff. — *Tammy T.*

# CHAIR AND PRESIDENT MESSAGE

—Continued from page 9—

was a strong year with a Return on Assets of .65% despite some adjustments from the sale of real estate in Fairbanks. Further, any losses in income associated with reduced member spending and waived fees was offset by a very strong year in mortgage originations. Finally, loan losses were in line with expectations despite the pandemic. While the unexpected 100 basis point drop in interest rates early in the year was a blow to investment earnings, we were blessed with a robust loan portfolio and therefore for the year only saw interest income fall short of budget by 3.2%. As a result of all these factors, our member's equity grew by \$1.1M, or 7.8% during 2020.

The big story was in the amount we grew. Due to reduced spending and stimulus dollars, member deposits at True North grew from \$143M at year end 2019 to \$177M at year end 2020, a 24% growth rate. This growth rate continued into 2021, and deposits grew another 4.4% in Q1 alone. For the first time, True North reached \$200 Million in assets! This rapid growth did put pressure on our net worth ratio, which is a regulatory ratio of net worth to assets. The board targets 9% for this metric, but we declined to 8% by year end due to the rapid share growth. The intent is

to return to 9% net worth, but the Board was clear that the credit union's strategic initiatives should not be deterred by this fluctuation in the net worth ratio.

The challenge all this deposit growth poses is that members are not borrowing as much as they are saving, which is resulting in some lopsided growth and increased pressure on our earnings. While consumer lending like auto loans grew, the low interest rate environment and boom in mortgages resulted in a decline in our mortgage and home equity portfolios. As a result, the total loan portfolio actually declined by \$1.5M, or 1.2%.

We expect that as the rate of vaccinations increases and life begins to return to normal, spending will increase, deposit balances will subside a bit, and we will again find some equilibrium in our balance sheet. However, look for increased focus from us on our loan programs as we work to grow into all that deposit growth!

## **OUR NEXT STEPS**

Our focus is on our members and their financial journeys, but True North is on a journey as well. Technology has been a big focus for

several years, but we have heard loud and clear from member surveys that our digital banking platform has not kept up with the times, and we agree. We will be launching a new platform later this year that offers a highly intuitive interface and voice functionality, making it easier than ever to bank remotely with True North.

In addition, while the pandemic certainly caused some detours, it was also an opportunity to focus on our true priorities. The result was a strategic plan for the next three years that asks the True Crew to focus on community impact and our members financial health, in addition to more traditional growth goals. We will continue to look for opportunities to learn about our communities and collaborate with other organizations to assess and meet community needs.

It is our honor to be the stewards of your Credit Union. We thank you for your membership, support and communication. With these, we will keep True North headed in the right direction and ensure we will be meeting your needs along the way.

**Christine Moleski**  
Board Chair

**Lauren MacVay**  
President/CEO

# LEADERSHIP TEAM

DEDICATED TO GUIDING OUR CREDIT UNION TOWARD  
A MORE PROSPEROUS FUTURE WHILE MEETING OUR  
MEMBERS' DIVERSE NEEDS.



**MELINDA  
WHEELER**  
EXECUTIVE  
ADMIN ASSISTANT



**AARON  
MAR**  
IS MANAGER



**STEPHEN  
BEEDLE**  
LOAN SERVICES  
MANAGER



**ZACH  
WARMBRODT**  
ACCOUNTING  
MANAGER



**WILLIAM  
BOOTHE**  
BUSINESS LENDING  
MANAGER



**AMY  
TONSGARD**  
MORTGAGE LENDING  
MANAGER



**DREW  
COTTLE**  
MEMBER CONTACT  
CENTER MANAGER



**RANEE  
AKI**  
MENDENHALL  
BRANCH MANAGER



**ASHLEE  
HAMILTON**  
ANCHORAGE  
BRANCH MANAGER



**DANIELLE  
OTT**  
COLLECTIONS  
DIRECTOR



**JESSICA  
NAUMCHEFF**  
RISK MANAGEMENT  
DIRECTOR



**KATHRYN  
BEERS**  
MARKETING  
DIRECTOR



**SARA  
BOYER**  
TRAINING  
DIRECTOR



# 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 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 retained the independent auditing firm CliftonLarsonAllen, LLP to perform the annual Financial Statement Audit for year-ended December 31, 2020, and verification of member accounts. The result was an unmodified 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.

During the past year, the committee has also audited numerous functions with the Credit Union, including but not limited to: Performing Executive Account audits, Analyzing Credit Union operating expense accounts; Reviewing branch cash management and security controls; Reviewing various Bank Reconciliations, 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.

We look forward to continuing to serve the members of True North Federal Credit Union!

Sincerely,

**Buffy Pederson**, Supervisory Committee Chair  
**Josie Stern**, Supervisory Committee Secretary  
**Christ Letterman**, Supervisory Committee Member  
**Karen Tarver**, Supervisory Committee Member

# COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019

<b>Income</b>	<b>2020</b>	<b>2019</b>
Interest on Loans	7,390,742	7,286,040
Interest on Investments	171,440	293,801
Fees and Other Incomes	3,630,422	3,080,721
<b>Total Income</b>	<b>\$11,192,604</b>	<b>\$10,660,562</b>
<b>Expenses</b>		
Dividends on Member Deposits	731,219	748,766
Provisions for Loan Loss	942,400	1,060,900
Operating Expenses	8,294,180	7,516,383
<b>Total Expenses</b>	<b>\$9,967,799</b>	<b>\$9,326,049</b>
<b>Income Before Extraordinary Items</b>	<b>\$1,224,805</b>	<b>\$1,334,513</b>
Extraordinary Items Income/(Expense)	(96,811)	(409,876)
<b>Net Income</b>	<b>\$1,127,994</b>	<b>\$924,637</b>

# COMPARATIVE BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Loans to Members	131,974,941	133,166,730
Less: Reserve for Loan Loss	(1,468,668)	(1,092,796)
<b>Net Loans</b>	<b>\$130,506,273</b>	<b>\$132,073,935</b>

Cash & Cash Equivalents	1,669,610	1,625,665
Investments/Fed Funds	51,936,565	17,538,967
Accrued Interest Receivable	468,917	485,110
Property & Equipment, net	5,074,490	5,534,238
NCUA Share Insurance Deposit	1,501,110	1,318,502
Prepaid Expenses & Other Assets	1,014,633	1,036,980
<b>Total Assets</b>	<b>\$192,171,597</b>	<b>\$159,613,396</b>

<b>Liabilities &amp; Members' Equity</b>		
Shares	53,477,108	43,919,422
Share Money Market	44,491,119	35,194,590
Share Certificates	23,610,749	22,834,181
IRA's	2,042,953	1,720,436
IRA Certificates	3,207,293	2,970,054
Share Drafts	50,323,038	36,308,646
Accrued Dividends	222,138	246,048
Other Liabilities	(827,996)	1,924,284
<b>Total Liabilities</b>	<b>\$176,546,402</b>	<b>\$145,117,662</b>

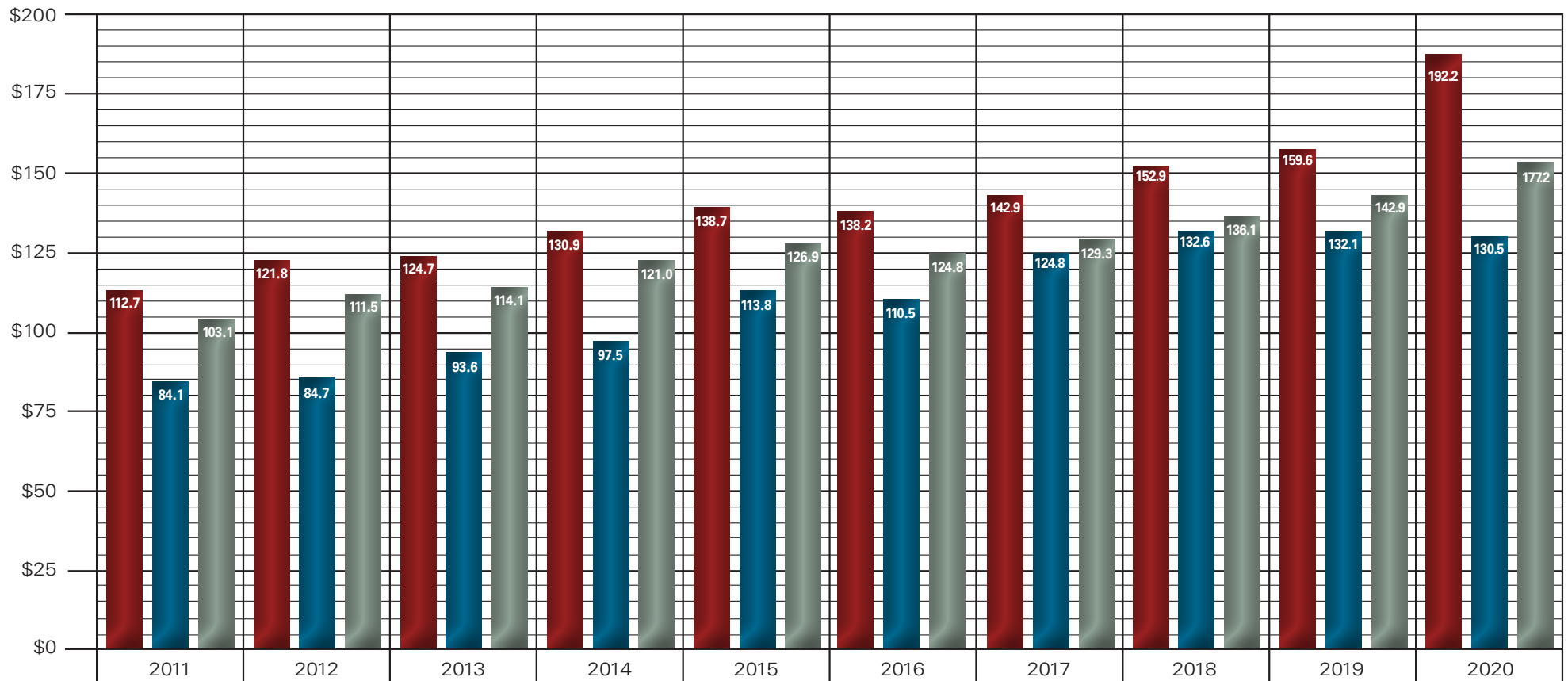
Member Equity		
Unrealized Gain/(Loss) on Securities	22,918	21,451
Regular Reserves	4,163,163	4,163,163
Undivided Earnings	11,439,115	9,386,484
<b>Total Members' Equity</b>	<b>\$15,625,195</b>	<b>\$ 14,495,734</b>

<b>Total Liabilities &amp; Members' Equity</b>	<b>\$192,171,597</b>	<b>\$159,613,396</b>
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# GROWTH METRICS

- ASSETS IN MILLIONS
- LOANS IN MILLIONS
- DEPOSITS IN MILLIONS



TRUE CREW ACKNOWLEDGEMENTS:

# TRUE SERVICE AWARD

FOR EXEMPLIFYING THE VALUE OF DEDICATION TO MEMBER SERVICE EXCELLENCE.

Chante Mitchell



TRUE CREW ACKNOWLEDGEMENTS:

# LEADERSHIP ASTRI AWARD

FOR OUTSTANDING DEMONSTRATION  
OF ATTITUDE, SERVICE, TEAMWORK,  
RESILIENCE AND INITIATIVE IN SERVICE OF  
THE MEMBERS AND STAFF OF TRUE NORTH

Amy Tonsgard





TRUE CREW ACKNOWLEDGEMENTS:

# EMPLOYEE ASTRI AWARD

FOR OUTSTANDING DEMONSTRATION  
OF ATTITUDE, SERVICE, TEAMWORK,  
RESILIENCE AND INITIATIVE IN SERVICE OF  
THE MEMBERS AND STAFF OF TRUE NORTH

Marquee Dydasco



TRUE CREW ACKNOWLEDGEMENTS:

# ASTRI NOMINEES

FOR OUTSTANDING DEMONSTRATION  
OF ATTITUDE, SERVICE, TEAMWORK,  
RESILIENCE AND INITIATIVE IN SERVICE OF  
THE MEMBERS AND STAFF OF TRUE NORTH



**Lacey Honsinger**



**Ann Vercelline**



**Melinda Wheeler**

## ADMINISTRATIVE OFFICE

2777 POSTAL WAY  
JUNEAU, ALASKA 99801

PHONE: (907) 523-4700  
FAX: (907) 586-8078  
E-MAIL: ADMIN@TRUENORTHFCU.ORG

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They True North offered me a great interest rate and approved me for an auto loan when I had few options. The staff was helpful and personable. I appreciate the leniency for payment due dates and the skip-a-pay option. — *Taryn A.*