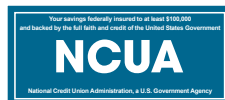




**TRUE NORTH**  
FEDERAL CREDIT UNION

# Annual Report 2008





## Mission Statement

*"Creating a true member moment every day!"*

## Our Values

Here at True North, our bosses are the people we serve every day — our members. We believe that member service starts with how we work with each other — if we love what we do and where we work, the members will share that experience. We each contribute to our organization and play a vital role in delivering the highest level of service to our membership. The values stated herein are integral to who we are as an organization, and are the foundation upon which we shall succeed.

**A - Attitude** – We recognize that a positive attitude is critical to a positive environment. We are committed to creating a work place that is professional and respectful, but also fun and dynamic.

**S - Service** – We are dedicated to providing excellent service to our members and to our co-workers each day. This is our mission, and we thrive on exceeding the expectations of others.

**T - Team** – We believe that we can achieve more together than apart, and that great teams are worth hard work. We will work with patience, trust and honesty to build great teams at True North.

**R - Resilience** – Change happens. We recognize that a successful organization must evolve and adapt in order to thrive. We embrace change as an opportunity to grow and improve service.

**I - Initiative** – We are encouraged to ask questions, voice ideas, and seek opportunities to improve our service to members and each other. To do so, we will ask questions knowing that they are welcome and we will strive to create opportunity where we do not immediately see it.

## BOARD OF DIRECTORS

**Jim Anderson**  
CHAIR

**Creighton Laurent**  
VICE CHAIR

**Brad Pierce**  
SECRETARY

**Gretchen Keiser**  
TREASURER

**Kim Gamero**

**Alan Schorr**

**David Teal**

## CORPORATE

**Lauren MacVay**  
PRESIDENT/CEO

**Rose Wysocki**  
CHIEF FINANCIAL OFFICER

**Bill Peters**  
VP OF CORPORATE DEVELOPMENT

**Marlene Huerta**  
VP OF COMPLIANCE

**Patty Ray**  
VP OF OPERATIONS

**Trevor League**  
IT MANAGER

**James Farley**  
CREDIT MANAGER

## BRANCHES

**TinaMarie Kile**  
ANCHORAGE BRANCH MANAGER

**Teresa Moore**  
FAIRBANKS BRANCH MANAGER

**Gail O'Dell**  
JUNEAU BRANCH MANAGER

**Ryan Dean**  
MENDENHALL BRANCH MANAGER

**Adina Larson**  
YAKUTAT BRANCH MANAGER

## SUPERVISORY COMMITTEE

**Randy Super**

**Jeff Landvatter**

**Laura Bruce**

**Kelly Brown**

**Rory Darling**

## LOAN AUDIT COMMITTEE

**Julie Fenumiai**

**Mark Troupin**

**Sandra Holst**

**Darcy Stetson**

## Contact Us

### Juneau Administrative Office

2777 Postal Way

P.O. Box 34157

Juneau, AK 99803

907-523-4778

Fax 907-586-8078

admin@truenorthfcu.org

### Express Teller

Audio Response

1-800-4-TELLER

(outside of local areas)

523-4744 Juneau

771-4744 Anchorage

328-4744 Fairbanks

### 24/7 Loans Toll-free

1-866-564-22590

Website:

www.truenorthfcu.org

GROWTH STATISTICS FOR TNFCU OVER THE PAST TEN YEARS.

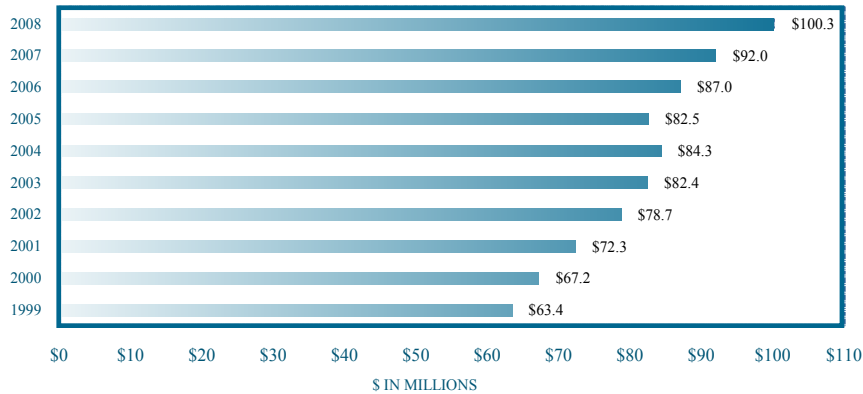
TRUE NORTH  
FEDERAL CREDIT UNION

61<sup>st</sup> ANNUAL MEETING  
MARCH 18, 2009 - 5:30 P.M.

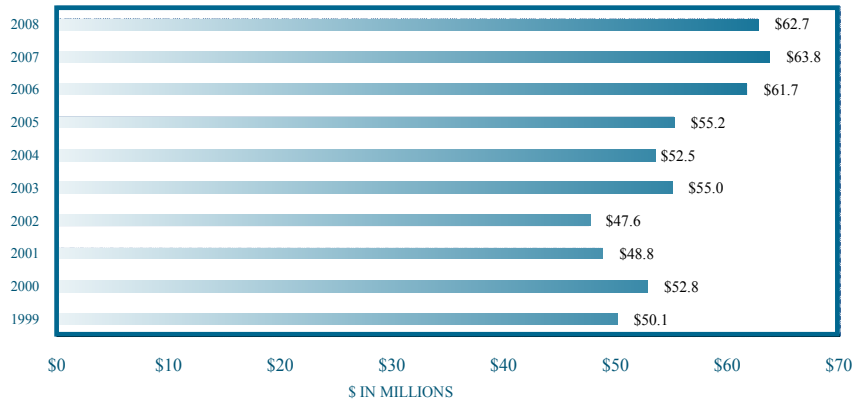
True North Administrative Offices  
2777 Postal Way  
Juneau, Alaska

AGENDA

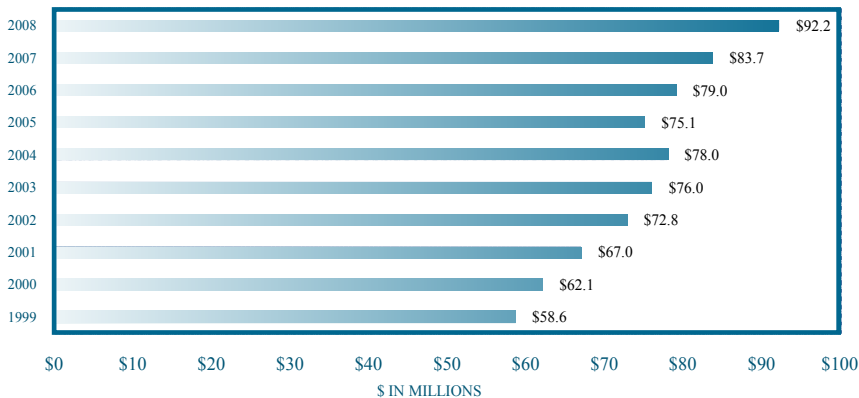
ASSETS



LOANS



DEPOSITS



- Call to Order
- Ascertainment of Quorum (15 members)
- Introduction of Volunteers
- Approval of Minutes from March 12, 2008 Annual Meeting
- Official Reports:
  - Board of Directors Report
  - Supervisory Committee Report
- Unfinished Business
- New Business
  - Nomination Committee Report
  - Elections
- Recognition and Awards
- Adjournment

**TRUE NORTH FEDERAL CREDIT UNION  
60TH ANNUAL MEETING  
MINUTES  
MARCH 12, 2008**

The 60th 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 Alan Schorr, Chair of the Board of Directors. It was determined that a quorum was present (29 total present).

Alan Schorr stated the meeting would be conducted under Robert's Rules of Order and appointed Gretchen Keiser as Parliamentarian.

Alan introduced the Board of Directors.

Lauren MacVay delivered a President's Report. She introduced Jeff Landvatter (Supervisory Committee) and Julie Fenumiai (Loan Audit Committee). She reviewed facility plans for 2008, which included a continued presence in the state office's in downtown Juneau. While she was unable to definitively state that an agreement had been reached with the State, she indicated that they had approached the Credit Union an ongoing relationship, and negotiations were promising. She confirmed that as of this point, the closure scheduled for March 27th, was suspended. Lauren discussed the new facility for the Fairbanks Branch, scheduled to open April 1st, and the success of the Yakutat branch opened in 2007. Lauren highlighted changes to the senior management team, and closed with a discussion of the banker's attacks on Credit Union's tax exempt status and the status of CURIA in Washington, DC.

Alan gave the report for the Board, reiterating that the Board was pleased that the Credit Union now had an opportunity to keep a state presence, and that they were very happy with the success to date of the Yakutat branch.

The membership considered approval of the minutes from the March 14, 2007 annual meeting. Brad moved approval of the Minutes as presented. There being no objection, the motion carried.

There was no unfinished business.

The only item of new business was election of Board officers. Alan noted that the nominating committee, composed of himself, Gretchen Keiser, Brad Pierce, David Teal and Creighton Laurent, presented Kim Garner and Jim Andersen for reelection to the Board. Alan then asked if there were any nominations from the floor. Hearing none, Alan asked for a motion to close nominations from the floor. Brad Pierce made said motion. The floor voted in favor, with none opposed, and the motion to close nominations carried. Alan stated that he would accept a motion to accept the slate of officers as presented by the Nominating Committee. Brad so moved. There being no objection, the motion carried.

Lauren MacVay then recognized Alicia Chilton for her 5 year anniversary, Tammy Scheland for 10 and Shannon Town for 20.

Alan asked for questions from the floor. There being none, he asked Alicia to begin drawings for Door Prizes. Door Prizes were won by Alicia Chilton, Brenda Heimbuch, Bill Peters and David Teal.

There being no further business before the membership, Lauren took a moment to direct attendees to help themselves to food, and thanked all the staff for their hard work. Alan adjourned the meeting with no objection from the membership. The meeting adjourned at 5:47 p.m.

Respectfully submitted,

Alan Schorr, Chair

Brad Pierce, Secretary

**2008... A YEAR IN PICTURES!**



**Administration staff show off a little NFL team spirit!**



**Anchorage proves to be a formidable grid-iron gang... Watch out Admin!**



**June Carlson, former Fairbanks Manager, visits with Marlene at the Grand Opening celebration.**



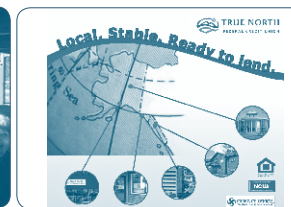
**A True North icon!**



**Staff gather to celebrate the new Fairbanks Branch location.**



**Staff gather wish Nicole Clark a Bon Voyage and present her with a few mementos to remember us by.**



**We are Local. Stable. Ready to Lend!**



**Staff wish Keith and family a fond farewell at Skater's Cabin.**



**Rose, Brenda, Lauren and Kelly pose after a long, wet, muddy 2008 United Way Day of Caring.**



**During the Day of Caring Rose proved she's good at numbers and clearing trails!**



**Yakutat shows their Halloween spirit. They're a branch that is small... but scary??**



**True North FCU wins the table decorating contest at the Juneau Chamber Dinner!**



**Juneau area staff members at the 2008 annual holiday party.**



**Admin staff and the Executive Team pose with Santa at the 2008 annual holiday party!**

## SUPERVISORY COMMITTEE

The Supervisory Committee, appointed by the Board of Directors, monitors the activities of the Board, management and staff by reviewing National Credit Union Administration (NCUA) exams, arranging for independent audits, and overseeing internal controls. Through these activities, the Supervisory Committee assists in ensuring the financial safety and soundness of the Credit Union.

In 2008, True North retained Moss-Adams, LLP as its new independent auditing firm. Along with the change in audit firm, True North changed the audit period to reflect a March 31 year end. The 2008 audit, for the fifteen month period ended March 31, 2008, resulted in a clean opinion. 2008 True North Adams, Additionally, True North had its last exam with its regulator, the NCUA, in the fall of 2008, effective September 30, 2008.

It is a pleasure to serve on the committee and represent the members' interests in True North Federal Credit Union.

Jeff Landvatter, Chair  
Randy Super  
Laura Bruce  
Kelly Brown  
Rory Darling

## 2008 ASTRI Winners!

Each year True North FCU management identifies and selects two individuals for an award which represents the the credit union values. Meet the two winners for 2008!



**Adina Larson**, Yakutat Branch Manager: Adina was appointed to the Yakutat Chamber Board in 2008. She has been instrumental in making the Yakutat Branch a welcome part of the community.



**Sara Boyer**, Anchorage Ops Supervisor: Sara's out-going team-playing spirit is noticed by all. During 2008 she selflessly left her home and personal life to help the Mendenhall Branch.

## BOARD OF DIRECTORS ANNUAL REPORT

On behalf of the Board of Directors of True North Federal Credit Union, I am pleased to present our annual report to you. Since its inception in 1948, the Credit Union has focused on providing competitively priced loan and deposit services to its membership, meeting their needs in good times and in bad. Unfortunately, for many people 2008 was a hard year. Defined by unprecedented turmoil in the housing and equities markets, the national economy entered a downturn of historic proportions. As is often the case, Alaska is not experiencing quite the same effects nationally, but we are not immune from the downturns in the housing and stock markets, or the cost of fuel.

Despite the news of massive bank failures and mergers nationally, we saw growth at True North. Members continue to invest in the safety of their local Credit Union and our regulator, the National Credit Union Administration, improved our ability to aid our membership by increasing deposit insurance levels to \$250,000. The largest Alaska Permanent Fund Dividend ever, combined with the energy stimulus money awarded to all Alaskans, resulted in \$20 million dollars in growth on September 12, 2008 and many members have chosen to retain those funds through the winter.

We are proud to report True North never engaged in sub-prime real estate lending. We are seeing the effects of the economic downturn in our investment earnings and loan losses, however, True North Federal Credit Union remains a more than adequately capitalized financial institution with a focus on its primary mission – serving the membership. As one of our ad campaigns read this year, we remain “Local, Stable and Ready to Lend”. In a market where many are finding it difficult to buy a house or refinance a mortgage because investors have become too conservative in their underwriting, True North almost doubled its first mortgage portfolio. We know that our best investment is in our membership and we encourage you to talk with us about all your financial needs.

In January 2008, the Federal Reserve took unprecedented action and dropped rates 75 basis points outside of a regular meeting. That change, combined with an additional 125 basis point reduction during the next two meetings, had a significant impact on our net interest margin. True North's loan volume slowed in the face of consumer uncertainty, resulting in more earnings pressure. We also experienced increased loan losses and losses on retirement programs associated with the stock market decline. All of these factors, when combined, resulted in a year of poor net earnings for True North.

Amidst the national economic news, 2008 was also a year of benchmarks for True North. The Credit Union turned 60, and in the year of its diamond anniversary, True North (for the first time ever) reached \$100 million in assets! In addition, with the opening of our new branch at 1211 Cushman Street in Fairbanks, we are able to offer our Fairbanks membership Drive-through service, Saturday hours, and an ATM. We also announced a new relationship with First Command Financial Planning, Inc. to provide our membership with long term financial planning services, achieving a long held goal of the Board. Credit Union wide, our member deposits grew by over 10%, and we're still growing.

As elected volunteers, we continue to guide the direction of the credit union in order to meet member needs. While the economic challenges in 2008 may be overshadowed by those of 2009, we want to take this opportunity to assure you True North remains financially sound despite the national economic turmoil. Our focus remains on you, our member, and we encourage you, as a member-owner, to forward your comments or concerns to us. Your input is important. We appreciate your continued support of True North, and we are happy that you find value in the products and services we offer!

Jim Andersen, Chair  
Brad Pierce, Secretary  
Kim Garner, Member  
David Teal, Member

Creighton Laurent, Vice Chair  
Gretchen Keiser, Treasurer  
Alan Shorr, Member



**True North Federal Credit Union**  
**Comparative Balance Sheets**  
**December 31, 2008 and 2007**

<b>Assets</b>	<b>2008</b>	<b>2007</b>
Loans	\$ 63,009,414	\$ 64,168,360
Less: Reserve for Loan Loss	\$ (352,571)	\$ (276,877)
Net Loans	\$ 62,656,843	\$ 63,891,483
Cash and Cash Equivalents	\$ 1,999,306	\$ 1,785,209
Investments	\$ 27,049,753	\$ 18,385,284
Accrued Interest Receivable	\$ 300,887	\$ 309,266
Property and Equipment, net	\$ 5,832,989	\$ 5,332,216
NCUA Share Insurance Deposit	\$ 399,985	\$ 729,735
Prepaid Expenses and Other Assets	\$ 1,689,275	\$ 1,592,562
<b>Total Assets</b>	<b>\$ 99,929,038</b>	<b>\$ 92,025,755</b>
<b>Liabilities and Members' Equity</b>		
Shares	\$ 21,186,427	\$ 18,802,083
Share Money Market	23,041,635	18,776,611
Share Certificates	23,502,121	24,141,606
IRA's	2,453,077	2,310,346
IRA Certificates	4,470,284	4,439,142
Share Drafts	17,559,905	15,234,490
Accrued Dividends	596,440	569,528
Other Liabilities	511,077	664,915
<b>Total Liabilities</b>	<b>93,320,966</b>	<b>84,938,721</b>
Members' Equity		
Regular Reserves	2,576,163	2,576,163
Undivided Earnings	4,031,909	4,510,871
<b>Total Members' Equity</b>	<b>6,608,072</b>	<b>7,087,034</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 99,929,038</b>	<b>\$ 92,025,755</b>

**NCUA NATIONAL CREDIT UNION SHARE INSURANCE FUND STATEMENT**

In December 2008, it was determined that the NCUA (our regulators) would be using the National Credit Union Share Insurance Fund (NCUSIF) to guarantee deposits in the corporate Credit Union system. NCUA took this action because the corporate Credit Unions (which serve natural person Credit Unions like True North) are feeling the effects of the deterioration of the investment market even though their investments were in conservative, highly rated instruments. Because the NCUSIF is funded by investments from Credit Unions, the guarantee of the corporate Credit Union deposits resulted in a 51% decline in the value True North's investment in the NCUSIF. The impact to True North was a \$416,311 reduction of our investment in the NCUSIF which is reflected in the financials herein. This adjustment is considered an extraordinary event and is not reflective of True North's operations or the stability of any Credit Union, but rather is indicative of the Credit Union industry's self reliance and dedication to cooperative principles.

**True North Federal Credit Union**  
**Comparative Income Statements**  
**For the Years Ended December 31, 2008 and 2007**

<b>Income</b>	<b>2008</b>	<b>2007</b>
Interest on Loans	\$ 4,665,859	\$ 4,827,718
Interest on Investments	872,757	799,254
Fee and Other	1,921,053	1,907,705
<b>Total Income</b>	<b>7,459,669</b>	<b>7,534,677</b>
<b>Expenses</b>		
Dividends on Members' Deposits	1,875,082	1,997,444
Provisions for Loan Loss	601,637	398,153
Operating Expenses	5,089,457	4,914,205
<b>Total Expenses</b>	<b>7,566,176</b>	<b>7,309,802</b>
<b>Net Income before NCUSIF Adjustment</b>	<b>\$ (106,507)</b>	<b>\$ 224,875</b>
<b>Net Income after NCUSIF Adjustment</b>	<b>\$ (522,818)</b>	<b>\$ 224,875</b>



**Opening it Up:** Volunteer Kelly Brown cuts the ceremonial ribbon at the Fairbanks Branch Grand Opening.