



TRUE NORTH
FEDERAL CREDIT UNION

2022 ANNUAL REPORT

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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

Lillian "Lisa" M. Worl, Secretary

Kim Garnero

Karen Morgan

Valerie Mertz

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
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



TODD SCHUR
VP OF MARKETING AND
COMMUNITY IMPACT

Aaron Mar
IS Manager

Melinda Wheeler
Human Resources and
Administrative Manager

Stephen Beedle
Loan Services Manager

Amy Tonsgard
Mortgage Lending Manager

William Boothe
Business Lending Manager

Edwin Kinisu
Consumer Lending Manager

Angela Graham
Member Contact Center Manager

Rex Tetzlaff
Collections Director

Jessica Naumcheff
Compliance and
Risk Management Director

Sara Teague
Training Director

BRANCH MANAGEMENT
Josh Yelle
Anchorage Branch Manager

Chris Oeser
Juneau Branch Manager

True North's Journey...

1948 Juneau Territorial Employee Federal Credit Union is formed.

1959: Name changed to Juneau State FCU as Alaska officially becomes the 49th state.

1978: Anchorage branch opens and Alaska State Employees FCU adopted as new name.

1983: We grew our footprint in Southeast Alaska after welcoming Skagway FCU into the ASEFCU family.

2003: We update our name to True North FCU to reflect our growing mission.

2023 It's our 75th Diamond Anniversary!

CHAIR'S REPORT



This year, we celebrate True North FCU's 75th Anniversary. Since its inception, the Board of Directors has been dedicated to the Credit Union's member-owners, ensuring that their assets remain safe and secure and that their Credit Union grows and evolves with their needs.

On November 24, 1948, Juneau Territorial Employees Federal Credit Union was signed into being and Alaska's longest surviving credit union was born. Here we are 75 years later, and we are proud of how True North has grown. Over the course of 2023, as we approach our anniversary date, you'll be seeing a look back over our journey. I think you'll see that while we have grown and changed, our DNA has remained the same. Our commitment to member, community and cooperative principles remains core to who we are.

As an example of this commitment, in 2022 the Board approved a bylaw change that modifies the way Board elections are held. Members are invited to express their interest in Board service, and if not selected by the Board Nominating Committee can still run for election by petition. If there are more candidates than available seats, a member wide election is held electronically or by mail. This new method makes participating in the governance process, critical to our cooperative nature, much more accessible to all members.

On behalf of the Board of Directors, I want to express my thanks to our member owners as well as the many dedicated employees who have shaped this Credit Union. **Seventy-Five years of financial stability and commitment to service and community is an accomplishment of which we should all be proud.**

PRESIDENT'S REPORT



I am happy to report to you that 2022 was another strong year for True North. We finally emerged from the shadow of the pandemic, happily leaving the days of disruptions in branch service behind and permanently returning to normal service levels early in the year. We definitely saw secondary impacts, such as heightened employee turn over, which finally stabilized in the back half of the year.

The rapid increase in interest rates over the course of the year was unexpected, but True North was well positioned to take advantage of higher investment yields. Despite inflationary pressure, our members weathered the changes well and loan quality remains strong.

During the year, the True Crew completed the last of a series of technology investments, converting our Debit and Credit card programs to a new platform that allowed us to offer upgraded services including a dedicated TNFCU Cards App, real time fraud alerts, Tap functionality and more. These investments greatly improved the access, security and convenience of our card programs. Additionally, we launched a new website that is more mobile friendly and allows us to more effectively communicate with our member-owners.

There were other changes we made over the course of the year that deserve some attention. For example, all True North members who have their payroll direct deposited to their True North account get their money deposited when we get it – potentially

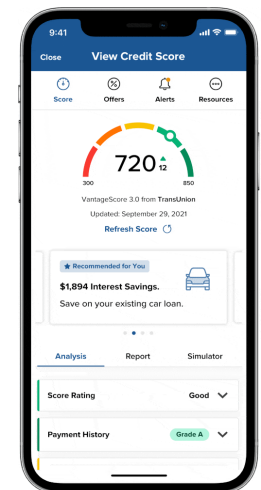
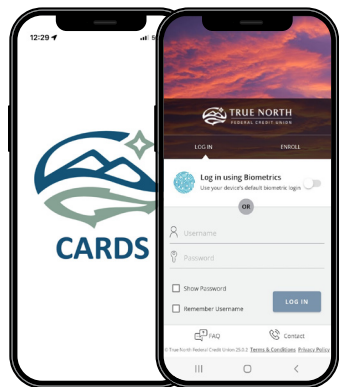
2 days early. During the year we also eliminated the overdraft transfer fee, believing that our members shouldn't have to pay to access their own funds.

Along with the new website came a new Financial Education resource MoneyEDU. This powerful suite of tools is available to members and the community at large, and includes resources on everything from budgeting to investments, but also offers robust information on college expenses and financing options. The portal has content specifically designed for teens as well, giving them the foundations for financial stability at an early age.

I am pleased that some of our prior technology investments have clearly been well received by the membership. Our Mobile App, launched in 2021, has a 5 Star rating in the Apple Store and 4.7 Stars on Google Play Store! Additionally, the SavvyMoney platform we launched in late 2021 with our new eBanking platform has been a success with the membership. Members see the value in managing their credit score and learning about how to improve it, while benefiting from the ID Theft protection that comes with ready access to their credit reports.

True North was also recognized in the Best of Juneau contest as the 2022 Winners in the Best Credit Union and Best Home Mortgage categories, as well as Second Place winner in Best

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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 retained the independent auditing firm CliftonLarsonAllen, LLP to perform the annual Financial Statement Audit for year-ended December 31, 2022, 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. The results were good and TNCU 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 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, Supervisory Committee Chair

Josephine Stern, Supervisory Committee Secretary

Chris Letterman, Supervisory Committee Member

Amber LeBlanc, Supervisory Committee Member

Timothy Lewis, Supervisory Committee Member

PRESIDENT'S REPORT *CONTINUED FROM PAGE 4*

Place to Work. We were very honored to be recognized by our community. Our Vision is to become Alaska's most loved Credit Union and we are on our way!

As always, there is a lot in store for us in 2023. The economy may be a question, but we are well capitalized and maintain a healthy balance sheet. Our focus will remain on member first initiatives as we move through 2023. We will be launching



Indirect Auto lending with a few key dealers in our markets, making it easier than ever for members to finance with us. Other initiatives

include strengthening our relationships with community partners that focused on financial education and affordable housing.

Above all, our commitment to our membership drives us to further develop meaningful relationships with our members and local communities, continuing our dedication to the people of Alaska. Thank you for choosing to be a part of our financial cooperative.

TREASURER'S REPORT

I am pleased to report that once again, True North had a very strong year. Assets climbed to a new record of \$211 Million, and earnings remained strong at \$1.6M, an ROA (Return on Assets) of 0.78%. This growth resulted in a Net Worth ratio 9.12%, well above our regulator's 7% standard for well capitalized and above the Board's strategic target of 9%.

Earnings were a bit less than 2021 as rising interest rates had a negative effect on mortgage loan volume, but the Credit Union was very well positioned to improve interest income. When interest rates were very low, the Credit Union did not seek yield by investing long term, instead keeping funds not being lent to members highly liquid. When rates started to go up, we were able to capitalize on those increases quickly.

Over the course of the last three years, the Credit Union has grown by approximately 33%. While faster than our normal rate, this growth has been healthy and member's net worth has increased by over \$3.5 Million – almost 25%.

2022 Financial Highlights:

- Assets grew by almost \$5.7 Million, or 2.7%.
- After a year of slight decline in 2021, loans grew 5.6% to \$132 Million in 2022.
- Member deposits grew 2.2%
- Loans Issued – 1,613 loans for \$55,058,187 issued to members
- Transfers to Allowance for Credit Loss totaled only \$320,000, reflecting members strong credit performance.

True North Management has invested significant time and resources in preparation for compliance with the new FASB Current Expected Credit Losses (CECL) method for accounting for anticipated loan losses, shifting to that methodology on January 1, 2023. This transition occurred successfully, and management made a one-time transfer from retained earnings to the Allowance for Credit Losses of \$295,488 effective January 1, 2023.

The coming year will no doubt pose new challenges, as interest rates and inflation increase and the ample liquidity of the past few years becomes more strained. We anticipate that consumer loan growth will be strong, but deposit growth will be significantly reduced. However, despite inflationary pressures, we expect the loan portfolio to perform well.

Whatever the future holds, True North is well capitalized with ample liquidity resources, and is well positioned to continue to meet member needs in the coming year.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021

Income	2022	2021
Interest on Loans	6,733,412	7,069,389
Interest on Investments	1,196,941	176,849
Fees and Other Incomes	2,577,349	3,615,277
Total Income	\$10,507,702	\$10,861,516
Expenses		
Dividends on Member Deposits	329,287	383,311
Provisions for Loan Loss	320,200	221,500
Operating Expenses	8,277,855	8,250,889
Total Expenses	\$8,927,342	\$8,855,699
Income Before Extraordinary Items	\$1,580,360	\$2,005,816
Extraordinary Items Income/(Expense)	30,375	50,835
Net Income	\$1,610,735	\$2,056,651

GROWTH METRICS (IN MILLIONS)

Year	Assets	Loans	Deposits
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
2022	211.3	132.3	191.0

COMPARATIVE BALANCE SHEETS

FOR THE YEARS ENDED
DECEMBER 31, 2022 & 2021

Assets	2022	2021
Loans to Members	133,327,369	126,244,039
Less: Reserve for Loan Loss	(1,021,416)	(1,195,257)
Net Loans	\$132,305,953	\$125,048,782
Cash & Cash Equivalents	1,459,853	1,708,253
Investments/Fed Funds	69,190,474	71,551,521
Accrued Interest Receivable	621,570	433,829
Property & Equipment, net	3,939,854	4,076,008
NCUA Share Insurance Deposit	1,764,002	1,712,091
Prepaid Expenses & Other Assets	2,063,520	1,139,249
Total Assets	\$211,345,226	\$205,669,734
Liabilities & Members' Equity		
Shares	64,566,373	60,948,270
Share Money Market	48,583,095	49,742,449
Share Certificates	19,746,087	20,291,984
IRA's	2,196,483	2,115,870
IRA Certificates	2,726,395	2,723,717
Share Drafts	53,176,770	50,975,429
Accrued Dividends	99,123	98,967
Other Liabilities	2,196,764	1,281,173
Total Liabilities	\$193,291,090	\$188,177,858
Member Equity		
Unrealized Gain/(Loss) on Securities	(1,215,528)	(167,054)
Regular Reserves	4,163,163	4,163,163
Undivided Earnings	15,106,501	13,495,766
Total Members' Equity	\$18,054,136	\$17,491,875
Total Liabilities & Members' Equity	\$211,345,226	\$205,669,734

ANNUAL MEETING AGENDA

TRUE NORTH
FEDERAL CREDIT UNION

MAY 17, 2023

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



74TH ANNUAL MEETING MINUTES • MAY 17, 2022

The 74th Annual Meeting of True North Federal Credit Union was called to order at 5:35 p.m. 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 David Teal 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 27, 2021 Annual Meeting. Christine stated that if there were no objection, she would 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 27, 2021. No objection was made and 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 up to 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 2021 financials has been completed and was clean. The Committee also reviews the NCUA and other regulatory exams conducted regularly throughout the year. The committee additionally performs their own audits and surprise cash counts at the branches. She concluded by noting that the Committee responds to 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. Christine also thanks the Supervisory Committee for their work and support of the Credit Union.

Lauren MacVay delivered a report on behalf of the Board and Executive Management. Lauren reviewed 2021 financial performance, noting it was a very strong year. She highlighted two significant benchmarks; for the first time the credit union surpassed \$200 Million in assets and had net income in excess of \$2 Million for the first time in its history. She noted that similar performance is not anticipated for 2022, but the strong bottom line supported a stable net worth ratio, a key regulatory metric, despite the significant asset growth. Lauren looked ahead to 2022, detailing some of the projects

under way for the membership. They include revitalizing home equity loan products, a new Frontline Heroes Mortgage program, a new and improved debit and credit card platform, loan application enhancements with dealers, and a new public website.

Christine and the Board thanked 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 two Board seats were up for election this year, those of Valerie Mertz and David Teal. She also noted that all volunteers were seeking reelection. The Nominating Committee put forth a slate of candidates that included these two 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, and the motion was moved with a request for unanimous consent. Christine asked for objections, and hearing none, the motion electing the slate of candidates passed.

Christine asked if there was any other new business. There was none. However, Lisa shared her experience with the City and Borough of Juneau Finance Committee and the recognition of True North Federal Credit Union's involvement in the HeatSmart Program and the number of homes that have benefited from this program.

Lauren thanked the volunteers for their service, noting that they kept the credit union close to its cooperative DNA. She recognized Buffy Pederson for her significant work on behalf of the membership in 2021.

There being no further business before the membership, Christine asked for a motion to adjourn the meeting. David made a motion and with no objection from the membership the meeting adjourned at 6:00 p.m.

Respectfully submitted,
Lisa Worl, Secretary

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