

# 2019 ANNUAL REPORT

TRUE NORTH  
FEDERAL CREDIT UNION



Federally Insured by NCUA



©Photo by Kerry Howard

# 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

**KIM GARNERO, CHAIR**

**MARK TROUPIN, VICE-CHAIR**

**DAVID TEAL, TREASURER**

**CHRISTINE MOLESKI, SECRETARY**

**LILLIAN "LISA" M. WORL**

**KAREN MORGAN**

**VALERIE MERTZ**

# SUPERVISORY COMMITTEE

**ELIZABETH "BUFFY" PEDERSON, CHAIR**

**CHRIS LETTERMAN**

**ERIC DEMOULIN**

**KAREN TARVER**

**CORRY ISABELL**

# 71ST ANNUAL MEETING MINUTES

TRUE NORTH  
FEDERAL CREDIT UNION  
MAY 23, 2019

The 71st 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 Kim Garner, Chair of the Board of Directors.

Kim asked Kaitlin Murray how many members were in attendance, and Kaitlin reported that 31 members were in attendance. Kim declared a quorum had been reached.

Kim asked that the volunteers present introduce themselves. The Directors in attendance introduced themselves.

Kim stated the meeting would be conducted under Robert's Rules of Order and asked Mark Troupin to serve as Parliamentarian.

The membership considered approval of the minutes from the March 14, 2018 annual meeting. Kim stated that if there was no objection, she would adopt a motion to waive reading of the

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# 71ST ANNUAL MEETING MINUTES

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minutes. Hearing no objection, the reading was waived. Kim stated that if there was no objection, she would adopt a motion to approve the minutes of March 14, 2018. No objection was 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 responsible for the annual CPA Audit, and Buffy reported the Audit of 2018 financials has been completed and was clean. The Committee also performed other audits of their choosing, such as select accounts, reconciliations, and compliance with policy and procedure. She concluded by noting that the Committee also reviews member complaints and have their own PO Box that only the Committee checks for that purpose.

Lauren MacVay delivered a report on behalf of the Board and Executive Management. She noted that the Credit Union had a strong financial year with record earnings, and in early 2019 hit the Board's target net worth ratio of 9%. As a reflection on what reaching this target means for the membership, she cited a repeal of the bill pay fee in 2018 and creation of a new scholarship for high school seniors that was launched for the 2019-2020 school year.

A repeat of that earnings level is not expected for 2019. Lauren discussed economic uncertainty due to the State budget and sudden changes in Federal Reserve interest rate policy as some of the headwinds the Credit Union is facing in the coming year. She indicated that the Credit Union will continue on course with healthy earnings and capital levels.

Management will launch E-sign technology in 2019, bringing improved service for remote members and improved efficiency for staff. Further, management is completing a formal member survey to assess member effort and to provide guidance for future strategic planning. Lauren also discussed the Credit Union's investment in a new intranet, which she believes will improve staff training and satisfaction, and by extension, member experience.

Lauren firmly reiterated that the Board and management of the Credit Union are committed to the State of Alaska, and highlighted for the membership the declining number of Credit Unions based in Alaska. She also discussed the

impact that Credit Unions have on their markets, noting that Credit Unions save their members millions of dollars just by being in the market place.

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

Kim announced that the first item of New Business was Nominations. She reported for the Nominating Committee that two Board seats were up for election this year, those of Jim Andersen and David Teal. She noted that after 16 years of service to the Credit Union, Jim was not seeking reelection, but David was. The Nominating Committee put forth a slate of candidates that included David Teal, and introduced Valerie Mertz to fill Jim Andersen's seat.

Kim asked Valerie if she would like to make a statement in support of her candidacy to the membership, and she spoke about her background professionally and her history of volunteerism.

Kim asked if there were any nominations from the floor. No nominations were made and Kim closed nominations from the floor. Kim asked for a motion to accept the slate of candidates presented by the Nominating Committee, and the motion was moved and seconded. Kim asked for objections, and hearing none, the motion electing the slate of candidates passed.

Jim stepped down from his Board seat, and Lauren presented him with a gift in thanks for his service. Valerie Mertz assumed Jim's seat.

Kim asked if there was any other new business. None was raised.

Lauren MacVay then recognized 4 employees for five and fifteen years of service. She also expressed her gratitude to the Board and Supervisory Committee for their contributions during the year.

Kim asked Kaitlin to begin with Door Prizes, and three prizes were awarded.

There being no further business before the membership, Kim adjourned the meeting with no objection from the membership. The meeting adjourned at 5:51 p.m.

Respectfully submitted,

Christine Moleski, Secretary

# ANNUAL MEETING AGENDA

TRUE NORTH FEDERAL CREDIT UNION  
MAY 20, 2020  
MENDENHALL BRANCH  
2777 POSTAL WAY, JUNEAU, ALASKA

- Call to Order
- Ascertainment of Quorum
- Introduction of Volunteers
- Approval of Minutes from May 23, 2019 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



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



**NICCHIA  
LEAMER**  
VP OF LENDING

Everything went smoothly and I appreciated the extra steps taken during COVID as far as email correspondence and setting up online documents to sign. —Angela B.

# CHAIR and PRESIDENT MESSAGE

For many years, True North's slogan has been **"Guiding Alaskans on their Financial Journey."** It acknowledges the fact that everyone's needs are different, and that needs can change. True North has the capacity to meet these diverse needs, but has maintained the heart and commitment of a small community-based credit union.

True North has been part of Alaska's past since it was chartered in 1948. In fact, it is the oldest operating Credit Union in Alaska by about a week! Further, True North is the only financial institution based in Juneau. We have a proud history of serving Alaskans, originally chartered as Juneau Territorial Employees Federal Credit Union. In 1959 - the year Alaska became a state - our name was changed to Juneau State Employees FCU. We then became Alaska State Employees FCU in 1978 after a merger with Northern State Employees FCU. We changed our name to True North Federal Credit Union in 2003 recognizing the expanded membership we now serve. Like Alaska, True North has grown and evolved over the course of the 72 years. Throughout that journey, **True North's mission has always**

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Thank you so much for approving my loan. The virus pandemic greatly affected my family and I. I applied for the bridge personal loan because I am not sure when my partner and I will be going back to work and our bills needed to be paid. Thank you this helped us out a great deal! —Ronald P.



# CHAIR AND PRESIDENT MESSAGE

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**been dedicated to meeting the financial needs of its members and supporting the communities it serves.** We are, and will remain, fully committed to this great state of Alaska, and your Credit Union will continue to be managed by Alaskans, for Alaskans.

## PERFORMANCE

Your Credit Union thrived in 2019, experiencing steady growth and earnings. Staff issued \$59 Million in loans to members. Growth in the consumer and commercial loan portfolios was offset by declines in the mortgage and home equity portfolios, as we elected to not put new mortgage loans in portfolio in 2019. While the loan portfolio was stable, deposits were up \$6.8 million or 5%. This was a positive outcome, as it improved the Credit Union's liquidity position and put the Credit Union in a better position for balanced growth in heading into 2020. Net Worth grew to \$14.5 Million, an increase of over 8% and the Credit Union maintained a 9% net worth ratio throughout the year, which was the strategic target set by the Board. Finally, Membership grew by over 3% and your Credit Union nearly doubled the amount of dividends being paid out to its membership in 2019!

## THE TRUE CREW

For a very long time, we have referred to True North employees as the True Crew. It started as an informal phrase you heard now and again, and over time has grown to be part of the fabric of who we are. Internally here at True North, **we celebrate Attitude, Service, Teamwork,**



**Resilience and Initiative**, as we have learned on our journey that those traits are necessary for us to thrive in our constantly changing environment. The True Crew truly embodies those traits. In all the member feedback we have received over the past year, there was a considerable amount of great comments about members of the Crew - we love to hear that and do pass it on to them!

One thing that happened in 2019 that we hadn't planned on was the kind of wonderful thing that you can't just make happen. **A group of future True Crew leaders got together and formed NextGen**, a group dedicated to leadership development and community service. We are inspired by the passion our future leaders have for True North and service to their communities, and appreciate so much the energy and creativity they bring to the Credit Union.

## IT'S ABOUT COMMUNITY....

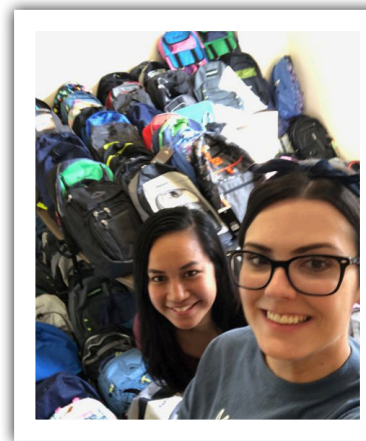
Core to True North's mission is service to community, and the True Crew had fun fulfilling their mission in 2019. Some initiatives included:

**Cash for Can Drive:** This combined cash and can drive resulted in the equivalent of approximately 5,000 pounds of food donated to local food banks.

**Financial Reality Fairs** - True North once again worked with the Financial Reality Foundation to offer Financial Reality Fairs to seniors at

Juneau's three high schools.

**Back Pack Drive:** Anchorage members and staff raised \$1378 in monetary and school supply donations, and the True Crew delivered 162 backpacks with basic school supplies to the Anchorage School District Child-in-Transition Office!



**Day of Caring:** Members of the Juneau True Crew participated in the United Way's 2019 Day of Caring, providing helping hands at Helping Hands foodbank in Juneau.

**Anchorage True Crew in the community:** The Anchorage True Crew volunteered at Food Bank of Alaska, Bean's Café, and Identity, Inc

**Holiday Dessert Auction:** True Crew held an internal dessert auction, with funds raised going to Shop with a Cop in Juneau and Anchorage Firefighter Charitable Foundation in Anchorage. The Credit Union matched auction proceeds and \$2100 was donated to these very good causes.

Also, as a part of our dedication to serving our communities, during 2019 True North and our employees raised and provided funds for a number of Alaskan non-profits in the communities we serve including: Relay for Life; Big Brothers Big Sisters of Alaska; United Way; Alaska Business Week at the University of Alaska,

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# CHAIR AND PRESIDENT MESSAGE

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Fairbanks; SE Alaska Food Bank; Glacier Swim Club; Alaska Legal Services and Bean's Cafe.

In 2018, we launched our first scholarship program and in 2019 we award three \$2500 scholarships to Alaska students. We were pleased to see applications from all over the State. For this year, we increased funding for the program and awarded 4 scholarships. We are proud of this program and the positive impact it will have on some young Alaskans just setting out on their financial journey!



what you think. When you do, you provide invaluable insight into how we can better serve you and meet your needs. This is your opportunity to guide us on our journey!

One major investment in 2019 was eSign. Going live in the first quarter of 2020, this ability to electronically sign membership and loan documents has huge benefits for the Credit Union and

the membership. Internally, it will improve efficiency. For the membership, it means that loan and other member documents can be processed with ease from anywhere. True North will never have a large brick and mortar footprint, but it is our goal to make banking with us simple and intuitive no matter where you are. Towards that end, staff have begun evaluating electronic banking platforms, looking for one platform that will seamlessly support you whether you are at home, on a hike or in our lobby. A few other areas of focus for 2020 include upgrading and expanding our ATM network, improving your options to make loan payments online, and enhancing communications with chat and text functionality.



respond to this crisis, striking the best balance we could find between protecting the True Crew and providing the levels of service needed by the membership. Among other things, the Credit Union has offered skip payments, an emergency loan program, fee waivers, and participation in the Paycheck Protection Program. Thus far, the average PPP loan amount issued by True North is approximately \$40,000, showing that we really are reaching Alaska's critical small businesses.

Between the impacts of Covid 19 and the changes in the oil market, our State faces some profound challenges over the coming years. There are so many questions at this point, that it remains to be seen whether this will be a delay in our journeys, or whether we will be changing course entirely. Either way, it is our goal to support our membership and our communities on the road to recovery, however long or steep it may be.

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.

## STRATEGIC FOCUS

True North has been on a journey of its own over the past few years, investing significantly in improving core technology. We know we are not done yet, but we have laid a very strong foundation, enabling the Credit Union to respond dynamically to your needs long into the future.

In 2019, we began an initiative to seek out member feedback in new ways, and those efforts have been very successful. We learned a great deal about our relationship with our membership. There was very good news there, but also some very clear areas that need some work! This information from the membership formed the foundation for our operational focus in 2019 and 2020, so it's important for you to know that your feedback was heard and was integral in setting priorities for the coming year. You will see more opportunities to communicate with us in 2020, with survey efforts focused on consumer lending, teller transactions and contact center interactions - please take advantage of this outreach and let us know

## COVID 19

While this report is about 2019, we must address what has transpired in the first few months of 2020, as the Covid 19 pandemic has interrupted all of our journeys, financial or otherwise! We have done our best to



**Lauren MacVay**  
President/CEO



**Kim Garner**  
Board Chair

# 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



**RANEE  
AKI**  
MEMBER CONTACT  
CENTER MANAGER



**ASHLEE  
HAMILTON**  
MENDENHALL  
BRANCH MANAGER



**TAYLEE  
ESCALANTE**  
JUNEAU IGA  
BRANCH MANAGER



**KRISTIN  
OBERMAN**  
ANCHORAGE  
BRANCH MANAGER



**JOLENE  
SMITH**  
HUMAN RESOURCES  
DIRECTOR



**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.

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# SUPERVISORY COMMITTEE ANNUAL REPORT

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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, 2018, and verification of member accounts. The result was an unqualified 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 are excited for our two newest members who joined this past calendar year, Karen Tarver and Corry Isabell. Both bring helpful expertise and skills to our group!

Sincerely,

**Buffy Pederson**, Supervisory Committee Chair

**Chris Letterman**, Supervisory Committee Secretary

**Eric Demoulin**, Supervisory Committee Member

**Karen Tarver**, Supervisory Committee Member

**Corry Isabell**, Supervisory Committee Member

# COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018

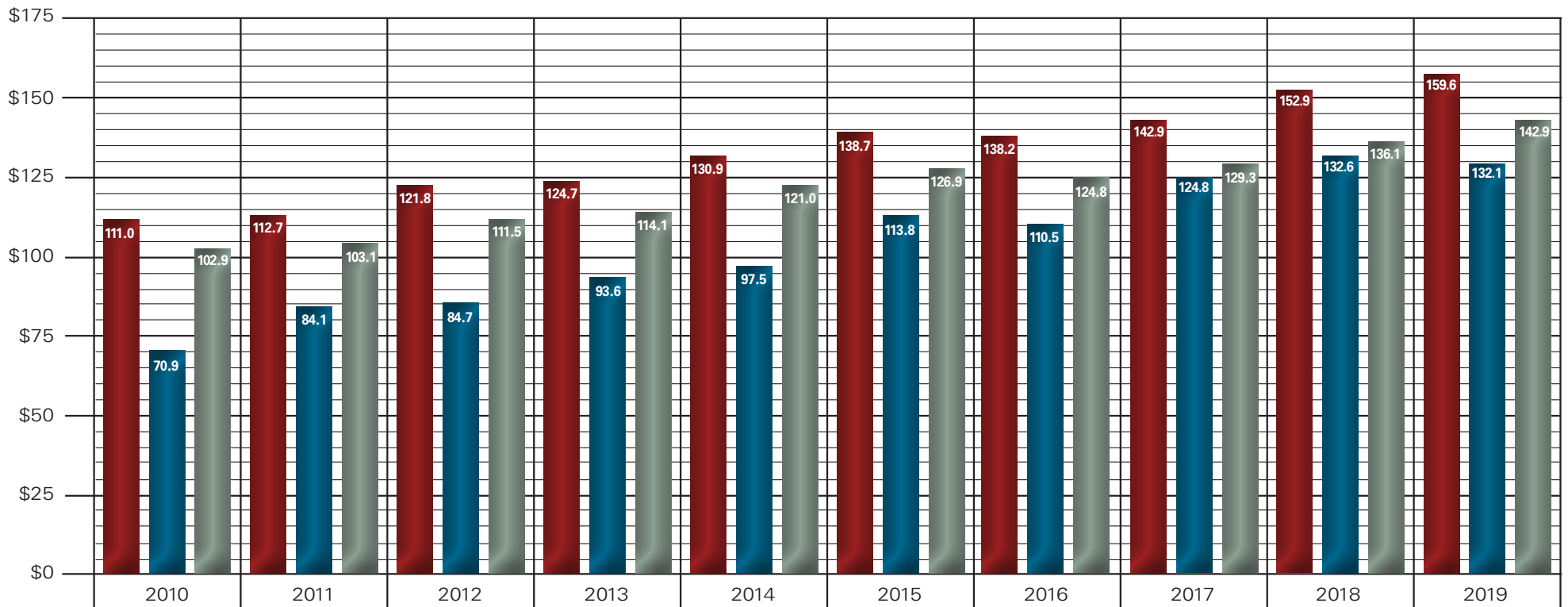
<b>Income</b>	<b>2019</b>	<b>2018</b>
Interest on Loans	7,286,040	6,921,955
Interest on Investments	293,801	210,194
Fees and Other Incomes	3,080,721	2,677,819
<b>Total Income</b>	<b>\$10,660,562</b>	<b>\$9,809,968</b>
<b>Expenses</b>		
Dividends on Member Deposits	748,766	459,379
Provisions for Loan Loss	1,060,900	1,096,030
Operating Expenses	7,516,383	6,994,368
<b>Total Expenses</b>	<b>\$9,326,049</b>	<b>\$8,549,777</b>
<b>Income Before Extraordinary Items</b>	<b>\$1,334,513</b>	<b>\$1,260,192</b>
Extraordinary Items Income/(Expense)	(409,876)	26,564
<b>Net Income</b>	<b>\$924,637</b>	<b>\$1,286,755</b>

# COMPARATIVE BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

<b>Income</b>	<b>2019</b>	<b>2018</b>
Loans to Members	133,166,730	133,521,443
Less: Reserve for Loan Loss	(1,092,796)	(877,332)
<b>Net Loans</b>	<b>\$132,073,935</b>	<b>\$132,644,111</b>
Cash & Cash Equivalents	1,625,665	1,194,248
Investments/Fed Funds	17,538,967	10,289,328
Accrued Interest Receivable	485,110	484,603
Property & Equipment, net	5,534,238	5,779,927
NCUA Share Insurance Deposit	1,318,502	1,270,418
Prepaid Expenses & Other Assets	1,036,980	1,288,573
<b>Total Assets</b>	<b>\$159,613,396</b>	<b>\$152,951,208</b>
<b>Liabilities &amp; Members' Equity</b>		
Shares	43,919,422	42,305,498
Share Money Market	35,194,590	35,308,747
Share Certificates	22,834,181	19,932,254
IRA's	1,720,436	2,090,629
IRA Certificates	2,970,054	1,890,095
Share Drafts	36,308,646	34,587,111
Accrued Dividends	246,048	95,185
Other Liabilities	1,924,284	3,302,339
<b>Total Liabilities</b>	<b>\$145,117,662</b>	<b>\$139,511,859</b>
Member Equity		
Unrealized Gain/(Loss) on Securities	21,451	(110,297)
Regular Reserves	4,163,163	4,163,163
Undivided Earnings	9,386,484	8,099,729
<b>Total Members' Equity</b>	<b>\$ 14,495,734</b>	<b>\$13,439,350</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$159,613,396</b>	<b>\$152,951,208</b>

# GROWTH STATISTICS



■ ASSETS IN MILLIONS   
 ■ LOANS IN MILLIONS   
 ■ DEPOSITS IN MILLIONS

Thank you to TNFCU as a whole and personally to Alice! You guys are always there when we need you! Simply put, You all are nothing short of Amazing and we sincerely appreciate you. —Member



TRUE CREW ACKNOWLEDGEMENTS:

# TRUE SERVICE AWARD

FOR EXEMPLIFYING THE VALUE  
OF DEDICATION TO MEMBER  
SERVICE EXCELLENCE.



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



We have no complaints but feeling grateful for approving our loan, because we were able to pay off majority of our credit cards and much more. Thank you True North FCU for helping us when we needed it. Very friendly, got approved quickly, very helpful in times of need. — Nephi T.

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



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

*Alycia  
Smith*



*Marie  
Robancho*



## ADMINISTRATIVE OFFICE

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

[www.TrueNorthFCU.org](http://www.TrueNorthFCU.org)



“ The service at TN is GREAT!!!! The reps whether in person or on the phone are extremely friendly, personable, professional, and very importantly KNOWLEDGABLE!!! I have always, every time, been treated with a smile and with respect regardless of how elementary my questions may be or assistance needed may be. I really love True North!!! —Patricia H. ”