

2019 ANNUAL REPORT

NorState
Federal Credit Union

Your Lifelong Financial Partner

WORKING TOGETHER TO IMPROVE OUR MEMBERS LIVES

*"NorState FCU is the most valued,
respected and progressive
provider of financial services to
all residents of Aroostook County
and Northern Penobscot County."*

SINCE 1941

Messages from Leadership

Dear NorState Members:

It's hard to believe another year is behind us and we are looking back at 2019 and staring into 2020.

As your recently elected Board Chair, I wanted to start by recognizing and thanking Clifton Cyr for his years of volunteer service to our credit union and most recently spending the last few years as our chairman. Thank you, Cliff for your service to the members of NorState FCU.

As I reflect on the credit union's accomplishments, I am happy to report that our focus on enhancing member's experiences thru technology, while remaining vigilant in protecting your private information remains a high priority.

NorState also continues looking for ways to reward our members for their loyalty to the credit union with our LuvMyCUPERKS Reward Program is an effective way of saying thanks for your loyalty to NorState. We have been able to promote this journey while recognizing continued profitable growth that has led to a strong capital position. This allows your credit union to continue looking for ways to grow and improve the overall member experience, while continually giving back to all of you by way of competitive rates in the marketplace.

Credit unions were formed in the times of the Great Depression to give consumers a safe place to do their financial business with a level of trust and security.

We continue to strive in the areas of assisting and securing our member's financial well-being, as well as, giving back to the communities we serve.

This only happens with the dedication of a hardworking Staff, Management Team, Supervisory Committee and Volunteer Board of Directors.

It's People who primarily make an organization successful and thanks to everyone in the NorState FCU family and you, our dedicated and loyal members, we will continue to grow and prosper in these demanding economic times.

We look forward to continued success and delivering quality service and products to you in 2020. Thank you for being a member of NorState Federal Credit Union.

Respectfully yours,



Jeffery Davenport
Chairman, Board of Directors

Dear Members,

2019 has come to a close and 2020 marks a new decade for our Credit Union. This year we are celebrating our 79th anniversary and look forward to another milestone of 80 years in 2021.

So much has happened to our credit union over the last 79 years. We have grown from a very small and basic service provider to a \$200 million full-service credit union that we are today. Undoubtedly, as we all know, we have many more adventures and continued growth on the horizon.

you with more value for your membership. This is evident in the LuvMyCU Perks program that rewards members for their loyalty to our credit union. I encourage you to explore the program and make the most of the benefits and services that we can offer in a mutually beneficial relationship.

As always, your feedback is important to us. We exist for service to you and encourage you to communicate with us to keep us informed of what your needs are.

I would be remiss if I didn't thank all of you for your support of our Ending Hunger program. Together we have raised \$329,595.20 for our local food pantries since 1999 and collected 101,000 pounds of food. The heartfelt generosity of our membership continues to support our communities and those in need.

I hope that 2020 brings you all health, prosperity and happiness. We value your membership and loyalty to the organization that we all work so hard to support and extend our promise to you that we will continue to make you proud to be a member.

On behalf of the entire staff and your elected volunteers I wish to: Thank you for the privilege to serve you. Thank you for your continued support. Thank you for your loyalty.

Respectfully,



This past year, NorState Federal Credit Union was recognized by Forbes Magazine as one of the top 100 Credit Unions in the country and in the top 3 in the State of Maine. What an honor and accomplishment. You should all be very proud in being an important element in that recognition!

We continue to develop our products and services to provide you with safe, convenient, and efficient avenues to conduct your finances. With these changes, we aim to provide

Susan G Whitehead
Susan G Whitehead, CEO, CCUE

Financial Report 2019

COMPARATIVE BALANCE SHEET

AS OF DECEMBER 31, 2019

	2018	2019
ASSETS		
LOANS	\$123,744,158.17	\$128,315,775.91
PARTICIPATION LOAN	0.00	0.00
STUDENT LOANS	297,521.52	254,069.27
VISA LOANS	6,832,620.95	6,625,635.76
MORTGAGE LOANS	26,014,032.12	28,438,332.04
ALLOWANCE FOR LOAN LOSSES	(1,314,592.68)	(1,310,783.87)
NET LOANS OUTSTANDING	\$155,573,740.08	\$162,323,029.11
CASH	\$2,238,555.23	\$2,018,663.60
FEDERAL AGENCY SECURITIES	\$-	\$-
TRICORP	855,469.53	4,984,189.70
JUMBO CD INVESTMENT	15,494,655.43	15,918,695.35
MECUL CAPITAL STOCK	200,000.00	200,000.00
OTHER CU SHARES	24,760.19	39,118.97
FEDERAL HOME LOAN BANK	669,910.14	536,524.86
INVEST IN EQUINOX AROOSTOOK - CUSO	90,010.00	90,010.00
LOAN TO EQUINOX AROOSTOOK - CUSO	69,032.30	58,183.06
SYNERGENT DEBENTURES	15,000.00	5,000.00
ALLOWANCE FOR LOSS ON INVESTMENTS	0.00	0.00
NET INVESTMENTS	\$17,418,837.59	\$21,831,721.94
NEW BUILDING (NET)	\$755,233.86	\$676,288.30
LAND & BUILDING - MAD BRANCH (NET)	119,789.96	114,389.96
LAND & BUILDING - E.L. BRANCH (NET)	128,593.64	119,463.92
LAND & BUILDING - ASH. BRANCH (NET)	131,161.50	126,583.50
LAND & BUILDING - VB BRANCH (NET)	150,024.62	135,258.02
LAND & BUILDING - FK BRANCH (NET)	227,782.10	222,465.50
LAND & BUILDING - PI BRANCH (NET)	1,379,539.91	1,349,963.43
STORAGE SHED - MAD (NET)	0.00	0.00
STORAGE SHED - FK (NET)	1,160.00	920.00
LEASEHOLD IMPROVEMENTS (NET)	2,859.11	1,708.60
LAND IMPROVEMENTS (NET)	2,396.32	1,822.44
FURNITURE & EQUIPMENT (NET)	289,203.63	304,487.86
ALL OTHER ASSETS	2,636,302.49	2,273,397.97
DEPOSITS IN NCUSIF	1,497,483.56	1,506,600.49
PENSION PLAN ASSET	3,845,550.00	3,656,653.00
SPLIT DOLLAR LIFE INSURANCE CSV	1,269,359.59	1,299,840.82
TOTAL OTHER ASSETS	12,436,440.29	11,789,843.81
TOTAL ASSETS	\$187,667,573.19	\$197,963,258.46
LIABILITIES		
ACCOUNTS PAYABLE (INCLUDING CSD)	\$730,076.08	\$1,954,152.07
NOTES PAYABLE	9,250,000.00	8,500,000.00
ALL OTHER LIABILITIES	238,145.11	131,230.17
TOTAL LIABILITIES	\$10,218,221.19	\$10,585,382.24
OWNERS' EQUITY		
SHARES	\$39,704,263.43	\$42,312,051.46
SHARE DRAFTS	24,216,440.62	25,203,476.44
IRA CERTIFICATES	19,443,201.30	20,011,331.91
SHARE CERTIFICATES	45,928,818.43	51,411,309.58
MONEY MARKET FUND (FLEXES)	15,943,733.08	15,392,519.86
NON-MEMBER CERTIFICATES	1,047,000.00	798,000.00
REGULAR CLUBS	4,239,193.89	3,868,969.62
IRA CLUBS	4,365,393.68	3,966,848.63
ESCROW PAYABLE	50,805.36	44,245.20
UNAPPLIED CLUB	54,531.34	68,530.13
TOTAL DEPOSITS	\$154,993,381.13	\$163,077,282.83

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Financial Report 2019

	2018	2019
REGULAR RESERVES	\$3,718,650.07	\$3,718,650.07
ACC GAIN/LOSS AFS SECURITIES	0.00	0.00
UNDIVIDED EARNINGS	22,322,515.09	23,684,464.09
UNRECOGNIZED GN (LS) IN PENSION PLAN	-3,312,955.00	-3,216,321.00
ACCUM UNREALIZED GN/LS ON AFS INVEST.	-272,239.29	113,800.23
TOTAL RETAINED EARNINGS	22,455,970.87	24,300,593.39
TOTAL LIABILITIES & EQUITY	\$187,667,573.19	\$197,963,258.46

COMPARATIVE INCOME STATEMENT

	AS OF DECEMBER 31, 2019	
	2018	2019
INCOME		
INTEREST INCOME:		
INTEREST ON LOANS	\$8,669,808.65	\$9,260,410.08
INCOME FROM INVESTMENTS	390,857.73	452,263.72
INCOME FROM INVESTMENT IN CUSO	2,429.27	2,082.80
TOTAL INTEREST INCOME	\$9,063,095.65	\$9,714,756.60
INTEREST EXPENSE:		
DIVIDENDS	\$1,352,882.20	\$1,744,622.74
INTEREST ON BORROWED FUNDS	160,510.90	214,469.52
TOTAL INTEREST EXPENSE	1,513,393.10	1,959,092.26
NET INTEREST INCOME	\$7,549,702.55	\$7,755,664.34
PROVISION LOAN LOSS	\$598,236.90	\$744,453.39
PROVISION FOR INVESTMENT LOSS	0.00	0.00
NET INT. INC. AFTER PROVISION LOSS	\$6,951,465.65	\$7,011,210.95
OPERATING EXPENSES:		
SALARIES	\$3,023,350.09	\$3,266,391.99
EMPLOYEE BENEFITS	820,462.52	1,051,374.14
EDUCATION & CONFERENCE EXPENSES	99,282.34	122,624.65
LEAGUE DUES	28,396.00	27,116.00
OFFICE OCCUPANCY EXPENSES	434,460.69	433,733.67
OFFICE OPERATIONS EXPENSES	747,511.63	780,751.67
MEMBER EDUCATIONAL & PROMOTIONAL	175,376.52	184,410.25
LOAN SERVICING EXPENSES	578,141.03	691,058.67
PROFESSIONAL & OUTSIDE EXPENSES	662,725.75	730,286.14
OPERATING FEE - NCUA	48,837.22	50,566.42
CASH OVER & SHORT	83.73	2,362.35
ANNUAL & OTHER MEETINGS	33,019.69	35,717.04
UNREALIZED LOSS ON CANADIAN \$	17,843.67	112,738.72
LOSS ON CANADIAN EXCHANGE	0.00	0.00
MISCELLANEOUS EXPENSES	51,857.84	53,138.82
TOTAL OPERATING EXPENSE	\$6,721,348.72	\$7,542,270.53
OTHER OPERATING INCOME:		
RECOVERY OF UNREALIZED LOSS ON CAN \$	\$36,084.08	\$49,152.85
INCOME FROM CANADIAN EXCHANGE	31,784.44	32,890.28
MISC. OPERATING INCOME	2,144,031.48	2,085,905.04
TOTAL OTHER OPERATING INCOME	\$2,211,900.00	\$2,167,948.17
NON-OPERATING GAIN (LOSS):		
GAIN (LOSS) ON DISPOSITION-ASSETS	\$278,880.07	\$226,777.00
OREO EXPENSE / INCOME	65,332.66	48,162.59
TOTAL NON-OPERATING GAIN (LOSS)	(344,212.73)	(274,939.59)
NET INCOME (LOSS)	\$2,097,804.20	\$1,361,949.00

BOARD OF DIRECTORS

Jeff Davenport, Chairman
 Leigh Smith, Vice Chairman
 Raymond Marquis, Treasurer
 Muriel Dechaine, Secretary
 David Mitchell, Director
 Bert Cyr, Director
 Sherry Locke, Director

SUPERVISORY COMMITTEE

Maurice Pelletier, Committee Chairman
 Mary Ann Chasse, Member
 Sharon Chasse, Member
 Jackie LeBel, Member
 Bert Cyr, Member

NorState
 Federal Credit Union

Your Lifelong Financial Partner

Madawaska, Van Buren, Eagle Lake, Ashland, Fort Kent, Presque Isle

(800) 804-7555 • www.norstatefcu.org

