



# *NorState*

Federal Credit Union

*Serving YOU Since 1941*

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

1-800-804-7555

2023  
Annual Report

# President/CEO's message



As I look back on 2023, I not only reflect on my first full year as NorState's CEO, but also on the 82-year history of our credit union, including the hard-working employees and volunteers who have played key roles in helping us get to where we are today. We feel strongly that leveraging those lessons learned and successes from the past, while balancing the constant evolution of new products, services, technology, and competition will help provide a solid path to success as an organization.

2023 was a challenging year for everyone. With higher-than-normal inflation leading to higher interest rates, as well as increasing costs of food, gas, utilities, etc., this has led to some higher delinquencies, charge-offs, and increasing costs of doing business for your credit union. With all these challenges, your credit union staff and volunteers have worked hard to maintain a solid level of Capital to weather the current and potential future stormy days, while preparing ourselves to evolve and grow in this ever-changing financial services industry.

As we move further into 2024 and enter 2025, our focus will not change. We will continue to explore new technologies, products, and solutions that will provide our members with opportunities for financial growth and security, while meeting their financial goals. We will also continue to leverage these same concepts to improve our operational efficiency to reduce redundancy in our operations while using those savings to reinvest in our members and employees through dividends, better loan rates, and improved employee packages to ensure quality retention and recruitment of new employees.

I would like to commend our staff for creating NorState's 5 Core Values that we intend to exhibit every day at NorState. Those values are Community, Courage, Integrity, Passion, and Trust. These values will not only impact how we treat you, our members, but how we treat each other as a credit union team. What I'm most proud of is that these are the values our employees chose and not something management had to cascade down to them as expectations.

I want to thank our dedicated staff, management team, volunteers, and our members for their support, patience, and for allowing us to be your financial partner.

*Jeff Davenport*  
President & CEO

## COMPARATIVE FINANCIAL STATEMENTS BALANCE SHEET

	2022	2023
<b>ASSETS</b>		
Loans	\$126,450,811	\$128,465,413
Student Loans	94,592	53,845
VISA Loans	5,692,944	5,692,722
Mortgage Loans	50,151,658	51,090,106
Allowance for Loan Loss	(938,856)	(1,849,975)
<b>Net Loans Outstanding</b>	<b>\$181,451,149</b>	<b>\$183,452,111</b>
Cash	\$2,841,541	\$2,178,166
Net Investments	45,385,773	54,751,369
Fixed Assets	2,676,023	2,533,875
Deposit in NCUIF	1,914,906	2,202,994
Pension Plan Assets	4,861,494	5,062,992
Other Assets	4,079,387	4,509,912
<b>Total Assets</b>	<b>\$243,210,273</b>	<b>\$254,691,419</b>
<b>LIABILITIES &amp; EQUITY</b>		
Accounts Payable	\$1,068,707	\$1,516,555
Other Liabilities	382,236	832,430
Notes Payable	4,000,000	6,000,000
<b>Total Liabilities</b>	<b>\$5,450,943</b>	<b>\$8,348,985</b>
<b>SHARES/DEPOSITS</b>		
Shares	\$68,219,212	\$56,899,307
Share Drafts	40,103,277	38,385,449
Share & IRA Certificates	68,860,057	89,857,797
Money Market Fund (Flex)	21,112,871	20,722,178
Non-Member Certificates	599,525	0
Regular & IRA Clubs	12,621,157	10,957,177
<b>Total Deposits</b>	<b>\$211,516,099</b>	<b>\$216,821,908</b>
<b>EQUITY</b>		
Reserves & Undivided Earnings	\$33,344,158	\$33,439,867
Unrecognized Gn (Ls) in Pension Plan	(3,623,682)	(3,256,798)
Accum. Unrealized Gn/Ls on AFS Invest.	(3,477,245)	(662,545)
<b>Total Liabilities &amp; Equity</b>	<b>\$243,210,273</b>	<b>\$254,691,419</b>
<b>INCOME STATEMENT</b>		
	2022	2023
<b>INTEREST INCOME</b>		
Interest on Loans	\$9,410,738	\$10,725,027
Income From Investments	633,711	1,139,128
<b>Total Interest Income</b>	<b>\$10,044,449</b>	<b>\$11,864,155</b>

# 2023: A YEAR IN REVIEW

## INTEREST EXPENSE

Dividends	\$1,310,986	\$3,106,152
Interest on Borrowed Funds	72,359	197,298
<b>Total Liabilities</b>	<b>\$1,383,345</b>	<b>\$3,303,450</b>
<b>Net Interest Income</b>	<b>\$8,661,104</b>	<b>\$8,560,705</b>
Provision for Credit Losses	\$798,672	\$269,313
Provision for off B/S CR Exposure	0	22,407
<b>Net Interest Income After PCL</b>	<b>\$ 7,862,432</b>	<b>\$8,268,985</b>

Other Non-Interest Operating Income      \$2,835,086      \$2,715,194

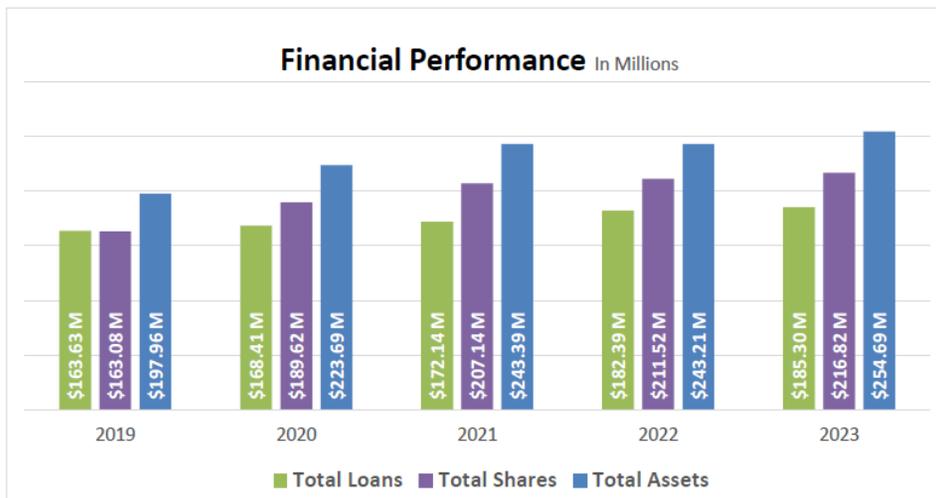
## OPERATING EXPENSES

Salaries & Employee Benefits	\$4,999,910	\$5,645,460
Education & Conference Expenses	95,969	101,534
Office Occupancy Expenses	497,204	548,727
Office Operations Expenses	993,976	1,087,718
Member Education & Marketing	207,598	227,845
Loan Servicing Expenses	813,841	865,875
Professional & Outside Expenses	1,006,138	1,003,671
NCUA Operating Fee	38,235	39,520
Miscellaneous Expenses	178,566	149,563
<b>Total Operating Expenses</b>	<b>\$8,831,437</b>	<b>\$9,669,913</b>

## NON-OPERATING GAIN (LOSS)

Gain (Loss) on Disposition-Assets	(\$98,109)	(\$147,691)
OREO Expense / Income	(19,646)	(13,752)
<b>Total Non-Operating Gain (Loss)</b>	<b>(\$117,755)</b>	<b>(\$161,443)</b>

**Net Income**      **\$1,748,326**      **\$1,152,823**



- ◆ **JANURAY:** NorState donates 2022 coin sorter fees to PALS & Angel Flight totalling \$6000.
- ◆ **FEBRUARY:** Phone system upgraded to better serve members. This new system allows Digital Services staff to transfer calls more efficiently.
- ◆ **MARCH:** NorState FCU receives Community Involvement Award at the St. John Valley Chamber of Commerce Annual Dinner.
- ◆ **APRIL:** Staff enjoys 1st annual Spirit Week hosted by Culture Committee. Days included: Flannel Day, Tropical Tuesday, Wacky Wednesday, Throwback Thursday, and Sports/ Team Day.
- ◆ **MAY:** NorState FCU donates over \$33,000 to local pantries at Annual Meeting as part of year-long fundraising efforts for the Ending Hunger Campaign.
- ◆ **JUNE:** NorState FCU awards eight \$1000 scholarships to local high school seniors.
- ◆ **AUGUST:** NorState introduces Flex Auto Financing - the 2nd credit union in Maine to offer this lease-like auto loan.
- ◆ **SEPTEMBER:** Staff welcomes college students by attending campus community fair.
- ◆ **OCTOBER:** The Aroostook Chapter of Maine Credit Unions hosts its first in-person Financial Fitness Fair for local high school seniors since 2019.
- ◆ **NOVEMBER:** After recent certifications, NorState proudly shares having eight Certified Credit Union Financial Counselors on staff.
- ◆ **DECEMBER:** Over 1700lbs. was collected during Hope for the Holidays food drive.

#teamnorstate

