

NorState
Federal Credit Union

Your Lifelong Financial Partner

NORSTATE FEDERAL
CREDIT
UNION



1941 - 2016
YEARS

2015 Annual Report

Dear Members

The journey through our 75th year began on March 9th and we are reminded daily, that we have a very rich history, that has formed our credit union throughout the years. NorState has helped many members get through the tough times, purchase that special something, make dreams happen, joys of ownership a reality or furthering ones education and financial success.

Countless discussions by our past leaders have carried the history of your credit union throughout these 75 years, and have been passed down to existing staff.

During the past 75 years we have grown, federal and state regulations have changed, employees evolved, but we continue to provide all of our members with the best possible products and services in the industry.

Our 75th year is like so many of the past, with new and innovative services lining up to be developed and delivered. We are moving into the digital arena with electronic signatures for loans and account opening documents coming soon, EMV chip technology is moving forward on new credit and debit cards being issued, and a new and updated website will be launched this year. Additional staff is in place to better our member service delivery, and we continually look forward to serving you.

We encourage you to keep an ear open for communications from NorState which are geared towards informing you with new offers, products and services designed to save you money or add value and convenience to your life. Please do not hesitate to invite your family, friends and co-workers to become members of this great credit union and share in the low fees and higher dividend rates available from a credit union, that puts members first. As always, we are grateful for the opportunity to have served you for so many years and look forward to our 100th celebration with you. 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.

Sincerely,

Susan G Whitehead, CEO, CCUE



Our Timeline...

1941	Fraser Employees FCU was Chartered on March 9th
1941-46	First Office in a broom closet at Fraser's Time Office
1946	Built a small office on Bridge Street
1959	Moved to Mother Martin's Bar on Bridge Street
1964	Fraser Paper remodels Nancy Lunch on Main St. for CU Al Roy hired as first full time Manager
1965	Marie Blanche Savoy hired, office opens 5 days a week
1966	25th Anniversary - 1st Million in Assets
1969	Purchase Nancy's Lunch from Fraser Papers
1971	Reach 2 Million in Assets
1972	Demolish building Main St., Mill Strike delays new build
1973	Break ground. Reach 3 Million in Assets.
1974	May, move into new Main Street location
1977	Start offering Share Draft (checking)
1979	Purchase Long Bar next door for expansion
1981	Expansion built. Hired George Roy, first accountant
1983	Expand Field of Membership to relatives, Visa introduced
1988	Al Roy named CEO, Harold Violette named President Build Drive-Thru on Fox Street, Madawaska
1989	Roy retires, Violette named full time President
1990	ATMs installed in 4 locations
1991	50th Anniversary, 36 Million in Assets Merge with Northern Maine CU in Eagle Lake
1994	Open branch office in Portage
1995	Name changes from Fraser Employees to Fraser FCU
1997	Move Portage location to Ashland
1998	David Rossignol hired for President, Violette named CEO
1999	Violette retires, Rossignol named CEO
2000	Move Main Street operations to new building on Fox St. Fraser FCU and Gateway FCU in Van Buren merge, name changes to NorState FCU. 70 Million in Assets
2001	Designated SBA Lender, 5th ATM added to Van Buren
2002	Sixth ATM added in Eagle Lake
2003	CDFI Designation, Field of Membership expanded Ashland branch opens new location, 7th ATM added
2004	Open a branch location in Fort Kent, Main Streets.
2005	Fort Kent branch, Market St., w/8th ATM. Expand Field of Membership all Aroostook & No. Penobscot Counties
2006	65 Year Anniversary, 100 Million in Assets, sell Main St.
2008	5000 sq. ft. expansion at Fox St. Madawaska location.
2009	Open Presque Isle office and 9th ATM
2009-12	Many technical products & services introduced
2013	Rossignol retires. Susan G. Whitehead named CEO
2016	75th Anniversary, \$176 Million Assets, 13,500+ Members

COMPARATIVE BALANCE SHEET

As of December 31, 2015

	2015	2014
ASSETS		
Loans	\$125,444,183.14	\$127,962,993.99
Participation Loan	0.00	0.00
Student Loans	483,075.99	600,611.61
VISA Loans	4,483,534.81	4,766,018.33
Mortgage Loans	10,829,060.84	8,829,152.15
Allowance for Loan Losses	(1,074,588.12)	(479,543.36)
Net Loans Outstanding	\$140,165,266.66	\$141,679,232.72
Cash	\$1,703,483.31	\$1,978,460.91
Federal Agency Securities	\$-	\$-
TRICORP	7,312,882.36	4,097,971.12
Jumbo CD Investment	10,387,121.21	10,184,121.21
MECUL Capital Stock	200,000.00	200,000.00
Other CU Shares	22,732.50	1,141.59
Federal Home Loan Bank	649,859.30	741,739.38
Invest in Equinox Aroostook - CUSO	90,010.00	90,010.00
Loan to Equinox Aroostook - CUSO	170,589.94	177,849.38
Synergent Debentures	47,500.00	0.00
Allowance for Loss on Investments	(1,417.07)	(1,417.07)
Net Investments	\$18,879,278.24	\$15,491,415.61
New Building (Net)	\$985,933.72	\$1,034,164.26
Land & Building - Mad Branch (Net)	135,989.96	141,389.96
Land & Building - E.L. Branch (Net)	156,927.50	120,640.97
Land & Building - Ash. Branch (Net)	149,750.98	155,948.14
Land & Building - VB Branch (Net)	194,324.42	209,091.02
Land & Building - FK Branch (Net)	251,873.19	264,774.29
Land & Building - PI Branch (Net)	1,479,846.35	1,512,871.48
Storage Shed - Mad (Net)	210.76	572.92
Storage Shed - FK (Net)	1,880.00	2,120.00
Leasehold Improvements (Net)	7,565.03	5,848.27
Land Improvements (Net)	4,771.74	6,336.74
Furniture & Equipment (Net)	494,590.74	573,745.39
All Other Assets	4,048,484.90	3,576,854.07
Deposits in NCUSIF	1,406,533.70	1,378,071.04
Pension Plan Asset	4,946,108.00	5,954,595.00
Split Dollar Life Insurance CSV	1,203,100.78	1,182,154.26
Total Other Assets	15,467,891.77	16,119,177.81
Total Assets	\$176,215,919.98	\$175,268,287.05
LIABILITIES		
Accounts Payable (Including CSD)	\$797,799.04	\$791,783.13
Notes Payable	6,750,000.00	8,505,000.00
All Other Liabilities	154,162.23	129,635.58
Total Liabilities	\$7,701,961.27	\$9,426,418.71
OWNERS' EQUITY		
Shares	\$32,541,873.42	\$30,633,280.15
Share Drafts	20,786,542.74	17,800,380.19
IRA Certificates	20,029,213.77	20,031,929.63

Share Certificates	48,954,858.51	49,602,787.77
Money Market Fund (Flexes)	14,203,981.11	14,630,775.70
Non-Member Certificates	4,539,000.00	6,037,000.00
Regular Clubs	3,249,826.11	2,948,410.24
IRA Clubs	3,353,492.41	2,667,346.43
Escrow Payable	94,649.47	119,090.47
Unapplied Club	47,427.01	47,196.68
Total Deposits	\$147,800,864.55	\$144,518,197.26
Regular Reserves	\$3,718,650.07	\$3,718,650.07
Acc Gain/Loss AFS Securities	0.00	0.00
Undivided Earnings	19,278,870.09	18,676,423.01
Unrecognized Gn (Ls) in Pension Plan	-2,284,426.00	-1,071,402.00
Total Retained Earnings	20,713,094.16	21,323,671.08
Total Liabilities & Equity	\$176,215,919.98	\$175,268,287.05

COMPARATIVE INCOME STATEMENT
As of December 31, 2015

	2015	2014
INCOME		
Interest Income:		
Interest On Loans	\$7,492,238.98	\$7,593,711.98
Income From Investments	202,339.56	178,032.03
Income from Investment in CUSO	5,672.60	5,904.44
Total Interest Income	\$7,700,251.14	\$7,777,648.45
Interest Expense:		
Dividends	\$1,317,199.85	\$1,306,093.00
Interest On Borrowed Funds	36,052.23	36,848.15
Total Interest Expense	1,353,252.08	1,342,941.15
Net Interest Income	\$6,346,999.06	\$6,434,707.30
Provision Loan Loss	\$1,164,420.53	\$660,920.88
Provision for Investment Loss	0.00	0.00
Net Int. Inc. After Provision Loss	\$5,182,578.53	\$5,773,786.42
OPERATING EXPENSES		
Salaries	\$2,635,830.51	\$2,558,199.86
Employee Benefits	676,268.30	653,958.11
Education & Conference Expenses	77,202.71	93,545.76
League Dues	25,844.09	24,864.38
Office Occupancy Expenses	424,754.76	427,462.09
Office Operations Expenses	676,573.73	659,565.26
Member Educational & Promotional	134,528.34	140,062.09
Loan Servicing Expenses	474,834.36	407,796.90
Professional & Outside Expenses	576,138.52	528,199.72
Member Insurance	1,655.93	20,612.28
Operating Fee - NCUA	32,052.01	31,717.95
Cash Over & Short	1,215.80	1,572.49
Annual & Other Meetings	24,619.33	25,453.68
Unrealized Loss On Canadian \$	11,918.64	10,344.01
Loss On Canadian Exchange	0.00	0.00
Miscellaneous Expenses	66,467.32	30,352.97
Total Operating Expense	\$5,839,904.35	\$5,613,707.55

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OTHER OPERATING INCOME

Recovery of Unrealized loss on Can \$	\$22,239.13	\$13,749.00
Income from Canadian Exchange	25,501.30	16,579.27
Misc. Operating Income	1,745,972.32	1,738,936.35
Total Other Operating Income	\$1,793,712.75	\$1,769,264.62

NON-OPERATING GAIN (LOSS)

Gain (Loss) on Disposition-Assets	\$496,892.77	\$-
Oreo Expense / Income	39,885.65	43,554.10
Total Non-Operating Gain (Loss)	(536,778.42)	(43,554.10)

NCUSIF STABILIZATION EXPENSE	0.00	0.00
TRICORP MCS WRITE DOWN EXPENSE	0.00	0.00
NCUSIF PASSED BACK INCOME	0.00	0.00

Net Income (Loss)	\$599,608.51	\$1,885,789.39
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Message from the Board of Directors

Dear Members,

It brings me great pleasure to welcome all of you to NorState's Annual Meeting. This is a very special year because NorState is celebrating its 75th Anniversary.

The Board continues to stress that member satisfaction is our top priority. We are always looking for new products and services to better serve you.

We are currently working on a membership survey and appreciate your responses, as this will serve us well in providing us with valued information and progress to forge forward and be the best financial institution for you and future generations. This will assist us in serving you the members, the best we possibly can.

As always, NorState Federal Credit Union continues to strive to be the most valued, respected and progressive provider of financial services and work together to improve member's financial lives.

We are all part of this cooperative, we are all owners, and responsible for its growth and success.

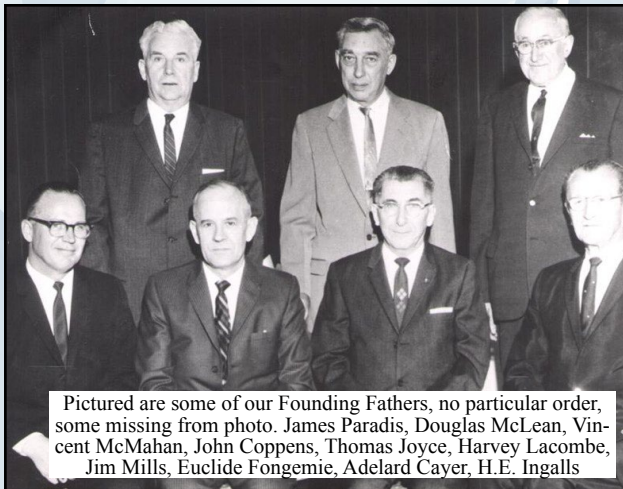
Thank you for being part of NorState's family.

I wish you all the best,

Clifton P. Cyr

Chairman, Board of Directors

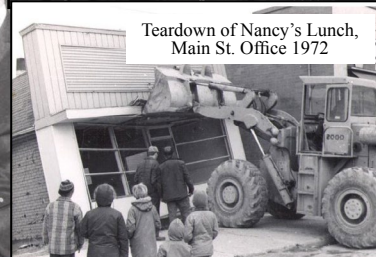




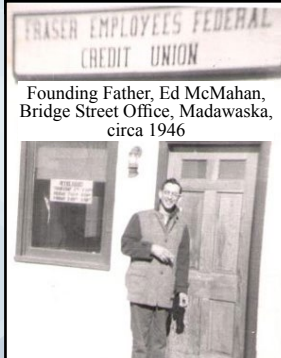
Pictured are some of our Founding Fathers, no particular order, some missing from photo. James Paradis, Douglas McLean, Vincent McMahan, John Coppens, Thomas Joyce, Harvey Lacombe, Jim Mills, Euclide Fongemie, Adelard Cayer, H.E. Ingalls



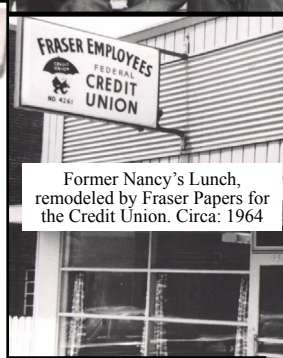
Staff Photo 1974 - Albert Roy, Harold Violette, Marie Savoy, Rinette Voisine



Teardown of Nancy's Lunch, Main St. Office 1972



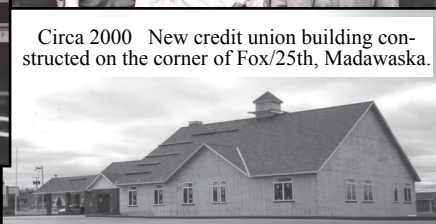
Founding Father, Ed McMahan, Bridge Street Office, Madawaska, circa 1946



Former Nancy's Lunch, remodeled by Fraser Papers for the Credit Union. Circa: 1964



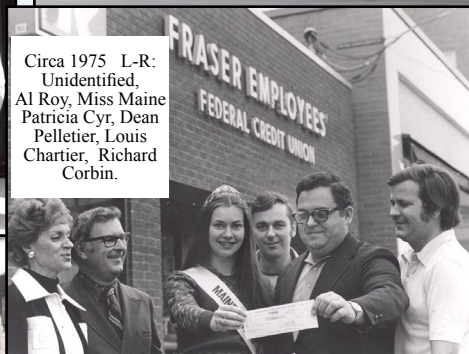
1980 Staff Photo: Harold Violette, Muriel Beaulieu, Theresa Rouleau, Denise Sinclair, Leola Daigle, Helen Jandreau, Albert Roy



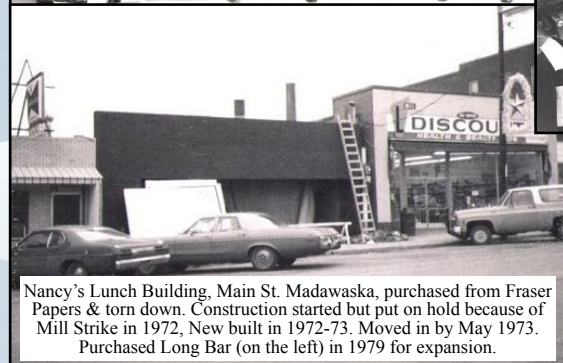
Circa 2000 New credit union building constructed on the corner of Fox/25th, Madawaska.



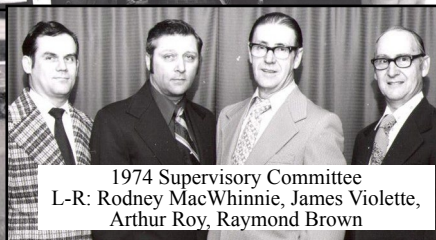
1974 Ribbon Cutting - Newly Constructed Main St. Madawaska Office



Circa 1975 L-R: Unidentified, Al Roy, Miss Maine Patricia Cyr, Dean Pelletier, Louis Chartier, Richard Corbin.



Nancy's Lunch Building, Main St. Madawaska, purchased from Fraser Papers & torn down. Construction started but put on hold because of Mill Strike in 1972. New built in 1972-73. Moved in by May 1973. Purchased Long Bar (on the left) in 1979 for expansion.



1974 Supervisory Committee L-R: Rodney MacWhinnie, James Violette, Arthur Roy, Raymond Brown

NorState's Volunteer Board of Directors

Chairperson	Clifton P. Cyr
Vice Chairperson	David Mitchell
Treasurer	Ray Marquis
Secretary	Muriel Dechaine
Director	Dale Danie
Director	Bertrand Cyr
Director	Heather Pelletier



NorState's Supervisory Committee

Chairperson	Maurice Pelletier
Committee Member	Mary Ann Chasse
Committee Member	Avril Marin
Committee Member	Sharon Chasse

NorState's Management Team

President, CEO, CCUE	Susan G. Whitehead
Executive Vice President, COO	Nancy Marquis Cyr
Senior Vice President, CFO	Andrew Blanchette
Vice President of Lending	Brenda Chasse
Vice President of Commercial Services	Robin Charette
Vice President Administrative Services	Terry Beaulieu
Executive Marketing Director, CUCME	Denise Duperré
Van Buren Branch Manager, AVP	Cheryl Beaulieu
Fort Kent Branch Manager, AVP	Allen Chamberland
Eagle Lake Branch Manager	Andrew Martin
Ashland Branch Manager	Denise Zarate
Presque Isle Branch Manager	Tammy Wortman
Member Services Manager	Amy Michaud
Business Development	Paul Berube
Collections Supervisor	Dennis Voter

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