



A Proud Sponsor of the Congres Mondial Acadien 2014



2013

ANNUAL REPORT

Our President

Dear Members

Welcome to our 73rd Annual Meeting. Through the difficult economic times that we have all experienced in the last several years, NorState Federal Credit Union has stood ready to put into action the basic philosophy and foundation of our founding fathers initiative of "People Helping People". The needs of the membership have been elevated on both the personal and business platforms and NorState FCU has been hard at work serving our members.

2013 has been a banner year for your credit union. Assets have grown \$15.9 million over 2012 and net loans have increased over \$13.5 million. That is a growth of 11% in each category. Clearly, our current members understand the benefit and value of membership (belonging to a financial cooperative) and our professional and dedicated staff stands ready to serve you.

Your credit union has always maintained that it will continually provide the most innovative and progressive services possible for all members, and to that end, many new products and services were implemented in the last year as well as some older products being updated.

The complexity and regulatory burden in the financial services industry is ever increasing and NorState FCU is not immune to the ongoing pressures. Regardless, the staff and volunteers of our Credit Union work tirelessly to assure that NorState is operating in a safe and sound manner while doing its' utmost to provide for our membership needs.

On behalf of the entire staff and your elected volunteers

I want to:

Thank you for the privilege of serving you.
Thank you for your continued support.
Thank you for your loyalty.

Sincerely,

Susan G. Whitehead
President/CEO, CCUE



Our History

March 9, 1941

Fraser Employees Federal Credit Union was officially chartered and created to offer share savings and loans products to employees of Fraser.

From humble beginnings in a one-room office to the current state-of-the-art offices, NorState Federal Credit Union has a history rich in the traditions of the people it has served. The first million dollars in assets was reached in 1966. Until the early 1980s, membership was restricted to employees of Fraser Papers and their families. Then the credit union received authorization from the National Credit Union Administration, (NCUA), to allow other Select Employee Groups, (SEGs), membership.

In 1991, the merger of Northern Maine Credit Union with Fraser Federal Credit Union expanded the field of membership. By it's 50th Anniversary in 1991, FFCU had reached 36 million dollars in assets.

In December of 2000, the membership of Gateway FCU in Van Buren and Fraser FCU merged and the new combined credit unions were named NorState Federal Credit Union to reflect the expanded field of membership to include all residents of Aroostook and Northern Penobscot Counties.

NFCU presently maintains branch offices in Madawaska, Eagle Lake, Ashland, Van Buren, Presque Isle, and Fort Kent. Future expansion to fully serve all potential members within its field of membership will help to ensure continued growth and strength to all within its credit union family for generations to come.

NFCU is an active business lender and provides insurance products and services as well. We are over 13,727 members strong and over \$171 million dollars in assets. The exceptional relationship with our membership is the driving force that has helped the credit union thrive and prosper for the past 73 years!

History



Pictured is FEFCU's founder Vincent McMahon in front of the Madawaska Bridge Street Office in 1946



Our Consolidated Statement of Condition

December 31, 2013

	2013	2012		2013	2012
ASSETS					
Loans	\$ 127,309,018.47	\$ 113,112,713.64	Deposits in NCUSIF	1,325,579.10	1,260,835.21
Participation Loan	553,566.33	568,499.76	Pension Plan Asset	6,545,791.00	4,884,998.00
Student Loans	625,560.38	673,393.14	Split Dollar Life Insurance CSV	1,162,877.67	1,130,964.11
VISA Loans	4,816,925.42	4,855,418.83	Total Other Assets	14,564,898.25	12,737,662.63
Mortgage Loans	9,056,544.91	9,639,818.38	Total Assets	\$ 171,890,273.87	\$ 155,976,879.69
Allowance for Loan Losses	(359,340.81)	(361,988.18)			
Net Loans Outstanding	\$ 142,002,274.70	\$ 128,487,855.57	LIABILITIES		
Cash	\$ 1,853,028.25	\$ 1,862,217.41	Accounts Payable (Including CSD)	\$ 1,326,153.39	\$ 1,052,191.68
Federal Agency Securities	\$ -	\$ -	Notes Payable	12,250,000.00	9,538,481.13
TRICORP	1,662,185.19	1,743,236.93	All Other Liabilities	87,864.83	131,235.86
Jumbo CD Investment	10,563,297.86	9,884,159.18	Total Liabilities	\$ 13,664,018.22	\$ 10,721,908.67
MECUL Capital Stock	200,000.00	200,000.00	OWNERS' EQUITY		
Other CU Shares	8,856.95	40,342.62	Shares	\$ 27,771,530.13	\$ 24,789,803.24
Synergent Debentures	0.00	5,000.00	Share Drafts	17,516,295.32	15,043,467.75
Federal Home Loan Bank	762,262.76	737,812.42	IRA Certificates	17,161,072.88	16,578,233.21
Invest in Equinox Aroostook - CUSO	90,010.00	90,010.00	Share Certificates	49,242,068.90	49,407,814.47
Loan to Equinox Aroostook - CUSO	184,876.98	190,000.00	Money Market Fund (Flexes)	14,867,934.96	14,053,519.89
Allowance for Loss on Investments	(1,417.07)	(1,417.07)	Non-Member Certificates	6,286,000.00	4,041,000.00
Net Investments	\$ 13,470,072.67	\$ 12,889,144.08	Regular Clubs	2,475,482.59	2,198,428.45
New Building (Net)	\$ 1,110,765.30	\$ 1,187,366.34	IRA Clubs	2,539,651.55	2,075,929.24
Land & Building - Mad Branch (Net)	146,789.96	152,189.96	Escrow Payable	152,316.69	173,102.88
Land & Building - E.L. Branch (Net)	125,856.17	131,071.37	Unapplied Club	54,073.07	69,070.69
Land & Building - Ash. Branch (Net)	158,673.44	169,662.26	Total Deposits	\$ 138,066,426.09	\$ 128,430,369.82
Land & Building - VB Branch (Net)	159,026.62	164,261.38	Regular Reserves	\$ 3,718,650.07	\$ 3,718,650.07
Land & Building - FK Branch (Net)	278,359.37	291,944.45	Acc Gain/Loss AFS Securities	0.00	0.00
Storage Shed - Mad (Net)	935.08	1,297.24	Undivided Earnings	16,683,951.49	14,964,456.13
Storage Shed - FK (Net)	2,360.00	0.00	Unrecognized Gn (Ls) in Pension Plan	-242,772.00	-1,858,505.00
Leasehold Improvements (Net)	7,101.55	8,354.83	Total Retained Earnings	20,159,829.56	16,824,601.20
Land Improvements (Net)	8,153.78	9,970.82	Total Liabilities & Equity	\$ 171,890,273.87	\$ 155,976,879.69
Furniture & Equipment (Net)	397,739.03	303,598.45			
All Other Assets	3,134,890.18	3,041,148.21			



Our Comparative Income Statement

December 31, 2013

INCOME	2013	2012
Interest Income:		
Interest On Loans	\$ 7,381,917.95	\$ 7,138,872.00
Income From Investments	195,152.81	292,249.54
Income from Investment in CUSO	6,098.61	6,191.89
Total Interest Income	\$ 7,583,169.37	\$ 7,437,313.43
Interest Expense:		
Dividends	\$ 1,246,803.99	\$ 1,410,324.20
Interest On Borrowed Funds	88,804.26	108,028.59
Total Interest Expense	1,335,608.25	1,518,352.79
Net Interest Income	\$ 6,247,561.12	\$ 5,918,960.64
Provision Loan Loss		
Provision for Investment Loss	\$ 436,973.99	\$ 482,709.93
	0.00	0.00
Net Int. Inc. After Provision Loss	\$ 5,810,587.13	\$ 5,436,250.71
OPERATING EXPENSES:		
Salaries	\$ 2,481,690.48	\$ 2,406,308.75
Employee Benefits	608,749.58	574,908.59
Education & Conference Expenses	91,631.20	82,001.00
League Dues	23,769.83	23,025.55
Office Occupancy Expenses	495,903.16	468,914.06
Office Operations Expenses	595,831.26	549,073.10
Member Educational & Promotional	134,411.26	117,836.85
Loan Servicing Expenses	348,831.07	331,427.16
Professional & Outside Expenses	541,265.98	528,944.55
Member Insurance	127,824.35	140,474.27
Operating Fee - NCUA	35,271.20	33,349.94
Cash Over & Short	165.62	1,584.26
Annual & Other Meetings	36,239.47	16,629.34
Unrealized Loss On Canadian \$	3,348.16	7,559.23
Loss On Canadian Exchange	0.00	0.00
Miscellaneous Expenses	39,409.79	40,782.78
Total Operating Expense	\$ 5,564,342.41	\$ 5,322,819.43

Profit

OTHER OPERATING INCOME:	2013	2012
Recovery of Unrealized loss on Can \$	\$ 7,452.97	\$ 5,248.94
Income from Canadian Exchange	13,598.74	16,886.74
Misc. Operating Income	1,508,918.61	1,299,288.97
Total Other Operating Income	\$ 1,529,970.32	\$ 1,321,424.65
NON-OPERATING GAIN (LOSS):		
Gain (Loss) on Disposition-Assets	\$ -	\$ -
Oreo Expense / Income	68,936.25	150,701.76
Total Non-Operating Gain (Loss)	(68,936.25)	(150,701.76)
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)	\$ 1,707,278.79	\$ 1,284,154.17

Income

Our Chairman

Dear Members,

I am honored to welcome you to NorState Federal Credit Union's 73rd annual meeting. On behalf of the board of directors and supervisory committee, I am pleased to inform you that under the new leadership of CEO Susan G. Whitehead, your credit union continues to grow and prosper.

We remain one of the most respected and admired credit unions in the state and continue to garner top rankings in the Callahan Surveys, which are a gauge of how well a credit union is performing with regard to services and benefits returned to its members.

The directors and committee members are dedicated volunteers whose role is to represent your interests in the operation of our credit union, so please feel free to contact us with your comments or questions whenever the need arises.

Volunteers

Respectfully submitted,
David Mitchell
NorState Board of Directors Chairperson

Cover photos compliments of a draft poster by Nancy Montgomery Design.



Our Mission Statement

Working Together To Improve Our Members' Financial Lives.

Our Vision Statement

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

Our Leadership

OFFICERS:

Susan G. Whitehead, *President/CEO, CCUE*
Nancy M. Cyr, *Exec. Vice President/COO*
Andrew Blanchette, *Senior Vice President/CFO*
Brenda Chasse, *VP Lending*
Jim Pelletier, *VP Commercial Services*
Stephen Gagne, *VP Branch Administration*
Terry Beaulieu, *Executive Administrative Assistant*
Denise Duperre, *Marketing Director*
Patricia Holmes, *AVP Member Services*
Allen Chamberland, *AVP Manager – Fort Kent*
Denise Zarate, *Branch Manager – Ashland*
Andrew Martin, *Branch Manager – Eagle Lake*
Cheryl Beaulieu, *Branch Manager – Van Buren*
Paul Berube, *Special Assets Manager*

DIRECTORS:

David Mitchell, *Chairman*
Sandra SanAntonio, *Vice Chairperson*
Ray Marquis, *Treasurer*
Muriel Dechaine, *Secretary*
Bert Cyr, *Director*
Cliff Cyr, *Director*

SUPERVISORY COMMITTEE:

Maurice Pelletier, *Chairman*
Avril Marin, *Committee Member*
Mary Ann Chasse, *Committee Member*
Mark Violette, *Committee Member*



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

1-800-804-7555

www.norstatefcu.org

MADAWASKA p 728-7555
78 Fox Street f 728-6734

ASHLAND p 435-2176
23 Station Street f 435-2177

VAN BUREN p 868-5484
78 Fox Street f 868-2860

FORT KENT p 834-3232
164 Market Street f 834-2625

EAGLE LAKE p 444-4545
3333 Aroostook Rd f 444-4540

PRESQUE ISLE p 762-3811
738 Main Street f 762-3816