

2014 Annual Report



NorState
Federal Credit Union

Your Lifelong Financial Partner



Dear Members

Welcome to our 74th Annual Meeting. Seventy four years ago, a group of forward thinking individuals came together to form a partnership consisting of members with the need for affordable financial services. These individuals had the vision to create your credit union as you see and experience it today. It certainly has changed since 1941 and the financial industry has also.

Rather than being merely a savings gathering facility, or a basic loan granting entity, we are now a very complex organization. An organization that is positioned to provide you with every possible product or service that you may need, to assist you in achieving financial freedom.

Personal computers were unheard of in 1941, and who would have ever imagined we would carry our telephones with us wherever we go, as we do today. For many of us, we are able to do our financial transactions using those very devices that did not exist in 1941. Imagine what will be in existence in ten or twenty years!

It is through your continued support that NorState FCU continues to grow and develop as we do. Our partnerships that were created so many years ago continue to be as important now as they were then. Clearly, members understand the benefit and value of partnerships and membership in NorState Federal Credit Union.

Our staff and volunteers are dedicated to being your valued financial services partners. Let us be the first and last financial services provider that you check with when you need products, services and or information.

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

Sincerely,

Susan G. Whitehead, CEO, CCUE





Dear members,

It is my distinct pleasure to welcome you, on behalf of the board of directors, to NorState's 2015 Annual Member's Business Meeting.

I am happy to report that our credit union remains financially strong and a leader among Maine credit unions when evaluated for how much value we return to our members. I am sure many of you are frustrated by the low interest rate environment we continue to be mired in as a result of the 'Great Recession' of 2008.

However, we are beginning to see economic signs of light at the end of the tunnel and anticipate that interest rates (particularly on deposits and CD's) should start trending upward.

As always, your directors remain fully committed to guiding NorState and its members, to be the best that it can be, and welcomes your input and feedback at any time.

With warm regards,

David A. Mitchell, Chairman of the Board

COMPARATIVE BALANCE SHEET

As of December 31, 2014

	2014	2013
ASSETS		
Loans	\$ 127,962,993.99	\$ 127,309,018.47
Participation Loan	0.00	553,566.33
Student Loans	600,611.61	625,560.38
VISA Loans	4,766,018.33	4,816,925.42
Mortgage Loans	8,829,152.15	9,056,544.91
Allowance for Loan Losses	(479,543.36)	(359,340.81)
Net Loans Outstanding	\$ 141,679,232.72	\$ 142,002,274.70
Cash		
	\$ 1,978,460.91	\$ 1,853,028.25
Federal Agency Securities		
	\$ -	\$ -
TRICORP	4,097,971.12	1,662,185.19
Jumbo CD Investment	10,184,121.21	10,563,297.86
MECUL Capital Stock	200,000.00	200,000.00
Other CU Shares	1,141.59	8,856.95
Federal Home Loan Bank	741,739.38	762,262.76
Invest in Equinox Aroostook - CUSO	90,010.00	90,010.00
Loan to Equinox Aroostook - CUSO	177,849.38	184,876.98
Allowance for Loss on Investments	(1,417.07)	(1,417.07)
Net Investments	\$ 15,491,415.61	\$ 13,470,072.67
New Building (Net)		
	\$ 1,034,164.26	\$ 1,110,765.30
Land & Building - Mad Branch (Net)	141,389.96	146,789.96
Land & Building - E.L. Branch (Net)	120,640.97	125,856.17
Land & Building - Ash. Branch (Net)	155,948.14	158,673.44
Land & Building - VB Branch (Net)	209,091.02	159,026.62
Land & Building - FK Branch (Net)	264,774.29	278,359.37
Land & Building - PI Branch (Net)	1,512,871.48	0.00
Storage Shed - Mad (Net)	572.92	935.08
Storage Shed - FK (Net)	2,120.00	2,360.00
Leasehold Improvements (Net)	5,848.27	7,101.55
Land Improvements (Net)	6,336.74	8,153.78
Furniture & Equipment (Net)	573,745.39	397,739.03
All Other Assets	3,576,854.07	3,134,890.18
Deposits in NCUSIF	1,378,071.04	1,325,579.10
Pension Plan Asset	5,954,595.00	6,545,791.00
Split Dollar Life Insurance CSV	1,182,154.26	1,162,877.67
Total Other Assets	16,119,177.81	14,564,898.25
Total Assets	\$ 175,268,287.05	\$ 171,890,273.87
LIABILITIES		
Accounts Payable (Including CSD)	\$ 791,783.13	\$ 1,326,153.39
Notes Payable	8,505,000.00	12,250,000.00
All Other Liabilities	129,635.58	87,864.83
Total Liabilities	\$ 9,426,418.71	\$ 13,664,018.22
OWNERS' EQUITY		
Shares	\$ 30,633,280.15	\$ 27,771,530.13
Share Drafts	17,800,380.19	17,516,295.32
IRA Certificates	20,031,929.63	17,161,072.88
Share Certificates	49,602,787.77	49,242,068.90
Money Market Fund (Flexes)	14,630,775.70	14,867,934.96
Non-Member Certificates	6,037,000.00	6,286,000.00
Regular Clubs	2,948,410.24	2,475,482.59
IRA Clubs	2,667,346.43	2,539,651.55
Escrow Payable	119,090.47	152,316.69
Unapplied Club	47,196.68	54,073.07
Total Deposits	\$ 144,518,197.26	\$ 138,066,426.09

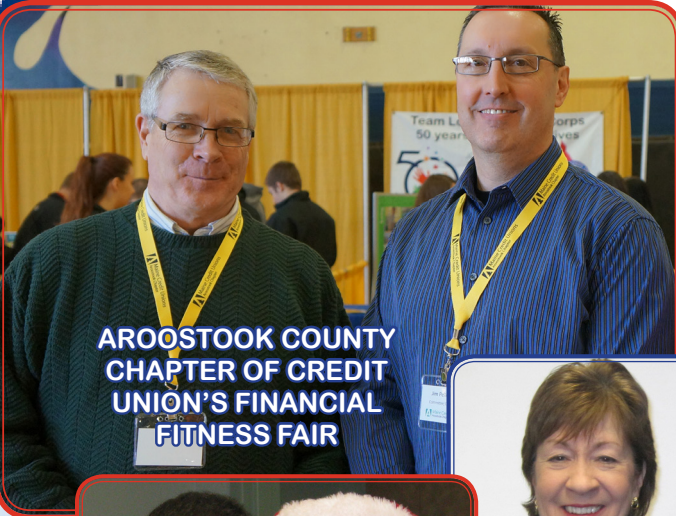
Regular Reserves	\$	3,718,650.07	\$	3,718,650.07
Acc Gain/Loss AFS Securities		0.00		0.00
Undivided Earnings		18,676,423.01		16,683,951.49
Unrecognized Gn (Ls) in Pension Plan		-1,071,402.00		-242,772.00
Total Retained Earnings		21,323,671.08		20,159,829.56
Total Liabilities & Equity	\$	175,268,287.05	\$	171,890,273.87

COMPARATIVE INCOME STATEMENT

As of December 31, 2014

		2014		2013
INCOME				
Interest Income:				
Interest On Loans	\$	7,593,711.98	\$	7,381,917.95
Income From Investments		178,032.03		195,152.81
Income from Investment in CUSO		5,904.44		6,098.61
Total Interest Income	\$	7,777,648.45	\$	7,583,169.37
Interest Expense:				
Dividends	\$	1,306,093.00	\$	1,246,803.99
Interest On Borrowed Funds		36,848.15		88,804.26
Total Interest Expense		1,342,941.15		1,335,608.25
Net Interest Income	\$	6,434,707.30	\$	6,247,561.12
Provision Loan Loss				
Provision for Investment Loss	\$	660,920.88	\$	436,973.99
		0.00		0.00
Net Int. Inc. After Provision Loss	\$	5,773,786.42	\$	5,810,587.13
OPERATING EXPENSES:				
Salaries	\$	2,558,199.86	\$	2,481,690.48
Employee Benefits		653,958.11		608,749.58
Education & Conference Expenses		93,545.76		91,631.20
League Dues		24,864.38		23,769.83
Office Occupancy Expenses		427,462.09		495,903.16
Office Operations Expenses		659,565.26		595,831.26
Member Educational & Promotional		140,062.09		134,411.26
Loan Servicing Expenses		407,796.90		348,831.07
Professional & Outside Expenses		528,199.72		541,265.98
Member Insurance		20,612.28		127,824.35
Operating Fee - NCUA		31,717.95		35,271.20
Cash Over & Short		1,572.49		165.62
Annual & Other Meetings		25,453.68		36,239.47
Unrealized Loss On Canadian \$		10,344.01		3,348.16
Loss On Canadian Exchange		0.00		0.00
Miscellaneous Expenses		30,352.97		39,409.79
Total Operating Expense	\$	5,613,707.55	\$	5,564,342.41
OTHER OPERATING INCOME:				
Recovery of Unrealized loss on Can \$	\$	13,749.00	\$	7,452.97
Income from Canadian Exchange		16,579.27		13,598.74
Misc. Operating Income		1,738,936.35		1,508,918.61
Total Other Operating Income	\$	1,769,264.62	\$	1,529,970.32
NON-OPERATING GAIN (LOSS):				
Gain (Loss) on Disposition-Assets	\$	-	\$	-
Oreo Expense / Income		43,554.10		68,936.25
Total Non-Operating Gain (Loss)		(43,554.10)		(68,936.25)
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)	\$	1,885,789.39	\$	1,707,278.79

HIGHLIGHTS OF 2014 PHOTO GALLERY



**AROOSTOOK COUNTY
CHAPTER OF CREDIT
UNION'S FINANCIAL
FITNESS FAIR**



**NORSTATE PARTAKES IN
THE 175th INCORPORATION
OF AROOSTOOK COUNTY,
TIME CAPSULE PROJECT**



**NORSTATE
CELEBRATES
HOLIDAYS
WITH CHEER**



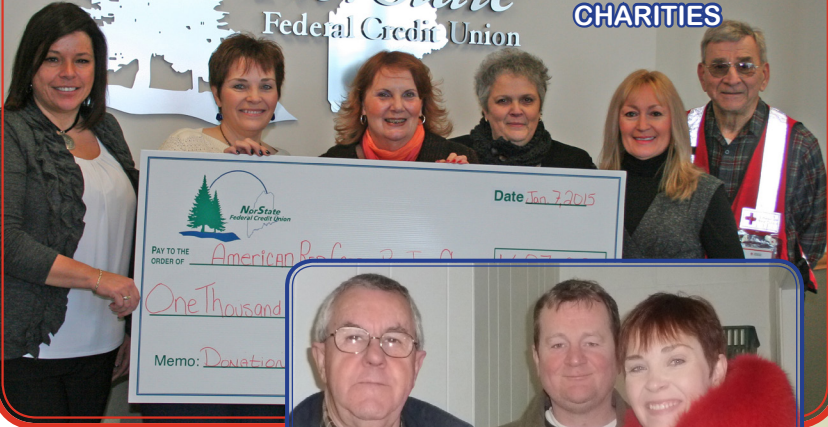
**NORSTATE
PARTICIPATES IN
NUMEROUS LOCAL
FUNDRAISERS**



**NO MATTER WHAT AGE...
WE LOVE OUR MEMBERS!**

NorState
Federal Credit Union

**NORSTATE DONATES TO
MANY LOCAL & REGIONAL
CHARITIES**



**NORSTATE FAMILY AND FRIENDS
VOLUNTEER COUNTLESS HOURS
TO RECOGNIZABLE CHARITIES
AND ORGANIZATIONS.**



**PARADES, TRADE SHOWS, INFORMATIONAL SESSIONS...
YOU'LL FIND NORSTATE F.C.U. PARTICIPATING**

**NORSTATE...
WE
ARE YOUR
LIFELONG
FINANCIAL
PARTNER.**



**HIGHLIGHTS
OF 2014
PHOTO
GALLERY**



NorState's Volunteer Board of Directors

Chairperson	Dr. David Mitchell
Vice Chairperson	Sandra San Antonio
Treasurer	Ray Marquis
Secretary	Muriel Dechaine
Director	Dale Danie
Director	Clifton Cyr
Director	Bert Cyr

NorState's Supervisory Committee

Chairperson	Maurice Pelletier
Committee Member	Mary Ann Chasse
Committee Member	Mark Violette
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	Jim Pelletier
Vice President Branch Admin.	Stephen Gagne
A.V.P. Member Services	Patricia Holmes
Human Resources	Terry Beaulieu
Marketing Director	Denise Duperre
Business Development	Paul Berube
Collections Supervisor	Dennis Voter
Van Buren Branch Manager	Cheryl Beaulieu
Eagle Lake Branch Manager	Andrew Martin
Ashland Branch Manager	Denise Zarate
Fort Kent Branch Manager	Allen Chamberland
Presque Isle Branch Manager	Ben McQuade

www.norstatefcu.org