

# 2020 Annual Report



*NorState*  
Federal Credit Union

*Your Lifelong Financial Partner*

[www.norstatefcu.org](http://www.norstatefcu.org) / 800-804-7555



Dear Fellow NorState Members:

What a year 2020 has been. COVID-19 truly changed the way we lived our lives, did business, interacted with each other, and challenged us all on a personal and professional level. Now that we have entered 2021, it's a year of celebration, of our 80th year in business, serving our members and our communities.

Through all these challenges, I'm happy and proud to say that your credit union continued to operate in a manner that was focused on the health and financial safety of our employees and members. To that end, I want to thank all our members for your patience, adaptability, and cooperation as the leadership team attempted to balance member convenience with member safety. It was a challenge for everyone and on behalf of the Board of Directors, I want to thank all of you for your continued support. I also want to recognize our hardworking and dedicated management and staff of NorState FCU. It took a ton of teamwork, collaboration, and belief in each other to get through the last 12 months. It also took a solid belief in our credit union's mission of providing the best products and services to our members that we could provide in a disruptive environment.

As I look back on our 79 years of being in business, I'm not surprised at how the credit union pivoted with the financial security of our members as priority #1 to move forward as an organization. The leadership team of NorState continues to research and implement new ways of creating member value and convenience to support everyone's financial security. Implementing our new 24/7 lending capabilities to be there when you are thinking about your next purchase or managing your financial well-being was just one of many steps your credit union will be taking to ensure safety, convenience, and financial security of YOUR money as you continue to look

for an enhanced consumer experience with your trusted, local financial institution. I can say that I'm very excited about the other products, services and solutions our leadership team have been working on to continue that enhanced experience for our members, whether you prefer an online or face to face experience.

The future of NorState FCU is strong with a solid level of net worth to continue creating solutions that our members can be happy with. As we continue to grow, surpassing \$200 million in Assets in 2020, your Board of Directors continue to stay focused on (1) offering products and services in a convenient manner, (2) rewarding you for your loyalty to our credit union, and (3) creating value to our membership a financially secure manner protecting the security and privacy of our members. If the last 80 years are any indication of what your credit union can achieve, we are in for some great things in 2021 and beyond.

Finally, I would be remiss if I didn't recognize and thank Bert Cyr for his years of service on the Board of Directors and Supervisory Committee for the credit union. Bert decided to not seek re-election this time and his presence will be missed. Bert always approached all decisions with the security and safety of members at the top of mind. Thanks Bert and we all wish you well.

Respectfully,

***Jeff Davenport***

Jeffrey Davenport, Chairman  
NorState Board of Directors



**A MESSAGE  
FROM YOUR  
BOARD OF DIRECTORS**

# 2020 Annual Report

## COMPARATIVE BALANCE SHEET

As of December 31, 2020

<b>ASSETS</b>	<b>2019</b>	<b>2020</b>
Loans	\$128,315,775.91	\$128,057,790.53
Participation Loan	0.00	0.00
Student Loans	254,069.27	189,841.44
VISA Loans	6,625,635.76	5,899,418.41
Mortgage Loans	28,438,332.04	34,267,108.95
Allowance for Loan Losses	(1,310,783.87)	(1,244,832.77)
Net Loans Outstanding	\$162,323,029.11	\$167,169,326.56
Cash	\$2,018,663.60	\$2,047,081.44
Federal Agency Securities		
TRICORP	4,984,189.70	20,043,411.00
Jumbo CD Investment	15,918,695.35	18,977,348.05
MECUL Capital Stock	200,000.00	200,000.00
Other CU Shares	39,118.97	2,410.10
Federal Home Loan Bank	536,524.86	577,108.06
Invest in Equinox Aroostook - CUSO	90,010.00	57,478.30
Loan to Equinox Aroostook - CUSO	58,183.06	0.00
Synergent Debentures	5,000.00	0.00
Allowance for Loss on Investments	0.00	0.00
Net Investments	\$21,831,721.94	\$39,857,755.51
New Building (Net)	\$676,288.30	\$598,558.26
Land & Building - Mad Branch (Net)	114,389.96	108,989.96
Land & Building - E.L. Branch (Net)	119,463.92	120,491.42
Land & Building - Ash. Branch (Net)	126,583.50	110,334.20
Land & Building - VB Branch (Net)	135,258.02	122,006.10
Land & Building - FK Branch (Net)	222,465.50	213,879.50
Land & Building - PI Branch (Net)	1,349,963.43	1,316,527.95
Storage Shed - Mad (Net)	0.00	0.00
Storage Shed - FK (Net)	920.00	680.00
Leasehold Improvements (Net)	1,708.60	1,393.24
Land Improvements (Net)	1,822.44	1,555.80
Furniture & Equipment (Net)	304,487.86	456,539.80
All Other Assets	2,273,397.97	3,809,674.12
Deposits in NCUSIF	1,506,600.49	1,687,146.08
Pension Plan Asset	3,656,653.00	4,740,636.00
Split Dollar Life Insurance CSV	1,299,840.82	1,329,937.67
Total Other Assets	11,789,843.81	14,618,350.10
Total Assets	\$197,963,258.46	\$223,692,513.61
<b>LIABILITIES</b>	<b>2019</b>	<b>2020</b>
Accounts Payable (Including CSD)	\$1,954,152.07	\$1,529,392.25
Notes Payable	8,500,000.00	7,500,000.00
All Other Liabilities	131,230.17	205,144.16
Total Liabilities	\$10,585,382.24	\$9,234,536.41
<b>OWNERS' EQUITY</b>		
Shares	\$42,312,051.46	\$52,495,010.97
Share Drafts	25,203,476.44	37,062,879.81
IRA Certificates	20,011,331.91	20,071,792.89
Share Certificates	51,411,309.58	50,255,782.73
Money Market Fund (Flex)	15,392,519.86	18,705,606.94
Non-Member Certificates	798,000.00	798,000.00
Regular Clubs	3,868,969.62	5,781,244.49

IRA Clubs	3,966,848.63	4,325,479.59
Escrow Payable	44,245.20	43,999.35
Unapplied Club	68,530.13	76,609.60
Total Deposits	\$163,077,282.83	\$189,616,406.37
Regular Reserves	\$3,718,650.07	\$3,718,650.07
Acc Gain/Loss AFS Securities	0.00	0.00
Undivided Earnings	23,684,464.09	24,621,681.13
Unrecognized Gn (Ls) in Pension Plan	-3,216,321.00	-3,947,798.00
Accum Unrealized Gn/Ls on AFS Invest.	113,800.23	449,037.63
Total Retained Earnings	24,300,593.39	24,841,570.83
Total Liabilities & Equity	\$197,963,258.46	\$223,692,513.61

## COMPARATIVE INCOME STATEMENT

As of December 31, 2020

INCOME	2019	2020
Interest Income:		
Interest On Loans	\$9,260,410.08	\$9,305,057.03
Income From Investments	452,263.72	407,958.77
Income from Investment in CUSO	2,082.80	157.57
Total Interest Income	\$9,714,756.60	\$9,713,173.37
Interest Expense:		
Dividends	\$1,744,622.74	\$1,803,965.56
Interest On Borrowed Funds	214,469.52	153,917.56
Total Interest Expense	1,959,092.26	1,957,883.12
Net Interest Income	\$7,755,664.34	\$7,755,290.25
Provision Loan Loss	\$744,453.39	\$892,111.41
Provision for Investment Loss	0.00	0.00
Net Int. Inc. After Provision Loss	\$7,011,210.95	\$6,863,178.84
<b>OPERATING EXPENSES:</b>		
Salaries	\$3,266,391.99	\$3,723,296.49
Employee Benefits	1,051,374.14	1,024,517.99
Education & Conference Expenses	122,624.65	38,181.34
League Dues	27,116.00	26,677.00
Office Occupancy Expenses	433,733.67	472,770.54
Office Operations Expenses	780,751.67	811,291.48
Member Educational & Promotional	184,410.25	193,289.80
Loan Servicing Expenses	691,058.67	759,110.27
Professional & Outside Expenses	730,286.14	775,321.40
Operating Fee - NCUA	50,566.42	53,942.87
Cash Over & Short	2,362.35	3,610.76
Annual & Other Meetings	35,717.04	31,145.62
Unrealized Loss On Canadian \$	112,738.72	3,334.09
Loss On Canadian Exchange	0.00	0.00
Miscellaneous Expenses	53,138.82	51,100.53
Total Operating Expense	\$7,542,270.53	\$7,967,590.18
<b>OTHER OPERATING INCOME:</b>		
Recovery of Unrealized loss on Can \$	\$49,152.85	\$19,471.59
Income from Canadian Exchange	32,890.28	(10,479.34)
Misc. Operating Income	2,085,905.04	2,264,986.51
Total Other Operating Income	\$2,167,948.17	\$2,273,978.76
<b>NON-OPERATING GAIN (LOSS):</b>		
Gain (Loss) on Disposition-Assets	\$226,777.00	\$111,964.21
Oreo Expense / Income	48,162.59	52,196.91
Total Non-Operating Gain (Loss)	(274,939.59)	(164,161.12)
Net Income (Loss)	\$1,361,949.00	\$1,005,406.30



Dear Members,

When I sat to write my CEO message to you in 2020, who would have imagined just a few short months afterward, that our lives would have changed forever. The way that we interact with our families and friends, worship, celebrate, socialize, and conduct our finances, just to name a few, will be forever changed.

Technology has been our saving grace throughout these trying times. We have all had to learn many new ways of playing the game of life and what a ride that has been. Although challenging and exciting at times, our staff and volunteers have had a positive outlook on what we can do to deliver stellar financial services to our membership, using these fantastic tools available to us today.

Our real strength in all of this, is PEOPLE. “People Helping People”, the motto of the credit union movement is what has helped so many of our members throughout this crisis. That motto stands as strong today as it did so many years ago.

Eighty years after NorState FCU held its’ very first board meeting, we are still helping people. We do so, by providing financial services, and by being kind and helpful to our friends and relatives. NorState FCU is proud to have implemented a program entitled Random Acts of Kindness (RAK) where we recognize and show kindness to people in all walks of life throughout our field of membership. I encourage you all to embrace kindness towards your friends, relatives, and neighbors and live the

“People Helping People” philosophy that helps so many of us every day.

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 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.

We value your membership and loyalty to the organization that we all work so hard to support and extend our promise to you of a bright and prosperous future.

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,

**Susan G Whitehead**

Susan G Whitehead, CEO, CCUE



**A MESSAGE  
FROM YOUR**

**CHIEF EXECUTIVE OFFICER**



Founders and Charter Members

Thanks to

**Y&U**

YEARS

We've made it this Far  
1941 - 2021

**NorState**  
Federal Credit Union