

2016 Annual Meeting Report

*Celebrating
76 Years
of Excellence*

NorState
Federal Credit Union

Your Lifelong Financial Partner

www.norstatefcu.org

President's Message

Dear Members,

Welcome to 2017 everyone.

As we are all very aware, we have experienced a prolonged and devastating downturn in the global, national, and local economies. The struggles have had dramatic effects on financial institutions everywhere, not to mention the consumers and members that utilize financial services on a daily basis.

NorState FCU, however, has proven to be very solid and continues to weather the storm very well. We are strong and are moving forward with the development and modernization of state of the art products and services as required and expected by our members and future members.

The future will continue to pose a challenging business environment for all. However, working together, your credit union will be here to provide the services needed by all for generations to come.

Look to us for financial education in any form for all life stages.

We encourage all members to come to us for help when in need and to refer friends and relatives that may need assistance in any financial aspect.

Please do not hesitate to invite your family, friends and co-workers to become members and share in the low fees and higher dividend rates available from a credit union that puts members first.

Our strength comes from you, our members. By placing your trust and confidence in us, and allowing us to serve your financial needs, you play an important part in maintaining that strength.

As always, we are grateful for the opportunity to serve you for so many years

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.

Susan G. Whitehead, CEO, CCUE



Chairman of the Board Message

Dear Members,

I would like to welcome you to Norstate FCU's Annual Meeting. Norstate continues to be among the top credit unions in the state.

The economy is improving and interest rates have started to rise. This is something we haven't seen in several years and will benefit all of our members in their savings and retirement accounts. Things are looking up.

Your board and supervisory committee members continue to represent your interests in the operation of your credit union. Any concerns you might have, feel free to contact any one of us and we will make every effort to resolve these concerns or answer your questions. You can also contact us if you are happy with the service you received from our employees. It is nice to hear when an employee goes above and beyond.



Clifton P. Cyr, Board Chairman

2017 - 76th Annual Meeting

May 24, 2017 5:30 PM Madawaska High School Cafeteria

AGENDA

Doors Open at 5:30 Supper 6:00 PM Meeting 6:30 PM

1. Call meeting to order - Chairman of the Board, Clifton Cyr
2. Moment of Silence in remembrance of our departed members.
3. Pledge of Allegiance
4. Introduction of Volunteers
 - a. Board of Directors
 - President: Clifton Cyr
 - Vice Chairman: David Mitchell
 - Treasurer: Ray Marquis
 - Secretary: Muriel Dechaine
 - Director: Dale Danie
 - Director: Bert Cyr
 - Director: Heather Pelletier
 - b. Supervisory Committee
 - Chairman: Maurice Pelletier
 - Member: Mary Ann Chasse
 - Member: Sharon Chasse
5. Introduction of former directors and officers.
6. Introduction of dignitaries, other executives.
7. Reading of the 2016 Annual Meeting Minutes - Muriel Dechaine
8. CEO Message - Susan G. Whitehead
9. Report of the Supervisory Committee - Maurice Pelletier
10. Unfinished Business - Clifton Cyr
11. New Business
 - a. Report of the Nominating Committee - Maurice Pelletier
 - Secretary of the Board will cast ballot to elect slate of directors as presented for election.
 - b. Vote to pay for expenses of Annual Meeting
 - c. Other
12. Chairman's closing remarks.
13. Motion to adjourn meeting.
14. Ending Hunger Campaign Presentations - Susan Whitehead
15. Door Prizes - Clifton Cyr

COMPARATIVE BALANCE SHEET
As of December 31, 2016

	2016	2015
ASSETS		
Loans	122,636,893.95	125,444,183.14
Participation Loan	0.00	0.00
Student Loans	411,356.34	483,075.99
VISA Loans	6,290,065.59	4,483,534.81
Mortgage Loans	14,977,312.14	10,829,060.84
Allowance for Loan Losses	(1,255,915.42)	(1,074,588.12)
Net Loans Outstanding	143,059,712.60	140,165,266.66
Cash	\$1,977,247.22	\$1,703,483.31
Federal Agency Securities		
TRICORP	2,513,567.73	7,312,882.36
Jumbo CD Investment	15,299,520.69	10,387,121.21
MECUL Capital Stock	200,000.00	200,000.00
Other CU Shares	22,532.77	22,732.50
Federal Home Loan Bank	634,900.88	649,859.30
Invest in Equinox Aroostook - CUSO	90,010.00	90,010.00
Loan to Equinox Aroostook - CUSO	103,091.03	170,589.94
Synergent Debentures	35,000.00	47,500.00
Allowance for Loss on Investments	0.00	(1,417.07)
Net Investments	\$18,898,623.10	\$18,879,278.24
New Building (Net)	\$907,486.86	\$985,933.72
Land & Building - Madawaska Branch (Net)	130,589.96	135,989.96
Land & Building - Eagle Lake Branch (Net)	147,318.06	156,927.50
Land & Building - Ashland Branch (Net)	143,553.82	149,750.98
Land & Building - Van Buren Branch (Net)	179,557.82	194,324.42
Land & Building - Ft. Kent Branch (Net)	244,310.90	251,873.19
Land & Building - Presque Isle Branch (Net)	1,446,410.87	1,479,846.35
Storage Shed - Madawaska (Net)	0.00	210.76
Storage Shed - Ft. Kent (Net)	1,640.00	1,880.00
Leasehold Improvements (Net)	5,996.39	7,565.03
Land Improvements (Net)	3,849.52	4,771.74
Furniture & Equipment (Net)	389,065.43	494,590.74
All Other Assets	2,916,314.68	4,048,484.90
Deposits in NCUISF	1,421,721.22	1,406,533.70
Pension Plan Asset	4,748,529.00	4,946,108.00
Split Dollar Life Insurance CSV	1,210,725.19	1,203,100.78
Total Other Assets	13,897,069.72	15,467,891.77
Total Assets	\$177,832,652.64	\$176,215,919.98
LIABILITIES		
Accounts Payable (Including CSD)	\$878,349.38	\$797,799.04
Notes Payable	4,250,000.00	6,750,000.00
All Other Liabilities	269,842.21	154,162.23
Total Liabilities	\$5,398,191.59	\$7,701,961.27
OWNERS' EQUITY		
Shares	\$35,386,501.79	\$32,541,873.42
Share Drafts	21,652,786.05	20,786,542.74
IRA Certificates	19,856,094.15	20,029,213.77
Share Certificates	48,078,500.00	48,954,858.51
Money Market Fund (Flexes)	15,415,639.25	14,203,981.11
Non-Member Certificates	3,639,000.00	4,539,000.00
Regular Clubs	3,805,865.72	3,249,826.11
IRA Clubs	3,909,674.35	3,353,492.41
Escrow Payable	97,387.17	94,649.47
Unapplied Club	45,162.37	47,427.01
Total Deposits	\$151,886,610.85	\$147,800,864.55

Regular Reserves	\$3,718,650.07	\$3,718,650.07
Acc Gain/Loss AFS Securities	0.00	0.00
Undivided Earnings	19,321,448.13	19,278,870.09
Unrecognized Gn (Ls) in Pension Plan	-2,492,248.00	-2,284,426.00
Total Retained Earnings	20,547,850.20	20,713,094.16
Total Liabilities & Equity	\$177,832,652.64	\$176,215,919.98

COMPARATIVE INCOME STATEMENT
As of December 31, 2016

	2016	2015
INCOME		
Interest Income:		
Interest On Loans	\$7,535,471.79	\$7,492,238.98
Income From Investments	260,296.17	202,339.56
Income from Investment in CUSO	5,433.13	5,672.60
Total Interest Income	\$7,801,201.09	\$7,700,251.14
Interest Expense:		
Dividends	\$1,315,127.72	\$1,317,199.85
Interest On Borrowed Funds	34,512.12	36,052.23
Total Interest Expense	1,349,639.84	1,353,252.08
Net Interest Income	\$6,451,561.25	\$6,346,999.06
Provision Loan Loss	\$920,359.81	\$1,164,420.53
Provision for Investment Loss	0.00	0.00
Net Int. Inc. After Provision Loss	\$5,531,201.44	\$5,182,578.53
OPERATING EXPENSES:		
Salaries	\$2,724,862.63	\$2,635,830.51
Employee Benefits	653,008.55	676,268.30
Education & Conference Expenses	96,248.57	77,202.71
League Dues	25,876.84	25,844.09
Office Occupancy Expenses	448,980.40	424,754.76
Office Operations Expenses	721,122.96	676,573.73
Member Educational & Promotional	146,161.28	134,528.34
Loan Servicing Expenses	537,138.63	474,834.36
Professional & Outside Expenses	606,023.73	576,138.52
Member Insurance	0.00	1,655.93
Operating Fee - NCUA	32,070.75	32,052.01
Cash Over & Short	662.54	1,215.80
Annual & Other Meetings	34,783.76	24,619.33
Unrealized Loss On Canadian \$	14,930.31	11,918.64
Loss On Canadian Exchange	0.00	0.00
Miscellaneous Expenses	114,956.28	66,467.32
Total Operating Expense	\$6,156,827.23	\$5,839,904.35
OTHER OPERATING INCOME:		
Recovery of Unrealized loss on Can \$	\$14,562.99	\$22,239.13
Income from Canadian Exchange	25,459.27	25,501.30
Misc. Operating Income	1,629,485.38	1,745,972.32
Total Other Operating Income	\$1,669,507.64	\$1,793,712.75
NON-OPERATING GAIN (LOSS):		
Gain (Loss) on Disposition-Assets	\$903,505.55	\$496,892.77
Oreo Expense / Income	97,798.26	39,885.65
Total Non-Operating Gain (Loss)	(1,001,303.81)	(536,778.42)
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)	\$42,578.04	\$599,608.51

ENDING HUNGER CAMPAIGN

We, at NorState FCU, have worked very hard during 2016, and once again our local communities have been very generous.

The branch totals are as follows:

Madawaska	8,307.36
Van Buren	3,427.09
Eagle Lake	1,670.31
Ashland	2,629.18
Fort Kent	1,947.80
Presque Isle	1,539.47

For a GRAND TOTAL: \$19,521.21

NorState's HOPE FOR THE HOLIDAYS FOOD DRIVE collected a total of 10,320 lbs. of food for our pantries.

Sincerely,

Debra A. Deprey

Ending Hunger Campaign Coordinator



2016 COIN SORTER CHARITY FUNDRAISER

Greetings!

NorState FCU donated its annual fees from our coin sorter machines located in Fort Kent, Madawaska and Presque Isle to two local charities who supported Autism awareness and initiatives in our communities.

In the St. John Valley, the Heather & Liam Connection and the Aroostook Autism Support Group in Presque Isle received an equal share of the total \$8,469.23.

Previous year's recipients were:

2014	American Red Cross	\$1,687.02
2015	Hope & Justice Project	\$3,517.08

This year's charity is the Aroostook Chapter of Maine Special Olympics.

Sincerely,

Denise Duperré

Executive Marketing Director, CUCME

2016 MEMBER SERVICE IMPROVEMENTS

Here are just a few of the new products or improvements done in 2016 for our credit union:

Implemented :

- EMV chip for NorState VISA credit & debit card products
- VISA credit card alerts enabled
- VISA Gift, Travel and Reloadable (prepaid) cards now available
- Samsung/Android Pay to compliment ApplePay (credit card/debit card)
- Electronic signature and Online account opening
- New updated Website
- Updated Ashland, Fort Kent and Madawaska facilities
- Provided financial literacy to students and seniors in their environment
- VISA special offers

Looking forward to:

- Loan Decisioning (Members can get instant responses to loan applications)
- Providing Agricultural Loans

2016 HIGHLIGHTS



home owned EHL
teens membership rates
seniors convenience great
commercial credit-union mobile
banking not-for-profit literacy
e-statements **Savings** financial
billpay credit-card
community **NorState** retirement
trustworthy **Loans** cooperative
services accounts
autocertificates mortgage
volunteers direct-deposit
secure recreational atm
youth charitable member
family online
ncua

Thank You