

2022 Annual Report

OUR MISSION To enhance the lives of our members by offering a full range of convenient and economic services while maintaining financial security.



Chairman's Report

Patrick R. Ida, CPA

Board Chairman



At TFCU, our mission is to enhance the lives of our members by offering a full range of convenient and economic services while maintaining financial security. Our commitment to this mission is paramount and unwavering.

We continue to see positive results in our financial condition having posted net income of \$1,165,663 for the year ending 2022. Additionally, from December 2021 to December 2022, Assets increased \$3.6MM or 2.35%, Shares increased \$4.7MM or 3.37% and Loans increased \$10.3MM or 16.99%. We ended the year 2022 with a capital to assets ratio of 9.32%, well above the 7% level needed to be deemed well capitalized by our regulator.

Your credit union is doing well and is financially strong. Our financial condition has improved significantly and with additional initiatives begun in 2022, continued improvement is expected in 2023 and beyond. With our charter expansion and rebranding now complete, we continue to be focused on serving existing members and in reaching out to potential new members in our expanded field of membership. We are growing and that growth will enable us to serve you even better and bring what we've all loved about TFCU to more members in the North Country – both NY and VT.

I want to thank the board for their courage, resolve and depth of understanding of the issues facing our credit union and our movement. I am proud of our directors for remembering at all times, who we serve which is you, the members who elected us.

I would like to take this opportunity to recognize Anne Dreimiller and Peter Reale for 25 and 31 years of service respectively. Anne and Peter have presided on the board through many changes and successes over the years, never forgetting who we serve. The board joins me in heartfelt thanks and well wishes to them both.

Doing the right thing for our members has always been a guiding principle; committed to our values it will continue to be so. Thank you, our members, for your continuing support.

Respectfully submitted,

Patrick R. Ida, CPA,
Chairperson, Board of Directors, TFCU

President's Report

Shawn M. Hayes, CCUE, CUCE

President & Chief Executive Officer

Treasurer – Board of Directors



Much has been accomplished over these many months as we've continued to work diligently to remain fiscally responsible and generate the income necessary to maintain and build upon the capital that was so important in weathering the storm of the Great Recession, COVID and post-Covid periods, and the subsequent new economy. As importantly, we have not forgotten what we believe is a hallmark of the credit union movement; that is our desire to provide the highest level of service possible to you, our loyal members.

2022 was a year filled with challenges, opportunities and successes as we continued our focus on our short- and long-term strategic plans. I have written a great deal over the past eleven years about our financial condition and the many decisions and initiatives that the Board of Directors and the Leadership Team implemented to sustain our profitability and efficiency and lay the groundwork for continued growth and viability. We are seeing positive results.

Consumer confidence continued to improve in 2022 with our Loans increasing \$10.3MM or 16.99% from the previous year-end. 2022 saw Net Income of \$1,4165,663. We ended 2022 with Assets of \$155,998,782 and net worth of 9.32%, well above the 7% needed to be considered well capitalized by our federal regulator. I am pleased to say our financial condition continues to improve and we are growing.

Members continue to embrace and are utilizing technology to access their accounts and conduct transactions. As of December 31, 2021:

- 7164 Members have enrolled in Connected Banking
- 3228 Members have enrolled in Bill Pay
- 2914 Members have opted to receive their account statements electronically
- There were 1939 new internet-based loan applications
- Members conducted 8,138 remote deposit transactions totaling \$4,636,635
- 1025 Android and 836 Apple devices had our mobile app active
- We provided 1,285 opportunities for members to sign documents remotely
- 58 individuals electronically applied for membership using our new online Meridian Link functionality and 4 existing members opened new share types.
- Our members conducted 1,340 transactions totaling \$2,673,095 at other credit unions around the country using the shared branching network

We are thrilled with the way members continue to embrace technology for good reason. Investment in this technology is a competitive necessity. Technology will bring operational efficiencies to better serve existing members and pave the way for growth deeper into our new expanded field of membership providing access to and for new members.

We want to be able to serve members who can't get to or choose not to use a branch location but do have and use technology; technology that will enable them to become members, apply for and receive a loan, deposit checks and transact their other business from wherever they are. We are currently working on significant improvements to several pieces of this technology and expect to implement this year.

We are committed to providing the products and services that you need in the way that you expect them. We want and need to grow in order to remain a competitive, relevant and financially viable credit union now and long into the future. Technology, our charter expansion and rebranding will help us do that. At the same time, we will not lose sight of the personal touch. Our staff remains committed to serving you face to face if your choice is to personally visit one of our branch locations.

After many months of construction we're pleased to have moved our operations staff and leadership team into our new administrative building in September and excited to have hosted our grand opening and building tours in October. Opening the building helps us meet current and future space needs and will increase member service as we expand our ability to offer member education. Our first session on avoiding common fraud schemes launched in February and was very well received. The space vacated in the Ticonderoga branch building will soon be renovated to provide more space in service to members.

Yes, looking back, 2022 was a successful and rewarding year. We continue to have healthy capital, are seeing improvement in our financial results and remain committed in our work with and for you.

Rest assured, our focus on our mission will not diminish. We are ever mindful of the services that we offer and will continue to provide new and additional services as appropriate. We will do so while continuing to look for ways to make our operations efficient and cost effective while not sacrificing service - a delicate balance in any economy.

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TFCU has and will continue to thrive, and I am looking to the future with excitement and confidence. On behalf of the Board of Directors, leadership team and dedicated staff, thank you for your loyalty and commitment to TrailNorth Federal Credit Union. Members truly do make the difference. We will continue to work hard to balance our goal of maintaining financial security with our desire to continue to provide cost effective, competitive products and services, as efficiently as and with the best service possible.

Shawn M. Hayes
President & Chief Executive Officer
Treasurer – Board of Directors

Supervisory Committee Report



David Wright



William Barnhart



Karlene Gonyeau



Susan Nephew

The Supervisory Committee is currently comprised of four board-appointed volunteers who serve as a link between the Board, Leadership Team and the Membership. Current members of the committee include Chairman David Wright, William Barnhart, Karlene Gonyeau and Susan Nephew. The committee's primary responsibility is to determine whether the plans and policies established by your board of directors are being properly administered and are sufficient to safeguard members' assets.

The supervisory audit, verification of member accounts, as well as other tests and reviews conducted directly by committee members all serve to carry out the committee's responsibilities.

For 2022, in addition to a variety of monthly, quarterly, semi-annual, and annual internal ongoing reviews conducted by the committee, your credit union was reviewed three times by an independent source.

The first was the annual Supervisory Committee audit. Wojeski & Company, an independent certified public accounting firm, was engaged to audit your credit union's financial statements while also reviewing procedures, policies, internal controls and management practices.

The second review was also conducted by Wojeski and Company and consisted of an audit of our compliance with the Bank Secrecy Act related to the detection and prevention of money laundering.

I am happy to report that your credit union received excellent ratings in both instances.

The last regulatory exam conducted by our regulator the National Credit Union Administration (NCUA) occurred in 2022 as of June 30, 2022 and we received excellent ratings as a result of that review as well. Your funds are safe here at TFCU, and we are committed to maintaining that level of safety and soundness.

As a member, if you have any questions or suggestions concerning the credit union, please contact the committee at P.O. Box 308, Ticonderoga, NY 12883.

David Wright
Supervisory Committee Chairman

Comparative Statement of Financial Condition

	Dec. 31, 2021	Dec. 31, 2022
ASSETS		
Loans to Members - Net	\$60,326,957	\$70,576,628
Cash	\$2,850,287	\$3,086,404
Investments	\$79,996,647	\$70,991,468
Land & Buildings Net	\$4,159,577	\$6,201,946
Other Fixed Assets Net	\$225,259	\$364,326
All Other Assets	\$4,852,413	\$4,768,009
TOTAL ASSETS	\$152,411,140	\$155,988,782
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Shares	\$137,900,759	\$142,551,370
Accounts Payable	\$1,152,847	\$1,088,958
TOTAL LIABILITIES	\$139,053,606	\$143,640,328
MEMBERS EQUITY		
Regular Reserve	\$1,771,485	\$1,771,485
Other Reserves	\$3,202,530	\$3,202,530
Undivided Earnings	\$8,394,639	\$9,560,602
Accumulated Gain/(Loss) on Available for Sale Securities	\$(11,121)	\$(2,186,164)
TOTAL EQUITY	\$13,357,534	\$12,348,454
TOTAL LIABILITIES & EQUITY	\$152,411,140	\$155,988,782

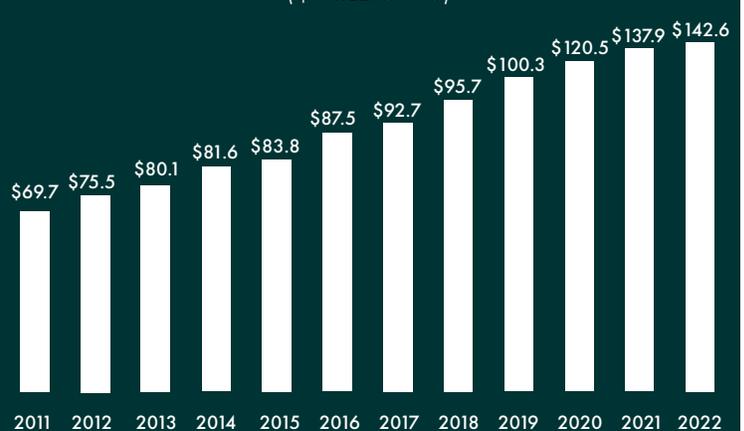
EARNINGS & DISTRIBUTION OF FUNDS

	Dec. 31, 2021	Dec. 31, 2022
OPERATING INCOME		
Interest on Loans	\$3,622,265	\$3,932,425
All Other Operating Income	\$2,698,165	\$3,261,705
Total Operating Income	\$6,320,431	\$7,194,131
OPERATING EXPENSES		
Compensation & Benefits	\$2,583,064	\$2,785,714
Office Operations	\$736,334	\$755,799
Office Occupancy	\$362,946	\$450,304
Association Dues	\$19,909	\$19,568
Loan Servicing	\$443,062	\$418,915
Member Education Advertising/Promotion	\$143,589	\$137,634
Professional & Outside Services	\$831,618	\$999,282
Interest on Borrowed Money	\$0	\$104
Federal Examination Fee	\$26,887	\$24,193
Annual Meeting Expense	\$831	\$-
Travel & Conference	\$11,171	\$41,959
Miscellaneous Expenses	\$77,559	\$174,108
TOTAL OPERATING EXPENSE	\$5,236,970	\$5,807,580
Income / (Loss) From Operations Before Dividends	\$1,083,460	\$1,386,551
Membership Capital Share Deposit Refund (MUCFCU)	\$523,786	\$129,314
NCUSIF Premium Expense	\$(67,500)	\$67,500
TOTAL NON-OPERATING INCOME / (EXPENSE)	\$456,286	\$196,814
Total Income Before Dividends	\$1,539,747	\$1,583,364
Less Dividends	\$128,472	\$126,261
Provision for Loan and Share Losses	\$2,459	\$291,440
NET INCOME (LOSS)	\$1,408,815	\$1,165,663

CAPITAL (\$MILLIONS)



MEMBERS SHARES (\$MILLIONS)



Note 1: The financial statements presented herein are unaudited.

Federally Insured by NCUA

Our Membership

TrailNorth is chartered to serve our friends and neighbors who live, work, worship and attend school in, or businesses or legal entities located in ESSEX, WASHINGTON, WARREN, CLINTON AND FRANKLIN Counties in New York and ADDISON County in Vermont, as well as immediate family members of those eligible persons sharing a household and organizations of such persons.

Number of TrailNorth members residing in the following counties:

ESSEX



8223

WASHINGTON



543

WARREN



511

CLINTON



214

FRANKLIN



31

ADDISON



63

749 Members now residing elsewhere in

41 States and **3** foreign countries.

ENHANCING LIVES

74

Number of community organizations and schools we supported through monetary or in-kind donations.

17

Number of schools (in the 2020/2021 school year) whose students benefited from financial education through our partnership with Banzai.

1180

Number of students (in the 2021/2022 school year) that benefited from financial education through our partnership with Banzai.

\$1,500

Provided in TrailNorth student scholarships.

\$113,549

Provided in monetary donations.



From 1/1/2022 through 12/31/2022

\$4,636,635

Total dollar amount deposited
through Mobile Capture.



883

New accounts
opened.

As of 12/31/2022

10,334

Number of TrailNorth Members.

2,914

Accounts enrolled in e-statements.

7,164

Users enrolled in Online banking.

2,227

Number of loans granted.

11 Number of members we helped receive a mortgage in 2022, for total mortgage loans of **\$934,300**

23 Number of members we helped receive a HELOC loan in 2022, for total amount of **\$1,288,682**



761

Number of new and used car loans granted in 2022 for a total of

\$21,553,608

Board of Directors

Patrick R. Ida.....CHAIRMAN

Peter A. Reale.....1st VICE CHAIRMAN, SECRETARY

John F. Lenhart.....2nd VICE CHAIRMAN

Anne C. Dreimiller

Jodi J. Gibbs

Shawn M. Hayes.....TREASURER

William J. Morse

David H. Wright

Associate Board Members

Kye S. Perry

Kenneth Jake LaDeau

Elizabeth R. Rogers

Supervisory Committee

David H. Wright

William W. Barnhart

Karlene I. Gonyeau

Susan M. Nephew

Legal Counsel

John C. Breitenbach, Jr.

Juliet C. Cook

Staff

Shauna Alkinburgh - Ticonderoga Branch Manager

Crystal Bennett - Teller

Kathie Coller - Loan Officer

John Cooke - Accounting Technician/Loan Clerk

Wendy Courtright - Chief Member Experience Officer

Shannon Denton - Elizabethtown Branch Manager

Theresa Dornan - Mortgage Loan Officer

Marcy Eichen - Compliance/Risk Management Officer

Samantha Ferguson - Card Service Representative

Jessica Forkas - Teller

Joann Fortier - Accounting Manager

Shawn Hayes - President/CEO

Darrilyn Johnson - Member Service Representative

Erika Kuhl - Loan Officer

Amy Manfred - Executive & Human Resources Administrator

Ashley Maye - Accounting Technician

Pamela Nolan - Director of Office Operations, Facilities & Special Projects

Mary O'Hara - Teller

Kayla Patenaude - Receptionist

Emily Patnode - Teller

Cory Phinney - Chief Financial Officer

Anna Prew - Member Solutions Specialist

Jennifer Pribble - Marketing & Business Development Manager

Saydee Ruby - Teller

Aleia Scoville - Member Service Representative

Christopher Shaffer - Analytical Support & IT Manager

Amanda Sheridan - Loan Officer

Cheyenne Sousie - Teller

Sarah St.Onge - Member Contact Center Representative

Ariana Stevens - Teller

Gail Tomkins - Member Service Representative

Jaime Waldron - Mortgage & Consumer Loan Officer

Brittany Werber - Teller

Brittany Yelle - Port Henry Branch Manager