

PHOTO FEATURES HAYDEN FRIEL
TAKEN BY MACKENZIE FRIEL



KATAHDIN
FEDERAL
CREDIT UNION

A financial institution with a clear vision



ANNUAL REPORT //////////////////////////////////////

Navigating 2020 Together

THE CHAIRMAN'S REPORT

2020 is a year we won't soon forget! Due to COVID-19, our credit union had to change the way it operated, making adjustments as necessary. I would like to take this opportunity to express my personal thanks, as well as the appreciation of the entire Board of Directors, to our staff for all they do and have done for our credit union during these extremely stressful conditions.

Even during these trying times, the Board continued to keep the financial strength of the credit union as its primary focus. I am proud to report that we have maintained a strong financial position while meeting our members' financial needs—even if socially distanced. We owe it to the extraordinary group of people working on your behalf day in and day out.

On behalf of our Board of Directors, we would also like to thank you—our members. It is through your loyal support, dedication and understanding that KFCU is able to maintain its financial strength and continue to offer a full array of products and services. We look forward to serving you in the future.

Sincerely,

Rodney W. Daigle, Sr.
Chairman of the Board

BOARD OF DIRECTORS

Rodney W. Daigle, Sr., *Chairman*
Bernadette Friel, *Vice Chairman*
Gary Dumas, *Treasurer*
Dorothy Howard, *Secretary*
Herbert Clark
Theresa Coffin
Joseph Clark
Hal Cote
Harold (Chip) Lamson

ASSOCIATE DIRECTOR

George Pelletier

SUPERVISORY COMMITTEE

Theresa Coffin, *Chairman*
Brenda Bernardini
Joyce Phelan

THE PRESIDENT'S REPORT

Navigating 2020 was truly an unpredictable and challenging time. We quickly found at the beginning of the year that we couldn't serve our members exactly as we had in the past. Out of an abundance of caution and concern for the safety of our members, we made the tough decision to close our lobbies and serve members through the drive-thru, electronically and via telephone. Social distancing became the norm. When it was deemed it may be safe to open our lobbies, we worked hard to provide a safe environment with plexiglass barriers, masks, and extra sanitizing/cleaning efforts. Our members and staff quickly adapted—and for that, we are so grateful. During these difficult times, we did offer extensions, skip a pays, modifications, PPP Loans and emergency assistance loans to those financially burdened by the pandemic—and we continue to do so. People helping people—that is what it is all about!

This past year we have seen an increase in the usage of our electronic services. We will continue to enhance these products in order to serve you better—especially in times when in-person service may be difficult, if not impossible. Shared branching, remote check deposit, online banking, online lending, mobile banking once thought of as “convenience services”, have become critical services for our members. In the near future, our current online banking provider will be “sunsetting” our current system and we will be converting to a new platform. We will keep you updated on this transition.

This past year was also problematic for our social responsibility efforts. Fundraising initiatives practically came to a halt, with just a few drawings held here and there. Although we weren't able to hold the traditional fundraisers, we were able to raise over \$4,400 for the Maine Credit Union League's Ending Hunger campaign. To facilitate donations, we now have an online portal on our website to accept donations. Funds raised through this campaign do come back to the local area—and local families may need the assistance now more than ever. We remain committed to the communities we serve and hope we can get back to sponsoring fundraisers and events in the very near future.

Financially, KFCU experienced asset growth in 2020, largely due to the influx of stimulus funds. We maintained a healthy capital ratio of 13.47%, well above the 7% threshold regulatory agencies define as “well capitalized.” Assets increased to over \$86 million, shares increased over \$9.2 million, however loans decreased by almost \$2.4 million. Even though we experienced a loan volume decrease, as well as a low interest rate environment—we are pleased to report income of \$588 thousand. Our return on assets was .68% and 12-month member growth was modest at 1.67%.

We would like to thank all of our loyal members for supporting us as we navigated 2020. We are hoping to experience less turbulent times in the days ahead. We value your continued loyalty and look forward to serving you for many years to come. Thank you for your membership!

Sincerely,

Tina Jamo
President/CEO



PHOTO FEATURES HAYDEN FRIEL
TAKEN BY MACKENZIE FRIEL

*“Rough seas
make stronger
sailors. Tough
times build
greater people.”*

– Robin Sharma

SUPERVISORY COMMITTEE’S REPORT

The Supervisory Committee has the responsibility to ensure that our Credit Union is operated in compliance with all applicable rules and regulations and in accordance with sound and prudent business practices.

In fulfilling our responsibilities, the committee has personally performed numerous tests and has reviewed Credit Union records on a monthly basis. The committee has also engaged the certified public accounting firm of Wipfli to perform a comprehensive annual audit for fiscal year 2020. In addition, the examiners from the National Credit Union Administration, our Federal Regulatory Agency, also conduct an annual examination of the Credit Union.

Based upon these audits and reviews, it is our opinion that our Credit Union remains well capitalized and continues to meet the needs of our members.

Respectfully Submitted,

Theresa M. Coffin
Chairperson

CREDIT UNION AFFILIATES

SINGLE SOURCE FINANCIAL CENTRE

For over twenty-six years, Single Source Financial Centre has been providing investment services and planning alternatives to members of Katahdin Federal Credit Union through Raymond James Financial Services, Inc. Through our strategic association, members can take advantage of a personalized financial plan designed specifically by a trusted Raymond James advisor.

PRODUCTS INCLUDE:

- IRAs: Traditional and Roth
- Annuities: Variable and Fixed
- Treasuries
- Mutual Funds
- Stocks and Bonds
- Life Insurance
- Long-term Care Insurance
- Investment Counseling
- Retirement Planning
- Tax Planning

STAFF

Thomas Duff
Raymond James Financial Advisor and Registered Representative

Peggy Armstrong
Administrative Assistant

LOCATION

1000 Central Street · Millinocket, ME 04462
207.723.5264 · 888.925.5264

Securities offered through Raymond James Financial Services, Inc. Member FINRA/SIPC. Securities are:

- Not deposits
- Not insured by NCUA or any other governmental agency
- Not guaranteed by Katahdin Federal Credit Union
- Subject to risk, may lose value

Investment Advisory Services are offered through Raymond James Financial Services Advisors, Inc. Single Source Financial Centre and Katahdin Gateway Insurance LLC and KFCU are not registered broker/dealers and are independent of Raymond James Financial Services.

KATAHDIN GATEWAY INSURANCE LLC

Katahdin Gateway Insurance LLC offers affordable property and casualty insurance products to members of KFCU at its convenient locations in Millinocket, East Millinocket, Lincoln and Milo. Our insurance professionals are committed to providing complete insurance coverage suited to your needs at a competitive price.

PRODUCTS AND SERVICES

Personal Lines include:

- Auto
- Home
- Motorcycle
- Boat
- Snowmobile
- Personal Umbrellas
- Camps
- Rental Properties
- Recreational Vehicles

Commercial Lines include:

- Business/Liability Property Packages
- Workers Compensation
- Business Auto/Truckers
- Equipment Coverage
- Professional Liability
- Directors and Officers
- Commercial Umbrellas

STAFF

Kim French
Office Manager

LOCATIONS

1000 Central Street
Millinocket, ME 04462
207.723.9941

112 Main Street
Suite 3
East Millinocket, ME 04430
207.746.3687

30 Goding Avenue
Lincoln, ME 04457
207.794.3022

55 Park Street
Milo, ME 04463
207.943.5955
by appointment only

Single Source Financial Centre, Katahdin Gateway Insurance LLC and KFCU are independent of Raymond James Financial Services.

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31

	2020	2019
INTEREST INCOME		
Interest on Loans	\$3,185,912	\$3,304,282
Interest on Investment Securities and other Interest-Bearing Deposits	156,434	255,447
Total Interest Income	3,342,346	3,559,729
INTEREST EXPENSE		
Members' Shares and Savings Accounts	321,584	284,512
Interest on Borrowed Funds	—	3,169
Total Interest Expense	321,584	287,681
Net Interest Income	3,020,762	3,272,048
Provision (Benefit) for Loan Losses	(49,164)	95,994
Net Interest Income After Provision for Loan Losses	3,069,926	3,176,054
NON-INTEREST INCOME		
Servicing Fees	478,028	504,801
Other Income	196,304	225,558
Commissions and Fees	715,828	757,289
Gain on Sale of Property and Equipment	—	—
Total Non-Interest Income	1,390,160	1,487,648
NON-INTEREST EXPENSE		
Payroll	1,441,456	1,407,772
Office Operating Expense	383,080	376,639
Employee Benefits and Payroll Taxes	521,443	432,480
Professional and Outside Services	471,165	485,652
Loan Servicing	352,213	348,066
Depreciation and Amortization	171,568	173,288
Educational and Promotional	101,767	123,489
Occupancy	157,380	143,875
Members and Other Insurance	15,028	12,430
Loss on Sale of Other Real Estate Owned	—	15,425
Loss on Sale of Collateral Held in Process of Liquidation	13,427	15,288
Travel and Conference	6,804	47,379
Other	93,272	97,574
Supervision and Exam	20,811	20,198
Total Non-Interest Expense	3,749,414	3,699,555
Net Income	710,672	964,147
Net Income Attributable to the Noncontrolling Interest	121,989	138,438
Net Income Attributable to Katahdin Federal Credit Union and Subsidiaries	\$588,683	\$825,709

CONSOLIDATED BALANCE SHEETS

Years Ended December 31

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$11,186,953	\$7,561,203
Other Interest-Bearing Deposits	4,416,000	3,127,000
Investment Securities Available for Sale	10,345,860	2,555,552
Other Investments	321,947	760,688
Loans to Members, Net of Allowance for Loan Losses	58,219,355	60,594,756
Accrued Interest Receivable	149,692	161,500
Property and Equipment, Net	541,693	565,690
Intangible Assets, Net	313,661	365,613
Collateral Held in Process of Liquidation		36,200
NCUSIF Deposit	695,949	639,179
Other Assets	586,564	562,341
Total Assets	<u>\$86,777,674</u>	<u>\$76,929,722</u>
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' Shares and Savings Accounts	\$74,575,334	\$65,365,933
Accrued Expenses and Other Liabilities	245,836	226,349
Notes Payable	—	—
Total Liabilities	<u>74,821,170</u>	<u>65,592,282</u>
Members' Equity		
Regular Reserves	1,963,607	1,963,607
Undivided Earnings	9,732,154	9,143,471
Accumulated Other Comprehensive Income		
Unrealized Gain (Loss) on Available for Sales Securities and Post Retirement Obligations	35,295	(23,097)
Total Katahdin Federal Credit Union and Subsidiaries Members' Equity	<u>11,731,056</u>	<u>11,083,981</u>
Noncontrolling Interest	225,448	253,459
Total Members' Equity	<u>11,956,504</u>	<u>11,337,440</u>
Total Liabilities and Members' Equity	<u>\$86,777,674</u>	<u>\$76,929,722</u>

FINANCIAL GRAPHS

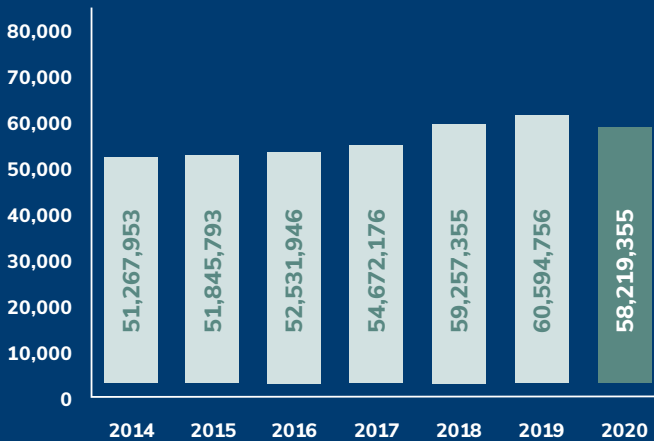
ASSETS



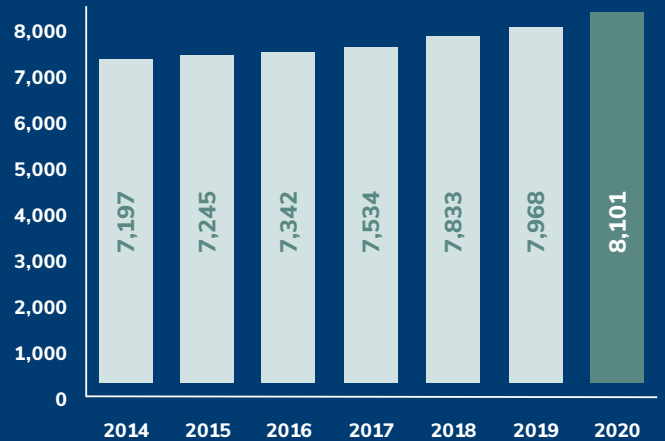
SHARES




LOANS



MEMBERS



Results 2020

599
 Auto and RV Loans

50
 First and Second Mortgages

30
 New HELOCs

9
 PPP Loans

33,837
 Visa® Score Card Cash Back Rebates

STAFF DIRECTORY

MANAGEMENT

Tina Jamo · *President/CEO*
Lynda Pasieka · *Chief Financial Officer*

QUALITY ASSURANCE

Nancy L. Pineau · *Quality Assurance Specialist*

COLLECTIONS

Betty J. Averill · *Collector/Credit Analyst*

ADMINISTRATION

Molly Jamieson · *HR/Marketing Assistant*

ACCOUNTING

Cathy A. McNally · *Accountant*
Gay Dickinson · *Accountant*

IT

Theresa Lane · *Senior Network and Electronic Banking Specialist*
Cathy McGowan · *Electronic Banking Specialist/Accounting*

FINANCIAL SERVICES

Lisa Martin · *Financial Services Manager*
Jean Cyr · *Financial Service Representative*
Debbie Girsas · *Financial Service Representative*
Julie Achorn · *Financial Service Representative*
Lori Violette · *Financial Service Representative*

TELLER SERVICES

Michelle Jamo · *Teller Services Manager*
Lea Ann Jandreau · *Senior Teller*
Ethan Michaud · *Teller II*
Debora Murphy · *Receptionist*
Jennifer Cullen · *Teller*
Sara Long · *Teller*
Kristen Smith · *Teller*
Rosemary Hastings · *Teller*

MAINTENANCE

Leo Levasseur

ISLAND FALLS OFFICE

Rachel Hale · *Branch Manager*
Kim McDonald · *Senior Teller*
Mandi Noyes · *Teller*
Stacy Curry · *Teller*

SINGLE SOURCE FINANCIAL CENTRE

Peggy Armstrong · *Administrative Assistant*

NAVIGATING 2020!

Supporting our Communities through collaboration, funding and support

PRESENTED HIGH SCHOOL SCHOLARSHIPS TOTALING

\$10,000

RAISED OVER

\$4,400

FOR THE MAINE CREDIT UNIONS' CAMPAIGN FOR ENDING HUNGER

- Donated to Stearns High School Boys Basketball team for warm-up suits
- Raised Funds for Local Food Pantries through Coin Machine Donations
- Sponsored and participated in the Katahdin Festival of Trees
- KFCU and Brookfield US Foundation collaborated on "Providing Warmth for the Katahdin region"
- KFCU sponsored the virtual Millinocket Regional Library summer reading program
- Donated to the Northern Forest Center Way Finding Project
- Donated to the East Millinocket Recreation Department Senior Christmas Boxes
- Sponsored the Mount Katahdin Basketball Camp
- Sponsored Maine Credit Unions' Campaign for Ending Hunger Golf Tournaments
- Sponsored The County Open Golf Tournament to benefit local charities
- Participated in Special Olympic Fundraisers
- Supported Youth Athletics – Little League, Jr. Pro
- Sponsored Performing Art Boosters
- Supported Chamber of Commerce initiatives
- Recognized High School Seniors
- Donated to the Katahdin Council of Boy Scouts
- Sponsored the Swish Out Childhood Cancer Challenge
- Supported Student Activities
- Offered Virtual Financial Fitness Fairs

HOURS, LOCATIONS AND SERVICES

LOBBY

9:00 AM – 5:00 PM

DRIVE-UP WINDOW

Open Daily 8:00 AM – 5:00 PM

ATM

ATM at both locations available
24 hours a day, 7 days a week
Night Depository

SERVICES

- Savings Accounts
- Checking Accounts
- Club Accounts
- IRA Accounts – Traditional, Roth, Coverdell Education Savings Account
- Share Certificates
- IRA Certificates – Traditional, Roth, Coverdell Education Savings Account
- Health Savings Account
- Money Trek Youth Savings Program
- Real Estate Loans
- Auto and RV Loans
- Home Equity Loans and HELOCs
- Streamlinesm – Line of Credit/ Overdraft Protection
- Signature Loans
- Share and Certificate Secured Loans
- Business Loans
- Visa[®] Cards/Classic and Gold

LOCATIONS

1000 Central Street · Millinocket, ME 04462
207.723.9718 · 207.723.8426 fax

1068 Crystal Road · Island Falls, ME 04747
207.463.3661 · 207.463.3763 fax

Toll Free 800.451.9145
support@katahdinfcu.org
www.katahdinfcu.org

- Apple Pay[®]
- Money Connectionsm Audio Response
- Home Banking and Bill Payer
- Mobile Connection
- Remote Deposit Capture
- Co-Op Shared Branching
- CU24sm Visa[®] Debit Cards
- Visa[®] Gift Cards
- Direct Deposit
- Payroll Deduction
- Money Orders
- Notary Services
- Wire Transfers
- Safe Deposit Boxes
- Debt Protection Programs
- GAP (Guaranteed Auto Protection Program)
- Route 66 Extended Warranty Program



Federally Insured by NCUA



*We will keep
navigating this
together.*



**KATAHDIN
FEDERAL
CREDIT UNION**

A financial institution with a clear vision

1000 Central Street
Millinocket, ME 04462
207.723.9718 · 800.451.9145

1068 Crystal Road
Island Falls, ME 04747
207.463.3661

WWW.KATAHDINFCU.ORG

Federally Insured by NCUA