



*growing*

*one member at a time*

Katahdin Federal Credit Union • Annual Report 2018

Federally Insured by NCUA

# Chairman's Report

On behalf of the Board of Directors, Supervisory Committee and the entire staff, we welcome and thank you for attending the 2019 Annual Meeting.

With the everchanging political landscape and the burden of regulatory guidelines, increasing interest rates, tax and healthcare reform, your Board of Directors and Management Team understand the coming year may present challenges for our members. We want to assure you that we will remain diligent by staying active, positive and informed. We will always keep our members' best interests in mind.

My sincere thanks to the entire Board of Directors, Supervisory and Nominating Committee, Management and Staff for all their dedication and hard work, and to you, our members for your continued support in making our credit union successful in this increasingly competitive and regulated environment.

Sincerely,

Rodney W. Daigle, Sr.  
*Chairman of the Board*

## Board of Directors

Rodney W. Daigle, Sr., *Chairperson*

Bernadette Friel, *Vice Chairperson*

Gary Dumas, *Treasurer*

Dorothy Howard, *Secretary*

Herbert Clark

Theresa Coffin

Joseph Clark

Arnold Hopkins

Hal Cote

Terrence Daigle, *Honorary Director*

## Associate Directors

Harold (Chip) Lamson

George Pelletier

## Supervisory Committee

Theresa Coffin, *Chairperson*

Brenda Hews

Joyce Phelan

# President's Report

**KFCU is growing— one member at a time.** In 2018 we welcomed approximately 300 new members (net result). These new members are using a variety of products and services, especially our electronic services. The main reason for our existence is to help members achieve improved financial well-being. We are pleased that our members, new and existing, have put their trust in us to provide assistance through all life events— birth, college, marriage, home ownership and retirement.

Our continued growth allows us to offer a vast array of products and services. During 2018, our bill pay service was upgraded to provide greater ease of use. We also added a text alert option for monitoring debit card fraud. Shared branching usage has increased and our indirect auto loan program has been embraced by our membership. Remote deposit capture, mobile banking and online banking usage continue to increase— sending us a clear message that members appreciate the convenience of remote services.

This year, KFCU also became certified as a CDFI credit union (Community Development Financial Institution). CDFIs share a common goal of expanding economic opportunity and growth in communities by providing access to financial services for residents and businesses. We also took advantage of the Equity Builder program through the FHLB, which provides home buying assistance to our members who meet certain guidelines.

We also support communities in our field of membership by sponsoring events, charitable giving and our employee initiatives, especially our commitment to the Maine Credit Union League Campaign for Ending Hunger. This year we raised over \$13,000 towards this worthy cause. We were also pleased to be able to give a substantial donation to the Millinocket Memorial Library for their Capital Campaign and contributed to the MRH Oncology Clinic by being a sponsor of the MRH Golf Tournament. Our financial strength combined with the nurturing nature of our employees and volunteers direct us in our giving initiatives.

Financially, KFCU experienced strong growth in 2018. We maintained a healthy capital ratio of 13.55%. Our assets increased to over \$75 million, loans grew over 8%, while shares increased modestly. We are pleased to report income of \$619 thousand and a return on assets of .83%. Our 12-month member growth was 3.97%. This level of income in combination with our steady asset level has allowed us to maintain our sound capital position.

We want to thank all of our loyal members as we enter our 65<sup>th</sup> year. We value your continued dedication and look forward to serving you for many years to come. Thank you for your membership!



*President/CEO*

# Supervisory Committee 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 LLP to perform a comprehensive annual audit for fiscal year 2018. 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*



## Alexander Ferguson Award Winner Theresa Coffin

Theresa Coffin was selected as the 2018 recipient of the Maine Credit Union League's Alexander Ferguson Award for Outstanding Credit Union Volunteer. She was presented with the award at the Maine Credit Union League's Annual Meeting and Convention in May of 2018. She has served on the KFCU board since 1992, and has been Chairperson of the Supervisory Committee since 1995.

Theresa's drive for volunteerism, dedication to the community in which she lives, and her devotion to the credit union industry exemplifies the very philosophy of which we are so proud... people helping people. Congratulations, Theresa!

# Credit Union Affiliates

## Single Source Financial Centre

For over twenty-four 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 Service.

Single Source Financial Centre, Katahdin Gateway Insurance LLC and KFCU 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

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

#### Commercial Lines

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

### Staff

Kim French  
*Office Manager, all locations*

Tracy Dill  
*Lincoln Branch Manager*

Denyce Tibbitts, Mary Bernier  
Rachel Dicker, Kristy Allen  
*Licensed Agents*

### 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*

# Consolidated Balance Sheets

as of December 31

	2018	2017
<b>Assets</b>		
Cash and Cash Equivalents	\$1,447,688	\$3,189,816
Investment Securities Available for Sale	11,179,185	13,424,469
Other Investments	1,003,572	778,787
Loans to Members, Net of Allowance for Loan Losses	59,257,355	54,672,176
Accrued Interest Receivable	168,992	152,242
Property and Equipment, Net	609,266	845,334
Intangible Assets, Net	417,565	469,516
Collateral Held in Process of Liquidation	27,000	25,500
Other Real Estate Owned	14,000	12,500
NCUSIF Deposit	654,047	643,618
Other Assets	407,228	416,756
<b>Total Assets</b>	<b><u>\$75,185,898</u></b>	<b><u>\$74,630,714</u></b>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Members' Share and Savings Accounts	\$64,567,310	\$64,288,864
Accrued Expenses and Other Liabilities	212,000	305,986
Notes Payable	165,132	355,073
<b>Total Liabilities</b>	<b><u>64,944,442</u></b>	<b><u>64,949,923</u></b>
<b>Members' Equity</b>		
Regular Reserves	1,963,607	1,963,607
Undivided Earnings	8,226,923	7,607,590
Accumulated Other Comprehensive Income		
Unrealized Loss on Available for Sales Securities and		
Postretirement Plan Obligation	(123,256)	(91,681)
<b>Total Katahdin Federal Credit Union and</b>	<b><u>10,067,274</u></b>	<b><u>9,479,516</u></b>
<b>Subsidiaries Members' Equity</b>		
Noncontrolling Interest	174,182	201,275
<b>Total Members' Equity</b>	<b><u>10,241,456</u></b>	<b><u>9,680,791</u></b>
<b>Total Liabilities and Members' Equity</b>	<b><u>\$75,185,898</u></b>	<b><u>\$74,630,714</u></b>

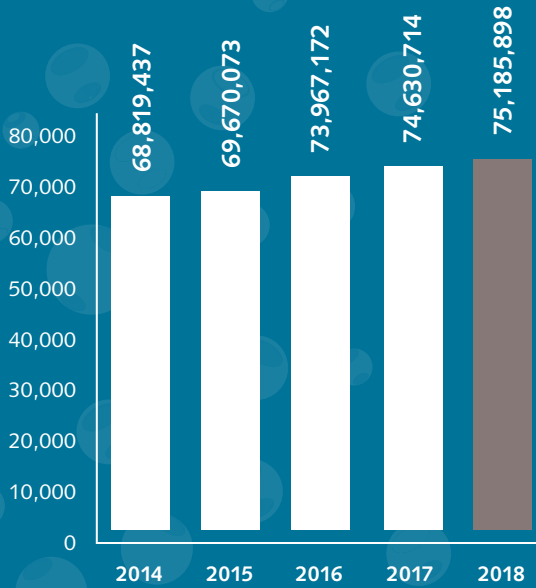
# Consolidated Statements of Income

as of December 31

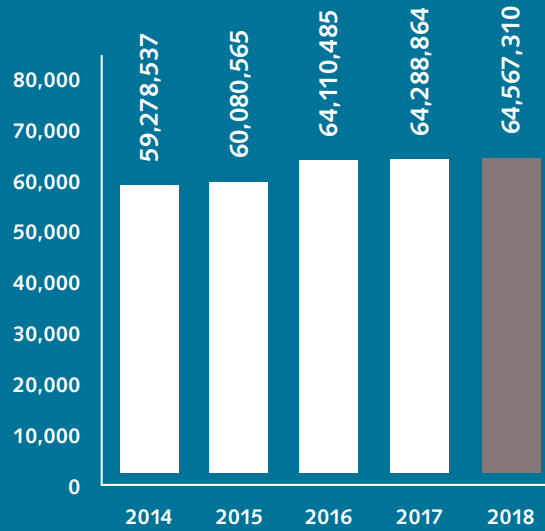
	2018	2017
<b>Interest Income</b>		
Interest on Loans	\$3,050,408	\$2,796,709
Interest on Investment Securities	254,532	221,232
<b>Total Interest Income</b>	<b>3,304,940</b>	<b>3,017,941</b>
<b>Interest Expense</b>		
Members' Shares and Savings Accounts	225,811	208,623
Interest on Borrowed Funds	22,272	22,806
<b>Total Interest Expense</b>	<b>248,083</b>	<b>231,429</b>
<b>Net Interest Income</b>	<b>3,056,857</b>	<b>2,786,512</b>
<b>Provision for Loan Losses</b>	<b>209,802</b>	<b>69,148</b>
<b>Net Interest Income After Provision for Loan Losses</b>	<b>2,847,055</b>	<b>2,717,364</b>
<b>Non-Interest Income</b>		
Servicing Fees	475,729	475,894
Other Income	278,833	192,664
Commissions and Fees	731,801	763,563
Gain on Sale of Property and Equipment	4,263	—
<b>Total Non-Interest Income</b>	<b>1,490,626</b>	<b>1,432,121</b>
<b>Non-Interest Expense</b>		
Payroll	1,361,180	1,321,866
Office Operating Expense	362,599	378,751
Employee Benefits and Payroll Taxes	414,433	389,514
Professional and Outside Services	468,822	425,011
Loan Servicing	346,303	314,883
Depreciation and Amortization	176,224	197,045
Educational and Promotional	112,758	123,165
Occupancy	142,427	157,710
Members and Other Insurance	12,329	12,333
Loss on Sale of Other Real Estate Owned	7,726	—
Loss on Sale of Collateral Held in Process of Liquidation	18,384	12,972
Travel and Conference	47,036	50,892
Other	100,498	105,570
Supervision and Exam	19,722	16,753
<b>Total Non-Interest Expense</b>	<b>3,590,441</b>	<b>3,506,465</b>
<b>Net Income</b>	<b>747,240</b>	<b>643,020</b>
<b>Net Income Attributable to the Noncontrolling Interest</b>	<b>127,907</b>	<b>134,537</b>
<b>Net Income Attributable to Katahdin Federal Credit Union and Subsidiaries</b>	<b>\$619,333</b>	<b>\$508,483</b>

# Financial Graphs

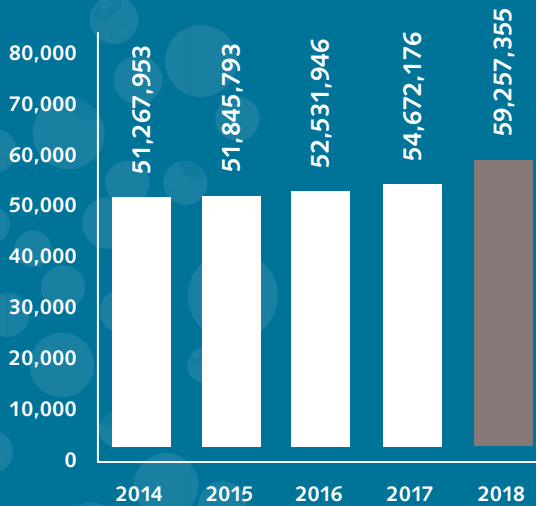
## Assets



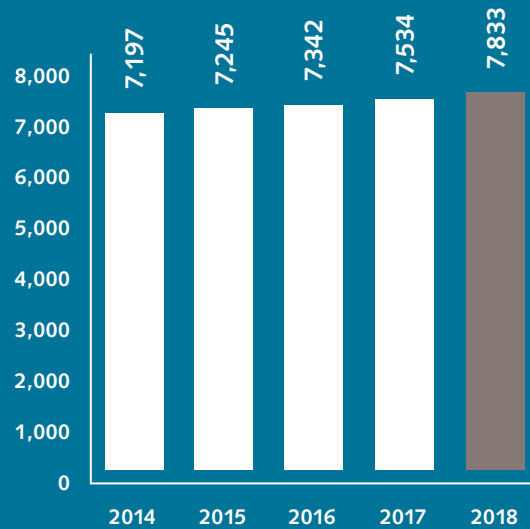
## Shares



## Loans



## Members





# Staff Directory

## Management

Tina Jamo · *President/ CEO*

Alaina Daisey · *Chief Financial Officer*

## Quality Assurance Department

Nancy L. Pineau · *Quality Assurance Specialist*

## Collections Department

Betty J. Averill · *Collector/Credit Analyst*

## Administration Department

Molly Jamieson · *HR/ Marketing Assistant*

## Accounting Department

Cathy A. McNally · *Accountant*

Gay Dickinson · *Accountant*

## IT Department

Theresa Lane

*Senior Network and Electronic Banking Specialist*

Cathy McGowan

*Electronic Banking Specialist/Accounting*

## Financial Services Department

Lisa Martin · *Financial Services Manager*

Jean Cyr · *Financial Service Representative*

Debbie Girs · *Financial Service Representative*

Julie Achorn · *Financial Service Representative*

Lori Violette · *Financial Service Representative*

## Teller Services Department

Michelle Jamo · *Teller Services Manager*

Lea Ann Jandreau · *Senior Teller*

Ethan Michaud · *Teller II*

Debora Murphy · *Receptionist*

Ashley Kidney · *Teller*

Bruce Fleming · *Teller*

Jennifer Cullen · *Teller*

Sara Long · *Teller*

## Island Falls Office

Rachel Hale · *Branch Manager*

Kim McDonald · *Senior Teller*

Mandi Noyes · *Teller*

Amanda Fitzherbert · *Teller*

## Single Source Financial Centre

Peggy Armstrong · *Administrative Assistant*

## Maintenance

Leo Levasseur

Carlton Bernier

# Results 2018



New and Used  
Auto Loans



Recreational  
Vehicle Loans



First and Second  
Mortgages



New HELOCs



Visa ScoreCard  
Cash Back Rebates

# Nurturing Our Communities

## Funding

- Donated \$15,000 to the Millinocket Memorial Library for the Capital Campaign
- Donated \$1,000 to Good Shepherd Food Bank
- High School Scholarships totaling \$9,000
- Raised over \$13,000 for the Maine Credit Unions Campaign for Ending Hunger (Golf Tournament, raffle, auctions, dinners, bake sales, popcorn sales, festival booths, etc.)
- Raised funds for local food pantries through coin machine donations

## Working Together

- KFCU and Stearns High School Junior Class sponsored a Valentine's Day Bake Sale
- KFCU and Brookfield US Foundation collaborated on "Providing Warmth for the Katahdin Region"
- KFCU and Hillcrest Golf Club sponsored an Ending Hunger Golf Tournament

## Financial Education

- Northern Penobscot Chapter of Credit Unions Financial Fitness Fair
- AARP Presentation on Electronic Services

## Sponsorships

- MRH Golf Tournament
- Mount Katahdin Basketball Camp
- Maine Credit Unions Campaign for Ending Hunger Golf Tournaments
- Millinocket Memorial Library Summer Reading Program
- Trails End Festival
- Christmas in Katahdin Community Party
- Island Falls Summerfest
- Millinocket Memorial Library Auction
- County Open
- Youth athletic sponsorships: Little League, Youth Basketball, Little Giant Football
- Performing Arts Boosters
- Millinocket Historical Society
- Project Graduation: Chem-Free/Trip for Area High Schools
- Katahdin Council of Boy Scouts
- Anah Temple Shriners
- Dirigo Boy's/Girl's State
- Special Olympics
- Food Baskets for the Holidays
- Supporter of Student Activities, etc.
- **And much, much more!**

# 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

## Locations

1000 Central Street · Millinocket, ME 04462

207.732.9718 · 207.723.8426 fax

Toll Free 800.451.9145

support@katahdinfcu.org

1068 Crystal Road · Island Falls, ME 04747

207.463.3661 · 207.463.3763 fax

www.katahdinfcu.org

## Services

- Savings Accounts
- Checking Accounts
- Club Accounts
- IRA Accounts: Traditional, Roth, Coverdell Education Savings Account 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 HELOC
- Streamline<sup>SM</sup> Line of Credit/Overdraft Protection
- Signature Loans
- Share and Certificate Secured Loans
- Business Loans
- Visa<sup>®</sup> Credit Cards: Classic and Gold
- Apple Pay<sup>®</sup>
- Money Connection<sup>SM</sup> Audio Response
- Home Banking and Bill Payer
- Mobile Connection
- Remote Deposit Capture
- CO-OP Shared Branching
- CU24<sup>SM</sup> Visa<sup>®</sup> Debit Cards
- Visa<sup>®</sup> 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
- Pet's Best Insurance

## Services Available online at [www.katahdinfcu.org](http://www.katahdinfcu.org)

- Home Banking
- Bill Pay
- Online Account Opening
- Online Loan Applications
- Check Re-ordering
- EzCardInfo (allows Visa account access and sign up for e-statements)
- Current Rate and Term Information
- Newsletter
- Financial Resource Center





**KATAHDIN  
FEDERAL  
CREDIT UNION**

*A financial institution with a clear vision*

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