

# 2019 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.



Formerly known as Ticonderoga Federal Credit Union

# Chairman's Report

Richard J. Carpenter, Sr.  
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 \$846,418 for the year ending 2019. Additionally, from December 2018 to December 2019, Assets increased \$6.31 MM or 5.93%, Shares increased \$4.66MM or 4.87% and Loans increased \$6.75MM or 15.31%. We ended the year 2019 with a capital to assets ratio of 9.94%, 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 2020, continued improvement is expected in 2021 and beyond. I am particularly pleased with our most recent achievement, our rebranding. We weighed our affection for a name that we were proud to carry for all these years against our responsibility to prepare the credit union for the future. In the end, our Board of Directors unanimously agreed, we needed a name that lets people in our expanded field of membership know that they can be part of our Credit Union. A name that reflects our local roots in an area we are proud to live in as well as our commitment to being a force for good. Our new name will enable growth to serve you even better and bring what we've all loved about TFCU to more members in the North Country. Doing the right thing for our members has guided us through many changes in the past, and our commitment to our values guided us through this change as well.

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 began my volunteer service to the credit union in 2010 serving on the Supervisory Committee until 2017 when I was appointed and subsequently elected as a Director on the Board. My fellow Directors had faith in me to assume the role of Chairman in April of 2019 at the retirement of David Baird.

After considerable thought and many years, I have informed the Board of my intention to retire from volunteer service to TFCU. It has been an honor and privilege to serve you our members over the past 10 years. I retire knowing the credit union is strong, headed in a positive direction and in good hands with a dedicated leadership team and Board of Directors.

The Board has selected Patrick R. Ida, CPA from among our nine volunteer Directors to serve as our next Chairperson. Pat had this to say about his upcoming transition:

*"I'd like to thank Rick Carpenter for ten years of volunteer service with TFCU; seven on our supervisory committee, many as Chairman and three years on our Board of Director's, with a year and a half as Chairman.*

*I have served on TFCU's Board now for nearly four years and am pleased to have the confidence of my fellow Directors in accepting their appointment as Chairman. It is my goal to continue the high standards of leadership exhibited by those who served before me.*

*TFCU has a long history of service to our members and our communities. We have experienced tremendous change in the last few years, positive change that will position us for continued success. I am very confident in our Board and in TFCU's Leadership Team and look forward to our bright future."*

I am confident Pat will do an outstanding job as Chairman.

In closing, I would like to take this opportunity to thank you, our members, for your continuing support.

Respectfully submitted,

Richard J. Carpenter, Sr.  
Chairperson  
Board of Directors

# 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 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.

2019 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 nine years about our financial condition and the many decisions and initiatives that the Board of Directors and the Leadership Team implemented to restore and improve our profitability and efficiency and lay the groundwork for continued growth and viability.

Consumer confidence continued to improve in 2019 with our Loans increasing \$6.75MM or 15.31% from the previous year-end. 2019 saw Net Income of \$846,416, Assets of \$112,690,077 and net worth of 9.94%, well above the 7% needed to be considered well capitalized by our federal regulator. I am pleased to say our financial condition has greatly improved and we are growing.

Members continue to embrace and are utilizing technology to access their accounts and conduct transactions. As of December 31, 2019:

- 4,853 Members have enrolled in Connected Banking
- 2,235 Members have enrolled in Bill Pay
- 1,969 Members have opted to receive their account statements electronically
- There were 808 new internet based loan applications
- Members conducted 4,450 remote deposit transactions totaling \$1,563,452
- 1,007 Android and 552 Apple devices had our mobile app active
- We provided 815 opportunities for members to sign documents remotely
- 30 individuals electronically applied for membership using our new online Account Create functionality and 16 existing members opened new share types.
- Our members conducted 1108 transactions totaling \$1,122,061 other credit unions around the country using the shared branching network

We are thrilled with the way members continue to embrace this improved technology and service delivery – and for good reason. Investment in this technology is a competitive necessity. In 2018, we announced the approval of our expanded field of membership to include four additional counties. TFCU is now able to offer membership to individuals (and their relatives), businesses or organizations who live, work, worship or attend school in Warren, Washington, Essex, Clinton and Franklin Counties in New York as well as Addison County in Vermont.

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 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 and our charter expansion 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.

In April of 2018, I announced we would be embarking on a study of our historical and future brand identity. That work culminated in our announcement last fall that we would be changing our name to TrailNorth Federal Credit Union [www.tfcunow.com/trailnorth](http://www.tfcunow.com/trailnorth). Physical changes related to rebranding are substantially complete; members have been very supportive of our reasoning for and of the changes.

Yes looking back, 2019 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.

All of the decisions and changes that have been implemented have been done so to keep the credit union true to its mission, and ensure its long term viability and sustainability now and long into the future. 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, CCUE, CUCE  
President & Chief Executive Officer  
Treasurer – Board of Directors

# Supervisory Committee Report

Richard L. McClintock  
Chairperson



The Supervisory Committee is comprised of four board-appointed volunteers who serve as a link between the Board, Leadership Team and the Membership. In addition to me, current members of the committee include Susan Nephew, Karlene Gonyeau, William Barnhart and Anthony Anselmo. 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 2019, 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 two different independent sources.

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 a review of our compliance with the Bank Secrecy Act related to the detection and prevention of money laundering.

The third was a thorough examination by our governing agency that insures your shares, the National Credit Union Administration (NCUA).

I am happy to report that your credit union received excellent ratings in all three instances. Your funds are safe here at TFCU, and we are committed to maintaining that level of safety and soundness.

I would like to thank Mrs. Nephew, Mrs. Gonyeau, Mr. Barnhart and Mr. Anselmo for their work on the committee and dedication to TFCU.

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.

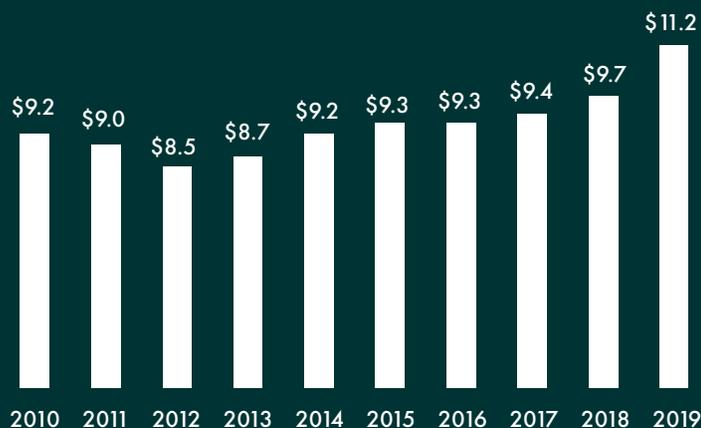
Richard McClintock  
Chairperson  
Supervisory Committee

# Comparative Statement of Financial Condition

	Dec. 31, 2018	Dec. 31, 2019
<b>ASSETS</b>		
Loans to Members - Net	\$43,662,099	\$50,422,277
Cash	\$3,107,163	\$2,865,325
Investments	\$56,062,134	\$52,046,577
Land & Buildings Net	\$2,624,889	\$2,623,673
Other Fixed Assets Net	\$226,292	\$232,721
All Other Assets	\$695,483	\$4,499,504
<b>TOTAL ASSETS</b>	<b>\$106,378,059</b>	<b>\$112,690,077</b>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>LIABILITIES</b>		
Shares	\$95,680,239	\$100,340,559
Accounts Payable	\$1,003,896	\$1,168,745
<b>TOTAL LIABILITIES</b>	<b>\$96,684,135</b>	<b>\$101,509,304</b>
<b>MEMBERS EQUITY</b>		
Regular Reserve	\$1,771,485	\$1,771,485
Other Reserves	\$3,202,530	\$3,202,530
Undivided Earnings	\$5,384,164	\$6,230,581
Accumulated Gain/(Loss) on Available for Sale Securities	\$(664,255)	\$(23,823)
<b>TOTAL EQUITY</b>	<b>\$9,693,924</b>	<b>\$11,180,773</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$106,378,059</b>	<b>\$112,690,077</b>

	Dec. 31, 2018	Dec. 31, 2019
<b>EARNINGS &amp; DISTRIBUTION OF FUNDS</b>		
<b>OPERATING INCOME</b>		
Interest on Loans	\$2,745,287	\$3,196,094
All Other Operating Income	\$2,653,242	\$2,793,527
<b>Total Operating Income</b>	<b>\$5,398,529</b>	<b>\$5,989,621</b>
<b>OPERATING EXPENSES</b>		
Compensation & Benefits	\$2,022,672	\$2,202,429
Office Operations	\$636,711	\$636,190
Office Occupancy	\$323,806	\$328,134
Association Dues	\$21,047	\$24,332
Loan Servicing	\$285,980	\$317,607
Member Education	\$73,559	\$88,808
Advertising/Promotion		
Professional & Outside Services	\$1,018,212	\$990,699
Interest on Borrowed Money	\$-	\$20
Federal Examination Fee	\$27,202	\$28,658
Annual Meeting Expense	\$8,206	\$12,743
Travel & Conference	\$54,531	\$53,950
Miscellaneous Expenses	\$69,514	\$137,141
<b>TOTAL OPERATING EXPENSE</b>	<b>\$4,541,441</b>	<b>\$4,820,712</b>
Income / (Loss) From Operations Before Dividends	\$857,089	\$1,168,909
NCUSIF Distribution	\$65,833	\$14,307
<b>TOTAL NON-OPERATING INCOME / (EXPENSE)</b>	<b>\$65,833</b>	<b>\$14,307</b>
Total Income Before Dividends	\$922,922	\$1,183,217
Less Dividends	\$116,768	\$107,605
Provision for Loan and Share Losses	\$382,191	\$229,195
<b>NET INCOME (LOSS)</b>	<b>\$423,963</b>	<b>\$846,418</b>

## 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 TFCU members residing in the following counties:

ESSEX



**7860**

WASHINGTON



**535**

WARREN



**457**

CLINTON



**144**

FRANKLIN



**22**

ADDISON



**45**

**708** Members now residing elsewhere in

**43** States and **3** foreign countries.

## FUN FACT

From 1999 to 2019 member deposits have INCREASED \$78,431,037, from \$34,259,040 to \$112,690,077, or about 229%!

From 1/1/2019 through 12/31/2019

**\$1,563,452**

Total dollar amount deposited through Mobile Capture.



**934**

New accounts opened.

As of 12/31/2019

**9,771**

Number of TrailNorth Members.

**1,969**

Accounts enrolled in e-statements.

**4,853**

Users enrolled in Online banking.

**2,136**

Number of loans granted.

**49**

Number of members we helped receive a mortgage in 2019, for total mortgage loans of

**\$2,886,013**



**428**

Number of new and used car loans granted in 2019.

# ENHANCING LIVES



# 86

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

Teach the **value** of a dollar.

Award-winning. Online. Real-life financial literacy.



**Banzai!**

# 1780

Number of students (in the 2018/2019 school year) that benefited from financial education through our partnership with Banzai.

# 24

Number of schools (in the 2018/2019 school year) whose students benefited from financial education through our partnership with Banzai.

# \$1,500

Provided in TrailNorth student scholarships.

