



ANNUAL REPORT

2023

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Federally Insured
By NCUA

President's Report

I am pleased to report that fiscal year 2023 was another strong year for our credit union. While the rate of inflation had come down from 2022, the Federal Reserve Bank was still raising rates in 2023 in an attempt to slow down the economy. In doing so, they raised rates four times during the year, with the final increase to the prime lending rate occurring on July 26th, 2023, when they raised it to 8.50%. Fortunately, they held that rate through year end as the overall inflation trend seemed to be headed downward. Preliminary indications for 2024 point to the possibility of rate cuts by the Federal Reserve Bank later in the year, however time will tell as the economy is still showing signs that inflation is unfortunately holding.

In reviewing the financial performance of our credit union for the year, we find that net income for the year posted at \$2,511,745 which was after the accrual for a \$650,000 "Patronage Dividend" to be paid on February 27, 2024. Thus, we had a very solid year financially and even better in that we could deliver a "Patronage Dividend" again after three years of not doing so. In these turbulent economic times, I would bet that we are one of only a handful of credit unions across the country to deliver back such a dividend to members.

Our membership grew 484 or 2.7% in 2023 to 18,296 members across our six-branch footprint. In reviewing the balance sheet over the year, it decreased by (\$12,607,429) or (3.67%) to \$330,460,812 as lingering excess liquidity from the pandemic period continued to drain off. I feel our credit union has now stabilized at the current level and therefore look for asset growth to return in 2024.

Our lending activities to our membership in 2023 can be viewed as the perfect embodiment of the credit union movement of "people helping people" as we grew our loan portfolio \$27,001,414 or 12.69% to \$239,715,333. This represents a loan to share ratio of 86.57%, which is proof that we are meeting the spirit and values of how credit unions should operate.

Meanwhile, the equity position of our credit union grew \$2,619,900 or 5.74% to \$48,272,210. This equates to a capital ratio of 14.60% which is well above the NCUA's definition of a well-capitalized credit union at 10%. Therefore, members should rest assured that their credit union remains on solid footings and well able to withstand any economic downturn which may come our way.

Overall, I am proud of how our 88 Team Members across our six-branch footprint performed in 2023 to deliver financial products and services to our membership. Throughout the year our Team Members were focused on delivering the best service they could in meeting and exceeding our members' needs. They were also focused on generating a financial performance worthy of a "Patronage Dividend" back to the members. They succeeded with both, and I'm very proud of what was accomplished in 2023.

I would also like to acknowledge our devoted and dedicated Board of Directors as well as the Supervisory Committee. Without their commitment to our cause, we would not have the quality credit union that we have today. Most of all, I want to thank our loyal membership base across the communities that we serve, as once again, we would not be here without you...the member! Please know that we look forward to continuing to evolve and enhance your credit union going forth while still maintaining the sound principles and values that our founding members established for us back in 1960! Let's make 2024 another great year.

Sincerely,
Kipp Raboin



Kipp Raboin

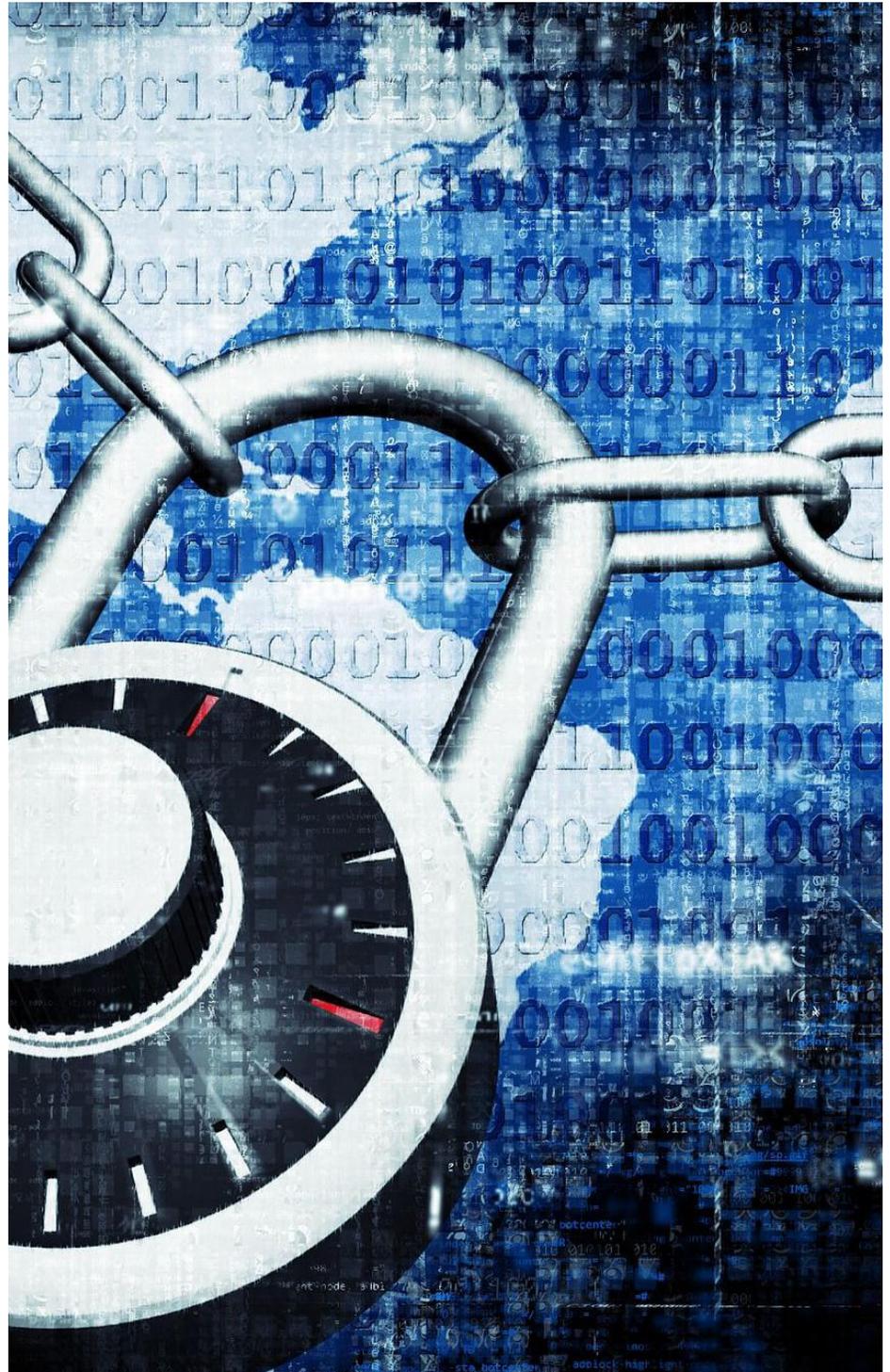
President/Chief Executive Officer



Supervisory Report

The Supervisory Committee is comprised of volunteers who regularly audit all facets of the credit union including financial management, administrative, and operational practices. They rely on unbiased third parties, including Doeren Mayhew and the National Credit Union Administration (NCUA), in addition to our Internal Auditor to evaluate these areas and keep your financial safety and security at the forefront of what TruStar does.

During 2023, the committee engaged in a number of audits and assessments and is pleased to announce these yielded no significant deficiencies. Rest assured knowing your credit union is committed to operating with sound financial, operational, and security practices.



Balance Sheet

COMPARATIVE STATEMENTS OF INCOME AND EXPENSE (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2022 and 2023

FINANCIALS

TruStar Federal Credit Union

Post Closing Statements of Financial Condition (unaudited)

At December 31, 2022 and 2023

Federally Insured by NCUA

ASSETS	2022		2023	
LOANS TO MEMBERS	212,713,919	***	239,715,333	***
ALLOWANCE FOR LOAN LOSS	(3,012,369)		(3,388,757)	
RECEIVABLES	37,501		32,156	
CASH ON HAND AND WITH THE FEDERAL RESERVE BANK	74,673,275		34,332,923	
INVESTMENTS	41,015,045		42,009,216	
PREPAID EXPENSES & DEFERRED CHARGES	297,437		446,472	
FIXED ASSETS	11,131,218		11,199,648	
ACCRUED INCOME	820,640		1,215,006	
CAPITAL INVESTMENTS	411,928		207,728	
OTHER ASSETS	4,979,647		4,691,087	
TOTAL ASSETS	343,068,241		330,460,812	
LIABILITIES AND EQUITY				
ACCOUNTS PAYABLE	3,279,031		3,435,727	
SHORT-TERM NOTES PAYABLE	-		-	
DIVIDENDS PAYABLE	30,370		755,935	
ACCRUED EXPENSES	78,426		97,848	
OTHER LIABILITIES	539,407		998,804	
TOTAL LIABILITIES	3,927,234		5,288,314	
MEMBER EQUITY				
REGULAR SHARES	116,778,147		121,219,496	
SHARE DRAFTS	54,769,958		51,756,928	
OTHER SHARES	10,817,255		399,640	
I.R.A.'s	12,195,505		12,446,290	
SHARE CERTIFICATES	27,914,654		32,862,391	
MONEY MARKET SHARES/DRAFTS	41,176,964		31,213,841	
COMMERCIAL CHECKING	29,836,214		27,001,702	
TOTAL MEMBER EQUITY	293,488,697		276,900,288	
UNDIVIDED EARNINGS				
UNDIVIDED EARNINGS	45,760,465		48,272,210	
OTHER COMPREHENSIVE INCOME	(108,155)		-	
TOTAL CAPITAL	45,652,310		48,272,210	
TOTAL LIABILITIES & EQUITY	343,068,241		330,460,812	
TOTAL MEMBERSHIP	17908		18289	

*** \$ 24,881,594 in member mortgages have been pledged as collateral on short & long-term notes at 12/31/23.

Income Statement

POST CLOSING STATEMENTS OF FINANCIAL CONDITION (UNAUDITED) AT DECEMBER 31, 2022 and 2023

FINANCIALS

TruStar Federal Credit Union

Comparative Statements of Income and Expense (unaudited)

For the Years Ended December 31, 2022 and 2023

Federally Insured by NCUA

INCOME	2022	2023
INCOME FROM LOANS	9,843,562	12,656,440
INCOME FROM INVESTMENTS	1,652,854	2,530,016
OTHER INCOME	4,636,218	4,443,559
TOTAL INCOME	16,132,634	19,630,015
COST OF FUNDS		
DIVIDENDS ON ACCOUNTS	713,089	3,285,890
COST OF BORROWINGS	251	502
TOTAL COST OF FUNDS	713,340	3,286,392
EXPENSES		
SALARIES AND BENEFITS	7,719,716	7,834,028
TRAVEL AND CONFERENCES	138,417	163,494
ASSOCIATION DUES	23,282	24,765
OFFICE OCCUPANCY	967,122	984,824
OFFICE OPERATIONS	2,271,221	2,425,777
EDUCATIONAL AND PROMOTIONAL	204,992	218,085
LOAN SERVICING	88,437	70,645
PROFESSIONAL AND OUTSIDE SERVICES	648,259	719,080
PROVISION FOR LOAN LOSS	110,000	676,044
MISCELLANEOUS EXPENSES	794,465	972,345
TOTAL OPERATING EXPENSES	12,965,911	14,089,087
OPERATING INCOME	2,453,383	2,254,536
NON-OPERATING INCOME (EXPENSE)		
GAIN (LOSS) ON INVESTMENTS	-	-
UNREALIZED GAIN (LOSS) ON AFS INVESTMENTS	(66,063)	255,309
GAIN (LOSS) ON DISPOSITION OF ASSETS	19,485	1,900
TOTAL NON-OPERATING INCOME	(46,578)	257,209
NET INCOME	2,406,805	2,511,745

Senior Management



Kipp Raboin

President & Chief Executive Officer

Kipp has over 36 years of experience working in the banking and credit union industry, with his last 18 years at TruStar Federal Credit Union. He earned his Bachelor of Arts in Business Administration in 1987 from Augsburg College in Minneapolis MN. His experience, and extensive list of education, certifications, and training has guided him to become the leader he is today. As the Chief Executive Officer, Kipp is dedicated to providing TruStar with strategic direction, vision, leadership and management across all six locations. He is an honest leader with a depth of experience in lending to small businesses, non-profits, and large corporations. Kipp currently serves locally on the Rainy Lake Medical Center Foundation board and has been a member of many community organizations in Northern Minnesota over the years.



Kim Wimmer

Executive Vice President & General Counsel

Kim has been with TruStar for 9 years. She started as the General Counsel, handling general legal matters for the credit union, along with working in various departments including: Human Resources, Collections, and Training Departments. Kim became the EVP/General Counsel in May of 2021. Currently she works directly with the President/CEO to assist in overseeing all areas of the credit union. Kim is an active community member and volunteers for many different entities. Her calm, positive outlook is an asset to the senior management team, and she is a go-to for advice. Whether the issue is big or small, she is always willing to help. Kim is a graduate of Littlefork-Big Falls High School. She received her degree in Accounting from Gustavus Adolphus College, along with a minor in Communication Studies, and a Juris Doctorate from the University of Minnesota Law School. Kim is a NAFCU Certified Compliance Officer, and has attended beneficial courses specific to credit unions such as The School of Applied Strategic Management and the CEO Institute. She is currently on the Littlefork-Big Falls School Board, the Friends Against Abuse Board, and a team member on the Borderland Treatment Court.



Gina Rasmussen

Chief Operations Officer

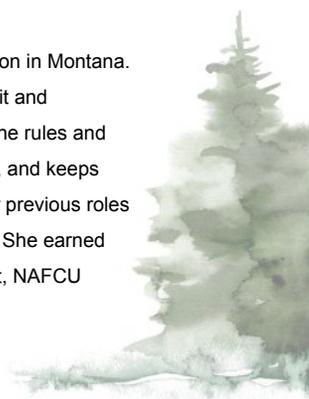
Gina has been working at TruStar for more than 26 years! She is a graduate of Littlefork-Big Falls High School and has spent the last 32 years in International Falls where she raised her daughters along with her husband Marty. Gina started her career at TruStar in 1998 as a part-time teller, and over the years, has received numerous promotions and opportunities for growth. Gina is currently our Chief Operations Officer where she leads the deposit operations and marketing initiatives across TruStar's six locations and 18,000 plus members. As a member of the senior management team, she provides strategic insights for product offerings, member service, budgets, marketing, community involvement, and future direction. Gina has spent her entire career working in the operations area of the business, and her strengths in leading, planning, organizing, and process design have contributed to her success and ours.



Stephanie Mathews

Senior Vice President of Compliance and Audit

Steph is enjoying being back "home" with TruStar after spending two years at a \$2 billion credit union in Montana. She has spent her entire professional career working with credit unions and brings 25 years of audit and compliance experience to TruStar. Her role is to make sure the credit union is in compliance with the rules and regulations of the credit union industry. Steph assists with questions, monitors regulatory changes, and keeps management and the board apprised of new and upcoming regulatory requirements. Some of her previous roles at TruStar include, Internal Auditor, Risk Officer, and VP of Loan Operations & Risk Management. She earned her Bachelor of Accountancy, at the University of North Dakota and is a Certified Public Accountant, NAFCU Certified Compliance Officer, and NAFCU Certified Bank Secrecy Officer.



Senior Management



Ross Hamers

Chief Financial Officer

Ross resides in International Falls with his wife and three young children. They lead active lifestyles and enjoy spending their time outdoors embracing all four seasons. He has worked at TruStar for 12 years in the Accounting Department, and during this time he has been involved with many large projects or enhancements for the credit union. Ross began his career as an Accounting Officer, he has held many titles during his advancement within the department, including, Accounting Manager, AVP of Accounting, and VP of Accounting. His knowledge and years of experience in accounting will benefit the senior management team. Ross is focused on process improvement through the use of technology. He strives to provide the best financial reporting and forecasting for the credit union in the future to make the best decisions to serve our members. Ross received his Bachelor of Science in Accounting and Minor in Mathematics from Bemidji State University.



Aleisha Taylor

Senior Vice President of Business Services

Aleisha was born and raised in International Falls. She has worked for TruStar for 20 years in a number of different positions including teller, member service, loan clerk and the service center. Aleisha helped establish the commercial department and has been working within that department ever since. She has assisted in developing, and oversees the Analytics and Information Services Department. This department was recently established to assist senior management in leading change and innovation by providing strategic insights into existing activities, forecasting future trends, and recommending efficiency improvements. With Aleisha's extensive experience in the commercial department she is able to assist in all areas as needed, member service, loan processing, credit analyst, and lending.



Krystina Meyers

Senior Vice President of Human Resources

Krystina grew up in International Falls, and while completing her Bachelor's Degree in Business Administration at Bemidji State University, she worked part time for her family's business and the Koochiching County Soil and Water District (KSWD). After graduating from BSU, she lived for a short time in Sweden. When she returned home, she worked for a local business owned by the Olson family, Kantor Electric, Inc., and she has assisted the Olson's for over 15 years with their business's financials. Krystina started her career at TruStar working as a Business Services Specialist, but she quickly moved to the Human Resources Department, and she has worked in various roles in that Department for over 12 years. She is a great collaborator, listener, and someone who is not afraid to take on any challenge. She brings a voice to senior management that is unique with her background in finance and employee relations. Krystina is a member of the Society of Human Resources Management (SHRM), the Minnesota State Council of Human Resources Management, and she is a CTE Perkins Advisory Committee member.



Board of Directors



Mike Lemieux

Board Chair

Previously served on the Supervisory Committee. Member of TruStar since 1994.

Mike grew up in Int'l Falls. He is active in community efforts with providing time and support for the Int'l Falls community initiatives. For the past 29 years Mike has been an account manager that supports a Global Fortune 500 Company in which he oversees the company account. He is responsible for 49 million in annual sales with multiple products and skus in the medical, automotive, and health care divisions, along with consumer business. A vast knowledge of the TruStar inner workings comes from his time served on the Supervisory Committee and the Board of Directors. Mike and the Board team are very proactive and supportive of one another, and the history of collaborating on projects has helped excel TruStar from Peer. Mike was previously a 10 year board member for Koochiching County Planning and Zoning Commission. He is currently Chair of the Board of Adjustment Committee for Koochiching County Environmental Services.



Barb Johnson

Vice Chair

Previously served on the Supervisory Committee. Member of TruStar since 1979.

Barb grew up in Int'l Falls and is a graduate of Falls High School. She received her Bachelor of Arts degree in Business Administration from Bemidji State University. She has been a board member since 2001, and a supervisory committee member prior to that. Barb worked in the Int'l Falls paper mill for 34 years, mostly in the Human Resources department, which makes her a great asset to the board, bringing this knowledge and experience. Barb is partially retired, and currently works for the local school district in the business office. To highlight her understanding of the technical and operational aspects of the HR department, Barb has a PHR certification in Human Resources.



Tom Clarity

Board Secretary

Current Board of Directors member of TruInsure.

Previously served on the Supervisory Committee. Member of TruStar since 1987.

Tom is a lifelong resident of International Falls. He is married with six children, and two grandchildren. He has a strong understanding of business financial information, as well as banking processes. The leadership skills honed over the years of experience on boards and as a manager in a large manufacturing facility make him a great resource for TruStar. Tom's career as an accountant in a large manufacturing facility has had him wearing a number of hats for 35 years, he has spent the last 25 years as the Financial Manager. He is a prior leadership team member and financial officer of the Evangelical Covenant Church. Tom has a BS in Accounting and Minor in Data Processing. He also holds CPA and CMA certifications.



Alton Shannon

Director

Member of TruStar since 2003.

Al is a Falls High School alumnus and a lifelong area resident. His previous board experience on two state contractors' associations, a bank board, plus experience in management of three businesses gives him a seasoned perspective on several issues of importance to TruStar. He has a solid knowledge of business and the ability to think strategically. Al has been privileged to have worked in the mechanical contracting field in northern Minnesota for about fifty years. During that period, he has enjoyed working with a lot of good people and learned about the needs, goals, and desires of our community. Participation on the TruStar board is a continuation of that process and Al is hopeful he can contribute in some measure to its success. Al has spent many years on other boards, including five terms on the board of SMARCA (Sheet Metal Air-conditioning and Roofing Contractors' Association of MN, ND, and SD), two terms president of the association, and two terms on the board of MPHCC (MN Plumbing and Heating Contractors' Association), and fourteen years as a board member of 1st National Bank/Wells Fargo Bank of International Falls.

Board of Directors



Bill Corrin

Director

Member of TruStar since 1982.

Bill has served on the TruStar Board of Directors since 2013. He was born and raised in International Falls. Bill retired in 2019 after owning Corrin's Plumbing, Heating, and Air Conditioning, Inc., for 34 years. He raised his family the same way he grew up, in a family owned business that had been around for 110 years. He knows firsthand the struggles and successes small businesses face in Minnesota and has seen many changes in the community over the last 50 years, both in business and banking. Bill's business experience and dedication to quality service is a strength for the board. He is proud to be part of TruStar Federal Credit Union and proud of all the positive progress it has made here and in the communities we serve.



Kristen Wold

Director

Previously served on the Supervisory Committee. Member of TruStar since 1995.

Kristen has been an International Falls resident for 28 years and raised her two daughters here. She enjoys spending time with her family, being outdoors, and volunteering. Kristen has management experience and is an experienced Accountant, which makes her a great resource for the board's financial decisions. She is currently employed as the General Manager of the MD&W Railway. She is responsible for the daily operations of the railroad in Int'l Falls, managing 1,700 boxcars, serving various locations, and ensuring safety compliance, and reporting. In her previous role she was responsible for the financial reporting, capital projects, compliance reporting, inventory, and budgets. Kristen has served on a number of boards within the community. She is active in volunteer efforts throughout the community.



Dave Stewart

Director

Member of TruStar since 2017.

Dave resides on Rainy Lake in Int'l Falls and is married with one daughter. He is an active member in the Int'l Falls community and a recently retired business owner. He ran his family business for over 35 years and sold it in February 2020. As a third generation owner, he learned the skills of running a local business and the attributes of giving back to the community. As a newer member of our board, his business experience and knowledge have been welcomed resources to our strong and devoted board. Dave earned his Bachelor of Science degree in Business Administration from Western Michigan University in 1984. His previous board experience includes: Wells Fargo Community Board Member from 1996-2000, and Bremer Bank Community Board Member from 2010-2015.



Supervisory Committee



Stacy Grover

Supervisory Committee Chair

Member of TruStar since 2009

Stacy was born and raised in Int'l Falls and her husband was born and raised in Park Rapids, MN. They have two children, one in grade school, and one that will be graduating college in May 2023. They spend their time with their two dogs at the summer cabins, fishing, and boating, and at the family hunting shack in Park Rapids in the fall. Stacy is a great asset to the Supervisory Committee as she brings years of experience working in a public entity in the areas of accounting, audits, government financial compliance, and internal control compliance. This exposure has provided her with a base fiscal compliance understanding while working with the internal auditor and credit union. Stacy has 18 years of experience as Business Manager in public school with major responsibility for both state and federal fiscal compliance, accounting, internal controls, payroll and budgeting. She was previously a committee member for 4 years on the Department of Education's Financial Management, Accounting, and Reporting Advisory Committee. She is also a current member of the Department of Education's GASB Finance Committee. Stacy has her Bachelor of Science degree in Financial and Computer Informational Systems from Bemidji State University.



Melissa Marcotte

Supervisory Committee Member

Member of TruStar since 2003

Melissa was born and raised in Int'l Falls and has been back for 21 years. She is married with two adult children. As a family, they enjoy the outdoors together in the woods and water - especially on Rainy Lake and Lake of the Woods. She has over 18 years of experience in healthcare finance with responsibility for financial statement preparation and analysis, strategic planning and annual budgeting, IRS tax filings and compliance, productivity monitoring, and Medicare Cost Reports. Her experience with financial statements, accounting procedures, operational audits, and internal control assessments helps her to better understand the operations of the credit union. Melissa has served on both the Council and Endowment Committee for First Lutheran Church, as well as doing the treasury work for the Rec Hockey Association. She received her Bachelor's degree in Accounting from Bemidji State University, a Masters Certificate in Health Informatics from St. Scholastica, and she is also a Certified Healthcare Finance Professional through HFMA, and holds an inactive CPA certificate.



David Skwarok

Supervisory Committee Member

Member of TruStar since 1980.

Dave is retired and an active member of the community, including his role as Vice President of the Polar Polers Ski Club. He was solicited to become a part of the Supervisory Committee based on a large part of his vocational service as an Information Technology Director. His contributions grew out of a more direct knowledge of computers, networks, and cyber related audits. Dave taught computer programming and applications for the International Falls School District and Rainy River Community College for 15 years, followed by IT Director/Network Administrator for 18 years. His decades of experience supporting computers, users, and networking bring a working perspective, and strength to our cyber security audits and technology discussions.





It's not just in our name. It's the confidence our members have in knowing we are here to help them navigate their financial journey together.



TruStar

Federal Credit Union

Federally Insured By NCUA

*Your membership is appreciated.
TruStar Federal Credit Union will continue to
focus on enriching the lives of our members and the
communities in which they live and work.
It's at the center of everything we do!*

