

2024
**ANNUAL
REPORT**



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Federally Insured By NCUA

President's Report

I am pleased to report that fiscal year 2024 was another strong year for our credit union. Over the course of the year, we saw inflation come down from extremely elevated levels and begin to normalize. Along with inflation coming down, the prime lending rate also followed suit as the Federal Reserve Bank cut the key lending rate three times and a full 1.00% for it to close at 7.50% at year end. Early indications for 2025 point to a stable rate environment with a few small rate cuts later in the year, however time will tell as the new government administration's policies are implemented.

In reviewing the financial performance of our credit union for the year, we find that net income posted at \$2,899,185 which was after the accrual for a \$750,000 "Patronage Dividend" paid on February 25th, 2025. Having paid a "Patronage Dividend" of \$650,000 in 2024 after a three-year hiatus of not doing so, it was nice to put forth another solid financial performance in 2024 so that we could pay another one and keep things rolling for our members! As I stated in last year's message, I would bet that we continue to be one of only a handful of credit unions across the country to deliver back such a dividend to members.

Our membership grew 314 or 1.7% in 2024 to 18,603 members across our six-branch footprint. In reviewing the balance sheet over the year, we saw the return of growth as it increased \$12,740,748 or 3.85% to \$343,201,560. It appears that the bumpy ride with liquidity issues over the past few years which has plagued all financial institutions has subsided here at TFCU. I feel our credit union is very stable at the current level and poised for more asset growth in 2025.

The pressure of higher inflation levels on our membership seemed to dampen the lending activities in 2024. As such, total loans grew \$6,921,225 or 2.89% in 2024 to close out the year at \$246,636,558. On the share side of things, we saw growth of \$9,971,762 or 3.60% to close the year at \$286,872,050. These numbers reflect a loan to share ratio of 86% which validates our credit union mission of "people helping people!"

Another bright spot in 2024 was the continued growth of our equity position as it grew \$2,899,185 or 6.01% to \$51,171,395. This equates to a capital ratio of 14.90% 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 very financially strong.

Overall, I am proud of how our 89 Team Members across our six-branch footprint performed in 2024 to deliver financial products and services to our membership. Once again this year, our Team Members were focused on delivering the best service they could in meeting and exceeding our members' needs. In this theme, after years in the works, we launched our in-house credit card program in 2024 to provide another offering for our members. We look forward to growing this new product across our membership base in the years to come.

As always, 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 us make 2025 another great year.

Sincerely,
Kipp Raboin



Kipp Raboin

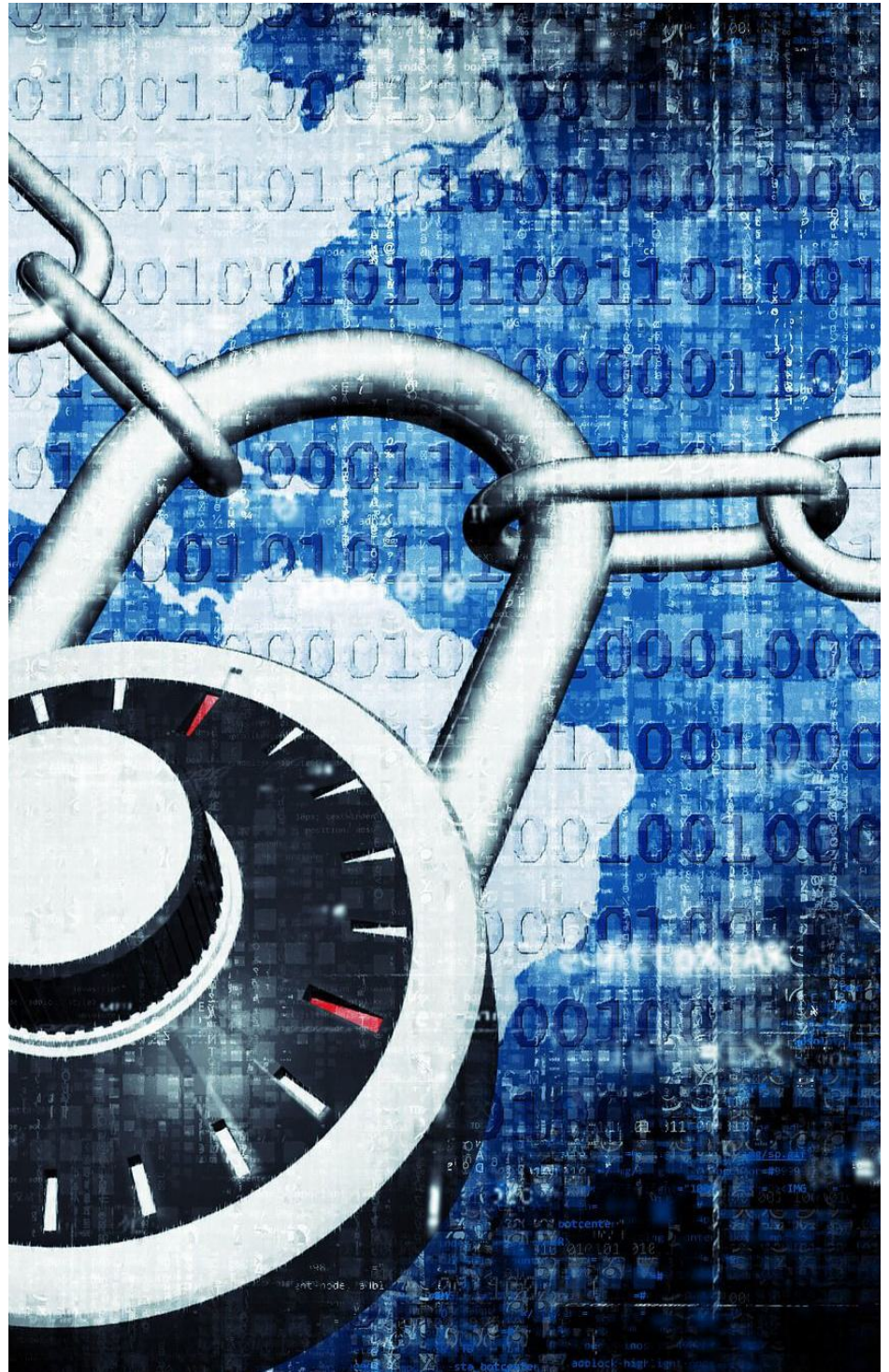
President/Chief Executive Officer



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 2024, 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, 2023 and 2024

FINANCIALS

TruStar Federal Credit Union

Post Closing Statements of Financial Condition (unaudited)
At December 31, 2023 and 2024

Federally Insured by NCUA

ASSETS	2023		2024	
LOANS TO MEMBERS	239,715,333	***	246,636,558	***
ALLOWANCE FOR LOAN LOSS	(3,388,757)		(3,500,126)	
RECEIVABLES	32,156		41,279	
CASH ON HAND AND WITH THE FEDERAL RESERVE BANK	34,332,923		44,751,026	
INVESTMENTS	42,009,216		37,374,025	
PREPAID EXPENSES & DEFERRED CHARGES	446,472		475,409	
FIXED ASSETS	11,199,648		11,289,452	
ACCRUED INCOME	1,215,006		1,296,234	
CAPITAL INVESTMENTS	207,728		200,128	
OTHER ASSETS	4,691,087		4,637,575	
TOTAL ASSETS	330,460,812		343,201,560	
LIABILITIES AND EQUITY				
ACCOUNTS PAYABLE	3,435,727		2,627,751	
SHORT-TERM NOTES PAYABLE	-		-	
DIVIDENDS PAYABLE	755,935		1,247,436	
ACCRUED EXPENSES	97,848		112,845	
OTHER LIABILITIES	998,804		1,170,083	
TOTAL LIABILITIES	5,288,314		5,158,115	
MEMBER EQUITY				
REGULAR SHARES	121,219,496		124,539,874	
SHARE DRAFTS	51,756,928		49,784,673	
OTHER SHARES	399,640		412,429	
I.R.A.'s	12,446,290		12,660,623	
SHARE CERTIFICATES	32,862,391		41,139,931	
MONEY MARKET SHARES/DRAFTS	31,213,841		30,637,745	
COMMERCIAL CHECKING	27,001,702		27,696,775	
TOTAL MEMBER EQUITY	276,900,288		286,872,050	
UNDIVIDED EARNINGS				
UNDIVIDED EARNINGS	48,272,210		51,171,395	
OTHER COMPREHENSIVE INCOME	-		-	
TOTAL CAPITAL	48,272,210		51,171,395	
TOTAL LIABILITIES & EQUITY	330,460,812		343,201,560	
TOTAL MEMBERSHIP	18289		18603	

*** \$ 26,145,180 in member mortgages have been pledged as collateral on short & long-term notes at 12/31/24.

Income Statement

POST CLOSING STATEMENTS OF FINANCIAL CONDITION (UNAUDITED) AT DECEMBER 31, 2023 and 2024

FINANCIALS

TruStar Federal Credit Union

Comparative Statements of Income and Expense (unaudited)

For the Years Ended December 31, 2023 and 2024

Federally Insured by NCUA

INCOME	2023	2024
INCOME FROM LOANS	12,656,440	15,791,572
INCOME FROM INVESTMENTS	2,530,016	1,942,545
OTHER INCOME	4,443,559	4,782,295
TOTAL INCOME	19,630,015	22,516,412
COST OF FUNDS		
DIVIDENDS ON ACCOUNTS	3,285,890	4,842,053
COST OF BORROWINGS	502	502
TOTAL COST OF FUNDS	3,286,392	4,842,555
EXPENSES		
SALARIES AND BENEFITS	7,834,028	8,571,903
TRAVEL AND CONFERENCES	163,494	235,275
ASSOCIATION DUES	24,765	27,713
OFFICE OCCUPANCY	984,824	993,066
OFFICE OPERATIONS	2,425,777	2,743,312
EDUCATIONAL AND PROMOTIONAL	218,085	248,118
LOAN SERVICING	70,645	98,453
PROFESSIONAL AND OUTSIDE SERVICES	719,080	732,586
PROVISION FOR LOAN LOSS	676,044	323,157
MISCELLANEOUS EXPENSES	972,345	1,165,899
TOTAL OPERATING EXPENSES	14,089,087	15,139,482
OPERATING INCOME	2,254,536	2,534,375
NON-OPERATING INCOME (EXPENSE)		
GAIN (LOSS) ON INVESTMENTS	-	-
UNREALIZED GAIN (LOSS) ON AFS INVESTMENTS	255,309	364,810
GAIN (LOSS) ON DISPOSITION OF ASSETS	1,900	-
TOTAL NON-OPERATING INCOME	257,209	364,810
NET INCOME	2,511,745	2,899,185

Senior Management



Kipp Raboin

President & Chief Executive Officer

Kipp has over 37 years of experience working in the banking and credit union industry, with his last 19 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.



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 over 25 years of audit and compliance experience, with nearly 15 of those years being at 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, Certified Credit Union Compliance Officer, and Certified Bank Secrecy Act Professional.



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 13 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 over 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, she is a CTE Perkins Advisory Committee member, and on the Falls Education Foundation Board.



Board of Directors



Mike Lemieux

Board Chair

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

Mike grew up in International 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 International 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 officially retired in 2024 from the local school district after 12 years 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 four 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 had him wearing a number of hats for over 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 International Falls and is married with one daughter. He is an active member in the International 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

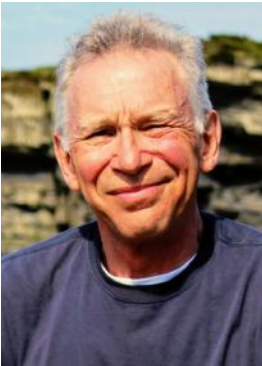


Melissa Marcotte

Supervisory Committee Chair

Member of TruStar since 2003

Melissa was born and raised in International Falls and has been back for 22 years. She is married with two adult children. They enjoy the outdoors together in the woods and on the water - especially Rainy Lake and Lake of the Woods. She has over 19 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 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.



Jay Bartkowski

Supervisory Committee Member

Member of TruStar since 2018

Jay was born and raised in International Falls, and graduated from St John's University, MN with a Bachelor of Science degree in Accounting. He spent 20 years living in the Twin Cities where he practiced as a partner in the public accounting firm of Virchow Krause. Jay and his family moved back to International Falls in 2007 where he became President of the Coca-Cola Bottling Company, the family business started by his grandfather in 1934. Since returning home he has served on the International Falls Chamber of Commerce Executive Committee in various roles for 11 years. In addition, he served over 10 years on the Chamber Economic Development Committee, and was an active member and was lead speaker for the Voyage Forward community meeting in 2014. He has served as Chair of the Finance Council at St. Thomas Aquinas Church since 2013. He currently serves both as a Board Member and member of the Executive Committee of the Minnesota Beverage Association, and is also as a Board Member of the Minnesota Beer Wholesalers Association. His business and accounting experience lends itself to assisting the Supervisory Committee at TruStar. Jay has coached both baseball and basketball at various levels from elementary through the varsity coaching staff. He and his wife have three adult sons.





TRUST

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!*

