

MOVING FORWARD

WORKING TOGETHER
EVERY STEP OF THE WAY



Maine Highlands
FEDERAL CREDIT UNION
Personal Service. Shared Value.

Our Mission Statement

Maine Highlands Federal Credit Union
is a proactive, member-owned
cooperative whose purpose is to
provide personal service and shared
value, while maintaining its financial
stability and integrity.



Federally Insured by NCUA

Annual Report of Supervisory Committee

Maine Highlands Federal Credit Union has utilized the services of the accounting firm of Albin, Randall & Bennett to perform an opinion audit. Their audit is conducted in accordance with generally accepted auditing standards; and it is their responsibility to express an opinion on the financial statements based on this audit. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

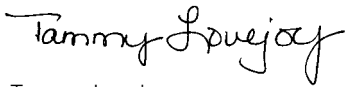
Through this intense scrutiny, it was found that the financial statements of Maine Highlands FCU "...present fairly, in all material respects, the financial position of Maine Highlands Federal Credit Union as of September 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America".

On an eighteen-month basis, Maine Highlands FCU is also examined by the National Credit Union Administration (NCUA). The mission of NCUA is to "ensure the safety and soundness of credit unions by providing appropriate regulation and supervision while effectively managing the agency's resources and Share Insurance Fund." The Board of Directors, Supervisory Committee and management review this examination carefully and take all necessary steps to make sure that your credit union is in compliance with all state and federal regulations.

The Supervisory Committee, in conjunction with Albin, Randall & Bennett, also does a 100% verification of members' accounts on a yearly basis; and verifies all closed accounts on a quarterly basis.

With these checks and balances in place, the Supervisory Committee feels confident that Maine Highlands FCU is taking all the appropriate steps to improve and strengthen its operations.

Respectfully Submitted,

A handwritten signature in black ink that reads "Tammy Lovejoy". The signature is fluid and cursive, with the first name "Tammy" and last name "Lovejoy" clearly distinguishable.

Tammy Lovejoy

Supervisory Committee Chairperson

Annual Report of the Board of Directors

Maine Highlands Federal Credit Union began 2019 the same way 2018 ended—in construction mode. The new 5,500 sq. ft addition to the main office in Dexter was completed in November of 2018, with employees moving into the new office space in December. But, before the sheetrock dust even had a chance to settle, the new office in Canaan was laid out in prints with construction scheduled to begin in April.

It was also during this timeframe, that the Credit Union learned Key Bank in Guilford was closing. Management immediately began gearing up for this since Maine Highlands FCU was the only other financial institution in town. A member relationship specialist from the main office in Dexter spent all of February and part of March at the Guilford branch to help with the volume of new members coming to the Credit Union. Providing that personal touch to give guidance during this stressful time for many people, once again showed the importance of the “high touch” needed by some.

And while management understands the need for “high touch,” there are also those members that want “high tech.” This is most evident by the rapid growth experienced in many of the technological products allowing members to:

- Sign documents electronically
- Apply for and fund new membership accounts
- And apply for and receive loans

Along with this, all computers and ATMs were upgraded to the Windows 10 environment, as well as server upgrades. Surveillance systems have been converted to high definition cameras and a risk assessment audit was completed.

As the Credit Union moved into May and Canaan construction was in full swing, four employees were hired to work at this new office. It was management’s goal to have a fully experienced staff ready to go when the doors opened in the fall. With the hiring of these new people, Maine Highlands became the definition of a large employer with 50 or more employees. Currently, the Credit Union employs a staff of 54, with two positions still to be filled in 2020.

By November of 2019, the new office in Canaan neared completion and on November 12th, the doors were opened to the public. A grand opening for this office is planned for the spring of 2020. The positive feedback that has been received from the town’s residents, as well as surrounding communities has helped to fuel the growth of membership at this new branch. And as the year ended, Maine Highlands FCU had a total of 12,641 members.

As we look forward to 2020, only one more construction project is planned. The main office in Dexter is in need of new pavement. Once this has been completed, it will be time to catch our breath. The explosive growth over the last few years has been rewarding, but growth is only good when it is managed. The Board recognizes how employees have given 120% of themselves during this period of expansion and wants to say “thank you” for their contributions to the success of this organization.

In closing, it has been my pleasure to serve with a group of individuals who volunteer their time each month to ensure the financial integrity of Maine Highlands Federal Credit Union. Their dedication to this Credit Union does not go unnoticed.

Respectfully Submitted,



Linda Dulac
Chairperson, Board of Directors

Annual Report of the President

2019 marked the 53rd year for Maine Highlands Federal Credit Union (MHFCU). From its humble beginnings as a shoebox in Frank Perry's kitchen to \$130 million plus in asset size and six office locations, it can truly be said that the Credit Union has "come a long way baby." And, if 2019 is any type of an example of what the future holds, then it can only be onward and upward from here.

MHFCU saw a 7% increase in asset size from One Hundred Twenty-Two Million Four Hundred Fifty-Two Thousand Two Hundred Twenty-Two Dollars (\$122,452,222) in 2018 to One Hundred Thirty Million Two Hundred Sixty-Eight Thousand Four Hundred Thirty-Six Dollars (\$130,268,436) in 2019. Along with this growth, came a 9% increase in expenses, but also an 11% increase in total income.

40% of this total income (\$824,004) was returned to members in the form of dividends and the other 60% went to capital. Maine Highlands FCU ended 2019 with a net worth ratio of 9.539%. Our federal regulator (NCUA) considers a credit union well capitalized at 7%. With a 2.539% positive differential, the Board and management continue to analyze on a monthly basis both the dividend and loan rate structures. While it is a priority to provide competitive rates for the members, net worth is the most critical component of maintaining a viable financial institution for the long term. And as MHFCU continues to grow, it is necessary for its capital position to grow as well.

With a new office now open in Canaan, the Credit Union saw a 3% increase in membership. Along with this, there has been an exponential growth in product use from 2018 to 2019. Debit card use has increased 7% and internet banking use 8%. Mobile banking has grown 22%, while bill pay use has increased 27%, along with remote deposit capture growth at 27% as well. MHFCU also had its biggest year ever in loan volume with a total of Thirty-Six Million Five Hundred Ninety-Eight Thousand Nine Hundred Eighty-Eight Dollars (\$36,598,988) loaned to members.

These statistics are mind-boggling for those of us who worked through the growth of MHFCU in 2019. It was an "all hands on deck" type of year. Employees pulled together and made it look easy, but I can guarantee you, it was not. There were many, many, many days that tellers were glued to their stations and loan officers to their chairs. We opened new account, after new account, after new account, having our biggest month ever in December when over 100 new members joined the Credit Union. All of this speaks volumes about the quality and dedication of the employees of Maine Highlands FCU.

The Board and management continue to look forward to ensure the financial viability and prosperity of the Credit Union well into the future. The Credit Union's philosophy of "people helping people" proves once again that the strength of individuals who have come together as one can accomplish so much for so many.

In closing, I need to thank the Board of Directors and exceptional staff of the Credit Union. These two groups of people make coming to work each and every day a pleasure. And, to you the members, who believe in Maine Highlands FCU and the cooperative spirit.

Respectfully Submitted,



Rhonda Taylor, CCUE
President/CEO

Comparative Balance Sheet

As of December 31, 2019

ASSETS	2019	2018
Loans	\$ 109,566,030.95	\$ 102,698,888.71
Allowance for Loan Losses	\$ (204,460.45)	\$ (139,665.13)
Cash	\$ 2,877,378.89	\$ 3,894,325.23
Investments	\$ 7,762,109.59	\$ 7,230,059.02
Land and Buildings	\$ 6,104,018.45	\$ 5,162,113.17
Furniture and Fixtures	\$ 1,572,282.22	\$ 1,149,367.97
NCUSIF Deposit	\$ 1,072,769.85	\$ 1,047,290.16
Other Assets	\$ 1,518,306.59	\$ 1,409,843.41
Total Assets	\$ 130,268,436.09	\$ 122,452,222.54
LIABILITIES		
Accounts Payable	\$ 747,713.59	\$ 461,994.65
Borrowings	\$ 6,000,000.00	\$ 3,000,000.00
Other Liabilities	\$ 669,512.49	\$ 508,821.07
Total Liabilities	\$ 7,417,226.08	\$ 3,970,815.72
EQUITY		
Shares	\$ 41,286,381.30	\$ 38,431,133.03
Share Drafts	\$ 15,331,976.43	\$ 14,188,783.98
Certificates and Money Markets	\$ 38,018,727.34	\$ 40,301,419.88
IRAs	\$ 10,178,825.35	\$ 10,107,554.29
Clubs	\$ 5,393,714.86	\$ 4,163,876.75
Health Savings Accounts	\$ 120,757.99	\$ 114,600.67
Regular Reserve	\$ 4,944,975.46	\$ 4,944,975.46
Undivided Earnings	\$ 7,525,345.68	\$ 6,330,170.55
Dormant Accounts	\$ -	\$ -
Accum. Unrealized Loss/Gain	\$ 50,505.60	\$ (101,107.79)
Total Equity	\$ 122,851,210.01	\$ 118,481,406.82
Total Liabilities & Equity	\$ 130,268,436.09	\$ 122,452,222.54
STATISTICAL INFORMATION		
Number of Members	12,641	12,333
Potential Members	223,686**	223,686**
Number of Loans Made	7,381	7,214
Amount Loaned for Year	\$ 36,598,987.76	\$ 34,125,983.50

**State of Maine County Pop. Info

Statement of Income and Expenses

As of December 31, 2019

INCOME	2019	2018
Interest/Loans	\$ 6,058,130.14	\$ 5,544,107.20
Investment Income	\$ 487,644.65	\$ 210,218.86
Gain (Loss) on Sale of Loans	\$ -	\$ -
Other Income	\$ 1,564,183.09	\$ 1,544,358.67
Non Operating Income	\$ -	\$ -
Total Income	\$ 8,109,957.88	\$ 7,298,684.73
EXPENSES		
Compensation	\$ 2,374,816.28	\$ 2,105,796.45
Benefits	\$ 540,121.85	\$ 481,915.66
Occupancy	\$ 373,228.35	\$ 311,962.62
Operations	\$ 1,908,050.65	\$ 1,773,379.57
Educational and Promotional	\$ 119,963.26	\$ 114,468.64
Loan Servicing	\$ 435,892.18	\$ 416,638.52
Professional Services	\$ 71,357.62	\$ 69,159.05
Provision Loan Loss	\$ 135,388.83	\$ 200,584.94
Member Insurances	\$ 4,212.61	\$ 11,415.87
Cash (Short) Over	\$ 586.63	\$ 192.33
Event Expense	\$ 12,812.00	\$ 13,900.17
Interest on Borrowed Money	\$ 72,597.00	\$ 25,187.91
NCUSIF Impairment	\$ -	\$ -
Total Operating Expenses	\$ 6,049,027.26	\$ 5,524,602.27
(Gain) Loss on Disp. Of Assets	\$ (13,737.43)	\$ 4,215.07
(Gain) Loss on Investment	\$ -	\$ -
DIVIDENDS		
Shares	\$ 40,506.72	\$ 37,331.67
Health Savings Accounts	\$ 116.34	\$ 96.47
Clubs	\$ 4,838.41	\$ 4,455.76
IRAs	\$ 134,796.63	\$ 123,527.17
Certificates and Money Markets	\$ 643,746.23	\$ 603,259.72
Total Dividends	\$ 824,004.33	\$ 768,670.79
NET INCOME	\$ 1,250,663.72	\$ 1,001,196.60
Change to Undivided Earnings	\$ 1,250,663.72	\$ 1,001,196.60

2019 Fundraisers and Events

Canaan Office Opens



Members Ski Free

Ending Hunger
Fundraiser Recipients



Piscataquis River Festival

Vendor and Craft Fair

Vendor & Craft Fair!

Saturday, July 13, 2019
8:00am-2:00pm
Maine Highlands FCU
73 Main St., Dexter

Crafters & Vendors!
Contact us to reserve your outdoor space!
\$10 per 12'x12' booth. 207-924-5544

All proceeds benefit:
Maine Credit Unions' Campaign
for Ending Hunger

Maine Highlands
FEDERAL CREDIT UNION
Personal Service. Shared Values.

2019 Fundraisers and Events

Hot Dog Festival



His and Hers Raffle

His 'n Hers Raffle

WIN!
YOUR CHOICE!

His
Campsite Supplies!

Hers
Lipstick & Nail Polish!

TWO WINNERS!

TICKETS:
\$2.00 donation/ea.
or
\$3/\$5.00 donation

Drawing Date:
May 28

Proceeds benefit:
Maine Credit Union's
Campaign for Ending Hunger

\$300.00 VALUE!

TV Raffle

TV RAFFLE!

65" Samsung 4K Ultra HD Smart LED TV

Tickets:
\$2 Donation each
or
3/\$5 Donation

Drawing Date:
August 9, 2019

Sponsored by: **Maine Highlands**
FEDERAL CREDIT UNION
Personal Service. Shared Values.

Proceeds Benefit:
Maine Credit Union's Campaign for Ending Hunger

Black Friday 50/50 Raffle

BLACK FRIDAY 50/50 RAFFLE!

WIN HALF THE CASH!

TICKETS: \$2.00 Donation each or 3/\$5.00 Donation!

Drawing Date: November 25, 2019

ENDING HUNGER
PROCEEDS BENEFIT:
Take a Chance to End Hunger in Maine

Tree and Wreath Festivals



53rd Annual Meeting Minutes—April 15, 2019

Maine Highlands Federal Credit Union
53rd Annual Meeting
6:00 pm Ridgeview School in Dexter
April 15, 2019

- Chairperson Linda Dulac established a quorum of approx. 185 members present and called the meeting to order.
- Mrs. Dulac introduced the head table, CEO Rhonda Taylor, Board Secretary LuAnn Tibbetts, Board members Kameron Kimball, Bruce Porter, Nick Clukey, Gil Reynolds, Ray Wallace, Supervisory Board Chair Tammy Lovejoy and Supervisory Board member Rita Graf.
- State Representatives Mr. Paul Davis, Mr. Paul Stearns, Mr. Stephan Foster and Town Manager Jack Clukey were introduced.
- MINUTES OF PREVIOUS MEETING
A motion was made by Brian Ronco and seconded by Tammy Creswell to dispense with the reading of the minutes.
- ELECTIONS: Tammy Lovejoy presented the following names for nomination to the Board of Directors of MHFCU:

Kamron Kimball for a term of three years

Nick Clukey for a term of three years

No further nominations from the floor. A motion was made to cease nominations and seconded, all present in favor of this motion, and the secretary cast one vote for each director.

- REPORTS PRESENTED AS FOLLOWS:
Supervisory Committee – Tammy Lovejoy
Board of Directors – Linda Dulac
President – Rhonda Taylor

A motion was made and seconded to accept the reports as presented.

- OLD BUSINESS: no old business
- NEW BUSINESS: no new business

- Ending Hunger Campaign for 2018 MHFCU placed 10th in total amount raised and 8th in amount per member raised. MHFCU gave out checks amounting to approx. \$21,608.33 to 23 food cupboards and programs this evening.
 - Canaan Community Food Cupboard
 - Corinna Food Pantry
 - Dexter Community Food Closet
 - Dexter Kiwanis Family Food Program
 - Dover-Foxcroft Kiwanis Backpack Program
 - Dover-Foxcroft Area Food Cupboard
 - Dover-Foxcroft Congregational Church Community Dinner Project
 - Eastern Area Agency on Aging Meals on Wheels
 - Harmony Patriarchs Harmony Cares
 - Kiwanis Club Moosehead Lake Backpack Program
 - Living Word Assembly of God Community Dinner Project
 - Our Lady's Kitchen
 - Our Lady of the Snows Community Dinner Project
 - Palmyra Baptist Church Food Cupboard and Pantry
 - Partnership Food Pantry of Greenville
 - Partnership Food Pantry of Guilford
 - Piscataquis Regional Food Center
 - Stutzman Farm Share Program
 - United Methodist Church Ecumenical Food Cupboard of Milo
 - Unitarian Church Sangerville and Dover-Foxcroft Food Cupboard
 - United Baptist Dover-Foxcroft Community Dinner Program
 - Widows and Orphans Food Pantry of Stetson
 - Wyman Senior Farm Share Program
- DOOR PRIZES:
 - \$50.00 – Art Carone (Art donated this back to Ending Hunger)
 - \$50.00 – Donald Brown
 - \$50.00 – Jim Tobin
 - \$50.00 – Sharron Goodwin
 - \$50.00 – Sue Stevens
 - \$100.00 – Paul Davis
 - \$100.00 – Charlotte Leavitt
 - Head Table Centerpiece – Mike Littlefield
 - Head Table Centerpiece – Dayle Gardiner
- No further business, a motion was made by Brian Ronco and it was seconded by Tammy Creswell to adjourn. Meeting adjourned at 6:32 pm with a catered dinner to follow.

All in attendance were asked to join us for a catered dinner (catered by Perley's Catering). Chicken, Fish, Rice, Potato Salad, Cole Slaw, Fruit Salad, Rolls and Chocolate or Berry Cobbler with whip cream for dessert.

Credit Union Leadership and Staff

BOARD OF DIRECTORS

Linda Dulac	Chairperson/Dexter
LuAnn Tibbetts	Secretary/Dover-Foxcroft
Bruce Porter	Director/Greenville
Gilbert Reynolds	Director/Dexter
Nicholas Clukey	Director/Brownville
Kamron Kimball	Director/Guilford
Traci Grant	Director/Canaan

SUPERVISORY COMMITTEE

Tammy Lovejoy	Chairperson
Linda Dulac	Member
Rita Graf	Member

SENIOR MANAGEMENT

Rhonda Taylor	President/CEO
Adam Sheehan	Executive Vice President
Betty-Jo Beaudoin-Pomerleau	Chief Financial Officer
Ramona Flint	VP/Branch Manager (Dover-Foxcroft)
Tammy Creswell	VP/Mortgage Lending
Diane Parola	VP/Marketing
Shelley Blockler	Senior VP of Operations
Samuel Dwyer	VP/Branch Manager (Greenville)
David Bridges	VP/Information Technology
Maria Wooten	Senior VP of Lending

DEXTER OFFICE

LENDING

Wendy Baird	Card Services Manager
Anna-Maria	Collections Officer II
Stephanie Chabot	Loan Officer III
Karly Lacasce	Loan Officer II
Linda Hanscom	Loan Clerk
Mandy-Lee Turner	Card Services Clerk
Candice Qualey	Mortgage Loan Officer I
Abby Schwartz	Card Services Clerk
Karen Vasily	Collections Clerk

ACCOUNTING

Brian Ronco	Financial Officer
Corey Pearson	Accounting Specialist
Jane McNaughton	Accounting Specialist

OPERATIONS

Betty Chabot	Executive Assistant
Diane Danforth	Operation Specialist II
Catherine Bemis	Teller III
Melissa Landry	Operation Specialist II
Rachel Hutchins	Member Relationship Specialist
Janice Day	Teller I
Monique Plummer	Teller I
Kent Hartley	Custodian

GREENVILLE OFFICE

Tina Roberts	Operation Specialist I
Mallarie McNinch	Teller I

GUILFORD OFFICE

Debbie Cross	Branch Manager
Rachael Maheu	Loan Officer I
Richard Jarnecki	Member Relationship Specialist
Leah Hobbs	Teller II
Lisa Provost	Teller I
Michelle Nichols	Teller I
Roy Provo	Part-time Custodian

DOVER-FOXCROFT OFFICE

Tammie Allen	Operation Specialist II/ Loan Specialist
Danielle Mailloux	Member Relationship Specialist
Melissa Cookson	Teller II
Sonya Smith	Teller II
Kaitlin Gibbs	Teller I
James Bell	Part-time Custodian

BROWNVILLE OFFICE

Darcie Burch	Operation Specialist II/ Project Coordinator
Michael Brown	Loan Officer II/ Member Relationship Specialist
Kenneth Gosselin, Jr.	Teller II

CANAAN OFFICE

Brian Mellgren	Branch Manager
Brandon Rowe	Teller II
Isaac Robinson	Operation Specialist