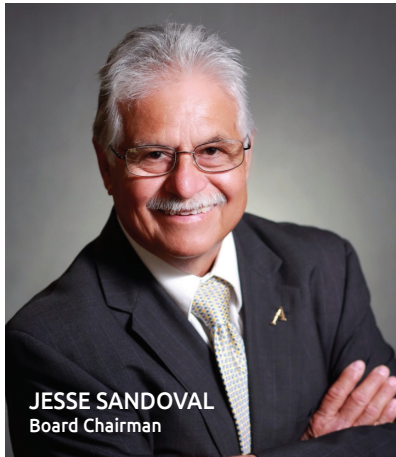


**HERITAGE**  
credit union



**2018**  
ANNUAL REPORT

# Report of the Board Chairman & CEO



**JESSE SANDOVAL**  
Board Chairman

Heritage Credit Union had another great year in 2018 and continues to grow strong and steady. We constantly strive to deliver member value, maintain the strength of the credit union and invest for the future. Our solid financial performance makes it possible for us to deliver quality service to our members today and in the future.

We ended the year with \$350.9 million in assets and \$41.7 million in equity. Our net worth ratio increased from 12.22% at the end of 2017 to 12.54% at the end of 2018. This ratio far exceeds the 7% regulatory requirement to be considered a well-capitalized credit union.

Net income was \$2.6 million in 2018, an increase of almost \$300,000 over 2017 income. Credit unions are owned by members, not shareholders. This means net income is retained by the credit union and transferred to equity at the end of each year instead of being paid out to shareholders.

Your support helped the credit union achieve growth in both loans and deposits. Total loans outstanding were \$280 million as of December 31, 2018, which is an increase of \$21.2 million. Total deposits increased to \$293.8 million. As a member-owned financial cooperative, we use member deposits to make loans. A financial cooperative's loan-to-share ratio is a measure of how well it meets the needs of its members. Heritage's loan-to-share ratio was excellent at 95%. The credit union loaned out \$ .95 for every \$1.00 on deposit.

Heritage works hard to pay members some of the best rates on deposits, provide the lowest rates on loans and help them avoid costly fees. With this in mind, we are redesigning our savings and checking products in 2019 to ensure we are meeting the varying needs of our membership. Thank you for investing in the credit union and allowing us to help your fellow members buy homes, fund home improvements, buy cars, consolidate debt and more.



**ANITA RAUCH**  
CEO



**49,542 bills paid and  
14,296 checks deposited with  
online and mobile banking**



**118 dedicated employees  
helping to meet the needs of  
our members**

It is Heritage Credit Union's Mission to simplify banking, meet people's financial needs and save people time. We launched electronic documents and a new lending platform in 2018. Members can now go through the entire consumer loan process without ever visiting a credit union branch, if that is most convenient for them. Watch for our new online account opening system and mobile text alerts in 2019 as we focus on simplifying banking for our members.

Heritage Credit Union has grown almost \$100 million in assets over the last five years. We have added staff to serve the needs of our growing membership and have reached maximum capacity at our administrative office, which the credit union has occupied since 1973. We are excited to announce that we have purchased property in DeForest, Wisconsin, and will relocate our administrative offices and open a new branch there in the fall of 2020.

We also opened a new branch in Machesney Park, Illinois, in 2018. We are now able to provide financial services to those who live in the community and make banking more convenient for existing members living in Machesney Park and the surrounding areas.

We thank all of you for the trust and confidence you place in the Heritage Credit Union team. Please know how much we appreciate your membership and how proud we are to be able to report to you on another outstanding year. We would also like to express our gratitude to our board of directors and staff who serve our members with a focus on our Mission to simplify banking, meet people's financial needs and save people time.



**\$122.8 million loaned to members for cars, homes, debt consolidation and more**



**4,426 cars, motorcycles and other vehicles financed by our members**



# FINANCIAL SUMMARY

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
Loans to Members	\$ 279,975,248	\$ 258,952,742	\$ 239,069,759
Allowance For Loan Loss	(1,232,164)	(1,077,346)	(1,009,800)
Cash & Due From Banks	18,692,824	16,775,469	14,023,439
Investments	33,387,503	46,854,001	47,423,029
Land	3,932,506	2,275,808	1,565,389
Fixed Assets-Net	9,884,408	8,663,247	8,519,513
Other Assets	3,426,917	3,575,418	3,508,402
NCUSIF Deposit	2,806,615	2,647,298	2,430,130
<b>TOTAL ASSETS</b>	<b>\$ 350,873,857</b>	<b>\$ 338,666,637</b>	<b>\$ 315,529,860</b>
<b>LIABILITIES &amp; EQUITY</b>			
Accounts Payable	\$ 14,891,917	\$ 20,028,127	\$ 16,696,449
Other Liabilities	537,044	502,693	526,490
Deposits	293,816,025	279,120,167	261,522,544
Reserves (Equity)	41,628,871	39,015,650	36,784,377
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 350,873,857</b>	<b>\$ 338,666,637</b>	<b>\$ 315,529,860</b>
<b>INCOME</b>			
Interest on Loans	\$ 11,955,927	\$ 10,621,008	\$ 9,676,266
Interest Expense	(1,751,727)	(1,228,237)	(1,015,751)
Investment Income	964,044	884,767	651,119
Fees & Charges	2,921,673	2,668,253	2,571,543
Misc. Operating Income	1,221,486	863,398	672,058
<b>TOTAL OPERATING INCOME</b>	<b>15,311,403</b>	<b>13,809,189</b>	<b>12,555,235</b>
<b>EXPENSES</b>			
Operating Expenses	11,975,562	10,942,215	10,229,206
Provision For Loan Loss	703,948	506,888	138,950
<b>Operating Net Income</b>	<b>2,631,893</b>	<b>2,360,086</b>	<b>2,187,079</b>
Non-Operating Gain/(Loss)	(13,028)	(38,598)	(28,804)
<b>NET INCOME</b>	<b>\$ 2,618,865</b>	<b>\$ 2,321,488</b>	<b>\$ 2,158,275</b>