



2019
ANNUAL REPORT

Building a Stronger COMMUNITY



HERITAGE
COMMUNITY CREDIT UNION

Profit Wherever You Go



CHAIRMAN & PRESIDENT'S REPORT

With tremendous gratitude to our members and team, we are pleased to report 2019 was a banner year for HCCU. We exist solely for the benefit of our members and in 2019, we were able to deliver additional value.

We continue to see rapid growth in digital and mobile banking channels. These services allow us to expand our reach and be available for members when and how they choose to do business. We continue to invest heavily in these services, which allows us global reach for members but with our local and personal touch.

As we maintain low overhead and administrative expenses, we have invested more and more in direct member benefits. A growing number of consumers are drawn to our best-in-class Kasasa suite of checking and deposit products. We reward members for everyday banking, which most members are doing anyway. As consumers learn of these benefits, they are drawn to HCCU. Growth is important to every business. Our best source of membership growth, checking accounts, mortgages, and more, comes directly from referrals from members like you. We rely on word-of-mouth to a large degree and when members recommend HCCU to family, friends, and colleagues, they are directly helping grow and expand our cooperative. We are so grateful for the positive community reaction we are receiving as a result of our existing members. Thank you for promoting HCCU!

We were honored to once again increase the positive impact we had for the communities we serve. Community service is in our DNA; it's who we are. While financial contributions are part of that giving, our big impact comes from the service of our winning team members. Staff continues to amaze as they stretch to support so many worthy causes all over the community. A small fraction of the causes for 2019 include Friends of Folsom Turkey Drive, Children's Miracle Network (benefiting UC Davis Children's Hospital), Folsom Cordova Community Partnership, Unravel Pediatric Cancer, Hands 4 Hope, Global Women's Leadership Network, Twin Lakes Food Bank, and Casa Coloma Health Care Center.

Profit Wherever You Go is our brand promise to you, our members. Whether in person, online or via a mobile device or tablet, HCCU stands ready to serve our members' needs through all life stages. Our Winning Team is committed to serving you whenever you have a need. We look forward to creating even more value for our members this year and beyond. We know you have many choices for your financial needs, and we are honored that you continue to choose Heritage Community Credit Union. Thank you for your business and being a valued member.

William J. Windle,
Chairman of the Board

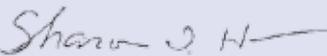


Ed Turk,
President/CEO



SUPERVISORY COMMITTEE REPORT

On behalf of the membership, the Heritage Community Credit Union Supervisory Committee is responsible for overseeing the financial records and monitoring and evaluating the credit union's operations and compliance practices. Based on the results of HCCU's comprehensive annual audits, conducted by the Certified Public Accounting firm of Moss-Adams, LLP, HCCU's operations are in compliance with all applicable rules and regulations, and our financial reports are properly prepared and accurately reflect your credit union's sound financial conditions.



Sharon Hannan,
Chairperson Supervisory Committee

BOARD OF DIRECTORS

William J. Windle, *Chairperson*

Harry E. "Ed" Hannan, Jr., *Vice Chairperson*

Allan F. Wisnicky, *Treasurer*

Bobbi K. Beehler, *Secretary*

Daniel L. Freeman, *Director*

Jofil Borja, *Director*

Jamie L. Padilla, *Director*

SUPERVISORY COMMITTEE

Sharon Hannan, *Chairperson*

Robert L. Collins, *Secretary*

Judy Hoover, *Member*

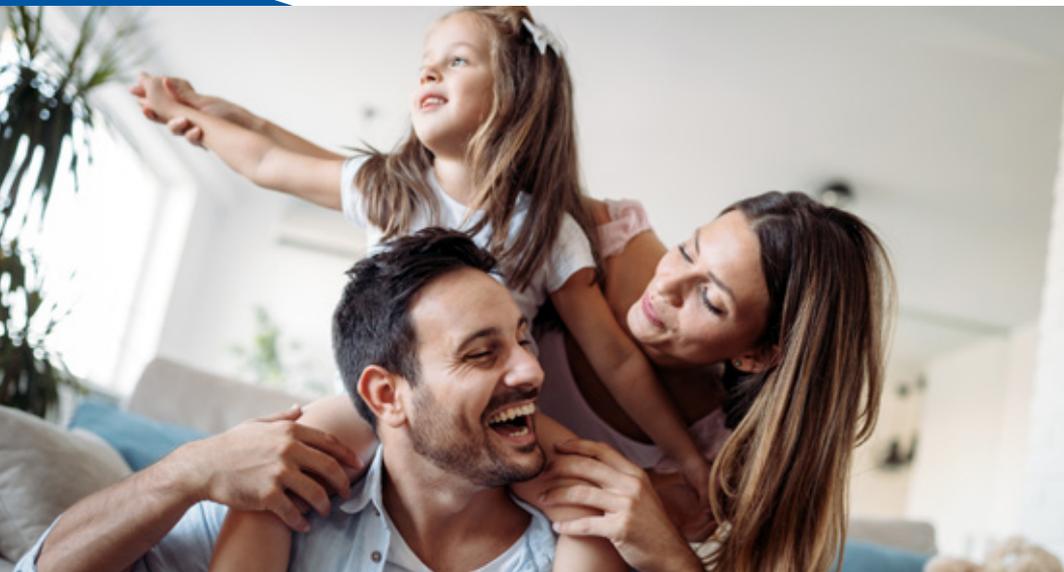
EXECUTIVE MANAGEMENT

Ed Turk, *President/CEO*

Matt Harms, *CFO*

Chad Suggs, *VP Information Technology*

Christine Haroldson, *VP Lending & Member Services*



STATEMENT OF FINANCIAL CONDITION		2019	2018
ASSETS			
Loans	\$	185,087,952	\$ 182,574,506
Cash		2,095,132	2,297,761
Investments		14,140,582	13,524,412
Share Insurance Fund		1,930,411	1,936,126
Premises and Equipment		2,220,338	2,517,645
Other Assets		11,126,542	11,014,146
TOTAL ASSETS	\$	216,600,957	\$ 213,864,596
LIABILITIES			
Accounts Payable and Accrued Expenses	\$	1,088,998	\$ 1,248,240
<i>Total Liabilities</i>	\$	1,088,998	\$ 1,248,240
EQUITY			
Member Accounts		194,947,650	193,126,298
Regular Reserve, Undivided Earnings		20,564,309	19,490,058
<i>Total Equity</i>	\$	215,511,959	\$ 212,616,356
TOTAL LIABILITIES AND EQUITY	\$	216,600,957	\$ 213,864,596

STATEMENT OF INCOME		2019	2018
REVENUE			
Interest on Loans	\$	6,962,521	\$ 6,356,237
Interest on Investments		495,046	442,919
Fee Income and Other Income		2,077,007	2,260,033
TOTAL REVENUE	\$	9,534,574	\$ 9,059,189
EXPENSES			
Salaries and Benefits		3,391,139	3,318,775
Office Operation		1,506,829	1,343,170
Office Occupancy		652,239	640,081
Publicity and Promotions		212,966	208,623
Professional and Outside Services		822,922	824,176
Loans Servicing Expenses		188,377	159,498
Provision for Loan Losses		629,238	1,007,913
Other Operating Expenses		140,938	172,640
TOTAL EXPENSES	\$	7,544,648	\$ 7,674,876
Net Income Before Dividends		1,989,926	1,384,313
Dividends on Member's Accounts		949,080	633,373
NET INCOME/(LOSS)	\$	1,040,843	\$ 750,940

FOLSOM

707 E. Bidwell Street
Folsom, CA 95630

FAIR OAKS

5329 Sunrise Boulevard
Fair Oaks, CA 95628

GOLD RIVER

2155 Golden Centre Lane
Gold River, CA 95670

MAILING ADDRESS

P.O. Box 790
Rancho Cordova, CA 95741

916.364.1700
www.heritageccu.com



HERITAGE

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Federally insured by the NCUA.

