

Transforming **DREAMS** into
FINANCIAL REALITIES



ANNUAL REPORT
2023



HERITAGE
COMMUNITY CREDIT UNION



BOARD AND CEO REPORT

2023 proved to be another successful year for HCCU, despite the volatile economic climate. Nationally, the challenges of persistent high inflation, coupled with record levels of credit card and student loan debt, taxed consumers, and our members. These pressures heightened financial burdens, making it increasingly difficult to cover everyday expenses. Additionally, higher interest rates elevated borrowing costs and further complicated home affordability. In response to these challenges, our team focused on reallocating resources to offer relief to our members.

To alleviate the cost of mortgage loans, we introduced new adjustable-rate mortgage products with lower interest rates and discounted closing costs. Addressing member requests, we also launched a suite of credit card products which offer more value than the vast array available in the marketplace. Our new offerings include lower interest-rate cards for balance carriers, robust rewards programs, including a cash-back option for those who pay their balance monthly, and a secured credit card designed to help younger members build credit responsibly and assist those with less-than-perfect credit histories to re-establish their financial standing.

Savers enjoyed higher interest rates, with HCCU offering several CD specials designed to reward members for keeping and moving their deposits to our financial institution. As a result, CD balances grew at the fastest pace in more than a decade, benefitting more members with increased interest earnings. Additionally, members with Kasasa Saver accounts enjoyed interest rates significantly above the market average.

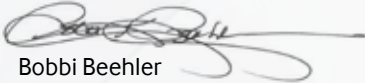
We continued to spread the buzz about our best-in-market checking program, Kasasa. With an interest rate now up to 5.00% APY on our Kasasa Cash Checking, our members have earned a collective \$898,538 in interest to date! We encourage all our members to consider switching their primary checking account to HCCU to achieve more financial benefits. Looking ahead, we expect our Kasasa products to continue to grow robustly as both existing and new members discover the unique benefits that HCCU provides.

Total Assets grew for the 11th consecutive year. Net income was modest, as our priority was to return more value to our members with higher deposit rates and improved services to help them through the economic challenges experienced in 2023. We also saw more members utilize budgeting and financial education


resources that we provide via the Financial Fitness Association and Money Management, available through our Mobile Banking App.

We are proud of the commitment our team has shown to the communities we serve. Once again, we supported many causes, such as The Best Day Ever, Turkey Drive, Air Show, and more.

Our bullseye and commitment remain focused on providing the best overall value in the marketplace to you, our members. We are honored and humbled by the trust you place in HCCU. Thank you for your business - we look forward to sharing a wonderful 2024 with you.



Bobbi Beehler
Chairperson, Board of Directors




Ed Turk,
President/CEO

REPORT OF LOAN OFFICER

With higher interest rates, members borrowed less, resulting in loans granted to members of \$32.5 Million. Credit Quality remained strong, despite forecasts for an economic slowdown or recession. The delinquency and loan loss ratios finished the year at .34% and .21% respectively.

SUPERVISORY COMMITTEE REPORT

On behalf of the membership, the primary responsibilities of the Supervisory Committee are to ensure that financial reporting objectives are met, and that practices, procedures and internal controls are sufficient to safeguard our members' interests. The Supervisory Committee holds periodic meetings to review internal audits, third-party reports of internal controls and examinations by regulatory agencies. In addition, the Supervisory Committee engaged the independent firm of Turner, Warren, Hwang & Conrad AC, certified public accountants, to perform an audit of Heritage Community Credit Union's consolidated financial statements as of December 31, 2023. The unaudited Condensed Statements of Financial Condition and Statements of Income appear in this Annual Report. The audited consolidated financial statements can be obtained by submitting an e-mail request to info@heritageccu.com.



Sharon Hannan,
Chairperson Supervisory Committee

**CONDENSED STATEMENTS OF
FINANCIAL CONDITION (UNAUDITED)****2023****2022****ASSETS**

Loans	\$ 224,768,132	\$ 210,589,888
Cash and Cash Equivalents	13,858,452	11,517,302
Investments	19,351,066	26,855,453
Other Assets	14,994,431	17,071,598
Total Assets	\$ 272,972,081	\$ 266,034,241

LIABILITIES AND MEMBERS' EQUITY

Members' and Non-Members' Shares	\$ 245,093,386	\$ 239,228,490
Subordinated Debt	2,000,000	2,000,000
Accrued Expenses and Other Liabilities	3,002,463	2,741,392
Members' Equity	22,876,232	22,064,359
Total Liabilities And Equity	\$ 272,972,081	\$ 266,034,241

**CONDENSED STATEMENTS
OF INCOME (UNAUDITED)****2023****2022****INTEREST INCOME**

Interest on Loans	\$ 8,959,960	\$ 6,396,761
Interest on Investments and Cash Equivalents	1,018,279	492,801
Total Interest Income	9,978,239	6,889,562

INTEREST EXPENSE

Dividends on Members' Shares	2,410,876	645,402
Borrowings and Subordinated Debt	80,000	106,192
Total Interest Expense	2,490,876	751,594

NET INTEREST INCOME**7,487,363** **6,137,968****PROVISION FOR (REVERSAL OF)
CREDIT LOSS EXPENSE****942,250** **(119,357)****NET INTEREST INCOME AFTER
PROVISION FOR (REVERSAL OF)
CREDIT LOSS EXPENSE****6,545,113** **6,257,325****NON-INTEREST INCOME**

Fee Income	1,027,406	904,532
Other Income and Gains	1,088,050	1,075,910
Total Non-Interest Income	2,115,456	1,980,442

NON-INTEREST EXPENSE

Employee Compensation and Benefits	4,096,661	4,007,689
Operation Expenses	3,108,802	3,090,477
Office Occupancy	593,715	661,057
Other Losses	0	10,620
Total Non-interest Expense	7,799,178	7,769,843

NET INCOME**\$ 861,391** **\$ 467,924**

BOARD OF DIRECTORS

Bobbi K. Beehler, *Chairperson*
Harry E. "Ed" Hannan, Jr., *Vice-Chairperson*
Allan F. Wisnicky, *Treasurer*
William J. Windle, *Secretary*
Jofl Borja, *Director*
Huong V. Vu, *Director*
Kevin Quaintance, *Director*
Tammy Davis, *Associate Board Member*

SUPERVISORY COMMITTEE

Sharon Hannan, *Chairperson*
Robert L. Collins, *Secretary*
Judy Hoover, *Member*
Peter Thomsen, *Associate Member*

EXECUTIVE MANAGEMENT

Ed Turk, *President/CEO*
Matt Harms, *CFO*
Chad Suggs, *VP Information Technology*
Christine Haroldson, *Chief Lending Officer*
Craig Engstrom, *VP Member Services*



MISSION STATEMENT

To help our members achieve their financial dreams.

VISION STATEMENT

To be widely renowned for fostering member happiness by providing connected financial solutions to transform members' dreams into financial realities.

CORE VALUES

It's All About the Members: Our Bullseye for success is to keep the members' best interests top-of-mind. Just do the right thing!

Boldly Spread Happiness: We create happiness, optimism, and fun in serving members and each other.

Embrace Collaboration: We work collaboratively to achieve common goals to create success.

Create Financial Well-Being: We are trusted advisors in creating a state of being wherein people are secure in their financial future.

Deliver Results: We deliver sound and compliant outcome-focused performance by ensuring accountability to our members for outstanding business results.

Engage our Community: We are committed to serving our members by being good corporate citizens in the community.



FOLSOM

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Folsom, CA 95630

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GOLD RIVER

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