



# *A Year to* **Celebrate**

**2018**  
**ANNUAL REPORT**



**HERITAGE**  
COMMUNITY CREDIT UNION

*Profit Wherever You Go*



## CHAIRMAN & PRESIDENT'S REPORT

We are proud to report 2018 was another great year for the Credit Union and our members. With continued growth in the local economy and additional investments made to continuously improve member value, growth trends and financial performance have improved. We exist for the sole purpose of providing value to members. Fortunately, existing members are increasing their relationships with HCCU and word is spreading as we saw a notable increase in the number of new members selecting us from a crowded marketplace.

Our focus remains on you, our member. In 2018 we made further progress in adding or improving products and services and pricing. We are very proud that in 2018 we paid members 58% more in interest/dividends on deposits compared to the prior year. Part of our commitment is to create as much value as possible, including returning money to our members. This was fueled by increased attraction to Kasasa Checking and Savings Rewards accounts in which you are rewarded for doing everyday banking activities with HCCU. Our Mobile Banking Suite continues to evolve as more programs such as Personal Money Management were deployed in 2018.

2019 will feature several new enhancements for members. With incredible certificate specials for our savers, Kasasa rewards for active checking/debit account users, attractive Mortgage and Consumer loan products and rates, and comprehensive investment and insurance services, we will help even more members get ahead, fund their dreams, and help improve their quality of life. Look for amazing new features through Mobile Banking including eStatement retrieval, real time person-to-person payments, and more.

Financial performance was our strongest in 12 years with healthy earnings. HCCU remains well-capitalized, a key indicator of the Credit Union's financial strength. Deposits grew at the highest levels since 2010. Strong loan and deposit growth, continued strengthening of the local economy, and increased engagement and participation of members in our cooperative contributed to a strong year.

With continuously improving member benefits, several new and robust products and services, and significant investment in bringing members the technology solutions they expect, more people in the community are attracted to HCCU. We would be honored and thankful for any referrals of family and friends so they too can experience the full benefit of HCCU membership. 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. We are honored that you continue to choose Heritage Community Credit Union. Thank you for your business and being a valued member.



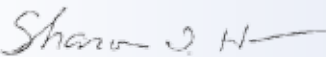
William J. Windle,  
*Chairman of the Board*



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*

Daniel L. Freeman, *Director*

Jofil Borja, *Director*

Jamie L. Padilla, *Director*

Bobbi K. Beehler, *Director*

## **SUPERVISORY COMMITTEE**

Sharon Hannan, *Chairperson*

David Kilborn, *Secretary*

Robert L. Collins, *Member*

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		2018	2017
<b>ASSETS</b>			
Loans	\$	182,574,506	\$ 163,970,166
Cash		2,297,761	1,848,511
Investments		13,524,412	21,126,516
Share Insurance Fund		1,936,126	1,766,745
Premises and Equipment		2,517,645	2,832,737
Other Assets		11,014,146	11,946,905
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>213,864,596</b>	<b>\$ 203,491,580</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$	1,248,240	\$ 484,485
Due to Other Financial Institutions		0	640,213
<b>Total Liabilities</b>	<b>\$</b>	<b>1,248,240</b>	<b>\$ 1,124,698</b>
Commitments and Contingencies		0	0
<b>EQUITY</b>			
Member Accounts		193,126,298	183,629,258
Regular Reserve, Undivided Earnings		19,490,058	18,737,624
<b>Total Equity</b>	<b>\$</b>	<b>212,616,356</b>	<b>\$ 202,366,882</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$</b>	<b>213,864,596</b>	<b>\$ 203,491,580</b>

STATEMENT OF INCOME		2018	2017
<b>REVENUE</b>			
Interest on Loans	\$	6,356,237	\$ 5,559,979
Interest on Investments		442,919	337,885
Fee Income and Other Income		2,260,033	2,334,981
<b>TOTAL REVENUE</b>	<b>\$</b>	<b>9,059,189</b>	<b>\$ 8,232,845</b>
<b>EXPENSES</b>			
Salaries and Benefits		3,318,775	3,331,526
Office Operation		1,343,170	1,307,967
Office Occupancy		640,081	638,881
Publicity and Promotions		208,623	219,093
Professional and Outside Services		824,176	645,714
Loans Servicing Expenses		159,498	167,689
Provision for Loan Losses		1,007,913	1,359,454
Member Insurance (NCUSIF)		0	-4,000
Other Operating Expenses		172,640	128,042
<b>TOTAL EXPENSES</b>	<b>\$</b>	<b>7,674,876</b>	<b>\$ 7,794,366</b>
Net Income Before Dividends		1,384,313	438,479
Dividends on Member's Accounts		633,373	431,535
<b>NET INCOME/(LOSS)</b>	<b>\$</b>	<b>750,940</b>	<b>\$ 6,944</b>



### **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](http://www.heritageccu.com)**



**HERITAGE**  
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Federally insured by the NCUA.