SUPERVISORY COMMITTEE REPORT
Your Supervisory Committee is appointed by the Board of Directors in accordance with the Federal Credit Union Act and ensures that your credit union conducts its operations and activities in a safe and sound manner. The Committee, as the members’ representative and official auditors, has the responsibility to review and evaluate the overall financial operations and performance of your credit union, including that of its management staff, to ensure that all the regulations, procedures, and policies that govern this institution are properly followed.

The Committee is assisted in carrying out its responsibilities by our Internal Auditors, who performed and/or directed a total of 87 Audits and Reviews during the fiscal year ended September 30, 2017. The credit union is also periodically examined by our regulator, the National Credit Union Administration (NCUA), which completed one annual review during fiscal year 2017. The NCUA review did not indicate any significant findings and our own internal audits confirm that internal controls are in place and effective.

In conformance with NCUA regulations, the Committee contracted the Certified Public Accounting firm of RLK, LLP to conduct an independent external audit of the credit union’s financial statements as of September 30, 2017. The independent auditor found that American Heritage FCU’s financial statements present fairly its financial position in conformity with Generally Accepted Accounting Principles.

As a result of the aforementioned reviews and audits, it is the pleasant duty of the Supervisory Committee to report to you that the affairs of the American Heritage Credit Union during fiscal year 2017 have been conducted in a most satisfactory manner and in accordance with prescribed standards and accounting practices, and were found to be current, accurate, complete, and in balance.

The sound policies and practices of the Board of Directors contributed to the continuing growth and improvement of services, which has been evident over the past year.

We wish to commend the President/CEO and his staff for their efficient, attentive, and courteous service to our members. The cooperation and assistance they have provided this committee is efficient, attentive, and courteous service to our members. The sound policies and practices of the Board of Directors contributed to the continuing growth and improvement of services, which has been evident over the past year.

In terms of delinquencies, at year end 2017, we had 939 delinquent loans totaling $10.8 million, or 0.81% of total loans, as compared to 874 delinquent loans totaling $10.1 million, or 0.92% of total loans, at year end 2016. The net increase in the number of delinquent loans of 65 consisted primarily of personal loans. The net increase in the dollars of delinquent loans of $0.7 million was primarily due to an increase in delinquent first mortgage variable rate loans of $1.1 million. In 2017, there were approximately $5.4 million of loans charged off and $0.7 million of loan recoveries, whereas in 2016, there were approximately $5.0 million of loans charged off and $0.5 million of loan recoveries. The increase in charge offs was due to used auto loans that increased $271,000. The allowance for loan losses at December 31, 2017 and 2016 of $8.0 million and $6.8 million, respectively, were adequately funded based on management’s minimum and maximum estimated loss ranges as calculated in accordance with Generally Accepted Accounting Principles.

The Loan Review/ Delinquency Committee would like to express its thanks to the American Heritage Credit Union loan officers and asset recovery teams for providing us with vital information and assistance that enabled us to make fair and just decisions on member applications for credit and modifications. We hope you will continue to take advantage of the services that your credit union offers and we pledge to serve your needs in the same progressive manner and friendly atmosphere to which you have become accustomed to over the years.

Respectfully Submitted,
Clara Glenn, Chairperson
Cecilia B. Grady
Michael Guntick
Scott McKim, Chief Lending Officer

LOAN REVIEW/DELINQUENCY COMMITTEE REPORT
For the calendar year 2017, the Loan Review Committee and the Loan Officers approved 27,063 loan applications for $421.9 million in automobile, credit card, recreation vehicles, lines of credit, home equity lines of credit and loans, and student loans, as compared to 25,806 and $380.8 million, respectively, in 2016. Much of the growth in volume was due to originating more indirect auto loans in 2017 as compared to 2016. In addition, 136 commercial and $71 million mortgage loan applications for $151.8 million and $101.5 million, respectively, were also approved. Overall, the loan portfolio grew by $243.4 million, or 22.3%, to $1.334 billion at December 31, 2017.

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Michael Guntick
Scott McKim, Chief Lending Officer

AGENDA
Call to Order
Pledge of Allegiance to the Flag
Introductions
2017 Annual Meeting Minutes
Chairperson’s Report
President/Treasurer’s Report
Loan Review/Delinquency Committee Report
Supervisory Committee Report
Nominating Committee Report
Election Results
Unfinished Business
New Business
Adjournment

BOARD OF DIRECTORS
Cecilia B. Grady, Chairperson
Gary Weyhmuller, Vice-Chairperson
Bruce K. Foulke, Treasurer
Jennifer Hannigan, Secretary
James Brownlow II
Frank Di Domizio
John Fafara
Clara Glenn
Daniel Jones
Anthony Kuczykowski
Juan Lopez Jr.
Kenneth Wong

SUPERVISORY COMMITTEE
Frank Di Domizio, Chairperson
Anthony Kuczykowski
Kenneth Wong

LOAN REVIEW/DELINQUENCY COMMITTEE
Clara Glenn, Chairperson
Cecilia B. Grady
Michael Guntick
Scott McKim

Federally insured by NCUA
Welcome to American Heritage Credit Union’s 69th Annual Meeting. We have enjoyed another year of remarkable growth and expansion of services and have expanded the Foundation to support the music therapy program at The Children’s Hospital of Philadelphia (CHOP) — and $27,100 of that total came in 2017. American Heritage has also adopted the Busia Communication Program in Kenya, which provides home office workers who have lost their parents to AIDS. Our Busia Committee, run entirely by our employees, has raised $1.1 million for this cause, which this year raised over $2,407 including a local company’s donation of various sports supplies.

We continue to offer financial literacy programs in high schools, as well as financial seminars for members and non-members at our sponsor companies and at our Cartage House branch Community Room. Our Community Room hosted 297 meetings in 2017. In addition, twenty college-graduate students were awarded $1,000 scholarships. Finally, as part of a strategic initiative to be more involved in the communities around our branches, we supported a number of events and initiatives that demonstrate our commitment to community.

In 2017, we arranged for the “Gold Level” Fit-Friendly and the “Bronze Level” Healthier America Challenge. We were a finalist in the Philadelphia Business Journal’s “Best Places to Work” contest. The American Heart Association presented the “Gold Level” Fit-Friendly and the “Bronze Level” Workplace Health Achievement awards to the credit union for providing quality employees’ health programs in the workplace environment. We won the first-place Dora Maxwell Social Responsibility Community Award on the state and national levels. We won the first-place Dora Maxwell Social Responsibility Community Award through the work we have done with the Veteran’s Discount Program. We issued a Cash Reward MasterCard that rewards members 3% on gas purchases, 2% for restaurant purchases and 1% on all other purchases. We released five new “Youth Accounts” – Little Penguins and Little Club, Benjamin Franklin’s Money Club, Independence Account, and the Young Adult Account.

We opened two new branches in 2017 to better serve the needs of our members: Newtown Square and the Steve branch. We added 48 new sponsor companies this year and 14,868 new members joined the credit union in 2017. We attribute our strong growth to the opening of our new branches to the efforts of our Business Development team. We merged with Tri-Ag FCU, First Baptist Church of Darby FCU, S M FCU, Apex FCU and Blue Cup FCU, First Baptist Church of Darby FCU, and MCU.

American Heritage Credit Union is now the 5th largest credit union in the Commonwealth of Pennsylvania and moved up six places to become the 115th largest credit union in the nation, and is now the 97th largest credit union in the United States.

The first consecutive year, American Heritage Credit Union was a finalist in the Philadelphia Business Journal’s “Best Places to Work” contest. The American Heart Association presented the “Gold Level” Fit-Friendly and the “Bronze Level” Workplace Health Achievement awards to the credit union for providing quality employees’ health programs in the workplace environment. We won the first-place Dora Maxwell Social Responsibility Community Award on the state and national levels. For the second year in a row, American Heritage was awarded the Bucks County Commissioner’s Award for all the community efforts that our employees are working on.

Our Green Team was named a Gold Level Winner through events and initiatives that demonstrate our commitment to environment. We won the first-place Dora Maxwell Social Responsibility Community Award on the state and national levels. According to the American Red Cross.

In addition to offering rates that enabled members to invest in longer term certificates, we also awarded another additional $35.0 million on mortgages to offset the interest rate risk of holding our long-term mortgage and commercial loan portfolios. There is now $34,000,000 of mortgages with a weighted average cost of 1.87% that is classified as a ‘well-capitalized’ credit union.

We received the First Heritage Financial, LLC, a majority-owned subsidiaries, First Heritage Financial, LLC providing mortgage loans and Better Homes of American Heritage Federal Realty, LLC providing mortgage loans.

The growth in assets of $242.9 million was primarily from share growth of $194.0 million, or 14.4%, to $1,541 billion and securities to additional $35.0 million to $340.0 million. Within shares, our highly competitive rates attracted net share certificate balances of $93.8 million, or growth of 18.4%, while the remainder of our growth was in highly liquid investments, such as share drafts that grew by $48.6 million, or 24.3%; savings accounts that grew by $39.6 million, or 9.5%, and market accounts by $39.6 million, or 9.5%.

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I wish to express my appreciation to the President/CEO, his management team, and the staff for all of their hard work and dedication. The total emphasis of our Board is service to the membership while keeping the credit union financially strong. Special thanks to our Supervisory, Loan Review Committee for their work in reviewing and evaluating the bank’s loan policies and their dedication and initiatives that demonstrate our commitment to community.

Wishing all of our members and employees a Happy Holiday Season, and a Happy, Healthy and Prosperous New Year. I look forward to working with you all in 2018 and beyond.

Bruce K. Foulke, Treasurer, President

For the 11th consecutive year, American Heritage Credit Union was awarded the Bucks County Commissioner’s Award for all the community efforts that our employees are working on. We merged with Tri-Ag FCU, First Baptist Church of Darby FCU, S M FCU, Apex FCU and Blue Cup FCU, First Baptist Church of Darby FCU, and MCU.

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