

We offer **YOU** the **RIGHT** financial solutions because you're **FAMILY.**

**2019 ANNUAL REPORT**





### **BOARD OF DIRECTORS**

Gary Weyhmuller, Chairman  
Frank Di Domizio, Vice Chairman  
Bruce K. Foulke, Treasurer  
Jennifer Hannigan, Secretary  
James Brownlow II  
John Fafara  
Clara Glenn  
Daniel Jones  
Juan Lopez  
Kenneth Wong  
Cecilia Grady, Chairperson Emerita

### **SUPERVISORY COMMITTEE**

Juan Lopez, Chairman  
Anthony Kuczykowski

### **LOAN REVIEW/DELINQUENCY COMMITTEE**

Clara Glenn, Chairperson  
Bryan Eichenbaum  
Michael Guntick

# 2019

## HIGHLIGHTS



# 1,400

COMMUNITY SERVICE HOURS

# 23,000

NEW MEMBERS

# \$270,000

DONATED THROUGH THE  
KIDS-N-HOPE FOUNDATION

# \$22 Million

IN DIVIDENDS PAID TO MEMBERS

# \$2.7

BILLION IN ASSETS

# 200,000+

MEMBERS





**“People and nations  
are forged in the  
fires of adversity.”**

- John Adams

# 2019 AWARDS

- CEO Bruce Foulke was recognized by Philadelphia Business Journal as Most Admired CEO.
- Credit Union National Association (CUNA) ELLY award for Training Department of the Year.
- CUNA Marketing Diamond Awards for membership marketing and social media excellence.
- Philadelphia's HR Department of the Year - 2019 Social Responsibility Award.
- Dora Maxwell Social Responsibility Community Service Award.
- Pennsylvania Credit Union Association - Marketing Innovation Creativity Award.
- Investment & Retirement Center is ranked as the #1 managed program in the United States by CUNA Brokerage Services, Inc. for 2019.
- Forbes - 2019 Best-In-State Credit Unions.
- Philadelphia Business Journal - 2019 Best Places to Work.

# CHAIRMAN'S REPORT

Welcome to American Heritage Federal Credit Union's 71st Annual Meeting. As we prepare our annual report, we recognize that these are challenging times in our country. For more than 70 years, like our country, our credit union has witnessed challenges and changes in the world, and always adapts and becomes stronger as a result. We stand ready to support and serve our members through both good times and difficult times.

In 2019, we experienced another successful year of membership growth, loan growth, expansion into new markets, and community investment, and we just recently achieved the 200,000-member threshold. Despite our remarkable growth from a small single-sponsor credit union with just a few members, to more than 200,000 members and over 800 sponsor companies, our commitment to personalized, unwavering member service has never been stronger.

In 2019, we enhanced both our branch and digital delivery channels, and opened new branches in Horsham, PA and Cherry Hill, NJ to better serve our region, as well as launched a new website and several social media platforms. Collectively, our new branches and digital channels experienced robust traffic and engagement. As a result, we added 14 new sponsor companies this year, and 28,650 new members joined the credit union in 2019. We attribute our strong growth to the opening of our new branches, our Workplace Partner outreach programs, our community involvement, and our digital delivery channels.

American Heritage Federal Credit Union is now the 5th largest credit union in the Commonwealth of Pennsylvania and moved up five places to become the 101st largest credit union in the nation based on assets and remains the 102nd largest credit union based on membership. In 2019, Forbes again recognized American Heritage Federal Credit Union as a Best-in-State Credit Union.

The American Heritage team enjoyed recognition from peers and industry leaders for their commitment to the credit union movement and members.

- Our CEO Bruce Foulke was recognized by Philadelphia Business Journal as Most Admired CEO.
- CUNA awarded us an ELLY award for Training Department of the Year and also recognized our Marketing Department with Diamond Awards for membership marketing and social media excellence.
- Philadelphia's HR Department of the Year Awards recognized us with their 2019 Social Responsibility Award.
- Both Philadelphia Business Journal and Credit Union Journal recognized American Heritage as a Best Place to Work in 2019.
- CUNA again recognized us with the Dora Maxwell Social Responsibility Community Service Award.
- Our Investment & Retirement Center is ranked as the #1 managed program in the United States by CUNA Brokerage Services, Inc. for 2019.

We enjoyed a record year in terms of our community giving programs in 2019. Our Books for Kids program raised a record \$16,064, and our Adopt-A-Family program raised close to \$26,000 through donations from our employees and members to donate gifts for families during the holidays.

Collectively, we gathered more than 3,100 pounds of food from our Annual Food Drive which was distributed to partners throughout our region, and the Kids-N-Hope Foundation donated more than \$225,000 to Children's Hospital of Philadelphia in 2019 to help support pediatric healthcare causes, and since its formation in 1996, has contributed more than \$1.6 million.

American Heritage is a movement leader in its focus on financial wellness, especially for younger members. In addition to our Credit Union Youth Savings matching program, in 2019 we held BizKid\$ financial literacy programs with 23 high schools and seven middle schools. And, through our annual Cecilia B. Grady Scholarship Program, we awarded 30 of our college-bound members with \$1,000 scholarships.

In September, our CEO Bruce Foulke and our COO Scott McCaw at the behest of the World Council of Credit Unions, performed a humanitarian trip to credit unions in the Bahamas that were impacted by Hurricane Dorian.

Against the current backdrop of pandemic and global financial concerns, on behalf of our Board of Directors, I wish to express my gratitude to the President & CEO and his management team, as well as the dedicated staff of American Heritage for all of their hard work and dedication to the credit union movement and our membership. In these difficult times, our members count on their steadfast leadership and guidance. Our all-volunteer Board of Directors, as well as our Supervisory, Loan Review & Delinquency Committees, dedicate much to ensuring that our credit union is always providing the best products for our membership while keeping the credit union financially strong, and I appreciate the time and energy that they devote to our organization.

Most of all I want to thank our members for their loyalty and support to our credit union.

Respectfully submitted,

**Gary Weyhmuller**

Chairman



**“The broad community that American Heritage serves includes those who some financial institutions turn away. This organization treats every member like family and tirelessly finds the right financial solution for each personal situation. ”**

- Honorable Thomas J. Ridge



On October 22, 2019, American Heritage dedicated its new operations center, named The Inn, at its headquarters' campus, as well as the Cecilia B. Grady Community Room, The Inn and Cecilia B. Grady Community Room were dedicated by The Honorable Thomas J. Ridge, Former Governor of Pennsylvania and the first United States Secretary of Homeland Security, American Heritage President & CEO Bruce K. Foulke, Board Chairman Gary Weyhmuller, The Honorable Brian O'Neill, Philadelphia City Councilman, The late Honorable Michael Fitzpatrick, former United States Congressman, and Patrick Conway, President & CEO of the Pennsylvania Credit Union Association.

The Inn facility features expanded space for American Heritage's member Contact Center, containing the latest technology in member experience tools, the Consumer and Commercial Lending Department, as well as the Facilities Management Department. The Inn also contains the company's self-service café, the Red Lion Tavern. The Cecilia B. Grady Community Room hosts free seminars, financial literacy workshops and community meetings, and honors American Heritage's Chairperson Emerita Cecilia B. Grady, who served on the credit union's Board for more than 30 years.



# PRESIDENT/TREASURER'S REPORT

I am proud to report that in 2019 we grew our assets by 14.0% to reach \$2.7 billion. Our success can be attributed to strong net membership growth of 12,418 members representing a 6.7% increase over 2018, our members' trust in our services, and the dedication of our Board of Directors, management and staff of American Heritage Credit Union and its affiliates - American Heritage Realty providing real estate broker solutions, First Heritage Financial LLC providing mortgage loan underwriting and servicing solutions, Member Settlement Solutions providing title solutions, and Member Business Financial Services providing commercial loan underwriting and servicing solutions.

The growth in assets of \$338.3 million was primarily from share growth of \$297.1 million, or 17.1%, to \$2.0 billion and secondarily to additional borrowings of \$5.0 million to \$450.0 million. Within shares, our highly-competitive rates led by our high-yield savings account attracted checking and savings account growth of \$214.1 million, or 25.1%, share certificate growth of \$124.4 million, or 18.4%, and transfers from money market accounts of \$41.4 million, or 19.9%. We also borrowed \$5 million of long-term debt to offset the interest rate risk of holding our long-term mortgage and commercial loan portfolios. There was \$450.0 million of borrowings with a weighted average cost of 2.36% matched against \$363.6 million of mortgage loans earning a weighted average rate of 3.89% and \$548.8 million of commercial loans earning a weighted average rate of 5.15%.

The loan portfolio grew by \$367.3 million, or 21.4%, to \$2.1 billion in the following areas - commercial loans \$124.1 million, or 29.2%, to \$548.8 million; all other loans \$88.1 million, or 89.7%, to \$186.3 million due to wholesale loan purchases of \$102.9 million; automobile loans \$83.7 million, or 16.1%, to \$602.3 million; first mortgage loans \$64.7 million, or 21.6%, to \$363.6 million; real-estate secured home equity loans \$4.3 million, or 1.6%, to \$271.5 million, and credit card loans \$2.4 million, or 2.2%, to \$112.4 million.

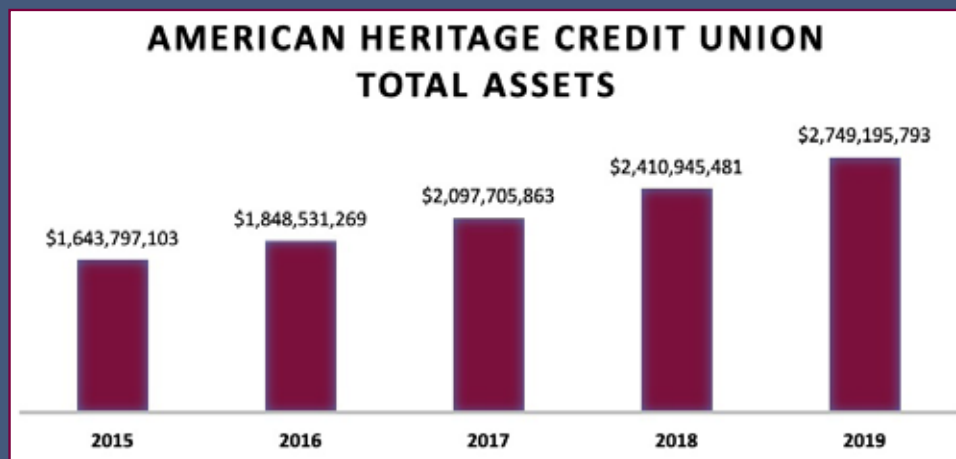
During 2019, American Heritage Credit Union recorded total income of \$146.9 million derived from interest on loans of \$89.0 million, interest on investments of \$12.6 million, and other operating income of \$45.3 million, while total expenses were \$92.5 million and total dividend and interest expense was \$32.6 million, as the overall cost of funds as a percent of average assets increased to 1.27% in 2019 from 1.02% in 2018. As a result, net income for the year was \$21.8 million, representing a return on average assets of 0.84% in 2019 and a net worth ratio of 8.19% that was well above the minimum 7.00% ratio necessary to be classified as a "well-capitalized" credit union.

I extend a special thanks to the Board of Directors, management and staff for their support, dedication and vision. I also wish to express sincere appreciation to the members who place not only their money, but also their confidence in American Heritage Credit Union. At American Heritage, we pledge to continue to work to provide products that meet your needs as "We Offer You The Right Financial Solutions Because You're Family."

Respectfully submitted,

**Bruce K. Foulke**

President/Treasurer



# 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 auditor, 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 98 Audits and Reviews during the fiscal year ended September 30, 2019. The credit union is also periodically examined by our regulator, the National Credit Union Administration (NCUA), which completed one annual review during fiscal year 2019. 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 RKL LLP to conduct an independent external audit of the credit union's financial statements as of September 30, 2019. The independent auditor found that American Heritage Federal Credit Union'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 Federal Credit Union during fiscal year 2019 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 appreciated. We look forward to another year of service to our members and assure you that you can expect the same high standard of service that you received in 2019.

Respectfully Submitted,

**Juan Lopez**

Chairman

**Anthony Kuczykowski**

# NOMINATING COMMITTEE REPORT

The Nominating Committee of American Heritage Federal Credit Union respectfully submits the names of the following candidates to serve on the Board of Directors:

**Clara Glenn**

3 Year Term, 2020-2023

**Jennifer Hannigan**

3 Year Term, 2020-2023

**John Fafara**

3 Year Term, 2020-2023

Respectfully submitted,

**Frank Di Domizio**

Chairman

**James Brownlow II**

**Juan Lopez**



# LOAN REVIEW/DELINQUENCY COMMITTEE REPORT

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For the calendar year 2019, the Loan Review Committee and the Loan Officers approved and funded 29,604 loan applications for \$483.2 million in automobile, credit card, recreation vehicles, lines of credit, home equity lines of credit and loans, as compared to 31,742 for \$561.5 million in 2018. Most of the decline in volume was in indirect auto loans. In addition to the Loan Review Committee, we originated 150 commercial and 795 mortgage loans for \$227.8 million and \$171.1 million, respectively. Overall, the loan portfolio grew by \$367.3 million, or 21.4%, to \$2.1 billion as of December 31, 2019.

In terms of delinquencies, at year end 2019, we had 885 delinquent loans totaling \$10.8 million, or 0.52% of total loans, as compared to 863 delinquent loans totaling \$9.2 million, or 0.54% of total loans, at year end 2018. The net increase in the number of delinquent loans of 22 consisted primarily of 19 more credit card loans and 15 more unsecured loans which was partially offset by the decrease of 18 student loans. The net increase in the dollars of delinquent loans of \$1.6 million was due primarily to an increase in fixed rate mortgage delinquencies by \$1.3 million.

In 2019, there were \$6.7 million of loans charged off and \$0.8 million of loan recoveries, whereas in 2018, there were \$6.4 million of loans charged off and \$0.7 million of loan recoveries. The increase in charge offs was due to unsecured loans that increased \$0.4 million to \$2.7 million and first mortgages that increased \$0.2 million to \$0.2 million. These increases were partially offset by the decrease in used vehicles and other real estate loans by \$0.2 million each. The allowance for loan losses at December 31, 2019 and 2018 of \$9.2 million and \$9.0 million, respectively, was 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 Federal 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 service your needs in the same progressive manner and friendly atmosphere to which you have become accustomed over the years.

Respectfully Submitted,

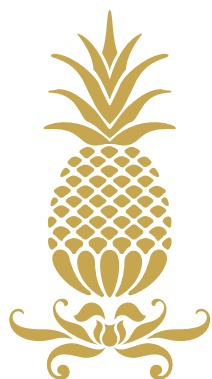
**Clara Glenn**

Chairperson

**Michael Guntick**

**Bryan Eichenbaum**

Vice President of Consumer Lending



ENHANCING THE LIVES  
OF OUR MEMBERS AND THE  
COMMUNITIES WE SERVE BY  
BUILDING TRUSTED RELATIONSHIPS.

# Financial Statements (Unaudited)

## BALANCE SHEET

	December 31,	
	2019	2018
<b>Assets</b>		
Loans to Members	\$2,084,870,129	\$1,717,609,311
Allowance for Loan Losses	(9,166,283)	(9,025,604)
Cash in Bank and on Hand	224,278,000	163,136,295
Investments	317,258,224	420,164,131
Other Assets	131,955,723	119,061,348
<b>Total Assets</b>	<b>\$2,749,195,793</b>	<b>\$2,410,945,481</b>
<b>Liabilities and Equity</b>		
Share of Members	\$2,036,872,601	\$1,739,749,260
Borrowings	450,000,000	445,000,000
Other Liabilities	36,476,098	33,051,957
<b>Total Liabilities</b>	<b>2,523,348,699</b>	<b>2,217,801,217</b>
Net Worth	225,945,895	205,024,977
Valuation Reserve/Other	(98,801)	(11,880,713)
<b>Total Equity</b>	<b>225,847,094</b>	<b>193,144,264</b>
<b>Total Liabilities and Equity</b>	<b>\$2,749,195,793</b>	<b>\$2,410,945,481</b>

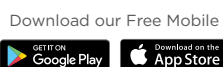
## INCOME STATEMENT

	For the year ended December 31,	
	2019	2018
Interest on Loans	\$89,027,667	\$75,614,088
Interest on Investments	12,572,345	12,178,500
Other Operating Income	45,253,341	37,304,163
<b>Total Income</b>	<b>146,853,353</b>	<b>125,096,751</b>
Compensation and Benefits	44,684,845	40,832,108
Provision	6,020,000	6,720,000
Other Expenses	41,755,038	35,908,595
<b>Total Expense</b>	<b>92,459,883</b>	<b>83,460,703</b>
Dividend Expense	22,002,360	14,338,984
Interest Expense	10,639,557	8,761,906
Dividend and Interest Expense	32,641,917	23,100,890
<b>Net Income</b>	<b>\$21,751,553</b>	<b>\$18,535,158</b>
Return on Average Assets	0.84%	0.82%





We offer **YOU** the **RIGHT** financial solutions because you're **FAMILY**.



Federally Insured  
by NCUA

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