

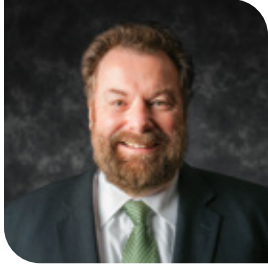


# 2020 ANNUAL REPORT

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

# BOARD OF DIRECTORS

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GARY  
WEYHMULLER  
Chairman



JAMES  
BROWNLOW, II  
Vice Chairman



BRUCE K.  
FOULKE  
Treasurer



JENNIFER  
HANNIGAN  
Secretary



CLARA  
GLENN



JOHN  
FAFARA



KATHLEEN  
KINSLOW



JUAN  
LOPEZ



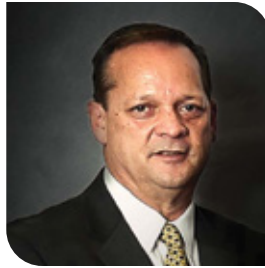
KENNETH  
WONG

# SUPERVISORY COMMITTEE

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JUAN LOPEZ  
Chairman



ANTHONY  
KUCZYKOWSKI



MICHAEL  
GUNTICK

# LOAN REVIEW/DELINQUENCY COMMITTEE

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CLARA GLENN  
Chairperson



MICHAEL  
GUNTICK



# 2020

## HIGHLIGHTS



**550**

COMMUNITY SERVICE HOURS

**\$349,502**

DONATED THROUGH THE  
KIDS-N-HOPE FOUNDATION

**\$19.7 Million**

IN DIVIDENDS PAID TO MEMBERS

**\$3.4**

BILLION IN ASSETS

**215,000+**

MEMBERS

**30,473**

NEW MEMBERS



CREDIT UNION JOURNAL  
BEST CREDIT UNIONS  
TO WORK FOR  
2020



2020 HEALTHIEST EMPLOYERS  
PHILADELPHIA BUSINESS JOURNAL

THE FINANCIAL BRAND

SOUTH JERSEY  
**Biz**  
Best in Biz

 **CUNA**  
Diamond Awards

**CJ** crossstate  
**MIC**  
awards

 **HR**  
DEPARTMENT OF THE YEAR  
AWARDS

# 2020

## RECOGNITION & AWARDS

- ★ Dora Maxwell Social Responsibility Community Service Award for Pennsylvania.
- ★ *Credit Union Journal* Best Place to Work recognition as 12th in the Nation.
- ★ *Philadelphia Business Journal* Best Places to Work recognition for 14th consecutive year.
- ★ *Philadelphia Business Journal* Healthiest Employer Wellness Award for 9th consecutive year.
- ★ *The Financial Brand* recognized American Heritage as one of the top 50 credit unions using social media worldwide.
- ★ South Jersey Biz annual Best in Biz Award.
- ★ Six CUNA Marketing Diamond Awards for educational content, membership events, membership email and direct mail communications.
- ★ CrossState Credit Union Association Marketing Innovation and Creativity Awards for brand communications and social media excellence.
- ★ Philadelphia's HR Department of the Year and Social Responsibility Award.
- ★ Investment & Retirement Center is the 5th ranked brokerage in the country by CUNA and the #1 ranked CBSI managed program in the country.



# CHAIRMAN'S REPORT



Welcome to American Heritage Federal Credit Union's 72nd Annual Meeting. As we share our 2020 annual report with our membership, we acknowledge that the past year was one of the most challenging years in our country's history. However, despite so much uncertainty, this past year brought out the best in our credit union family. We are proud that our credit union and our members were able to demonstrate such adaptability and resiliency in 2020. In 2020, we experienced another successful year of membership growth, loan growth, expansion into new markets, and community investment.

“

I HAVE BEEN A MEMBER FOR YEARS; HELD MANY ACCOUNTS WITH AMERICAN HERITAGE, ALL OF MY AUTO LOANS IN PARTICULAR. I AM ALWAYS TAKEN BACK BY HOW PROFESSIONAL, FRIENDLY, AND HELPFUL, ALL OF THE REPRESENTATIVES ALWAYS ARE FROM BRANCH TO BRANCH, PHONE CALL TO PHONE CALL, AGENT TO AGENT. THANK YOU FOR ALWAYS DEMONSTRATING THE TRUE MEANING OF “MEMBER SERVICES.” I REALLY FEEL LIKE I AM PART OF AN EXCLUSIVE CLUB. YOUR VANA VIDEO CONFERENCING SERVICE IS NOW THE CHERRY ON TOP.

— MEMBER SINCE 1997 —

”

The credit union has a legacy of preparedness planning and was able to quickly enact its business continuity plans, and as the COVID-19 pandemic emerged in the early months of 2020, American Heritage was able to situate its associates remotely while continuing to serve our members. Despite the resources and attention that were rightfully allocated to supporting our members through the pandemic, our team did not lose focus on our strategic goals of introducing new products and channels to help our members achieve their financial success stories:

- ★ Introduction of VANA (Video Advisor Network Associates) a mobile or web-based tool where members can interact directly with our associates in a virtual face-to-face session.
- ★ Relaunch of americanheritageCU.org website with easier navigation and functionality.
- ★ Entered the Main Line with the opening of Wayne, Pennsylvania branch.
- ★ Formed a Credit Union Service Organization, DataVa Solutions LLC, to allow our associates to provide more personalized solutions for members.
- ★ Introduced a No Closing Cost Mortgage Refinance for members.

As we achieved the \$3 billion asset milestone in 2020, American Heritage Federal Credit Union remains the 5th largest credit union in the Commonwealth of Pennsylvania and moved up six places to become the 96th largest credit union in the United States based on asset size and we moved up six places to become the 96th largest credit union based on membership.

At the onset of the COVID-19, American Heritage was able to leverage its existing technology platforms and enacted a multitude of Membership Support programs while enhancing digital delivery. Already a leader in interactive teller machine technology, we further expanded our PAT Live video tellers, enabling full transactional self-service ability at drive-thru lanes and lobbies. We enhanced our Better Lobby appointment scheduling efforts to regulate in-person consultations, and installed glass partitions and increased sanitizing and safety measures in offices. For members who preferred to perform their services remotely, we created an online self-service forms library as well as DocuSign options for members to perform account maintenance.

American Heritage waived late fees on late loan payments as well as penalty fees for early access to Certificates, and also increased daily limits on mobile deposit so that our members had financial flexibility to navigate through uncertain situations. We also funded Skip-A-Pay options and other relief programs for loans. We also funded more SBA Payroll Protection Program (PPP) loans than any other credit union in the region, funding 400 PPP loans totaling \$30 million to local businesses.

# CHAIRMAN'S REPORT (Continued)



In 2020, at a time when our community and members needed our support the most, the American Heritage family was there to help. At the behest of our CEO, our Board provided funds and logistics to ensure that our front-line member workers were protected and had the necessary equipment to help fight the COVID-19 virus, as American Heritage donated 50,000 PPE facemasks to 14 of our local hospital Workplace Partners.

Also, our CEO coordinated with other local credit unions and organizations to raise more than \$220,000 towards the purchase and donation of 30,000 Level 3 medical gowns to workplace partner hospitals and long-term care facilities. Our American Heritage team also hosted multiple American Red Cross Blood Drive events in our Community Room to help bolster the blood supply in our region.

In addition to providing critical COVID-19 related support, our members and associates collected 12,000 pounds of food for local food banks and pantries, and we contributed over \$60,000 to those organizations. American Heritage also contributed \$3,000 to Habitat for Humanity to build four single-home family homes in North Philadelphia. In continuing our commitment to education, our Books for Kids programs raised \$11,250 and distributed 5,300 books to local organizations, we sponsored the annual Presidents Day programming at the Museum of the American Revolution, and we awarded Cecilia B. Grady Scholarships to 30 members who are attending college.

Finally, we are proud to have been one of the first credit unions in the country to create our own charitable entity, the Kids-N-Hope Foundation. In 2020, the Foundation donated \$350,000 to pediatric music therapy programs and children's health and life services at local hospitals. With this annual contribution, the Foundation has now reached the \$2 million milestone in cumulative donations since its founding.

“

THANK YOU FOR THE LOVE AND  
CONCERN YOU'VE SHOWN TO  
YOUR MEMBERS. BANKING AT  
AMERICAN HERITAGE WAS ONE  
OF MY BEST DECISIONS.”

— MEMBER SINCE 2012 —

”

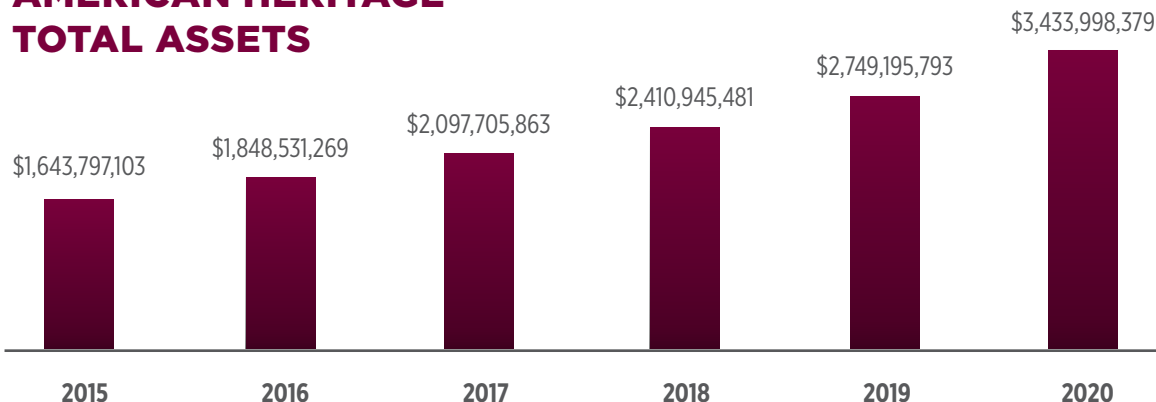
On behalf of our Board of Directors, I wish to express my gratitude to the President & CEO and his management team, as well as the dedicated staff of American Heritage for all of their hard work and dedication to the credit union movement and our membership. In these difficult times, our members count on their steadfast leadership and guidance. Our all-volunteer Board of Directors, as well as our Supervisory, Loan Review & Delinquency Committees, are dedicated 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

## AMERICAN HERITAGE TOTAL ASSETS



# PRESIDENT/TREASURER'S REPORT



*Dear fellow members,*

The year 2020 was an unexpected and challenging year that started with COVID-19 effectively shutting down parts of our society, the Centers for Disease Control declaring a pandemic, and ending with the start of a vaccine rollout. Through the remarkable efforts of members, staff and volunteers, I am proud to report that in 2020 we grew our assets by 25% and recorded a return on assets of 1.11% as compared to our peers who reported results of 19% and 0.69%, respectively. We are also privileged to now serve an additional 16,081 net new members of our community.

The growth in assets of \$684.8 million to \$3.4 billion was primarily from share growth of \$579.2 million, or 28%, to \$2.6 billion and secondarily to additional borrowings of \$55.0 million, or 12%, to \$505.0 million. Within shares, our highly competitive rates led by our high-yield savings account attracted checking and savings account growth of \$438.8 million, or 41%, share certificate growth of \$134.2 million, or 17%, and money market growth of \$6.1 million, or 4%. Our share growth of 28% was more than our peers' share growth at 21% and our 0.98% cost of funds was more than our peers' 0.66% cost of funds. In addition, the \$55.0 million borrowed of long-term debt was done to offset the interest rate risk of holding long-term mortgage and commercial loan portfolios.

The loan portfolio grew by \$347.1 million, or 17%, to \$2.4 billion in the following areas- commercial loans \$167.7 million, or 31%, to \$716.5 million; first mortgage loans \$79.2 million, or 22%, to \$442.8 million; automobile loans \$71.1 million, or 12%, to \$673.4 million; and all other loans \$68.9 million, or 37%, to \$255.2 million. These increases were partially offset by decreases in real-estate secured home equity loans of \$33.8 million, or 12%, to \$237.7 million and credit card loans of \$6.0 million, or 5%, to \$106.4 million. In addition to the growth of loans on the balance sheet, we also sold and participated \$320.1 million of loans. Our loan growth of 17% was more than our peers' loan growth of 7% while our yield on average loans of 4.49% was less than our peers' yield on average loans of 4.56%.

Net worth, one measure of safety among others, ended at \$259.4 million. The net worth ratio was 7.55% based on ending assets and 8.35% based on average assets; both were well above the minimum 7.00% ratio necessary to be classified as a "well-capitalized" credit union.

During 2020, American Heritage Credit Union recorded total income of \$173.0 million derived from interest on loans of \$101.4 million, interest on investments of \$10.0 million, and other operating income of \$61.7 million, while total expenses were \$108.5 million and total dividend and interest expense was \$30.3 million as the overall cost of funds as a percent of average assets decreased to 0.98% in 2020 from 1.27% in 2019.

Our resulting net income of \$34.2 million was remarkable considering it was achieved while the Federal Reserve Bank decreased rates to almost zero at the onset of the pandemic.

American Heritage is a leader in developing affiliate organizations and programs that provide solutions for our members, contribute to our operating income, and serve the greater good of the credit union movement: American Heritage Realty providing real estate broker solutions, First Heritage Financial LLC providing mortgage loan underwriting and servicing solutions, Member Settlement Solutions LLC providing title solutions, Member Business Financial Services LLC providing commercial loan underwriting and servicing solutions, DataVa Solutions LLC offering customer relationship management (CRM) solutions, and our Investment and Retirement Center (IRC) offering investment planning, insurance, retirement, annuity and mutual fund solutions.

I am proud of how our members and associates have embraced new and innovative ways to continue to use and provide outstanding services. More importantly, our family came together this year to help those in our community and membership who needed our support the most. The year of 2020 will have many lasting impacts on our communities, our workplaces and how we use technology.

One of our lasting achievements of the past year is the creation of our Diversity, Equity and Inclusion Committee and Council. Our commitment to the well-being of our members, as well as providing equality and economic opportunity in the communities we serve, has been evident since our founding. However, by championing these causes through a formal committee, we believe that American Heritage will serve as an example for other organizations in championing the causes of inclusion. Against the current backdrop of deeper social awareness and pandemic, our team is optimistic and inspired to making our community a better place.

I extend a special thanks to the Board of Directors, management and staff for their support, dedication and vision, and for coming together during an unprecedented time to continue to make American Heritage the best credit union in the country. 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**  
Treasurer/President



# 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 90 Audits and Reviews during the fiscal year ended September 30, 2020. The credit union is also periodically examined by our regulator, the National Credit Union Administration (NCUA), which completed one annual review during fiscal year 2020. 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, 2020. 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 Federal Credit Union during fiscal year 2020 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 2020.

*Respectfully submitted,*

**JUAN LOPEZ**, Chairman

**ANTHONY KUCZYKOWSKI**

**MICHAEL GUNTICK**





# LOAN REVIEW/DELINQUENCY COMMITTEE REPORT



For the calendar year 2020, the Loan Review Committee and the Loan Officers approved and funded 28,690 loan applications for \$557.9 million in automobile, credit card, recreation vehicles, lines of credit, home equity lines of credit and loans, as compared to 29,604 for \$483.2 million in 2019. In addition to the Loan Review Committee, we originated 539 commercial and 1,749 mortgage loans for \$338.6 million and \$361.4 million, respectively. Overall, the loan portfolio grew by \$347.1 million, or 17%, to \$2.4 billion as of December 31, 2020.

In terms of delinquencies, at year end 2020, we had 600 delinquent loans totaling \$12.8 million, or 0.53% of total loans, as compared to 885 delinquent loans totaling \$10.8 million, or 0.52% of total loans, at year end 2019. The net decrease in the number of delinquent loans of 285 consisted primarily of 100 less credit card loans and 188 less unsecured loans, while the net increase in delinquent loans of \$2.0 million was due to an increase of \$1.0 million each in variable-rate mortgage and unsecured loans.

In 2020, there were \$5.0 million of loans charged off and \$1.2 million of loan recoveries, whereas in 2019, there were \$6.7 million of loans charged off and \$0.8 million of loan recoveries. The decrease in charge offs was due to unsecured loans that decreased \$0.6 million

to \$2.0 million, credit cards that decreased \$0.4 million to \$1.9 million, and used vehicles that decreased \$0.3 million to \$0.6 million. The allowance for loan losses at December 31, 2020 and 2019 of \$13.0 million and \$9.2 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 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 to over the years.

*Respectfully submitted,*

**CLARA GLENN**, Chairperson

**MICHAEL GUNTICK**

**BRYAN EICHENBAUM**, Senior Vice President  
of Consumer Lending

# 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:

James Brownlow, II - 3 Year Term, 2021-2024

Juan Lopez - 3 Year Term, 2021-2024

Gary Weyhmuller - 3 Year Term, 2021-2024

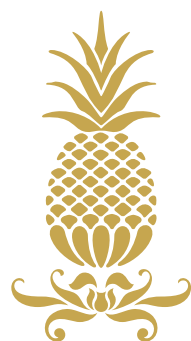
Kathleen Kinslow - 1 Year Term, 2021-2022

*Respectfully submitted,*

**JENNIFER HANNIGAN**, Chairperson

**CLARA GLENN**

**JOHN FAFARA**



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





# FINANCIAL STATEMENTS

(Unaudited)

## BALANCE SHEET

	December 31	
	2020	2019
<b>Assets</b>		
Loans to Members	\$2,431,949,138	\$2,084,870,129
Allowance for Loan Losses	(13,029,306)	(9,166,283)
Cash in Bank and on Hand	588,471,702	224,278,000
Investments	270,383,940	317,258,224
Other Assets	156,222,905	131,955,723
<b>Total Assets</b>	<b>\$3,433,998,379</b>	<b>\$2,749,195,793</b>
<b>Liabilities and Equity</b>		
Share of Members	\$2,616,032,365	\$2,036,872,601
Borrowings	505,000,000	450,000,000
Other Liabilities	48,487,099	36,476,098
<b>Total Liabilities</b>	<b>3,169,519,464</b>	<b>2,523,348,699</b>
Net Worth	259,353,285	225,945,895
Valuation Reserve/Other	5,125,630	(98,801)
<b>Total Equity</b>	<b>264,478,915</b>	<b>225,847,094</b>
<b>Total Liabilities and Equity</b>	<b>\$3,433,998,379</b>	<b>\$2,749,195,793</b>

## INCOME STATEMENT

	For the Years ended December 31,	
	2020	2019
Interest on Loans	\$101,371,369	\$89,027,667
Interest on Investments	9,951,836	12,572,345
Other Operating Income	61,651,790	45,253,341
<b>Total Income</b>	<b>172,974,995</b>	<b>146,853,353</b>
Compensation and Benefits	52,187,045	44,684,845
Provision	7,642,000	6,020,000
Other Expenses	48,660,067	41,755,038
<b>Total Expense</b>	<b>108,489,112</b>	<b>92,459,883</b>
Dividend Expense	19,678,347	22,002,360
Interest Expense	10,623,761	10,639,557
<b>Dividend and Interest Expense</b>	<b>30,302,108</b>	<b>32,641,917</b>
<b>Net Income</b>	<b>\$34,183,775</b>	<b>\$21,751,553</b>
Return on Average Assets	1.11%	0.84%



— ★ AmericanHeritageCU.org ★ —



EQUAL  
OPPORTUNITY  
LENDER



Federally Insured  
by NCUA



American Heritage Credit Union

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Philadelphia, PA 19115

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