



2023

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**ANNUAL
REPORT**



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

BOARD OF DIRECTORS



GARY WEYHMULLER
Chairman



JAMES BROWNLOW, II
Vice Chairman



BRUCE K. FOULKE
Treasurer



JENNIFER HANNIGAN
Secretary



JOHN FAFARA



CLARA GLENN



KATHLEEN KINSLOW



JAMES THOMPSON



KENNETH WONG

SUPERVISORY COMMITTEE



MICHAEL GUNTICK
Chairman



EVALEEN DEMARCO



ANTHONY KUCZYKOWSKI

LOAN REVIEW/DELINQUENCY COMMITTEE



JAMES THOMPSON
Chairperson



CLARA GLENN



MICHAEL GUNTICK

BRYAN EICHENBAUM
Senior Vice President of Consumer Lending

2023 OPERATIONAL HIGHLIGHTS



\$70.2

MILLION IN DIVIDENDS
PAID TO MEMBERS

\$4.8

BILLION IN ASSETS

\$363.9

MILLION NET WORTH

311,774

MEMBERS

43,007

NEW MEMBERS

TOP 75

LARGEST CREDIT UNIONS
IN UNITED STATES

• 200 NEW ASSOCIATE HIRES • 834 WORKPLACE PARTNERS • NEW BRANCHES: NORTH COVENTRY, PA & LANGHORNE, PA

2023 COMMUNITY IMPACT HIGHLIGHTS



2,996

COMMUNITY SERVICE HOURS
PERFORMED BY ASSOCIATES

\$53,000

CONTRIBUTED BY SPIRIT
OF GIVING FOOD DRIVE

10,000 lbs

OF FOOD DONATED BY MEMBERS
TO 19 LOCAL ORGANIZATIONS

\$22,800

RAISED BY ADOPT-A-FAMILY
FOR HOLIDAY GIFTS

4,300

BOOKS DONATED THROUGH
BOOKS FOR KIDS PROGRAM

\$3.7 Million

RAISED SINCE INCEPTION BY THE
KIDS-N-HOPE FOUNDATION

- OVER \$75,000 IN PRIZES AWARDED TO MEMBERS DURING 2023 GIVE BACK SWEEPSTAKES, INCLUDING A 2024 CHEVY TRAX
- GREEN TEAM PERFORMED MULTIPLE HIGHWAY CLEAN-UPS AND COLLECTED THOUSANDS OF ESSENTIAL ITEMS DURING MULTIPLE DONATION DRIVES
- OVER 25,000 LOCAL RESIDENTS ENJOYED GRAND ILLUMINATION DISPLAYS AND FESTIVITIES AT MAIN CAMPUS
- FOUR NEW MEMBER BENEFITS AND DISCOUNTS PROGRAM INCLUDING CREDIT UNION TRAVEL AND THE PHILADELPHIA ZOO
- \$743,000 RAISED BY MEMBERS AND COMMUNITY FOR THE KIDS-N-HOPE FOUNDATION THROUGH BINGO EVENTS, CORNHOLE TOURNAMENT, PENNY-A-PURCHASE PROGRAM, AND OTHER EVENTS
- \$602,500 DONATED THROUGH THE KIDS-N-HOPE FOUNDATION TO LOCAL PARTNERS:
CHILDREN'S HOSPITAL OF PHILADELPHIA, DOYLESTOWN HOSPITAL, GRAND VIEW HEALTH, JEFFERSON HEALTH FOUNDATION, ST. MARY MEDICAL CENTER, CATHOLIC COMMUNITY SERVICES, CHRIST'S HOME, CORA SERVICES, KENCREST, FEDERATION EARLY LEARNING SERVICES (FELS), PROVIDENCE CENTER, SPECIAL PEOPLE IN THE NORTHEAST (SPIN)

2023 FINANCIAL WELLNESS HIGHLIGHTS



74

FREE FINANCIAL
WELLNESS SEMINARS

30

\$1,000 CECILIA GRADY COLLEGE
SCHOLARSHIPS AWARDED

54

FINANCIAL EDUCATION
BLOGS PUBLISHED

- 7,446 NEWS USERS JOINED ZOGO AND HAVE EARNED OVER \$7,320 IN REWARDS
- YOUTUBE CHANNEL SUBSCRIBERSHIP IS TOP 5 NATIONALLY AMONG CREDIT UNIONS

2023

RECOGNITION & AWARDS



THE FINANCIAL BRAND



- ★ CUNA 2023 Dora Maxwell Social Responsibility Service Award
- ★ Transportation Demand Management Advocates Sustainability Award
- ★ #1 Pennsylvania Best in State Credit Union designation by Forbes
- ★ Philadelphia Business Journal Best Places to Work recognition for 17th consecutive year.
- ★ Philadelphia Business Journal Healthiest Employer Wellness Award for 14th consecutive year.
- ★ Financial Brand recognized American Heritage as one of the top 50 credit unions using social media worldwide.
- ★ Investment & Retirement Center ranked as the 4th overall program and the #1 managed program in the country by CUNA Mutual Group.
- ★ 2023 Economic Vehicle Accessibility Award By Open Lending
- ★ Recognition for excellence in membership communication, event marketing, social media, website, and brand awareness:
 - o CrossState Credit Union Association - MIC Awards
 - o CUNA Marketing & Business Development - Diamond Awards
 - o Marketing Association of Credit Unions - MAC Awards
 - o Philadelphia Direct Marketing Association - Benjamin Franklin Benny Awards
 - o Public Relations Society of America - Pepperpot Awards
 - o Social Media Day PHL - Social Media Master Awards
- ★ South Jersey Biz annual Best in Biz Readers' Choice Award.

“

Very, very happy with the service, very professional. Nice cool environment to be around. They also treat you like family, and I love it. Makes me want to open other accounts.

- MEMBER -
NORTH COVENTRY BRANCH

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NORTH COVENTRY BRANCH

CHAIRMAN'S REPORT



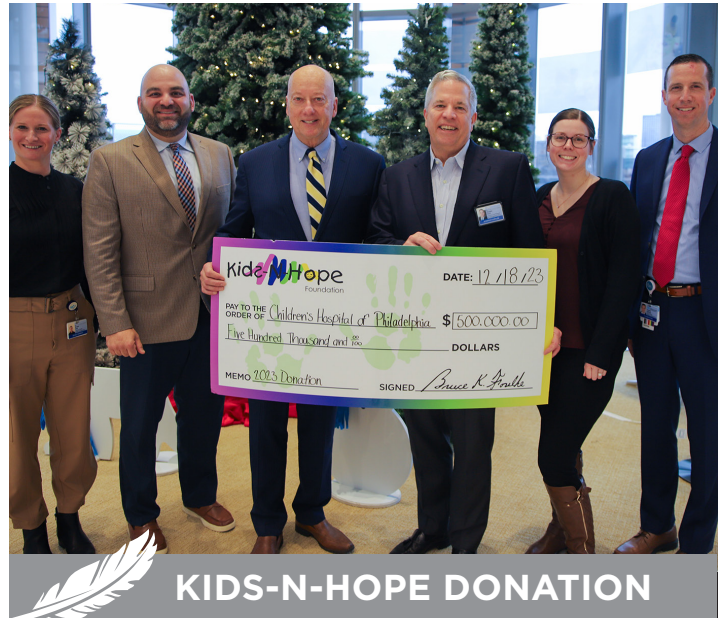
Welcome to American Heritage Federal Credit Union's 75th Annual Meeting. As we prepare our annual report, we acknowledge that 2023 continued the credit union's trajectory of membership growth, loan growth, technology improvements, branch network enhancements, and community investment.

In 2023, we celebrated the milestone of 75 years in business, and the ongoing commitment to our members and the communities we serve. American Heritage began as Budd Workers Federal Credit Union on January 16, 1948 to provide people with a better alternative than banks to save and borrow money. The credit union started with just \$12,776 in assets and one branch on Hunting Park Avenue in North Philadelphia. This past year, we proudly welcomed 43,007 new members as well as seven new sponsor companies as more individuals, families and businesses continue to learn about the American Heritage difference. As we near the \$5 billion asset and surpass the 300,000th member milestones this year, American Heritage Federal Credit Union remains the 5th largest credit union in the Commonwealth of Pennsylvania and is in the top 75 largest credit unions in the nation based on membership.

In addition, we further enhanced our branch network, opening new branches in Langhorne and North Coventry, PA, expanding our access to new communities and providing existing members with better banking options. We continue to invest in PAT (Personal Automated Teller) and drive-thru technology to better empower our associates and provide greater convenience and self-serve options for our members.

Our associates are continuously innovating, creating new initiatives to meet the service levels and standards you have come to expect from American Heritage. Our member satisfaction rating was well above 95% for the year, significantly surpassing industry standards. This success is due in large part to you, our members, associates, and management, who continue to navigate the changing landscape of our industry and society with ingenuity, dedication, and a member-first attitude that makes American Heritage special.

The credit union continues to be a leader in community investment initiatives. As our community grapples with crippling inflation, we are cognizant of the impact this has on many to feed their families. As a result, our associates and members demonstrated their generosity during the Spirit of Giving Food Drive, which supported hundreds of local families and 19 local food banks and kitchens.



KIDS-N-HOPE DONATION

In 2023, the Kids-N-Hope Foundation donated a record \$602,500 to pediatric music therapy programs and children's health and life services at local hospitals and organizations.

In continuing our commitment to education, our Books for Kids program distributed a record 4,300 books to local organizations, and we awarded Cecilia B. Grady Scholarships to 30 members who will be attending college. We also hosted 74 seminars/webinars on saving, budgeting, home buying/selling, understanding credit, college financing, identity theft, retirement and investing.

Associate engagement, retention and development continue to be a priority for American Heritage. We continue to develop our workforce by ensuring staff is equipped with the skills they need for the future. And we continue to recruit and advance only the best talent! We now have over 600 employees and in 2023 we saw the advancement and promotion of over 130 associates. Our efforts to enhance Diversity, Equity and Inclusion initiatives furthered our commitment to increasing minority representation among our associates, and we remain firmly committed to providing economic opportunity in the communities we serve, just as we were when we were founded 75 years ago.

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CHAIRMAN'S REPORT (Continued)



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.

On behalf of our Board, I wish to express my gratitude to the President & CEO and his management team, as well as the dedicated associates of American Heritage for all of their hard work and dedication to the credit union movement and our membership.

In these uncertain economic times, our members count on the credit union's trustworthy counsel and guidance. To that end, I want to thank our members for their steadfast loyalty and support to our credit union.

Respectfully submitted,

GARY WEYHMULLER

Chairman

“

American Heritage is in the business of rewarding its employees for the effort they put in, whether that's through appreciation days or through opportunities for internal promotion. I know I have a good future here!

- AMERICAN HERITAGE ASSOCIATE

”



CARSON VALLEY FOOD DONATION

PRESIDENT/TREASURER'S REPORT



\$269.2

MILLION ASSET GROWTH

\$4.8

BILLION IN ASSETS

\$142.9

MILLION SHARE GROWTH

\$340.9

MILLION LOAN
PORTFOLIO GROWTH

\$363.9

MILLION NET WORTH

\$278.7

MILLION TOTAL INCOME

\$40

MILLION NET INCOME

I am proud to report that our 2023 asset growth was 6.0% and our return on average assets was 0.87%. We were also privileged to serve almost 310,000 members.

The 6.0% growth in assets of \$269.2 million to almost \$4.8 billion was driven by organic share growth of \$142.9 million and additional borrowings of \$110.2 million. Within shares, our highly competitive rates led our share certificates to grow by \$218.8 million, or 23.4%, which was partially offset by regular shares and share drafts decreasing \$108.5 million, or 4.7%. Overall, the share growth of 4.1% was more than our peers' share growth of 2.3% and our 1.88% cost of funds was more than our peers' 1.34% cost of funds. In addition, by adding fixed-rate borrowings of \$110.2 million, the overall weighted average cost for all borrowings of 2.59% manages the risk of holding \$452.9 million of fixed-rate mortgage loans earning a weighted average rate of 3.81% in a rising rate environment.

Our loan portfolio grew by \$340.9 million, or 10.1%, to \$3.7 billion in the following areas—all other loans by \$171.2 million, or 28.9%, to \$764.2 million; automobile loans by \$151.8 million, or 18.8%, to \$961.0 million; real-estate secured home equity loans by \$23.8 million, or 10.2%, to \$258.3 million; and credit card loans by \$12.5 million, or 11.1%, to \$124.8 million. These increases were partially offset by a decrease in commercial loans by \$16.7 million, or 1.4%, to \$1.147 billion, and first mortgage loans by \$1.7 million, or 0.4%, to \$467.5 million. In addition to the changes in loans above, we also sold \$93.8 million of loans and participated \$42.2 million of loans. Our loan growth of 10.1% was more than our peers' loan growth of 6.3% while our yield on average loans of 5.50% was more than our peers' yield on average loans of 5.04%.

In terms of liquidity, we held \$528.3 million, or 11.1% of assets, in cash and due from the Federal Reserve Bank of Philadelphia to serve members' immediate needs as compared to 8.5% for the federally insured credit union industry as a whole.

Net worth, which is one measure of safety among other measures, ended at \$363.9 million. The net worth ratio was 7.64% based on ending assets and 7.88% based on average assets; both were well above the minimum 7.00% ratio necessary to be classified as a "well-capitalized" credit union.

During 2023, American Heritage Credit Union recorded total income of \$278.7 million derived from interest on loans of \$195.5 million, interest on investments of \$32.9 million, and other operating income of \$50.3 million, while total expenses were \$151.7 million and total dividend and interest expense was \$87.0 million as the overall cost of funds as a percent of average assets increased to 1.88% in 2023 from 0.81% in 2022. Our resulting net income was \$40.0 million.



ADOPT-A-HIGHWAY

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We continually strive to be a premier credit union for our members, and the leading workplace for our associates. Our Board of Directors and Management team are always seeking ways to provide our associates with best-in-class training, resources, and benefits in an inclusive work environment.

These offerings have a direct impact on our outstanding member service and the extensive product line available to our members. We are honored that independent and well-respected firms such as Forbes and the Philadelphia Business Journal have recognized us for our efforts to improve the lives of our members and associates.

- **BRUCE K. FOULKE** -

PRESIDENT/CEO

”



300K MEMBER CELEBRATION

PRESIDENT/TREASURER'S REPORT (Continued)



Our success can be attributed to our members' trust in our services and being there for them in a time of need during the lingering pandemic and providing affordable products during a period of rising interest rates. I was supported by our Board of Directors, management and staff of American Heritage Credit Union and its affiliates- First Heritage Realty Alliance LLC 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 retirement solutions.

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
Treasurer/President



AMERICAN HERITAGE DIVERSITY, EQUITY AND INCLUSION PROGRAM



Taking action on matters of diversity, equity and inclusion is vital for us to be the best Credit Union we can be. The culture of American Heritage Credit Union is built on inclusiveness and equal opportunity that leads to a respectful, productive environment for everyone and enables individuals to achieve their full potential.

“

I can't say enough about the superb customer service I received. It meant the world to me that my representative took the time to really listen and help me, as well as offer many solutions. I am a very satisfied member.

- MEMBER -
RHAWN STREET BRANCH

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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 was assisted in carrying out its responsibilities by our Internal Auditors, who performed and/or directed a total of 93 Audits and reviews during the fiscal year which ended September 30, 2023. The credit union is also periodically examined by the National Credit Union Administration (NCUA), which completed an annual review during the fiscal year 2023. The NCUA's examinations did not produce any significant findings. Our own internal audits as well as the NCUA examinations confirm effective internal controls are in place.

In conformity 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, 2023. The independent auditor found that American Heritage 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 2023 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.



 2023 BOOKS FOR KIDS

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 2023.

Respectfully submitted,

MICHAEL GUNTICK, Chairman

EVALEEN DEMARCO

ANTHONY KUCZYKOWSKI

“

I met with an advisor that gave me all the time I needed. He provided the information I needed and gave advice beyond what I was looking for. Service like this is why I have been with American Heritage over 30 years!

- MEMBER -

KING OF PRUSSIA BRANCH

”

LOAN REVIEW/DELINQUENCY COMMITTEE REPORT



30,994
LOANS FUNDED

\$668.4
MILLION IN FUNDED LOANS

\$340.9
MILLION LOAN PORTFOLIO GROWTH

For the calendar year 2023, the Loan Review Committee and the Loan Officers approved and funded 30,994 loan applications for \$668.4 million in automobile, credit card, recreation vehicles, lines of credit, home equity lines of credit and loans, as compared to 33,328 for \$773.8 million in 2022. In addition to the Loan Review Committee, we originated 92 commercial and 601 mortgage loans for \$69.4 million and \$80.2 million, respectively. Overall, the loan portfolio grew by \$340.9 million, or 10.1%, to \$3.723 billion as of December 31, 2023.

In terms of delinquencies, at year end 2023, we had 1,825 delinquent loans totaling \$48.3 million, or 1.3% of total loans, as compared to 1,163 delinquent loans totaling \$22.8 million, or 0.7% of total loans, at year end 2022. The increase in the number of delinquent loans was equally due to credit card and unsecured/other loans while the balance increase of \$25.4 million was primarily due to 1 commercial loan totaling \$11.9 million, followed by 221 unsecured/other loans of \$6.9 million and 160 used vehicle loans of \$4.4 million.

In 2023, there were \$22.4 million of loans charged off and \$3.1 million of loan recoveries, whereas in 2022, there were \$7.2 million of loans charged off and \$1.3 million of loan recoveries. The increase in charge offs was due to unsecured loans that increased \$10.9 million to \$15.1 million. On October 1, 2023, American Heritage Federal Credit Union adopted a model called Credit Losses on

Financial Instruments, or CECL. This included a one-time adjustment of \$36.0 million and an overall increase on our allowance for loan losses. The allowance for credit losses at December 31, 2023 and 2022 of \$49.3 million and \$14.8 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,

JAMES THOMPSON, Chairperson

CLARA GLENN

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:

THREE-YEAR TERM:

James Brownlow, II: 2024 - 2027

James Thompson: 2024 - 2027

Gary Weyhmuller: 2024 - 2027

Respectfully submitted,

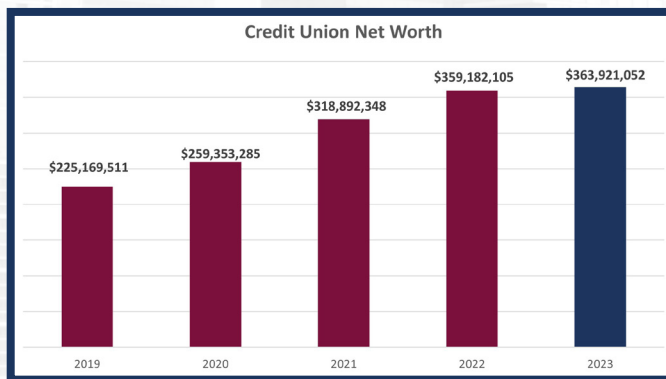
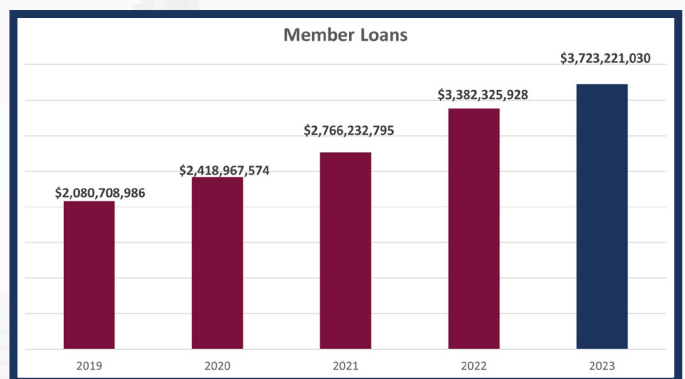
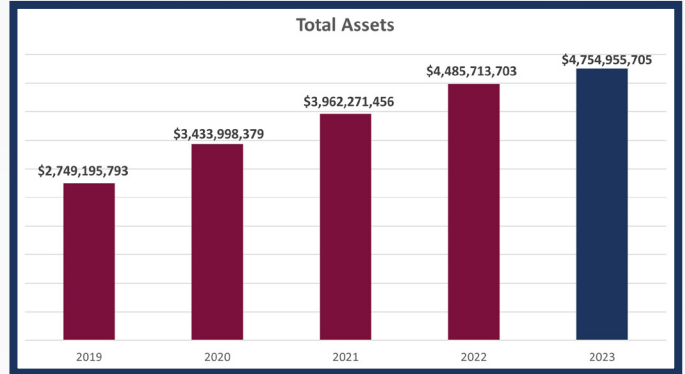
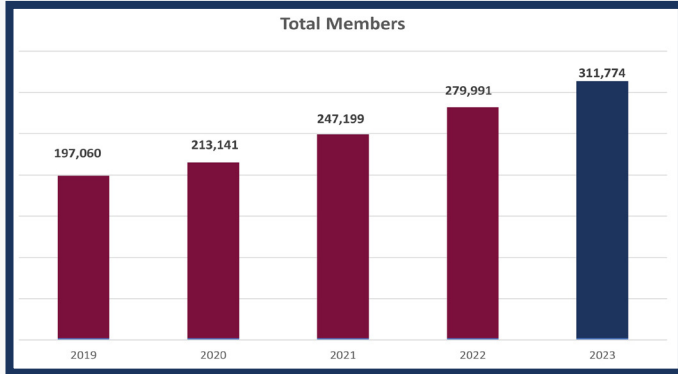
JOHN FAFARA, Chairperson

CLARA GLENN

JENNIFER HANNIGAN

HISTORICAL PERFORMANCE

2019 - 2023



FINANCIAL STATEMENTS

(Unaudited)

BALANCE SHEET

	December 31	
	2023	2022
Assets		
Loans to Members	\$3,723,221,030	3,382,325,928
Allowance for Loan Losses	(49,298,470)	(14,806,369)
Cash in Bank and on Hand	528,317,080	588,495,745
Investments	333,556,058	327,008,289
Other Assets	219,160,007	202,690,110
Total Assets	\$4,754,955,705	\$ 4,485,713,703
Liabilities and Equity		
Share of Members	\$3,607,354,910	\$3,464,453,812
Borrowings	729,441,050	619,214,530
Other Liabilities	68,750,925	64,428,263
Total Liabilities	4,405,546,885	4,148,096,605
Net Worth	363,921,052	359,182,105
Valuation Reserve/Other	(14,512,232)	(21,565,007)
Total Equity	349,408,820	337,617,098
Total Liabilities and Equity	\$4,754,955,705	\$4,485,713,703

INCOME STATEMENT

	For the years ended December 31	
	2023	2022
Interest on Loans	\$195,493,958	\$141,105,846
Interest on Investments	32,929,893	15,556,658
Other Operating Income	50,296,988	48,106,659
Total Income	278,720,839	204,769,163
Compensation and Benefits	57,446,779	57,846,968
Provision	14,869,555	5,995,000
Other Expenses	79,352,589	66,615,460
Total Expense	151,668,923	130,457,428
Dividend Expense	70,250,644	23,781,537
Interest Expense	16,779,807	10,286,165
Dividend and Interest Expense	87,030,451	34,067,702
Net Income	\$40,021,465	\$40,244,033



— ★ AmericanHeritageCU.org ★ —

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