



2023 ANNUAL REPORT



**HERITAGE
FAMILY**
CREDIT UNION

CHAIRMAN AND CEO REPORT



CHRISTOPHER GOMEZ
President/CEO



KEVIN LOSO
Chairman of the Board

In the backdrop of the economic challenges that marked 2023, Heritage Family Credit Union stood resilient; navigating economic uncertainty and an unprecedented interest rate environment. As we weathered the economic turbulence, our members continued to rely on us for financial support, showcasing robust demand for loans especially in auto and commercial lending. Despite facing inflationary pressures, our members remained steadfast in repaying their loans, resulting in record low delinquency rates. This, coupled with prudent financial management, led to yet another year of strong earnings, bolstering the financial health of your Credit Union.

Our continuous commitment to enhancing member experience was evident with the launch of our revamped digital banking experience on hfcuvt.com this past fall. Members received improved accessibility and information, and these changes also reflect our vision for the future. Looking ahead, our vision for Heritage Family Credit Union is ambitious. We aspire to become the recognized leader in financing for housing, excelling in serving small businesses, and continue to enhance our service delivery and technological capabilities. With the unwavering support of our members and communities, we are confident that the best is yet to come.

Furthermore, our dedication to excellence was validated by the National Credit Union Association (NCUA), with a favorable examination rating. These results underscore our unwavering commitment to operational and financial integrity, resulting in a financially sound credit union. Beyond our financial performance, Heritage Family Credit Union remains deeply rooted in community engagement. We're proud to have supported over 50 non-profit organizations through donations and volunteer initiatives, reaffirming our commitment to the well-being of the communities we serve.

On behalf of the entire Board of Directors, executive team, and our dedicated employees, we extend our heartfelt gratitude for your continued support and membership. Together, we are poised to embark on an exciting journey towards a brighter future.

Respectfully submitted, Christopher Gomez, President/CEO & Kevin Loso, Chairman

2023 BOARD OF DIRECTORS



KEVIN LOSO
Chairman of the Board, 2025



GWEN FLEWELLING
First Vice Chair, 2026



PAUL CARROCCIO
Second Vice Chair, 2026



RICHARD ADDISON
Treasurer, 2026



RODNEY WARD
Secretary, 2024



DENIS BENSON
Director, 2024



JOSHUA CHILSON
Director, 2026



LESLIE DOENGES
Director, 2024



NICOLE KESSELRING
Director, 2025

LEADERSHIP TEAM

CHRISTOPHER GOMEZ
President/CEO

CHRISTINE MESSER
EVP Chief Financial Officer

SARAH FURMAN
Chief Lending Officer

ERIK SHAPPY
SVP IS&T and Facilities

MELISSA WALSH
EVP Chief Operations Officer

BARBARA BEGIN
Chief Human Resource Officer

CARRIE ALLEN
SVP Chief Marketing & Strategy Officer

JULIE RICCARDI
SVP Mortgages

SUPERVISORY COMMITTEE REPORT



As the new Chair of the Heritage Family Credit Union Supervisory Committee, I am honored to present our annual report. This year has been one of transition and continued commitment to our core values of financial integrity, regulatory compliance, and the protection of our members' assets.

We extend our heartfelt gratitude to Pamela Douglass for her many years of exemplary service as the previous Chair. Her leadership has profoundly impacted the Credit Union, setting a high standard for governance and member service.

As we continue to uphold our commitment to excellence, we are pleased to announce new partnerships with CliftonLarsonAllen, LLP of Quincy, Massachusetts, as our external auditors, and The Bonadio Group of Rutland, VT, for internal audits. This represents a significant change going forward in our approach to financial oversight and operational efficiency. We look forward to the fresh perspectives and insights they will bring to our organization. We also extend our deep appreciation to our former auditors for their invaluable service and the solid foundation they have established, which remains crucial to our ongoing success.

Through regular audits, strategic dialogues with management, and the Board, we have maintained our pledge to transparency and accountability. I thank our members for their trust, our staff for their commitment, and my committee colleagues for their diligent service.

Looking ahead, we are excited to uphold the legacy of our predecessors while embracing the opportunities that lie before us. Together, we will continue to ensure that the Heritage Family Credit Union stands as a beacon of strength and reliability for our community.

Respectfully submitted by Zak Hale, Committee Chair

SUPERVISORY COMMITTEE

ZAK HALE
Chairperson

PAMELA DOUGLASS

DAVID LAMBERT

LISA THAYER

EDWARD OGORZALEK



189,234

CALLS FIELD BY OUR
CONTACT CENTER AGENTS



RUTLAND WINTERFEST
Human Foosball Team HFCU



2023 SHRED 4 GOOD EVENT
HFCU Volunteers



3,086 AUTO
LOANS
\$64,491,439



50,429
MEMBERS



2023 HFCARES4U 12 DAYS OF GIVING
Donation to Corey's Closet



2023 STUFF A BUS
Donation to Rutland Community Cupboard, BROCC
Community Action, and the Salvation Army

408.5
VOLUNTEER HOURS
WITH 40
ORGANIZATIONS



MINUTES

MINUTES OF THE 67TH ANNUAL MEETING OF THE MEMBERS OF THE HERITAGE FAMILY FEDERAL CREDIT UNION

President/CEO Matt Levandowski welcomed the attending members and provided a few housekeeping items.

Board Member Richard Addison opened the 67th Annual Meeting with the Pledge of Allegiance.

President Levandowski noted that the world is a very different place than it was a few years ago. We continue to deal with the geopolitical conflict, notably Russia's war in Ukraine, which has raised food and energy prices, and the pandemic-era supply chain disruption, which has caused material shortages, gumming up critical pieces of the economy such as the auto industry, record inflation, and the very real possibility of a recession. However, through all this craziness, Heritage Family Credit Union continues to be that financial beacon, helping improve the everyday lives of our members and ensuring we meet their needs and desires. Levandowski was pleased to report that HFCU has never been in better shape. With over \$728 million in assets, another \$210 million in assets under management in our Heritage Way Financial Services platform, almost 50,000 members, 170 employees, and 10 branches, HFCU has become the local financial choice of many residents in the communities we serve. Levandowski noted that last year was our best financial year in the history of Heritage Family Credit Union. He couldn't be prouder of the staff for all the success they accomplished throughout an extremely busy year. Matt updated the membership on the CSJ property. The main campus of the College of St Joseph was sold to Casella Waste Management, with plans to sell the remaining west campus to them later in 2023. Once completed, it will make the Credit Union whole again with respect to the outstanding balance. Levandowski announced that we are currently in the process of securing a new Bennington branch location, which will serve as our southern headquarters. We inherited the current branch location back in 2006. While the

current facility has served our needs over the years, it's time for a new location where we can expand our footprint. In addition, we have a very robust upgrade to our website under development. This will help elevate the functionality we offer to our eBranch users. The new design will be the most responsive and mobile-friendly one we've ever built. As the evolution of Heritage Family Credit Union continues, we will never forget that our members are the heart of everything we do and we look forward to being your trusted financial partner throughout your life.

President Levandowski introduced the Chairman of the Board, Kevin Loso.

Chairman Loso welcomed and thanked everyone for participating in the 67th Annual Meeting. Loso has served on the Board of Directors for nearly 30 years and, as such, has had the honor of watching the Credit Union grow into a world-class, full-service financial institution serving thousands of members throughout southern Vermont as well as Hooksett, NH. With an impressive staff of nearly 170 professionals and over three-quarters of a billion dollars in assets. Loso thanked the members for their trust and loyalty.

Chairman Loso noted that 2022 was a record year in which the Credit Union not only surpassed financial goals but embarked on several initiatives to ensure our long-term success. Loso acknowledged a few other accomplishments. The Credit Union received the highest marks we've ever received by the National Credit Union Association. For the third year in a row, Heritage Family Credit Union was voted Best In-State Credit Unions by Forbes Magazine. The Governor's Excellence in Worksite Wellness GOLD award was also received. We care about our employees' work/life balance and physical and mental well-being. This was never more evident than when an employee passed away suddenly

less than two weeks ago. Jody Garrow was a beloved member of our staff and the 2021 Employee of the Year. Our Senior Management team did not miss a beat and jumped into action to assist our heartbroken staff. Loso congratulated Levandowski on over 30 years of service and announced he would be retiring sometime over the next few months. The Board of Directors has already started the nationwide search for a new CEO. In addition, Randy Martelle, who currently is our longest-serving staff member will also be retiring in the upcoming year. Loso is grateful for the trust that the members have placed in us to assist in their success and we look forward to working with you all well into the future.

The 67th Annual Meeting was called to order by Chairman Kevin Loso at 7:15 pm on Saturday, April 22, 2023, at the Rutland Country Club. A notice of the call to meeting was read and ordered to become part of the minutes. Chairman Loso exercised his discretion and did not adjust the agenda. Chairman Loso appointed Nicole Begin as recording secretary. The secretary determined there was a quorum with approximately 60 members present.

Chairman Loso asked for a motion to accept the minutes of the 66th Annual Meeting as printed. A motion was made and approved. Chairman Loso also entertained a motion to accept the reports of other officers and committees as printed. This motion was passed.

Chairman Loso asked if there was any old or new business to come before this meeting. There was no unfinished business to be conducted.

Chairman Loso appointed Gary Kupferer as Parliamentarian. Chairman Loso asked Parliamentarian Gary Kupferer to come forward and convene the voting portion of the annual meeting.

Parliamentarian Gary Kupferer reviewed the 2023 Nominating Committee minutes. He stated the Committee placed five interested candidates on the ballot.

Board of Directors

Three (3) Vacancies – 3-year Term

Richard Addison

Paul Carroccio

Gwen Flewelling

Zachary Hale

Joseph Iadarola

He introduced all of the candidates. Attorney Kupferer noted that there were five (5) candidates and three (3) positions open on the Board of Directors. Attorney Kupferer asked if there were any nominations from the floor, there being none the ballots were collected. Attorney Kupferer turned the meeting over to Mark Grossarth while the ballots were being counted.

Mark Grossarth introduced himself to the membership as the Managing Director of Heritage Family Cares 4 You. 2022 was a great year for Heritage Family Cares 4 You. The Foundation organized over 250 volunteer hours for over 28 different community organizations. Last year the Friends of the Foundation was created as a way for members to join our mission. Being a Friend of the Foundation allows one vote for the Friends For The Community grant recipients. This year Friends of the Foundations could vote for four non-profits to receive a \$5,000 grant. This year's recipients are Northshire Day School, Rutland Community Cupboard, Vermont Achievement Center (VAC), and Vermont Farmers Food Center. Mark and the Foundation are looking forward to great plans for the future, including more giving, education, and volunteer opportunities in 2023. Mark turned the meeting back over to Attorney Kupferer.

Attorney Kupferer reviewed the ballot results. Richard Addison, Paul Carroccio, and Gwen Flewelling were elected for 3-year terms. Chairman Loso asked for a motion to destroy the ballots of the 67th Annual Meeting. The motion was passed.

Chairman Loso asked for a motion to adjourn the 67th Annual Meeting of the Heritage Family Federal Credit Union. A motion was granted and unanimously approved. The meeting adjourned at 7:30 PM.

Submitted by Kevin Loso, Chairman of the Board & Rodney Ward, Secretary.

SPECIAL MEETING OF NEW DIRECTORS

SATURDAY, APRIL 22, 2023

A Special Meeting of New Directors was called to order at 7:30 pm on Saturday, April 22, 2023, by President/CEO Matt Levandowski at the Rutland Country Club.

Present: Denis Benson, Kevin Loso, Leslie Doenges, Joshua Chilson, Richard Addison, Gwen Flewelling
Secretary: Nicole Begin

The purpose of this meeting was the Election of Officers. The Board of Directors congratulated Gwen, Dick, and Paul for being re-elected to the Board. President Levandowski asked for a motion to elect the Officers. Director Denis Benson made a motion to adjust the slate of officers to the positions below. The motion was seconded by Leslie Doenges.

The following is the 2023 Heritage Family Federal Credit Union Board of Directors:

KEVIN LOSO

Chairman of the Board

GWEN FLEWELLING

1st Vice Chairman

PAUL CARROCCIO

2nd Vice Chairman

RICHARD ADDISON

Treasurer

RODNEY WARD

Secretary

NICOLE KESSELRING

Director

DENIS BENSON

Director

LESLIE DOENGES

Director

JOSHUA CHILSON

Director

Chairman Kevin Loso thanked the board for their continued dedication to the Credit Union.

The meeting adjourned at 7:32 p.m.

Respectfully submitted by Kevin Loso, Chairman of the Board, and Rodney Ward, Secretary.

MINUTES

HERITAGE FAMILY CREDIT UNION'S 2023 NOMINATING COMMITTEE

Heritage Family Federal Credit Union's Nominating Committee held a hybrid meeting in-person and via ZOOM on Wednesday, February 28, 2024, commencing at 9:05 a.m.

Present were: Gary Kupferer, Kevin Loso, Richard Anderson, Paul Carroccio & Joshua Chilson

The Meeting was called to order at 9:00 a.m. by Gary Kupferer.

The Committee received a letter of intent from current directors Rodney Ward and Dennis Benson, both of whom are seeking re-election. Director Leslie Doenges has decided not to seek re-election due to family and professional obligations. A letter of intent and resume were received from David Plants of Jamaica, VT.

The Committee interviewed Mr. Plants, providing him with an opportunity to have questions answered and for the Committee to review the mission, vision and values of HFCU, strategy, director roles, responsibilities and the operations of the Board of Directors.

After a brief discussion of Mr. Plants' qualifications and the nominating process, a motion was made by Director Addison and seconded by Director Carroccio to place David Plants' name on the ballot for the 2024 election as well as Denis Benson and Rodney Ward. The motion passed unanimously.

BOARD OF DIRECTORS

Three (3) Vacancy – 3-year Term

DENIS BENSON
DAVID PLANTS
RODEY WARD

There being no further business to bring before the committee, the meeting was adjourned at 10:42 a.m.

Respectfully submitted by Kevin Loso, Chairperson

2023 FINANCIAL STATEMENT

2023

ASSETS

Cash and Cash Equivalents	\$	4,991,108
Loans Receivable		528,190,521
Allowance For Loan Loss		(5,259,445)
Investments - Available for Sale		181,888,446
Investments - Held to Maturity		455,533
Other Assets		9,500,567
Fixed Assets		<u>18,424,476</u>

TOTAL ASSETS \$ **738,191,206**

LIABILITIES AND EQUITY

Liabilities

Borrowed Funds - Notes Payable	\$	60,260,000
Other Liabilities		10,675,515
Shares and Share Drafts		494,442,880
Share Certificates		<u>113,958,397</u>
Total Liabilities		679,336,792

Equity

Undivided Earnings		80,063,430
Other Comprehensive Income		<u>(21,209,016)</u>
Total Equity		58,854,414

TOTAL LIABILITIES AND EQUITY \$ **738,191,206**

INCOME

Interest on Loans	\$	28,856,948
Interest on Investments		<u>6,035,316</u>
Non Interest Income		11,894,056

TOTAL INCOME \$ **46,786,320**

EXPENSES

Employee Compensation	\$	11,098,607
Employee Benefits		4,112,694
Education, Conference, Travel		289,102
Association Dues		97,740
Office Occupancy		1,664,919
Office Operations		4,236,470
Advertising, Contributions, Training		804,906
Loan Servicing		3,632,258
Professional Services		3,078,631
Other Operations Expense		227,694
Interest & Dividends on Shares		3,876,842
Interest on Borrowed Funds		2,111,896
Loan Loss Provision		2,795,828
TOTAL EXPENSES	\$	38,027,587
Net Operating Income	\$	8,758,733
Non Operating Gains (Losses)		158,684
NET INCOME	\$	8,917,417

2023 TREASURER'S REPORT



NUMBER OF MEMBERS

2022 49,783

2023 50,429



TOTAL ASSETS

\$728,256,447

\$738,191,206



MEMBER DEPOSITS

\$656,197,436

\$608,401,277



LOANS TO MEMBERS

\$415,080,189

\$522,254,827



**HERITAGE
FAMILY
CREDIT UNION**

YOUR COMMUNITY...YOUR CREDIT UNION
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**RUTLAND | FAIR HAVEN | BRANDON | BENNINGTON | CASTLETON
MANCHESTER | LUDLOW | LONDONDERRY | HOOKSETT, NH**