

2020 ANNUAL REPORT



**FIRST
HERITAGE**
FEDERAL CREDIT UNION

Federally insured by NCUA | fhfcu.org

ANNUAL REPORT TO THE MEMBERSHIP FOR 2020



This past year was one that could not have been predicted. Annually, your credit union takes part in disaster preparedness planning. One of the disasters that was planned for was a pandemic situation. Although you hope that you will never have to experience a pandemic situation, having a plan ready to enact was crucial to ensuring we were prepared and allowed us to act quickly.

The pandemic brought with it many challenges, but our focus was always to remain dedicated to the safety of our members, employees and community while still providing a high level of service that our members deserved. To protect members and staff we moved to drive-thru only service in March. We added several contact center agents to assist our members by phone to keep your wait time as short as possible. Our online and mobile banking services allowed members to conduct most transactions right from the comfort and safety of their home.

Many members faced financial hardships. We were very fortunate to be able to provide them with relief through several means designed to ease their financial burden and provide them with peace of mind. I am happy and proud to report that we funded just under \$10 million through the Paycheck Protection Program to local area businesses and processed nearly 1,700 payment deferrals for our members. We were also able to help hundreds of members lower their mortgage payment by refinancing with us.

Even though we were in the middle of a pandemic, progress on the new retail branch/ corporate headquarters continued. The project managed in partnership with Purcell Construction Corporation, was completed a month ahead of schedule and done so in a safe and responsible manner. We could not be any more pleased with the result. The facility will be enjoyed by the membership, staff and the community for years to come. We are pleased to provide a modern look and feel with many features that provide a convenient banking option for our membership. Some of the features you will find while visiting the location include two drive thru lanes for member transactions performed by a Member Service Representative and one ATM/night drop lane, a walk-up ATM, self-service coin machine, full-service account opening and lending services, and so much more.

I want to thank the Board of Directors for providing strategic direction and support during a difficult year. Their support is unwavering and critical to our continued success. I want to thank the staff of First Heritage for their dedication and continued efforts to provide exceptional service to our membership. I recognize the stress placed on staff during the uncertainty created by the pandemic. Each day they attended to their duties with a positive attitude and routinely provided an exceptional member experience. And finally, on behalf of the Board of Directors and staff, I want to thank you, our member. The continued trust you place in First Heritage is appreciated and never taken for granted. We aim to earn your business every day.

Sincerely,
Tom Pisano
President/CEO

BOARD OF DIRECTORS

Robert J. Blair, Chairman • George McNally, Vice-Chairman • Peggy Woodard, Secretary • Sal Princiotta, Treasurer • Daniel Bower • Joseph Roman • Mary Ann Thomas • Christina VanDergrift • Robert Watts

SUPERVISORY COMMITTEE

Nora Smith, Chairperson • Jessica Kingsley, Secretary • Judy McInerney • Alan Carpenter

LEGAL COUNSEL

Messick & Lauer, P.C.

MANAGEMENT TEAM

Thomas J. Pisano, President & CEO

Arthur D. Boehm, Chief Financial Officer

Christine M. Francis, Senior Vice President IT/Marketing

Thomas L. Millard, Senior Vice President Facilities

David K. Walker, Senior Vice President

Colleen M. Dobson, Vice President Loan Administration

Karen S. McGonigal, Vice President Information Technology

Colleen B. Roll, Vice President Branch Administration

Dorothy A. Root, Vice President Risk Management

Nancy T. Snyder, Vice President Human Resources

OUR MISSION

"Our Family Helping Yours" by effectively improving the financial well-being and lives of our members.

OUR VISION

To be the financial institution of choice by being the most trusted and respected financial leader in the communities we serve.

2020 HIGHLIGHTS



NEW HQ

First Heritage officially opened a new corporate headquarters and retail branch on September 21, 2020 located at 202 Denison Pkwy E in Corning, NY. Construction began on the 27,500 square foot building in August 2019. The retail branch is uniquely different than a traditional banking center. Some of the amenities available include a technology bar and self-service coin machine. Teller pods are equipped with cash dispensers for improved accuracy and faster service. The drive-thru consists of three lanes and members can choose from either a drive-thru ATM or walk-up ATM service.

MYCARDRULES™

We introduced our members to MyCardRules™ which allows members to take full control of their VISA® debit and credit cards. With MyCardRules™, you can decide when, where and who uses your card. With just a few clicks from our mobile app you can turn your cards on or off, set spending limits and get alerts.



INSTAGRAM

You can now follow First Heritage on Instagram to stay up to date on all that is happening at your credit union.

MEMBERS CASH IN

We returned over ½ a million dollars to our Kasasa Checking account holders in 2020. To be exact, **\$562,123.78** was returned in the form of cash back, dividends and ATM refunds.

Ask for free **KASASA** checking

MEMBER SURVEY RESULTS

We pride ourselves on providing exceptional member service and exceeding your expectations. We are proud to report that our most recent membership survey indicated that 94.8% of members are satisfied or extremely satisfied with the service they receive from First Heritage. **Here are just a few of the comments from our members:**

"All your employees are wonderful. Super awesome customer service always! We love First Heritage"
– Mary Ann of Gillette, PA



"Great Employees"
– Vanya of Corning, NY



"Addison branch has the nicest ladies, that is why I changed from my old bank. They know you by name!"
– Tammie of Woodhull, NY



"I'm always welcomed by the individual whether in person or over the phone with a feeling that my issue genuinely matters to them."
– Anonymous

GIVING BACK



Even in a pandemic we found ways to give back to our communities safely. Our staff donated their time and supplies to charities and organizations such as the Foodbank of the Southern Tier, Toys for Tots, area animal shelters, local elder care facilities, Meals on Wheels as well as our troops serving overseas.



FINANCIAL LITERACY

Local schools benefited from financial literacy lessons both in person and virtually with over **1,200** students educated! Students at Winfield Street Elementary in Corning, NY and Center Street Elementary in Horseheads, NY watched their book collections grow as book giveaways happened monthly.



VIRTUAL SEMINARS

We stayed committed to our financial education initiative throughout the year and although we could not hold in person seminars, we provided several virtual seminars on a variety of topics for our membership.

SCHOLARSHIPS

Congratulations go out to Rachel Miller and Makayla Bills from Addison High School and Abigail Packard from Horseheads High School as they each received a **\$1,000** scholarship. The New York Credit Union Association and First Heritage offer annual scholarships to members that are college bound seniors.

PAYCHECK PROTECTION PROGRAM

First Heritage helped **192** small, local area businesses gain access to nearly **\$10 million** in financial relief through the Paycheck Protection Program.



Students from **16** area schools were honored as Everyday Heroes. The chosen group of **78** students showed kindness, community involvement and even mentored or tutored others. Each were awarded with a **\$50** Visa gift card and a keepsake award to display for all to see! Joshua Miles received **\$1,000** through a random drawing.

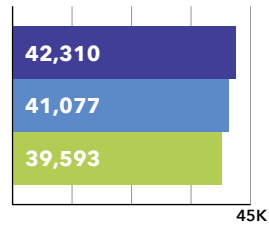


PAYMENT ASSISTANCE

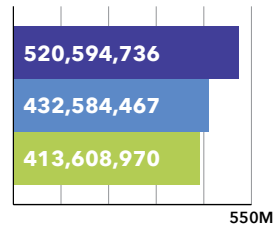
We remained dedicated to helping our members throughout 2020 by processing nearly **1,700** payment deferrals to ease their financial burden during the pandemic.

FINANCIALS

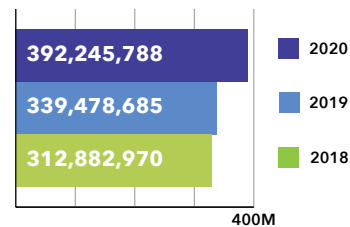
MEMBERSHIP



DEPOSITS



LOANS



STATEMENT OF FINANCIAL CONDITION

(as of December 31, 2020)

ASSETS

	2020	2019
LOANS TO MEMBERS	\$392,245,788	\$339,478,685
LESS ALLOWANCE FOR LOAN LOSS	2,901,733	2,312,283
CASH	7,357,820	2,523,066
INVESTMENTS	152,923,706	126,041,319
LAND AND BUILDING	12,770,171	6,282,873
FURNITURE AND EQUIPMENT (NET)	2,350,928	1,070,095
OTHER ASSETS	20,313,157	19,880,636
TOTAL ASSETS	\$585,059,837	\$492,964,391

LIABILITIES AND CAPITAL

PAYABLES	3,684,066	\$2,907,724
MEMBERS' SAVINGS	520,594,736	432,584,467
RESERVES	4,412,246	4,412,246
UNDIVIDED EARNINGS	56,368,789	53,059,954
TOTAL LIABILITIES AND CAPITAL	\$585,059,837	\$492,964,391



THANK YOU, MARY ANN THOMAS

The First Heritage Board of Directors and staff would like to thank Mary Ann for decades of service and dedication to the credit union. The entire First Heritage team has benefited enormously from the dedication and contributions of this outstanding board member and we are grateful for Mary Ann's leadership and support. Over the years, Mary Ann served in several different positions on the BOD including Vice Chairman. During her 40-year tenure, she saw pronounced growth in every aspect of First Heritage, growing from a credit union serving Ingersoll-Rand Inc. employees, to a credit union serving over 42,000 members in a three-county region. In honor of Mary Ann's 40 years of volunteer service, First Heritage donated \$4,000 to an organization of her choice. Mary Ann chose to split her donation between two organizations near and dear to her, the Southeast Steuben County Library and the Corning Community Food Pantry.

Best wishes to you and Jim; you both will be greatly missed.

STATEMENT OF INCOME AND EXPENSE

(as of December 31, 2020)

	2020	2019
INCOME		
INTEREST ON LOANS	\$15,528,641	\$14,308,499
INCOME FROM INVESTMENTS	1,776,199	2,701,795
OTHER INCOME	5,685,575	5,446,165
TOTAL INCOME	22,990,415	22,456,459
EXPENSES		
COMPENSATION AND BENEFITS	8,403,043	8,069,781
OFFICE OCCUPANCY	920,276	767,120
OFFICE OPERATIONS	3,349,830	3,047,307
EDUCATIONAL AND PROMOTIONAL	512,466	618,592
LOAN SERVICING	1,969,966	1,693,223
LEGAL AND PROFESSIONAL	1,007,880	980,099
PROVISION FOR LOAN LOSSES	1,055,000	900,000
OPERATING FEES	132,295	124,447
MISC. OPERATING EXPENSE	755,891	810,561
TOTAL EXPENSES	18,106,647	17,011,130
NET INCOME FROM OPERATIONS	4,883,768	5,445,329
NON-OPERATING GAIN (LOSS)	119,764	46,820
NET INCOME BEFORE DIVIDENDS AND TRANSFERS	5,003,532	5,492,149
LESS DIVIDENDS	3,042,293	2,642,280
INCREASE TO RESERVES AND UNDIVIDED EARNINGS ..	\$ 1,961,239	\$2,849,869

SUPERVISORY COMMITTEE REPORT

The role of the Supervisory Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for: (1) the integrity of the credit union's financial statements; (2) the credit union's compliance with legal and regulatory requirements; (3) the independent auditor's qualifications and independence; and (4) the performance of the credit union's internal audit function and independent auditors.

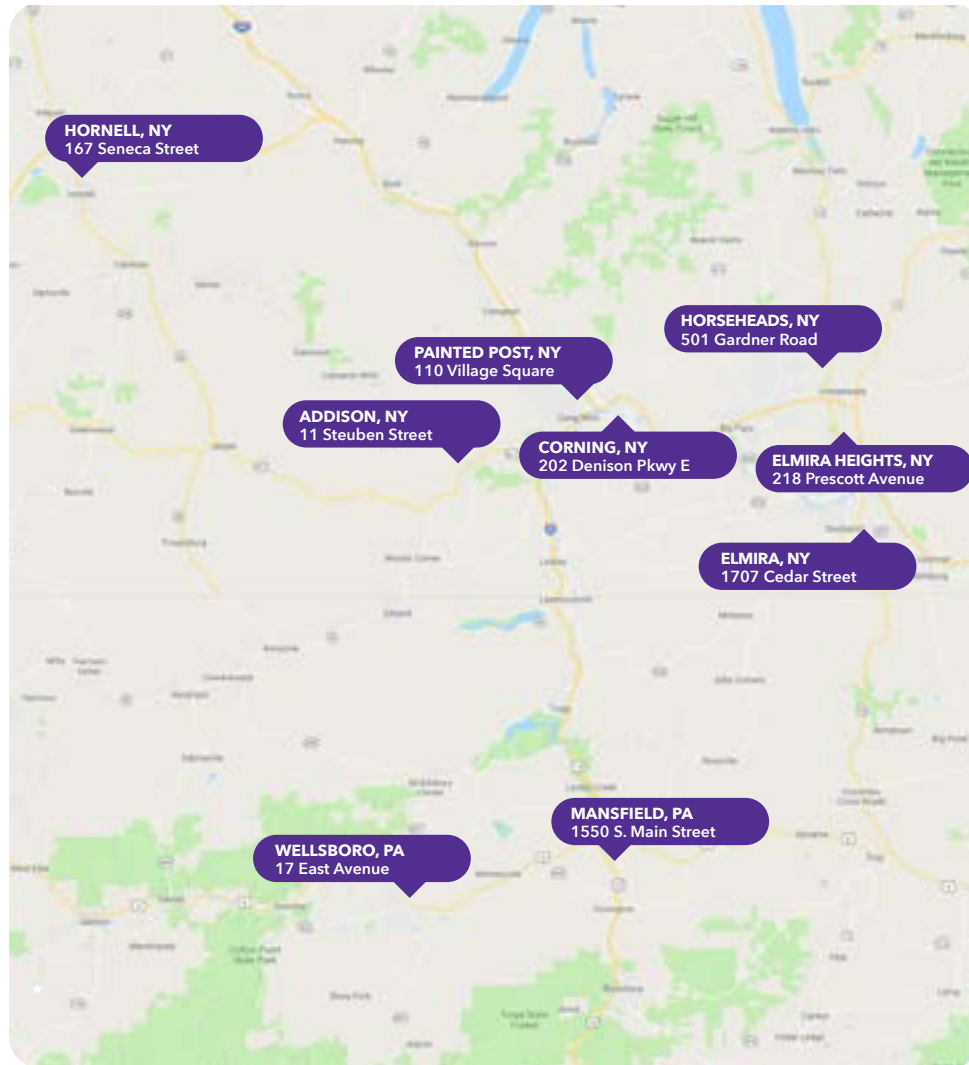
To that end, the Supervisory Committee contracted with Mengel, Metzger, Barr and Co., LLP to conduct the credit union's 2020 annual audit. The results of the audit indicated that the financial statements present fairly the results of the operations and financial position for the period, and no material weaknesses in internal control were reported.

On behalf of the Supervisory Committee, I thank you, our member-owners, for the support you have given the credit union. Also, thank you to our staff, management, and our Board of Directors.

Respectfully submitted,
Nora Smith, Chairperson

LOCATIONS

CORPORATE HEADQUARTERS: 202 Denison Pkwy E Corning, NY 14830
607.936.4667 or 800.833.3338



**FIRST
HERITAGE**
FEDERAL CREDIT UNION

[FHFCU.ORG](https://www.fhfcu.org)

Federally insured by NCUA