



2023

ANNUAL
REPORT



**FIRST
HERITAGE**
FEDERAL CREDIT UNION

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President's Message to the Membership

Reflecting on 2023, as an organization much was accomplished. While we continually strive to reach goals and milestones that strengthen the organization, we never forget our mission, "Our Family Helping Yours by effectively improving the financial well-being and lives of our members." We continue to provide exceptional and valued products and service to our membership while continuing to be an outstanding partner in the communities we serve.

Your credit union's key financial measurements continued to show positive results in 2023. Well managed growth is a highlight of our ongoing accomplishments. We continue to experience growth in key areas, which is a testament to our members trusting us with their financial resources.

During 2023, we were privileged to have added 5,191 new members. Total membership surpassed 46,000 at the end of 2023. Total assets increased \$16.9 million to end 2023 at \$701 million. Additionally, we provided \$183 million in new loans to our members.

During 2023, we were proud to serve the following additional eight counties that were added to our field of membership in late 2022: Lycoming, Potter and Bradford Counties in the Commonwealth of Pennsylvania and Tioga, Schuylers, Yates, Allegany, and Livingston in New York State. Along with our previous three counties in our field of membership, Steuben and Chemung in New York State and Tioga in the Commonwealth of Pennsylvania, we are now able to offer the credit union difference to many more individuals.

As we embark on our 70th anniversary, I would like to thank our members for their continued support and entrusting us to help improve their financial lives. First Heritage Board of Directors and employees remain committed to making sound decisions that are in the best interest of the membership, ensuring that First Heritage remains a trusted financial partner in the communities we serve.

Tom Pisano
President / CEO

FIRST HERITAGE SENIOR MANAGEMENT TEAM

Tom Pisano
President / CEO

David Walker
Senior Vice President

Lindsay Cuda
Vice President Marketing

Dorothy Kennis
Vice President Risk Management

Art Boehm
Chief Financial Officer

Karen McGonigal
Senior Vice President Information Technology

Colleen Dobson
Vice President Loan Administration

Colleen Roll
Vice President Branch Administration

Chris Francis
Senior Vice President

Amy Clark
Vice President Compliance

Jeremy Fusare
Vice President Human Resources/Training

BOARD OF DIRECTORS

Robert J. Blair
Chairman

Sal Princiotta
Treasurer

Robert Watts

George McNally
Vice-Chairman

Daniel Bower

Christopher VanZile

Peggy Woodard
Secretary

Joseph Roman

Michelle Moffett

SUPERVISORY COMMITTEE

Nora Smith
Chairperson

Alan Carpenter
Secretary

Sal Princiotta

LEGAL COUNSEL

Messick & Lauer, P.C.

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 2023 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



FIRST HERITAGE VOTED BEST CREDIT UNION 3 YEARS IN A ROW!

Each year, the Best of the Twin Tiers Awards celebrates and recognizes the best our community has to offer. We are so excited to be voted and named **Best Credit Union** in the Twin Tiers three years in a row!

In addition, CFS Financial Advisor, Jim Nielsen of First Heritage Financial Services, also received the honor of **Best Financial Advisor** three years in a row and **Best Financial Planning Services** two years in a row in our community!

Twin Tiers award is a community voting poll and is determined by the most votes received and not indicative of an individual's performance nor should it be construed as a recommendation. Inclusion on the Twin Tiers list should not be construed as an endorsement by Gannett Co., Inc.

INVESTING IN OUR TEAM TO BETTER SERVE OUR COMMUNITY



CHRISTINE ILES
AMBASSADOR OF THE YEAR



CHRISTY PARSONS
CERTIFIED FINANCIAL
EDUCATION INSTRUCTOR



ZACH SAUNDERS
CERTIFIED CREDIT
UNION FACILITATOR

This year, Christine Iles was recognized as **Ambassador of the Year** by the Chemung County Chamber of Commerce, Christy Parsons completed the **Certified Financial Education Instructor** program and Zach Saunders completed the CUNA **Certified Credit Union Facilitator** program.



Congratulations to all the members of our team that completed programs to further develop their leadership skills through **Leadership Steuben**, our **Internal Leadership Program** and **Leadership Chemung**.



UNITED WAY VOLUNTEER OF THE YEAR AWARD

It was an honor to be recognized as Volunteer of the Year by the United Way of the Southern Tier. We appreciate the opportunity to fulfill our mission of helping others in our community.

WHAT OUR MEMBERS ARE SAYING ABOUT FIRST HERITAGE



MARSHALL
MORTGAGE MEMBER

"I couldn't recommend First Heritage enough to anyone that is looking to buy a home."



BRIAN & CHRISTINA
FIRST-TIME
HOME BUYERS

"It was so nice knowing that we had someone helping us and not just feeling like we had to fight for ourselves."



JESSICA
HOME EQUITY &
MORTGAGE MEMBER

"I was impressed how easy it was to work with them - the process was basically seamless."

WELCOMING NEW MEMBERS TO THE FIRST HERITAGE FAMILY

NEW MEMBERSHIP

In May of 2023, we welcomed **Troy Area School Employees Federal Credit Union** to the First Heritage Family to continue living the credit union's philosophy of helping others.

NEW AUTO DEALERSHIP PARTNERS & INDIRECT LEASING

Our expanded field of membership allowed us to add **19 new auto dealership stores** to our indirect lending program, totaling 55 locations. Through a partnership with Credit Union Leasing of America, we now offer a new auto leasing product to our members at several of our partnering dealerships.

DIGITAL ONBOARDING PROGRAM

We launched a digital onboarding program to help our members take full advantage of all the great features First Heritage has to offer. Through the program, members can set up direct deposit, transfer subscription services to a new payment method, enroll in services such as text message notifications, digital banking and eStatements.

FIRST HERITAGE OUT IN OUR COMMUNITY

In 2023, we supported our community through attendance at local business events, ribbon cuttings and participated in nearly 30 community events throughout our 11 county field of membership.



We took home the first place trophy in the 19th Annual Tricycle Race raising funds to benefit the United Way of the Southern Tier.



We helped our communities safely destroy thousands of documents with sensitive information by hosting Shred Days in Corning, Hornell, Elmira Heights and Mansfield.



We were proud to be the presenter of Crystal City Christmas for the Corning Gaffer District and help spread holiday cheer at Sparkle, the Parade of Lights, Gaffer Gives Back, as well as Christmas in July and several other events throughout the year.



Our SPARK crew was in the community spreading Spirit, Philanthropy, Action, Responsibility and Kindness supporting the Children's Miracle Network Hospitals, Animeals through Meal on Wheels of Chemung County, Toys for Tots, CASA of the Southern Tier and Tioga County CASA as well as took part in river clean up, packed and sent bags to local cancer centers, and so much more.

KICK FOR A CAUSE



CHARITY KICKBALL TOURNAMENT



This year, First Heritage organized and held our first annual Kick for a Cause Charity Kickball Tournament. Seven financial institutions formed teams to compete and came together to help raise \$3,000 for the Corning Guthrie Cancer Center. Thank you to everyone who helped make this possible and our participating teams: Chemung Canal Trust Company, Community Bank, Corning Credit Union, Five Star Bank, M&T Bank, and Visions Federal Credit Union.



2023 SCHOLARSHIP WINNERS



Joshua Beres



Ian Newcomer



Mikaella Posada

First Heritage participated in the New York Credit Union Association's statewide scholarship program. Congratulations to our 2023 scholarship winners; Joshua Beres from Corning-Painted Post High School, Ian Newcomer from Twin Tiers Christian Academy, and Mikaella Posada from Wellsboro Area High School. Scholarships are graded by the New York Credit Union Association and selected based on the applicants' academics, extracurricular activities and service to their school and community.



First Heritage held the 18th Annual Everyday Heroes Awards celebration at the Corning Museum of Glass where we honored 85 students from 17 different high schools in our communities. Each student was presented with an award and a \$50 Visa gift card and one grand prize winner, Sarah McKenna, received a check for \$1,000!

FINANCIAL EDUCATION IN THE CLASSROOM



Our commitment to youth in our community was evident through our programs such as Financial Champions, Book Detectives and career readiness efforts. We provided school supplies to children in need and were proud to sponsor and support several local area youth sports leagues.

EDUCATIONAL SEMINARS



BUSINESS COMMUNICATIONS

Senior Vice President, Dave Walker, partnered with Corning Area Young Professionals to host a Business Communications Seminar. They discussed how communication can help advance your career and the best communication methods.



HOME BUYING AND HOME OWNERSHIP

Our mortgage team held a first-time home buying seminar, hosted the annual realtor event and attended several mortgage events throughout the year to help educate our community on the ins and outs of purchasing a home and home ownership.



ELDERLY FINANCIAL EXPLOITATION

Dorothy Kennis, our VP of Risk Management, partnered with the Corning Area Aging in Place to do a presentation on Elderly Financial Exploitation. She taught them about the different types of cybercrime and fraud attempts, as well as, provided statistics and what to do if you fall victim to a scam.

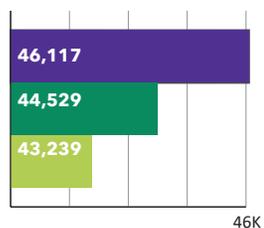


FINANCIAL PLANNING

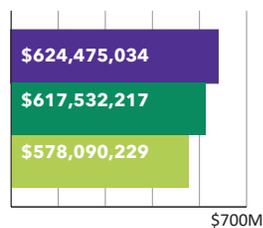
Jim Nielsen, our CFS Financial Advisor, held three seminars on various topics such as retirement, medicare, and small business planning. Each seminar had the option to be attended virtually or in person.

FINANCIALS

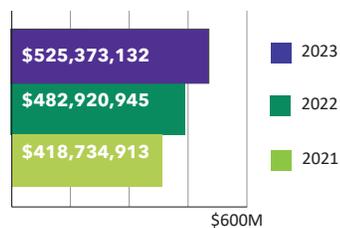
MEMBERSHIP



DEPOSITS



LOANS



STATEMENT OF FINANCIAL CONDITION	2023	2022
ASSETS		
LOANS TO MEMBERS	\$525,373,132	\$482,920,945
LESS: ALLOWANCE FOR LOAN LOSS	4,032,481	3,526,410
CASH & CASH ITEMS	7,254,584	8,936,099
INVESTMENTS	131,183,467	155,249,751
LAND AND BUILDING	11,595,117	12,042,855
FURNITURE AND EQUIPMENT (NET)	4,696,019	1,775,167
OTHER ASSETS	25,050,825	26,868,473
TOTAL ASSETS	\$701,120,663	\$684,266,880
LIABILITIES AND CAPITAL		
PAYABLES	\$6,878,015	\$5,334,578
MEMBERS' SAVINGS	624,475,034	617,532,217
RESERVES	4,422,004	4,412,245
UNDIVIDED EARNINGS	65,345,610	56,987,840
TOTAL LIABILITIES AND CAPITAL	\$701,120,663	\$684,266,880

STATEMENT OF INCOME AND EXPENSE	2023	2022
INCOME		
INTEREST ON LOANS	\$23,027,461	\$17,370,940
INCOME FROM INVESTMENTS	3,607,028	2,172,747
OTHER INCOME	7,161,938	7,018,910
TOTAL INCOME	\$33,796,427	\$26,562,597
EXPENSES		
COMPENSATION AND BENEFITS	\$10,417,761	\$9,709,205
OFFICE OCCUPANCY	1,217,464	1,209,304
OFFICE OPERATIONS	3,474,727	3,113,176
EDUCATIONAL AND PROMOTIONAL	412,440	518,408
LOAN SERVICING	1,446,760	1,370,215
LEGAL AND PROFESSIONAL	3,815,469	3,450,602
PROVISION FOR LOAN LOSSES	1,195,000	550,000
OPERATING FEES	108,054	106,192
MISC. OPERATING EXPENSE	265,171	333,958
TOTAL EXPENSES	\$22,352,846	\$20,361,060
NET INCOME FROM OPERATIONS	11,443,581	6,201,537
NON-OPERATING GAIN (LOSS)	188,605	757,425
NET INCOME BEFORE DIVIDENDS AND TRANSFERS	11,632,186	6,958,962
LESS DIVIDENDS	6,947,499	2,629,237
INCREASE TO RESERVES AND UNDIVIDED EARNINGS	\$4,684,687	\$4,329,725



FIRST HERITAGE

FEDERAL CREDIT UNION

CONTACT US

202 DENISON PKWY E, CORNING NY 14830

800.833.3338 | INFO@FHFCU.ORG

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