



We're here for you



**HERITAGE
FAMILY**
CREDIT UNION

**2022
ANNUAL
REPORT**

2022 BOARD OF DIRECTORS



Kevin Loso
Chairman of the Board, 2025



Gwen Flewelling
1st Vice Chairman, 2023



Paul Carroccio
2nd Vice Chairman, 2023



Richard Addison
Treasurer, 2023



Rodney Ward
Secretary, 2024



Denis Benson
Director, 2024



Nicole Kesselring
Director, 2025



Leslie Doenges
Director, 2024



Josh Chilson
Director, 2025

CHAIRMAN AND CEO REPORT

Our world is a very different place than it was just a few years ago, as we face this post-pandemic reality. Over the past year we have seen geopolitical conflict, ongoing supply chain issues, record inflation and widespread pricing pressures. And, after weathering the “perfect storm” of the pandemic, we are now teetering on the edge of a possible recession, with many of us wondering “will we ever catch a break?”

However, through it all, Heritage Family Credit Union continues to be on the front line. A financial beacon, helping improve the everyday lives of our members, standing together with the communities we serve, and keeping an eye on the future. We are committed to ensuring we meet the ever-evolving needs and desires of our members and assist them in achieving their financial goals.

As we reflect on 2022, we are excited about what the team has been able to accomplish during these particularly challenging times.

We originated more loans in the past year than in any time in the history of HFCU. All lending areas of the Credit Union remained robust throughout the year, including consumer, mortgage, and business. That activity led to another record year of earnings, which continues to keep your Credit Union well-capitalized and in excellent financial shape.

During our latest examination, we received a record endorsement from our examiner, the National Credit Union Association (NCUA), which showed excellent performance in numerous critical categories including Capital, Asset Quality and Management. As a result, members can be rest assured that your management team, together with your Board of Directors, is doing what is necessary to ensure the Credit Union is both operationally and financially sound.

As a financial cooperative, we recognize that there is more to our success than excellent financial performance. We measure our success by YOUR success. We strive to continue improving the products and services we offer our members. From technological advancements, additional security measures and enhanced service offerings, our staff is committed to providing members with some of the best-in-class options to support your needs.

Looking toward the coming year, we will continue to grow the business and our vital service to members, all while facing some unique challenges. Perhaps the greatest of these challenges will be the replacement of our CEO, who is scheduled to retire at the end of 2023. The Board of Directors has secured a highly respected search firm to assist in the process of acquiring a talented leader to direct the Credit Union into the future. Additionally, we are currently in the process of securing a new Bennington branch location, to serve as our southern headquarters, so we can expand our footprint and service offerings in that important part of the State. The threat of cyberattacks and fraud, that continues to escalate year after year, requires our diligence in protecting both Credit Union operations and more importantly our members' financial security.

As the evolution of Heritage Family Credit Union continues, we will never forget that our members are at the heart of everything we do, and we look forward to being your trusted financial partner throughout your life. On behalf of the entire Board of Directors, executive team and our 170 employees, thank you for your ongoing support and membership.

Respectfully submitted, Matt Levandowski, President/CEO & Kevin Loso, Chairman



Brandon,

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is made up of Heritage Family Credit Union members appointed by the Board of Directors. The Committee members have been deemed by the Board to have the appropriate background and experience needed to properly conduct its work. The Committee’s primary responsibility is to ensure that the financial condition of the Credit Union is accurately presented, established policies and practices established by the Board are properly administered and sufficient to safeguard Member assets and internal controls are established and effectively maintained.

The Committee meets quarterly, at a minimum, to review results of the Credit Union’s audit engagements and subsequent reports. The Committee also meets periodically with Management and the Board to discuss departmental audit results and operations.

The Committee has employed the services of Shatswell, Macleod & Company, of Massachusetts to perform the internal audit function for the Credit Union. AM Peisch & Company, with an office located in Rutland, VT, has been employed to conduct the annual external audit. The Committee is pleased to report that the Credit Union is meeting its compliance obligations relating to the required regulations and that your Credit Union assets are being appropriately protected and managed.

The Supervisory Committee is committed to working diligently to ensure the continued safety and soundness of members’ assets. On behalf of the Committee, it has been our pleasure to serve Heritage Family Credit Union during 2022.

Respectfully submitted,
Pamela Douglass, Committee Chair



SUPERVISORY COMMITTEE

Pamela Douglass, Chairperson	2025
Edward Ogorzalek	2025
David Lambert	2023
Lisa Thayer	2024

HFCU MANAGEMENT STAFF

Matthew Levandowski	President/CEO
Carrie Allen	Senior VP Consumer Lending & Development
Barbara Begin	Senior VP Human Resources
Sara DeLance	Senior VP Retail
Sarah Furman	Senior VP Business Services
Randy Martelle	Senior VP Operations
Christine Messer	Senior VP CFO
Julie Riccardi	Senior VP Mortgages

Leanne Bixby	VP Consumer Lending
Brendan Chamberlain	VP Commercial Lending
Christopher Coughlin	VP Mortgage Servicing
Sean Dillon	VP Compliance
Karen Forte-Garrow	VP Sr Commercial Lending
Margaret Lucci	VP Org Dev & Training
Shannon McIntyre-Swane	VP Accounting
Richard Rodrigue	VP Financial Advisor
Erik Shappy	VP IS&T
Sarah Thibodeau	VP Mortgage Operations
Roxanne Waters	VP Member Solutions

BRANCH MANAGEMENT

Allen Street: Jed Kenyon
West Street: Samantha Goeke
Bennington: Courtney Jones
Brandon: Wendy Bizzarro
Castleton/Fair Haven: Bobbi Hults
Hooksett: Matthew Sullivan
Manchester: Mariah Sala
Londonderry/Ludlow/: Heather Keith
Call Center: Chelsea Dunchus

MISSION STATEMENT

The purpose of Heritage Family Credit Union is to provide friendly, personable, high quality services for the entire family. The Credit Union will strive to offer convenient, cost effective services, while maintaining financial stability.

VISION STATEMENT

Heritage Family Credit Union's vision is families prospering through cooperation.

CORE VALUES

We exist for SERVICE to our MEMBERS, EMPLOYEES, and COMMUNITIES through INTEGRITY, COMPASSION and EDUCATION.

Fair Haven,

MINUTES

MINUTES FOR THE 66TH ANNUAL MEETING OF THE MEMBERS OF 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 66th Annual Meeting with the pledge of allegiance.

President Levandowski noted that 2021 was tough with the continuing of COVID-19, but Heritage Family Credit Union flourished and had a very strong year. He acknowledged how proud he was of the work our staff, management and board had accomplished during one of the most challenging periods in the history of our credit union. Our staff stepped up their game, during a time that no one could have predicted and continues to work as those “financial first responders” in serving our members and helped many of them stay afloat during those early stressful times. As we celebrate our 66th year in operation, Matt is pleased to report that your financial institution has never been in better shape. With over \$700 million in assets, another \$230 million in assets under management in our Heritage Way Financial Services platform, over 49,000 members, 165 employees and 10 branches, HFCU has become the local financial choice of the many residents in the communities we serve. Matt noted a few operational successes over the past year. The opening of our new Brandon branch, which allowed for better member access offering a drive-thru and additional parking. A 2nd wave of \$8 million PPP loans, on top of the \$16 mm in 2020, for those businesses most hurt by the pandemic. Another success has been our Video Branch, which allows members to conduct a variety of transactions right from the comfort of their home or office, without stepping foot in the branch. We also have 9 new ITMs, Interactive Teller Machines, at some of our branch locations, with more to come. These machines allow members to conduct a wider variety of contactless transactions either independently or with the help of an Active Teller, located in our call center. Matt mentioned the launching of our new Foundation, Heritage Family Cares 4 You. We are hopeful that our new Foundation will set the stage for greater giving within the communities that we serve and allow us to provide more educational assistance, financial support and volunteerism to those communities and non-profits in need. Matt updated the membership on the CSJ property. While we sold off one parcel to the city of Rutland that included the athletic center, ballfield and 20 acres, the agreement we had with Heartland Development ended in Dec 2021 with Heartland not being able to obtain the needed funding to

purchase the property. However, since then, we have been meeting with numerous individuals and entities that have expressed interest in the property. As we look into 2022 and beyond, we will continue to look at opportunities to expand our geographic footprint and better serve our members.

President Levandowski introduced Mark Grossarth, Managing Director of our Foundation, Heritage Family Cares 4 You (HFCares4U).

Mark Grossarth introduced himself to the membership as the Managing Director of Heritage Family Cares for You. 2021 was a great year for Heritage Family Cares For You, as the Foundation defined its mission, “Improving everyday lives in our communities through education, volunteerism and financial support.” The Foundation works to provide online and in-person financial education and counselling opportunities in conjunction with HFCUniversity, Heritage Family’s financial wellness component. HFCares4U also started getting back out in the community, coordinating volunteers, with the return of our annual shred event, “Shred 4 Good,” providing volunteers to assist at events such as the YMCA Healthy Kids Day in Bennington, and the United Counseling Services’ Superhero 5K. This past year, the official HFCares4U website launched enabling the foundation to receive donations online. The Foundation raised \$5,000 for the Annual Stuff A Bus campaign and donated 12 \$1,000 checks to local non-profits for the 12 days of Giving in December. Recently the Foundation launched its first Annual Campaign and Friends of the Foundation to allow members to become more involved. As a benefit for Friends of the Foundation, Friends were asked to vote for four non-profits to be recipients of \$5,000 grants. Mark announced the organizations who will be receiving the grants; Second Chance Animal Shelter in Arlington, Rutland Homeless Prevention Center, Fair Haven Concerned, and Castleton Cares. He and the foundation are looking forward to great plans for the future, including more giving, education and volunteer opportunities in 2022.

President Levandowski introduced the Chairman of the Board Kevin Loso.

Chairman Loso welcomed and thanked everyone for participating in the 66th Annual Meeting. He reviewed the Board of Directors requirements and duties. Loso then thanked all of the directors for their dedication and service to the Credit Union. Chairman

Loso recognized Tom O'Brien for his extraordinary service to the organization and shared an excerpt from a Resolution which was passed at the April regular meeting of the Board. A commemorative plaque will hang in the board room of the Ron Hance Operations Center as a tribute to Tom's extraordinary efforts on behalf of the organization and our membership.

Chairman Loso said 2021 was another year unlike any other in the 66 year history of Heritage Family Credit Union. The pandemic required all of us to adopt to changes in our lives that challenged the way we live, work, and play. Heritage Family was no exception. Management and staff were faced with the staggering goal of maintaining high quality services to members while ensuring everyone's health and safety. This was not easy, but once again the Credit Union rose to the occasion and as such had another successful year. Kevin thanked the entire staff for their dedication and member focus in the face of the many obstacles that they were met with and overcame. Kevin noted a few successes the Credit Union has had over the past year. For the fifth consecutive year Heritage Family Credit Union was named one of the best places to work by Vermont Business Magazine and the Vermont Chamber of Commerce. The Credit Union will also once again be receiving the Governor's Worksite Wellness Award. HFCU was also recognized as Best of the Best by Vermont Business Magazine and as one of America's Best Credit Unions by the prestigious Forbes Magazine. HFCU exists to serve you, our members. We are committed to providing an array of services and products all designed to address you and your families' needs throughout all stages of your lives. We are grateful for the trust that you have placed in us to assist in your success and we look forward to working with you well into the future.

The 66th Annual Meeting was called to order by Chairman Kevin Loso at 6:20 pm on Wednesday, April 20, 2022, at the Ron Hance Operations Center, Allen Street, Rutland, VT. 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 23 members present.

Chairman Loso asked for a motion to accept the minutes of the 65th Annual Meeting as printed. A motion was made and approved to accept the minutes of the 65th Annual Meeting as printed. 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 the Parliamentarian Gary Kupferer to come forward and convene the voting portion of the annual meeting.

Parliamentarian Gary Kupferer reviewed the 2021 Nominating Committee minutes. He stated the Committee placed three interested candidates on the ballot.

Board of Directors
Three (3) Vacancies – 3-year Term
Joshua Chilson
Nicole Kesselring
Kevin Loso

He introduced all of the candidates. Attorney Kupferer noted that there were only three (3) candidates and three (3) positions open on the Board of Directors. Attorney Kupferer Asked that the Chair, Mr. Kevin Loso and Matt Levandowski, confirm the election of each candidate, Joshua Chilson, Nicole Kesselring and Kevin Loso, for the Board of Directors, by general consent. Confirmed by Kevin Chairman Loso asked for a motion to destroy the ballots of the 66th Annual Meeting. Motion was passed

Chairman Loso asked for a motion to adjourn the 66th Annual Meeting of the Heritage Family Federal Credit Union. A motion was granted and unanimously approved. The meeting adjourned at 6:25 PM

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

SPECIAL MEETING OF NEW DIRECTORS WEDNESDAY, APRIL 20, 2022

A Special Meeting of New Directors was called to order at 6:30 p.m. on Wednesday April 20, 2022, by President/CEO Matt Levandowski in the board room, Ron Hance Operations Center, 26 Allen Street Rutland VT 05701 and virtually through phone conference.

Present: Denis Benson, Kevin Loso, Rodney Ward, Nicole Kesselring, Leslie Doenges, and Paul Carroccio.

Secretary: Nicole Begin

The purpose of this meeting was the election of Officers. The Board of Directors congratulated Nicole Kesselring and Kevin Loso 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. Seconded by Nicole Kesselring.

The following is the 2022 Heritage Family Federal Credit Union Board of Directors:

Chairman of the Board: Kevin Loso	Director: Nicole Kesselring
1st Vice Chairman: Gwen Flewelling	Director: Denis Benson
2nd Vice Chairman: Paul Carroccio	Director: Leslie Doenges
Treasurer: Richard Addison	Director: Joshua Chilson
Secretary: Rodney Ward	

Chairman Kevin Loso thanked the board for their continued dedication to the Credit Union. The meeting adjourned at 6:32 p.m.

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

MINUTES OF HERITAGE FAMILY CREDIT UNION'S 2022 NOMINATING COMMITTEE

Heritage Family Federal Credit Union’s Nominating Committee held a meeting in person on Thursday, March 2, 2023 commencing at 3:05 p.m.

Present were: Gary Kupferer, Kevin Loso, Nicole Kesselring, Rodney Ward, & Joshua Chilson

The Meeting was called to order at 3:05 p.m. by Gary Kupferer.

The Committee received a letter of intent from current directors Gwen Flewelling, Richard Addison, and Paul Carroccio all of whom are seeking reelection. Additional letters of intent and resumes were received from Zachary Hale (Bennington), Joseph Iadarola (Castleton) and Jeff Sands (East Dorset).

The Committee interviewed the three new candidates providing each with an opportunity to have questions answered and for the Committee to review Director roles, responsibilities and the operations of the Board of Directors.

Because Mr. Sands was not yet a member it was determined that he was ineligible at this time. A motion was made by Director Ward and seconded by Director Kesselring to place Gwen Flewelling, Richard Addison, Paul Carroccio, Zachary Hale and Joseph Iadarola’s names on the ballot. The Motion passed unanimously. Candidates will be listed on the ballot in alphabetical order.

Board of Directors

Three (3) Vacancies – 3-year Term	Gwen Flewelling
Richard Addison	Zachary Hale
Paul Carroccio	Joseph Iadarola

There being no further business, the meeting was adjourned at 6:20 p.m.

Respectfully submitted, Kevin Loso, Chairperson

ANNUAL MEETING 2022 FINANCIAL STATEMENT

ASSETS

Cash and Cash Equivalents	\$4,566,819
Loans Receivable	484,307,043
Allowance For Loan Loss	(3,646,423)
Investments - Available for Sale	212,400,786
Investments - Held to Maturity	455,533
Other Assets	11,190,101
Fixed Assets	18,982,588
Total Assets	<u>\$728,256,447</u>

LIABILITIES & EQUITY

Borrowed Funds - Notes Payable	\$15,000,000
Other Liabilities	8,123,995
Shares and Share Drafts	571,245,723
Share Certificates	84,951,713
Total Liabilities	<u>679,321,431</u>
Undivided Earnings	61,473,804
Other Comprehensive Income	(22,977,509)
Regular Reserves	10,438,721
Total Equity	<u>48,935,016</u>
Total Liabilities & Equity	<u>\$728,256,447</u>

INCOME

Interest on Loans	\$22,823,634
Interest on Investments	3,661,996
Non Interest Income	10,943,364
Total Income	<u>\$37,428,994</u>

EXPENSES

Employee Compensation	\$10,350,729
Employee Benefits	3,413,019
Edducation, Travel & Conference	288,701
Association Dues	79,062
Office Occupancy	1,594,782
Office Operations	4,295,682
Advertising, Contributions, Training	643,233
Loan Servicing	3,996,012
Professional Services	2,630,706
Other Operations Expense	319,350
Interest & Dividends on Shares	1,680,477
Interest on Borrowed Funds	36,544
Loan Loss Provision	738,398
Total Expense	<u>\$30,066,695</u>

Net Operating Income	\$7,362,299
Non Operating Gains (Losses)	(21,804)
Net Income	<u>\$7,340,495</u>

TREASURER'S REPORT 2022

NUMBER OF MEMBERS

49,783

MEMBER DEPOSITS

\$656,197,436

TOTAL ASSETS

\$728,256,447

LOANS TO MEMBERS

\$478,371,349

Manchester,

HERITAGE FAMILY CARES 4 YOU 2022

MISSION STATEMENT

“Improving everyday lives in our communities through education, volunteerism and financial support.”

2022 was a great year for Heritage Family Cares For You, as it continued to fulfill and expand its mission of, “improving everyday lives in our communities through education, volunteerism and financial support.”

The Foundation worked to provide educational opportunities in conjunction with HFCUniversity, and offered in-person and remote seminars on topics such as home buying and budgeting. The Foundation also provided educational opportunities with VABIR, local schools and employers, such as the TRIO program at Castleton University, among others. In addition to our annual shred event “Shred 4 Good,” HFCares4U also provided over 250 volunteer hours with 28 organizations including:

Adaptive Martial Arts Association

American Legion Post 31

Bible Baptist Church

Castleton Lions Club

Chaffee Art Center - Art in the Park

Clarendon Fire Department

Downtown Rutland Friday Night Live

Dream Big Dance Party (HFC4U)

Fair Haven Applefest

HFCU Devil's Bowl Night

Manchester Street Fest

Mechanicsville Cemetery Association

Mount Saint Joseph Athletic Association

National Night Out

Northeast Regional Food Bank

Paramount Theater

PotterPalooza (Come Alive Outside)

Proctor High School

Rutland Amateur Hockey Association

Rutland Blooms

Rutland Free Library

Rutland Recreation Dept

Rutland Rotary

Shelburne Memorial Library

Susan G Komen Cancer Walk

The Shrewsbury Co-Op at Pierce's Store

Whitehall School District

In giving news, the Foundation created the “Friends of the Foundation” to allow members to become more involved, in December. As a benefit for Friends of the Foundation, Friends were able to vote for four non-profits to be recipients of \$5,000 grants with our “Friends For The Community” giving opportunity, to be announced at the HFCU 66th Annual Meeting. The grants were presented to:

Second Chance Animal Shelter in Arlington, Vermont

Rutland Homeless Prevention Center

Fair Haven Concerned

Castleton Cares, Inc.

While this voting opportunity has passed, you can still help support your favorite non-profit organizations with Heritage Family Cares 4 U! Becoming a Friend of the Foundation with a \$15 membership donation will amplify the philanthropic mission of the foundation and help organizations throughout the communities we serve. Visit hfcare4u.com to become a Friend today!

In August, Heritage Family Cares 4 You awarded its \$10,000 Caring 4 A Cause Grant to the Bennington County Coalition for the Homeless. The cause was chosen by Heritage Family Credit Union's 2021 Employee of the Year, Jody Garrow, who was tasked to pick an issue important to her for the 2022 Caring 4 A Cause grant selection process.



Hooksett, NH,

In November, the Foundation teamed up with members and Rutland Regional Medical Center to raise and donate \$5,206.23 for the Annual Stuff A Bus food drive in Rutland.

HFCares4U also continued its annual tradition of 12 Days of Giving. Throughout the month of December 2022 HFCares4U donated \$12,000 to local non-profits. The recipients were chosen by the employees of each Heritage Family Credit Union branch, who were asked to pick a non-profit in their community that makes a positive impact. The donations, given in \$1,000 increments, were presented to:

BROC Community Action Fuel Fund
Rutland Humane Society
Brandon Free Public Library
The Feline Connection
Fair Haven Concerned
The Young at Heart Senior Center

Manchester Community Food Cupboard
Turning Point Recovery Center
Neighborhood Connections
Windsor County Youth Services
WSYB Christmas Fund
Hooksett Food Pantry

At the end of 2022, the Foundation worked with the Credit Union to offer a new avenue to give. Members can now use credit card points to make a donation to the Foundation. Simply log onto the rewards page and select the donation option.

We are looking forward to our plans for the future, including more giving, education and volunteer opportunities in 2023. I wish you and your family the best.

Respectfully Submitted,
Mark Grossarth, Foundation Director



Visit hfcare4u.com to become a Friend of the Foundation. Your \$15 membership donation will amplify the philanthropic mission of the foundation and help organizations throughout the communities we serve. Visit hfcare4u.com today!

wherever you are.



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