

ANNUAL REPORT

NEW HEIGHTS



75th
ANNIVERSARY



Heartland[™]
CREDIT UNION

2022



OUR CREW



Rex Christner
CHAIR



Caroline Stucky
VICE CHAIR



Sheila Meggers
SECRETARY & TREASURER



John McCannon
DIRECTOR



Brian Meder
ADVISORY MEMBER



Kendal Pulliam
DIRECTOR



Shandi Stallman
DIRECTOR



Mark Woleslagel
DIRECTOR

AGENDA

Call To Order

Determination of a Quorum | REX CHRISTNER

Approval of Minutes and Agenda | REX CHRISTNER

Report of Chair | REX CHRISTNER

Report of Treasurer | SHEILA MEGGERS

Report of Supervisory Committee | ED HOWARD

Report of the President | DAN SPRINGER

Report of Election | REX CHRISTNER

Volunteer Recognition | REX CHRISTNER

Unfinished Business

New Business

Adjournment

Minutes of the 2021 Annual Meeting

The 74th Annual Meeting of the Heartland Credit Union was held March 29, 2022 at the Wichita Art Museum, 1400 Museum Blvd, Wichita, Kansas. Approximately 90 members are known to have attended.

Chairman Rex Christner called the meeting to order at 6:30 p.m. and a quorum was established.

Kendall Pulliam moved to approve the minutes of the 2021 Annual Meeting as presented to the members. The motion was seconded by Libby Beck. Motion carried.

Chairman Christner presented the Report of the Chair. He reported that 2021 ended with total assets of \$477 million and net income of \$10.54 million which was a strong financial performance, and for the first time in four years, the credit union declared a bonus dividend of approximately \$575,000 for its members based on their relationship with the credit union. Christner also reported that the credit union upgraded its Online and Mobile Banking system in 2021, developed new commercial checking accounts, and finished the year ranked #2 among all credit unions in Kansas in terms of “Return of

the Member”. Christner then announced that the credit union had a tremendous opportunity to merge with Farmers Credit Union in Hays, pending a confirmation vote of each membership. Kendal Pulliam moved to approve the Report of the Chair, Libby Beck seconded. Motion carried.

Ed Howard presented the Report of the Supervisory Committee. Howard explained the responsibilities of the Supervisory Committee to ensure members’ assets are safeguarded and the means used to accomplish this task. He further reported that the CPA firm of Moss Adams LLP was engaged to conduct the annual audit as of September 20, 2021 and they reported that HCU records fairly and accurately represent the credit union’s financial position and conform to Generally Accepted Accounting Principles. o H o w a r d also stated that Moss Adams LLP found that HCU Investment & Insurance Services, which are part of HCU, to be in good order and reported that HCU’s CUSO, Members Mortgage Services, was audited by J Tenbrink & Associates as of December 21, 2021, and received a clean opinion.. On behalf of the Supervisory Committee, Howard reported to members that their funds and records are being

maintained in a safe, sound and confidential manner. Roy Broxterman moved to approve the report and the motion was seconded by Lori Blakesley. Motion carried.

Secretary-Treasurer Kendal Pulliam presented the Treasurer’s Report. He reported that HCU surpassed \$477 million in assets during 2021, paid \$2.4 million in dividends to members and placed \$10.5 million of net income into reserves. Pulliam further reported that income from HCU’s 45.7% ownership in Members Mortgage Services, LLC, along with HCU’s own \$7.3 million in operating income, allowed HCU to realize asset growth of 20% and maintain a capital ratio above 9%. Libby Beck moved to approve the Treasurer’s report, Lori Blakesley seconded. Motion carried.

Dan Springer, President, addressed the members. He reflected on the challenges and successes of 2021. He reported that despite the persistence of the COVID-19 pandemic, the credit union helped members take advantage of low-interest rates on home loans, navigate a competitive auto market, and assisted local businesses with Paycheck Protection Loans. Employees helped

over 1,750 members through workshops, Bite of Reality events, and personal counseling sessions. Updates to the HCU Digital Banking system provides members with better control over their accounts, credit score, spending, and savings.

Christner gave the Report of Election. Those elected without contest were John McCannon and Sheila Meggers to the Board of Directors, and Roger Clark to the Supervisory Committee.

Christner then recognized Roy Broxterman’s retirement from the Board of Directors and expressed gratitude for his 37 years of service as an HCU volunteer on the Board of Directors. Christner also recognized Lori Blakesley for her 12 years of service on the Supervisory Committee having reached her maximum term limit.

There was no unfinished business to report, and no new business brought forth.

Rex Christner, Chair
Kendal Pulliam, Secretary-Treasurer

MINUTES SUBMITTED BY KRIS PFISTER



Welcome!



Dan Springer
PRESIDENT/CEO



Rex Christner
CHAIR

2022 was another exciting and successful year at Heartland Credit Union. The hard work of our staff and volunteers, along with the loyalty of our members, helped lift your credit union to new heights. We provided greater value to our members than ever before, served more members than ever, and expanded into new communities.

Twice in 2022, HCU was ranked as the #1 credit union in the State of Kansas in our asset group for providing member value, as ranked by Callahan & Associates in their Return of The Member study. ROM is a quantifiable metric used to measure the value a credit union provides to its members. On top of ranking #1 in Kansas, HCU placed as high as #16 in the nation.

We were able to bring our market-leading value to more members than ever in 2022. We added more than 6,000 members to the HCU family, bringing our total membership to over 36,600. Not only does this make our credit union stronger, but it also allows us to help more people experience financial well-being through the financial products and solutions we offer.

2022 also saw HCU reach new frontiers through a merger with Farmers Credit Union in Hays, Kansas. Adding the branch in Hays provides us the opportunity to serve members in a new and vibrant community. It also gives convenient branch access to what was already a growing membership in western Kansas. In November 2022, we announced a merger with United Credit Union of Ness City, which will be completed in the spring of 2023. This will further strengthen our position in the western part of the state. We look forward to making a positive impact in both communities.

While these events helped shape 2022, we can't overlook the things that help us live out our Truths every day. We showed our commitment to community by giving back through sponsorships, donations, and volunteering. Through events at local non-profit organizations and our annual HCU Community Workday, our staff volunteered more than 470 hours total. Additionally, we empowered more than 2,400 children and adults through financial counseling and by partnering with local school districts for fun and instructional financial education events, such as Bite of Reality. We also reinforced our purpose to serve our members by implementing a new member feedback program that will help us improve member experience now and in the future.

We know our members view us as a trusted partner. We owe it to you to keep our knowledge of products, services, and processes in tip-top shape. Over the next few years, it will be more important than ever to attract and develop exceptional talent so we can skillfully take care of your needs. Beyond the personal touch, we will continue to make sure we are offering the latest in digital solutions that meet our members' needs.

Not only will it be important for us to handle your personal needs, but we'll be here for our small business owners, as well. Small businesses are vital to the communities we serve, and our knowledgeable team is dedicated to helping small business owners succeed. We're here to ensure that our local small businesses have the resources and solutions they need to grow and thrive.

Accomplishing these objectives sets the credit union on a measured and sustainable path for growth—growth that will be managed within

the concepts of our culture and Truths, so we stay true to our mission. We'll leverage our knowledge and data to make the most of each opportunity for the credit union and our members to excel.

Our financial cooperative is successful because of your commitment to utilizing the services of the credit union. Your participation in the credit union helps HCU grow and provide even better service and products to the membership. Without you, none of this would be possible. Thank you for your continued support. We look forward to being there for you as you plan for your financial future.

Dan Springer, President/CEO
Rex Christner, Chair



75 Years and Beyond



When Hutchinson Teachers Credit Union was chartered in 1948, the credit union had **14 members** and **\$315 in assets**. In our 75th year, we have grown to just over **37,000 members** and **\$598,292,270 in total assets!** Our growth demonstrates that people in our community value the same things we do: personal relationships, outstanding service, and uncompromising quality. *Pictured to the left is the original location.*



Zion Burgess

2022 BOYS & GIRLS CLUBS OF HUTCHINSON YOUTH OF THE YEAR

Heartland is a proud Blue Team member of the Boys and Girls Club of Hutchinson and Presenting Sponsor for the Youth of the Year. Supporting local organizations like the Boys and Girls Club of Hutchinson fosters leadership development and growth opportunities for kids all across the communities we serve.

This year's Boys and Girls Club of Hutchinson Youth of the Year is Zion Burgess! As the winner of the local competition, Zion received a \$1,000 scholarship, sponsored by HCU, and he will compete in the State competition. The Youth of the Year program fosters a new generation of leaders and promotes service, education, communication, strong moral character, and life goals.

Zion is a junior at Hutchinson High School and has been a Club member for 5 years. He plays football for Hutchinson High School and is active in Club programs such as Passport 2 Manhood, Keystone Club, and Road Code.

“ Being Youth of the Year will help me tell my story to more kids in the community to let them know that the Boys and Girls Club is a safe space to break out of their shells and share their voice. ”



Ben Miller, Stutzmans Greenhouse

BUSINESS MEMBER SINCE 2005

“ With Heartland we were able to make a total business model change, diversifying from almost exclusively wholesale to opening our own retail garden centers across the state. ”

Jared Dye, DMD Southwind Oral & Facial Surgery & Implant Center

BUSINESS MEMBER SINCE 2020

“ Heartland has visited our office multiple times, sometimes just to help us balance our books. I love the personal relationship that I have with several members of the Heartland team and know that they are willing and there to help. ”



Report of the Treasurer



Sheila Meggers
SECRETARY & TREASURER

2022 was another positive year for Heartland Credit Union, helping propel HCU to new heights. Your continued support allowed HCU to grow in asset size and continue fulfilling its mission of offering financial services to members in a safe and sound manner. HCU surpassed \$598 million in assets, paid \$2.9 million in dividends, and placed \$5.6 million into our reserves.

Included in HCU's 2022 net income was a \$3.4 million gain from Members Mortgage Services, LLC (MMS), representing our 45.9% ownership. The income from MMS, and operating income of \$2.2 million aside from MMS, allowed HCU to grow assets 25.2% and maintain a capital ratio of 9%.

The Board of Directors believes your credit union is financially sound, and capable of continuing to fulfill its mission of offering financial services in a safe and sound manner.

As members, your loyalty and trust in your credit union is so important to the success of our financial cooperative.

Thank you for your support.

Financial Statements

LOAN REPORT

Category	2022	2021
Total number of loans made	38,842	33,331
Total dollar volume of loans made	\$298,830,713	\$322,439,364
Number of loans since April 1, 1948	680,205	641,363
Total volume of loans since April 1, 1948	\$3,100,697,524	\$2,801,866,811
Loans charged-off since April 1, 1948	\$13,786,138	\$11,713,076
Recoveries from charged-off loans	\$1,983,021	\$1,704,689

INCOME STATEMENT

Category	2022	2021
Interest Income	\$21,513,797	\$16,679,049
Dividends	(\$2,940,817)	(\$2,439,381)
Interest Expense	(\$814,974)	(\$252,751)
Net Interest Income	\$17,758,006	\$13,986,917
Non-Interest Income	\$7,796,965	\$10,702,281
Non-Interest Expense	(\$23,306,480)	(\$17,374,390)
Income from Operations	\$2,248,491	\$7,314,808
Non-operating Income	\$3,416,557	\$3,233,933
Net Income to Reserves	\$5,665,047	\$10,548,741

BALANCE SHEET

Assets	2022	2021
Loans, Net of Allowance for Loan Losses	515,761,731	\$403,241,280
Cash & Investments	44,465,956	\$40,660,519
Other Assets	38,064,583	\$33,821,934
Total Assets	598,292,270	\$477,723,732
Liabilities & Equity	2022	2021
Other Liabilities	\$60,875,643	\$19,352,175
Share Deposits	\$483,943,303	\$411,689,113
Reserves & Undivided Earnings	\$53,473,324	\$46,682,444
Total Liabilities & Equity	\$598,292,270	\$477,723,732



2022 by the Numbers

staff volunteered

745+
hours

45+

organizations
served

new members

6,000+

empowered

2,400+

✦ youth and adults through
financial education

15

Bite of Reality
school events

paid members

\$2.9
million

in dividends

#1

Return of the
Member in KS

total assets

\$598,292,270

4,000+

ice cream treats
from the Treat Trike

Heartland
Red Cross
blood drives
impacted

189
lives

Report of the Supervisory Committee



Ed Howard
CHAIR

The Supervisory Committee is charged with ensuring that members’ assets are safeguarded. They accomplish this through the following:

- Oversight of the Internal Audit Program
- Reviewing Policies and Procedures
- Evaluating and Reviewing the Credit Union’s Financial Condition
- Interacting with Credit Union Management
- Cooperating with Regulatory Agencies
- Reviewing Activities of the Board of Directors and Other Committees

In order to fulfill these responsibilities and provide an objective view of the financial strengths and weaknesses of your Credit Union, the Supervisory Committee relies on and uses a variety of resources, including an Internal Auditor. This allows the Supervisory Committee to proactively monitor the high-risk areas of the credit union on a regular basis.

Internal Audits

The Certified Public Accounting Firm of Nearman Maynard Vallez CPAs was employed to conduct the Annual Audit as of September 30, 2022. Their report concluded that our records represent fairly and accurately the financial position of your credit union and conform to Generally Accepted Accounting Principles.

J. Tenbrink & Associates CPAs completed the 2022 ACH/BSA/SAFE Audit, as of 12/31/2022, and all areas were found to be in good order.

Our CUSO, Members Mortgage Services, was audited by J Tenbrink & Associates as of 12-31-21 and received a clean opinion. Their 2022 audit final report is expected to be available by March 30, 2023.

Regulatory Examinations

In addition, the committee cooperates fully with regulatory examinations by the Kansas Department of Credit Unions and the National Credit Union Administration. Any records of action are followed up by the Supervisory Committee. The most recent exam covered transactions up to the close of business on June 30, 2022.

Finally, the Supervisory Committee relies on its own activities and findings:

- The Committee met several times during 2022 to conduct reviews of various policies, procedures, accounts, and reports.
- Staff members from various areas report to us about their operations in their respective departments.
- Committee members take turns attending Board of Directors meetings.

In summary, the Supervisory Committee is glad to report to members that your funds and records are being maintained in a safe, sound, and confidential manner.



Deb Hammond



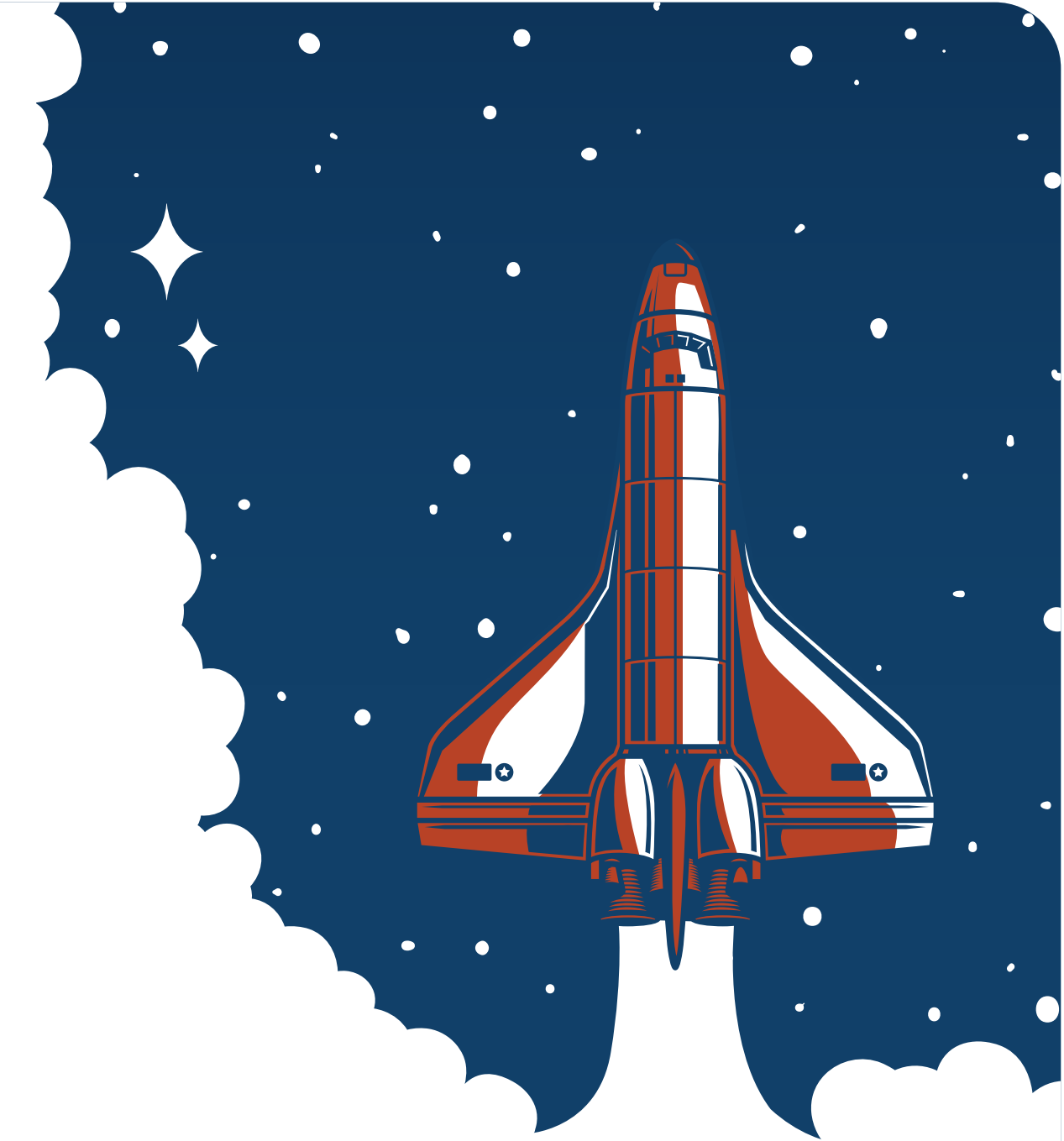
Mike Juby



Brad Ryan



Roger Clark





Craig B

MEMBER SINCE 2006

“Heartland is my credit union! I have been part of HCU now for 15 years or so, and they have helped me make some great dreams come true. I’ve bought and sold houses with loans through HCU. I’ve bought car after car through HCU. And now my kids have HCU accounts and they’ll be lifelong members, too.”

Living the Heartland Way

“I am grateful to have been nominated knowing that many who work here are deserving of the Culture Keeper award. I love living out our truths at HCU, so receiving this award is a great honor to me.”

Leslie Shea, Salthawk Center Branch Manager

2022 CULTURE KEEPER

Heartland Credit Union is proud to present the recipient of the Culture Keeper award. This award recognizes staff who demonstrate an exemplary commitment to upholding Heartland’s culture of outstanding member service and the highest level of integrity.

This year, the award goes to Leslie Shea, Salthawk Center Branch Manager, who has consistently gone above and beyond. As a Culture Keeper, Leslie exemplifies teamwork, tenacity, and she demonstrates Heartland’s Truths:

- Our purpose is to serve.
- We value people.
- Community is at our core.
- We embrace change.
- We deliver results.

Leslie joined HCU in 2019 as the Hutchinson 29th and Main Branch Manager. From the beginning, Leslie showed great care for members by making sure their needs were met. In her current role as the Branch Manager at the student-run Salthawk Center in the Hutchinson High School, she blossomed as a leader.

“It’s been great to see how she connects with the students and how they respond to her,” said Dan Springer, President/CEO. “Her leadership has fueled great growth at the Salthawk Center and boosted our financial literacy outreach to help prepare students for financial well-being into adulthood.”

We are proud to have Leslie as part of the Heartland team and are thankful for all she has done to help us maintain our culture.



Branch Locations



23rd & Severance

900 E 23RD AVE, HUTCHINSON



Ave A

129 W AVE A, HUTCHINSON



Heartland Wealth Strategies

2900 N MAIN ST, HUTCHINSON



Salthawk Center

HUTCHINSON HIGH SCHOOL



Haven

103 S KANSAS AVE, HAVEN



Hays

2825 PLAZA AVE, HAYS



Ness City

202 S TOPEKA AVE, NESS CITY



Newton

2201 S KANSAS AVE, NEWTON



37th & Maize

3777 N MAIZE RD, WICHITA



East Kellogg

12021 E KELLOGG DR, WICHITA



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