



Living Our Truths



2023 ANNUAL REPORT

Agenda

Call To Order

Determination of a Quorum

SHANDI STALLMAN

Approval of Minutes and Agenda

SHANDI STALLMAN

Report of Chair

SHANDI STALLMAN

Report of Treasurer

SHEILA MEGGERS

Report of Supervisory Committee

ED HOWARD

Report of the President

DAN SPRINGER

Report of Election

SHANDI STALLMAN

Volunteer Recognition

SHANDI STALLMAN

Unfinished Business

New Business

Adjournment

Board of Directors



Rex Christner
CHAIR



Shandi Stallman
VICE CHAIR



Sheila Meggers
SECRETARY & TREASURER



Mike Juby
DIRECTOR



John McCannon
DIRECTOR



Brian Meder
ADVISORY MEMBER



Kendal Pulliam
DIRECTOR



Mark Woleslagel
DIRECTOR

Welcome!



Dan Springer
PRESIDENT/CEO



Rex Christner
CHAIR

2023 was another successful and rewarding year at Heartland Credit Union that also had its share of challenges. Ultimately, by living Our Truths, we were able to deliver extraordinary value to our members and the communities we serve. In 2023, we expanded into a new market, provided our members with excellent savings opportunities, and laid the groundwork for even better service in the years ahead.

Serving New Members

In February, we completed a merger with United Credit Union in Ness City. The merger provides another branch for our growing membership in western Kansas and helps us continue to diversify our membership, strengthening our credit union’s position. We are proud to have the opportunity to be part of the community of Ness City, and we look forward to continuing the tradition of great member service United members know and trust.

One of Our Truths is **Our Purpose is to Serve**, and with the momentum of the merger, we were able to serve more members than ever in 2023. We added

more than 5,600 members to the HCU family, bringing our total membership to over 39,400. 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.

The Year of the Saver

Rising interest rates posed many challenges this past year, but it was also an opportunity for us to live one of Our Truths: **We Deliver Results**. In 2023, we provided incredible value to our members through certificates and savings rates that we haven’t seen in years. Many members seized the opportunity and took advantage of unprecedented Money Market and Certificate rates.

Enhancing the Member Experience

We Embrace Change and are constantly looking for ways to improve member service. One of the biggest changes we implemented this year was switching to a new credit card processor to provide a much-needed improved member experience. Through the conversion, we have been able to provide our members with better fraud protection for their cards and greater convenience by consolidating credit card management inside the HCU Digital Banking app. We also introduced new credit card programs, giving our members more choices to fit their borrowing needs.

Making a Difference

While member service is at the forefront of everything we do, we also understand our lives are linked with all the communities we serve. In 2023, we exemplified

Community is at Our Core by giving back through sponsorships, donations, and volunteering. Through events at local non-profit organizations and our annual all-staff workday, our HCU employees volunteered more than 600 hours in total. Additionally, we empowered more than 5,500 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.

There for Our Members

2023 also came with its share of challenges. Our members struggled with persistent inflation that put a strain on household budgets. We were there for our members with financial counseling and programs such as Skip-a-Pay to help them through the hard times. Still, our credit union experienced the highest levels of delinquencies and charge-offs that we’ve seen in quite some time. And while rising interest rates were good for savers, they posed challenges for borrowers. 2023 saw some of the highest mortgage rates in years, diminishing our members’ buying power. However, we were still there with programs like our First-time Homebuyer Grants to help make homeownership a reality for many.

While inflation and interest rates have begun to show signs of easing, they are still a challenge for many. Rest assured, we’ll continue to be here for our members to help guide them through these challenges to financial prosperity.

Looking Ahead

We Value People—it’s part of who we are. Our commitment to Our Truth We Value People underscores our dedication to not only the communities we serve

but also the staff we employ. We are committed to empowering our staff with the tools and training they need to achieve their full potential and provide excellent member service. In the coming year, we will provide staff with even more education opportunities—such as improved service training—and additional resources, including industry-leading technology and the latest in artificial intelligence. For example, later this year we’re implementing a new account opening process which will reduce the time it takes to become a member to just minutes, resulting in an increase in internal efficiencies and a quick and seamless member experience.

In 2024, members can also look forward to the addition of Tap to Pay in our upcoming debit card conversion. Tap to Pay allows cardholders to make swift and secure transactions with a simple tap of their card. Finally, we’ll roll out new Treasury services to provide even more support to our business members. We’ll provide solutions that will help them better manage their finances, maximize cash, and reduce expenses.

Using Our Truths as a guide to accomplish our objectives ensures we will stay true to our mission. They are at the center of what we do, day in and day out. Our Truths keep us grounded and allow us to focus on the people we serve because none of this would be possible without you. Your participation in the credit union helps HCU grow and be here for the next generation of HCU members.

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



**Our Purpose is
to Serve**



We Value People



**Community is at
Our Core**



**We Embrace
Change**



**We Deliver
Results**

Living Our Truths

Heartland's Truths are at the center of what we do, day in and day out. What sets us apart is the way we do things and how we treat others. Our focus is always on the people we serve because they aren't just numbers to us: they're our neighbors, friends, and family. We're here to help them succeed.

#1 Return of the
member in KS

23 Bite of Reality
school events

Empowered
5,500+
youth and adults through
financial education

3,500+ ice
cream
treats from the Treat Trike

5,600+
New members

Staff volunteered
600+ hours

50+ organizations
served

Heartland
Red Cross
Blood Drives
impacted **118
lives**



Our Purpose is to Serve

“ At the Salthawk Center, I get to see the potential impact we can make on students’ lives. We have the chance to plant the seed of smart money management that will have a huge difference as they become adults. ”

LESLIE S., SALTHAWK CENTER
BRANCH MANAGER

Minutes of the 2022 Annual Meeting

The 75th Annual Meeting of the Heartland Credit Union was held March 28, 2023, at the Cosmosphere, 1100 N. Plum, Hutchinson, Kansas. Approximately 135 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 2022 Annual Meeting as presented to the members. The motion was seconded by Lori Blakesley. Motion carried.

Chairman Christner presented the Report of the Chair. He reported that 2022 was another exciting and successful year at Heartland Credit Union. He shared that 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. Christner also reported that more than 6,000 members were added to the HCU family, bringing our total membership to over 36,600, moving HCU up to #8 in asset size out of all credit unions in Kansas. He reported that 2022 saw the completion of one merger with Farmers Credit Union in Hays, KS and the start of another with United Credit Union in Ness City, KS. Christner also spoke to the credit union's commitment to the community including, among other things, over 470 staff hours spent volunteering at the annual HCU Community Work Day. Rick Shipley moved to approve the Report of the Chair, Deb Hammond seconded, and the 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 Nearman Maynard Vallez CPAs was contracted to conduct the annual audit as of September 30, 2022, and that they reported that HCU records fairly and accurately represent the credit union's financial position and conform to Generally Accepted Accounting Principles. Howard also stated that J Tenbrink & Associates completed the 2022 ACH/BSA/SAFE

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We Value People

“ In everything we do we look at what’s best for our employees and what’s going to help our employees enjoy working at HCU and be engaged. We strive to be the best. ”

TASHA E., VP OF HUMAN RESOURCES

Audit as of December 31, 2022 as well as auditing our CUSO, Members Mortgage Services. Both 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. Rick Shipley moved to approve the report and the motion was seconded by Mark Woleslagel. Motion carried.

Secretary-Treasurer Sheila Meggers presented the Treasurer’s Report. She reported that HCU surpassed \$598 million in assets during 2022, paid \$2.9 million in dividends to members and placed \$5.6 million of net income into reserves. Meggers further reported that \$3.9M in net income from HCU’s ownership in Members Mortgage Services, LLC, along with HCU’s own \$2.2 million in operating income, allowed HCU to realize asset growth of 25.2% and maintain a capital ratio above 9%. Mark Woleslagel moved to approve the Treasurer’s report, Caroline Stuckey seconded. Motion carried.

Dan Springer, President, addressed the members, welcoming new members from Farmers and United credit unions and expressing gratitude to all members for their commitment to Heartland Credit Union. He reported on ways that HCU has provided value to members, particularly noting the reduction of overdraft and return fees during the year’s rising inflation and economic uncertainties...an action that resulted in over \$1 million of financial relief. Springer then spoke to the differences between not-for-profit credit unions and for-profit banks. He addressed concerns that members may have regarding recent bank failures, the causes and how HCU’s well-diversified portfolio differs from those examples and explained how members’ deposits are insured through the National Credit Union Administration (NCUA).

Christner gave the Report of Election. Those elected without contest were Mike Juby and Shandi Stallman to the Board of Directors, and Bradley Ryan to the Supervisory Committee. Elected volunteers were brought forward to state the Oath and assume office.

Christner then recognized Caroline Stuckey’s retirement from the Board of Directors and expressed gratitude for her 19 years of combined volunteer service on the Supervisory Committee and Board of Directors. There was no unfinished business to report, and no new business brought forth.

Kendal Pulliam moved to adjourn; Mark Woleslagel seconded. Chairman Rex Christner adjourned the meeting at 7:10 p.m.

Rex Christner, Chair

Sheila Meggers, Secretary-Treasurer

MINUTES SUBMITTED BY KRIS PFISTER

Report of the Treasurer



Sheila Meggers
SECRETARY & TREASURER

As the Treasurer for Heartland Credit Union, I am pleased to report that the financial health of the credit union remained strong during 2023. Despite navigating an unprecedented interest rate environment, we continued to offer market leading benefits to both our borrowers and depositors. We returned \$7.8 million in dividends to our member owners and placed over \$1.7 million into our reserves. As mentioned earlier in the Annual Report, interest rates posed a challenge in 2023. This was true for both the credit union and our CUSO, Members Mortgage Services, LLC. HCU owns just under 46% of MMS and has benefited greatly over the years from this venture. Last year provided significant challenges for MMS due to the down real estate lending market. As a result, HCU's 2023 net income includes a \$318 thousand loss from MMS.

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.

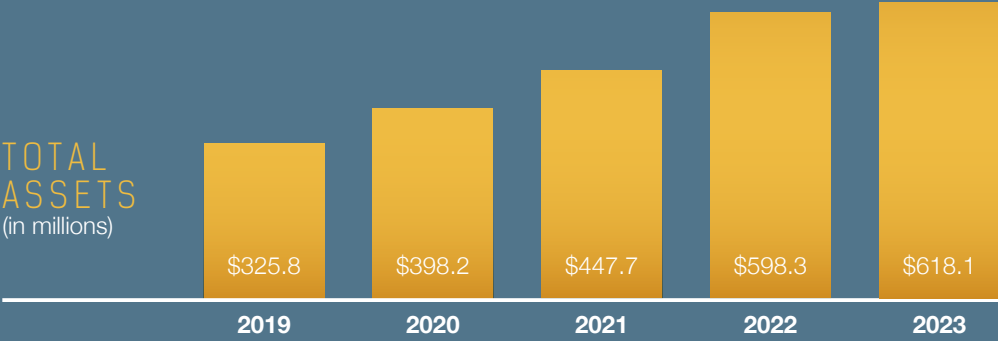
Sheila Meggers, Secretary & Treasurer

Financial Statements

BALANCE SHEET

Assets	2023	2022
Loans, Net of Allowance for Loan Losses	\$520,464,839	\$515,761,731
Cash & Investments	\$57,585,577	\$44,465,956
Other Assets	\$40,013,978	\$38,064,583
Total Assets	\$618,064,394	\$598,292,270

Liabilities & Equity	2023	2022
Other Liabilities	\$36,523,340	\$60,875,643
Share Deposits	\$526,492,411	\$483,943,303
Reserves & Undivided Earnings	\$55,048,644	\$53,473,324
Total Liabilities & Equity	\$618,064,394	\$598,292,270





Community is at Our Core

“ HCU is linked with the communities we serve, so we take pride in helping those communities thrive. We believe in giving back and supporting our local schools, charities, and organizations. ”

DARREN W., AVP OF MARKETING

LOAN REPORT

Category	2023	2022
Total number of loans made	42,849	38,842
Total dollar volume of loans made	\$188,897,824	\$298,830,713
Number of loans since April 1, 1948	723,054	680,205
Total volume of loans since April 1, 1948	\$ 3,289,595,348	\$3,100,697,524
Loans charged-off since April 1, 1948	\$17,568,067	\$13,786,138
Recoveries from charged-off loans	\$2,322,380	\$1,983,021

INCOME STATEMENT

Category	2023	2022
Interest Income	\$29,656,057	\$21,513,797
Dividends	(\$7,829,307)	(\$2,940,817)
Interest Expense	(\$1,579,558)	(\$814,974)
Net Interest Income	\$20,247,192	\$17,758,006
Non-Interest Income	\$7,561,105	\$7,796,965
Non-Interest Expense	(\$25,752,952)	(\$23,306,480)
Income from Operations	\$2,055,345	\$2,248,491
Non-operating Income (Loss)	(\$313,315)	\$3,416,557
Net Income to Reserves	\$1,742,030	\$5,665,047

We Embrace Change

“As employees at Heartland, we see so much change—with technology and with our members. As our members grow, we grow with them. We want to make sure that every member has the products, services, and support they need, at the time that they need it.”

STEPHANIE D., AVP OF EDUCATION
AND COMMUNITY DEVELOPMENT

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, 2023. 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 2023 ACH/BSA/SAFE Audit, as of November 30, 2023, and all areas were found to be in good order.

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We Deliver Results

“ The Heartland Way is seizing every opportunity to be the best version of ourselves. We engage with our members to know them on a personal level and really understand their situation to find a tailored, positive outcome. We want them to succeed financially. ”

GLEYSHA M., SENIOR BRANCH MANAGER

Photo Credit: Wes Dewitt

Our CUSO, Members Mortgage Services, was audited by J Tenbrink & Associates as of December 31, 2022 and received a clean opinion. Their 2023 audit final report is expected to be available by March 30, 2024.

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 September 30, 2023. No material deficiencies were noted.

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

- The Committee met several times during 2023 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.



Roger Clark



Deb Hammond



Brent Knoche



Rebecca Wichert

Branches



23rd & Severance

900 E 23RD AVE
HUTCHINSON



Ave A

129 W AVE A
HUTCHINSON



Haven

103 S KANSAS AVE
HAVEN



Hays

2825 PLAZA AVE
HAYS



Heartland Wealth Strategies

2900 N MAIN ST
HUTCHINSON



East Kellogg

12021 E KELLOGG DR
WICHITA



Ness City

202 S TOPEKA AVE
NESS CITY



Newton

2201 S KANSAS AVE
NEWTON



Maize

3777 N MAIZE RD
WICHITA



Salthawk Center

HUTCHINSON HIGH
SCHOOL