



**HEARTLAND**

CREDIT UNION | Here when you need us

2019 ANNUAL REPORT  
80 YEARS OF SERVICE

# Joint Message *from the Chairman of the Board and President*

Chartered by the State of Minnesota to operate as Farmers Union Employees Credit Union to serve the employees of the Farmers Union Central Exchange, their family members and related cooperative associations in St. Paul and South Saint Paul, MN in 1939, 2019 marked 80 years of service to our members - a historic landmark in Heartland's history.

While many things have changed over the years, our commitment to serving our members and the communities we do business in has not. While we reflected back over our history and planned for our future, it was the perfect time to evaluate the Heartland brand.

In early 2019, we conducted member surveys, non-member surveys and an evaluation of our brand in the Twin Cities and surrounding areas. We received valuable feedback from members, as well as potential members, about the Heartland brand. We gained consistent feedback from members about their choice to do business with us and why they continue - which lead us to a clear understanding of our brand position in the market. In addition, we learned that the Heartland logo and tagline were widely unknown to not only potential members, but current members as well.

As a result, a new logo and tagline, "Here When You Need Us," were created. The new logo and tagline embrace the values our members shared with us by illustrating people supporting each other. Building awareness is key to Heartland's continued growth and the ability to offer more to our members. We're excited to start this next chapter in our history.

In addition, 2019 brought product enhancements and a continued focus on the development of a strategic growth plan to serve our eight-county field of membership.

## Strategic Growth

In late 2018 and throughout 2019, we worked with a strategic consultant, the La Macchia Group, to perform

a market analysis of our entire field of membership to determine potential branch expansion locations. After much research, we purchased land in Hugo, MN to build a new branch to serve our members in that area by late 2020.

## New Offerings and Enhancements

In 2019, we introduced Debt Protection With Life Plus to help our members protect their loan balance or loan payments against the unexpected, such as death, disability, involuntary unemployment, accidental dismemberment, terminal illness, hospitalization and family medical leave. This protection could cancel the loan balance or payments up to the contract maximums - providing peace of mind during what could be a financially-stressful time.

In addition to the introduction of Debt Protection, we introduced the Card Manager app to help members better monitor and fight fraud against their Heartland debit and credit cards.

This free app allows members to turn their card(s) on and off, set alerts to monitor transactions, set controls to stop transactions from being approved, make credit card payments and more. With the addition of this app, members can protect themselves from fraud with a few simple clicks.

As we continue to move forward, we are positioning your credit union for the future. Your Board of Directors appreciates the opportunity to serve you as your elected leaders and your Heartland staff looks forward to helping you build a strong financial future.

*Rex Carlson*

**Rex Carlson**  
Chairman

*Kathy Harrington*

**Kathy Harrington**  
President

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## Board of Directors

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**Rex Carlson**  
Chairman

**Gene Traxler**  
Vice Chairman

**Kent Zimmer**  
Secretary

**Dale Lieb**  
Board Member

**Jeremy Hjelm**  
Board Member

**David Seehusen**  
Board Member

**Nanci Lilja**  
Board Member

**Noel Larson**  
Associate Board Member

# Heartland History

Established 1939

**1939**

Chartered by the State of Minnesota to operate as Farmers Union Employees Credit Union to serve the employees of the Farmers Union Central Exchange, their family members and related cooperative associations in St. Paul and South Saint Paul, MN.

**1961**

Credit union membership reaches 500.

**1969**

All credit union records are moved to computers.

**1940**

The first annual meeting was held. 29 members attended. Total earnings for the year were \$68.87, expenses were \$46.29. There were 47 loans for the year valued at \$2,481.50. At the end of the year there were 80 members and 25 borrowers. Assets were \$1,596.23.

**1971**

Assets reach \$1 million.

**1978**

By-laws are amended to include employees of the Minnesota Farmers Union educational organization.

**1984**

IRAs and Checking Accounts become available to members.

Assets reach \$5 million  
Membership hits 1,000

**1985**

First Ready Cash Loan is processed.

**1986**

Name changed to Cenex Credit Union.



**1988**

Merged with MSI Federal Credit Union - bringing in 1,153 new members.

Visa Credit Cards are offered.

**1991**

ATM Cards are offered.

**1992**

Student Loans and Cutele are offered.

**2002**

Joined the Shared Service Center network.

**2004**

Charter is expanded to serve Dakota County.

**2007**

Inver Grove Heights Headquarters building opens.

**2011**

Merged with Minnesota Valley Credit Union. Charter expanded to serve Scott, Rice and Le Sueur counties.

**2012**

New Prague branch opens.

**2013**

Mobile Banking is offered. Home Free Loan is offered.

**2015**

New credit cards offered: Platinum, Platinum Rewards and Signature featuring a chip.

Self-service coin counters added to branch locations.

Assets reach \$100 million  
Membership hits 10,000

**2016**

Remote Deposit offered through Mobile Banking. Chip Debit Cards offered. Instant Issue Debit Cards offered.

**2017**

Charter expanded to serve Carver, Hennepin, Ramsey and Washington counties.

Platinum Rewards and Signature Visa Credit Card Rewards enhanced to offer more points for gas, restaurants and grocery.

All Visa Credit Cards offered with chip security.

**2018**

Started a mortgage department.

**2019**

Heartland introduces a new logo and "Here When You Need Us" tagline.



**2020**

Hugo, MN branch opens.



**1999**

Online Banking offered.

# Supervisory Committee Report

The Supervisory Committee is responsible for ensuring that proper controls are in place and operating as intended to ensure that your credit union is managed professionally, efficiently, and confidentially. The Supervisory Committee has established an annual audit plan and performs audit functions throughout the year in accordance with that plan. In addition, in 2019 we hired the CPA firm of CliftonLarsonAllen, LLP to assist us with a financial statement opinion audit. The audit was completed for the twelve months ending on September 30, 2019, with a clean opinion issued on January 16, 2020. Your credit union is also required to follow all Minnesota Department of Commerce and National Credit Union Administration (NCUA) regulations. To ensure full compliance with these regulations, we file semi-annual reports with the Department of Commerce and the credit union participates in regulatory agency audits.

To protect your interests in the credit union, the Supervisory Committee functions independently of the board of directors and staff. We acknowledge and appreciate the fine job that everyone has done this past year.

Please contact us at [supervisory@heartlandcu.com](mailto:supervisory@heartlandcu.com) if you have an issue with the credit union that you feel needs our attention. We recommend for efficiency, you utilize normal channels in contacting staff to resolve any credit union problem. However, if that proves unsuccessful, please contact us.

Thank you for the opportunity to be of service and for your continued support of your credit union.

## STATEMENT OF INCOME AND EXPENSE DECEMBER 31, 2019 and 2018

Income	2019	2018
Interest from Loans	\$ 3,518,960	\$ 3,194,816
Interest from Investments	759,947	725,042
<b>Total Interest Income</b>	<b>\$ 4,278,907</b>	<b>\$ 3,919,858</b>
<b>Interest and Dividend Expense</b>		
Dividends on Shares	\$ 24,665	\$ 25,194
Interest on Deposits	305,959	222,049
Interest on Borrowed Money	34,190	39,999
<b>Total Interest Expense</b>	<b>\$ 364,814</b>	<b>\$ 287,242</b>
<b>Net Interest Income</b>	<b>\$ 3,914,093</b>	<b>\$ 3,632,616</b>
Provision for Loan Losses	207,006	219,654
<b>Net Interest Income After Provision</b>	<b>\$ 3,707,087</b>	<b>\$ 3,412,962</b>
<b>Non-Interest Income</b>		
Fee Income	\$ 460,333	\$ 422,830
Other Operating Income	1,182,860	1,215,080
Gain (Loss) on Investments	-	-
Gain (Loss) on Fixed Assets	50	395
Other Non-Operating Income (Exp.)	-	-
<b>Total Non-Interest Income</b>	<b>\$ 1,643,242</b>	<b>\$ 1,638,305</b>
<b>Non-Interest Expense</b>		
Compensation and Benefits	\$ 1,927,588	\$ 1,854,961
Travel and Conferences	41,641	41,293
Office Occupancy	327,470	330,986
Office Operations	842,437	794,878
Education and Promotion	338,530	281,051
Loan Servicing	356,051	304,666
Professional and Outside Services	701,914	466,359
Member Insurance	2,034	2,321
Operating Fees	4,258	19,277
Fraud Losses	46,780	42,400
Miscellaneous Operating	69,378	62,740
<b>Total Non-Interest Expense</b>	<b>\$ 4,658,081</b>	<b>\$ 4,200,930</b>
<b>Net Income</b>	<b>\$ 692,249</b>	<b>\$ 850,336</b>

## Supervisory Committee

**Greg Sippl**  
Chairman

**Connye LaCombe**  
Committee Member

**Shaun Van Deurzen**  
Committee Member

**John Miller**  
Committee Member

**Steve Hunt**  
Committee Member

## Asset Growth

2019 \$121,609,939

2014 \$108,097,614

2009 \$81,905,332

2004 \$69,212,727



Federally insured by NCUA.

## STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Loans to Members	\$ 81,971,719	\$ 81,148,965
Allowance for Loan Losses	(476,258)	(600,140)
Net Loans	<b>\$ 81,495,461</b>	<b>\$ 80,548,825</b>
Loans Held for Sale	\$ 188,000	\$ -
Cash and Equivalents	4,278,997	1,531,336
Investments	28,908,777	28,782,158
Land and Buildings	3,349,644	2,975,612
NCUA Share Insurance Deposit	999,557	1,026,700
Other Assets	2,389,502	2,144,958
Total Assets	<b>\$ 121,609,939</b>	<b>\$ 117,009,588</b>

<b>Liabilities</b>		
Notes Payable	\$ -	\$ -
Dividends Payable	275	202
Accounts Payable & Other Liabilities	1,062,214	1,098,118
Shares and Deposits	107,447,701	103,715,964
Total Liabilities	<b>\$ 108,510,190</b>	<b>\$ 104,814,284</b>

<b>Members' Equity</b>		
Undividend Earnings	\$ 9,869,611	\$ 9,019,275
Regular Reserves	2,338,125	2,338,125
Equity Acquired in Merger	123,188	123,188
Other Reserves	76,576	(135,621)
Net Income	692,249	850,336
Total Members' Equity	<b>\$ 13,099,749</b>	<b>\$ 12,195,303</b>
Total Liabilities and Members' Equity	<b>\$ 121,609,939</b>	<b>\$ 117,009,588</b>

### Financial Highlights

#### Assets

The credit union ended the year with \$121 million in assets.

#### Members

Heartland employees opened 877 new accounts in 2019.

#### Loans

Heartland's lending staff approved 1,456 new loans totaling \$31.5 million.

#### Checking

Heartland's staff opened 796 new checking accounts in 2019.

#### Income

Heartland Credit Union made \$692,249 in 2019.

#### Net Worth Gain

Total Member's Equity increased \$904K from 2018 to 2019 and the net worth ratio ended 2019 at 10.71%.

## Products and Services

#### Savings Accounts

- Membership Savings Account
- Business Savings Account
- Bean Sprout Savings Account (Youth)
- iSave Savings Account (Youth)
- Automatic Savings Account
- Money Maker Account
- Certificate of Deposit
- Individual Retirement Accounts

#### Checking Accounts

- Free Checking
- eChecking
- Rewards Checking
- Free 55 Checking
- Business Checking
- iSave Checking (Youth)

#### Investments

#### Loans

- New and Used Auto Loans
- Student Auto Loan
- Auto Savings Loan
- Recreational Vehicle Loans
- Personal Loans
- Student Loans
- Ready Cash Plus Loan
- Home Loans
- Home Free Refinance Loan
- Home Equity Loans
- Home Improvement Loans
- Business Loans

#### Visa® Credit Cards

including rewards and chip technology

#### Online and Mobile Services

- Online Banking
- Mobile Banking featuring Mobile Deposit
- Card Manager App for Credit/Debit Cards
- e-Statements
- Online Bill Pay
- View Cleared Checks Online
- Online Visa® Statements and Account Access
- Online Mortgage Account Access
- Scheduled Transfers
- Account Alerts
- Secure Messaging
- Check Reorders

#### Convenient Services

- Fee-Free ATM Network
- Shared Service Centers
- Saturday Hours
- 24/7 Phone Account Access
- Mastercard Debit Chip Card
- Direct Deposit
- Night Deposit
- Notary Service
- Money Orders
- Wire Transfers
- Overdraft Protection
- Visa® Gift Cards
- Safe Deposit Box