



2020 Annual Report

Mission Statement

Southwest Heritage Credit Union exists for the financial benefit of our membership. We are committed to providing excellence in service and promoting member prosperity.

Vision Statement

To be the kind of place where our employees love to come to work and our members love to come and visit.

Our Core Values

Commitment, Passion, Growth and Integrity

SOUTHWEST HERITAGE CREDIT UNION			SOUTHWEST HERITAGE CREDIT UNION		
STATEMENT OF FINANCIAL CONDITION			STATEMENT OF INCOME AND EXPENSE		
	2019	2020		2019	2020
ASSETS:			INCOME:		
LOANS	\$ 128,817,767	\$ 118,794,628	INCOME FROM LOANS	\$ 7,658,227	\$ 7,229,208
ALLOWANCE FOR LOAN LOSSES	\$ (868,252)	\$ (1,211,997)	INCOME FROM INVESTMENTS	\$ 422,501	\$ 281,621
CASH	\$ 3,155,141	\$ 3,284,741	FEES AND CHARGES	\$ 1,746,992	\$ 1,823,123
INVESTMENTS	\$ 28,260,798	\$ 53,881,184	MISCELLANEOUS INCOME	\$ 1,602,141	\$ 1,663,965
ACCRUED INCOME	\$ 487,615	\$ 460,284	TOTAL INCOME:	\$ 11,429,861	\$ 10,997,917
FIXED ASSETS	\$ 6,300,425	\$ 6,064,983	EXPENSE:		
OTHER ASSETS	\$ 5,452,323	\$ 4,879,362	COMPENSATION AND BENEFITS	\$ 3,878,405	\$ 4,209,624
TOTAL ASSETS:	\$ 171,605,817	\$ 186,153,185	OFFICE OCCUPANCY	\$ 426,776	\$ 431,244
LIABILITIES:			OFFICE OPERATIONS	\$ 2,525,396	\$ 2,744,407
TOTAL LIABILITIES:	\$ 997,187	\$ 1,172,873	ADVERTISING/PROMOTION	\$ 23,840	\$ 51,738
EQUITY:			PROFESSIONAL SERVICES	\$ 215,593	\$ 214,275
SHARES/DEPOSITS	\$ 152,367,482	\$ 165,226,817	PROVISION FOR LOAN LOSSES	\$ 709,194	\$ 649,800
REGULAR RESERVES	\$ 575,073	\$ 575,073	OPERATING FEES	\$ 23,110	\$ 24,885
UNDIVIDED EARNINGS	\$ 17,665,913	\$ 19,178,422	MISCELLANEOUS EXPENSE	\$ 26,059	\$ 36,829
ACCUM UNREAL GAIN/LOSS AFS	\$ 162	\$ 0	TOTAL EXPENSE:	\$ 7,828,373	\$ 8,362,802
TOTAL EQUITY:	\$ 170,608,630	\$ 184,980,312	GAIN/LOSS DISPOSAL OF ASSETS	\$ -	\$ -
TOTAL LIABILITIES & EQUITY:	\$ 171,605,817	\$ 186,153,185	GAIN/LOSS INVESTMENTS	\$ -	\$ -
			OTHER NON-OPERATING INCOME/EXPENSE	\$ 40,748	\$ 40,661
			DIVIDEND/INTEREST EXPENSE	\$ 1,096,950	\$ 1,163,267
			NET INCOME/LOSS:	\$ 2,545,286	\$ 1,512,509

REPORT OF THE BOARD OF DIRECTORS AND PRESIDENT/CEO

Going into 2020, we had great expectations, but all our lives were turned upside down with the COVID-19 Pandemic. The year was challenging for many different reasons and for many people their lives have changed forever. The year was full of change and change came fast and often. We closed our branch lobbies for the protection of our members and our employees. It seemed like we were closed forever although, it was only for a short period. We had to make some quick modifications to procedures and processes so that some of our employees could work remotely. Our goal was to continue the best possible member service during that trying time.

With all the challenges, we worked hard to maintain the strength of our Credit Union. We offered several ways to help members affected by the pandemic. We originated millions of dollars of loans under the Paycheck Protection Program (PPP). We gave thousands of payment deferrals for consumer and business loans to help everyone survive the negative economic impact of the pandemic recession. Members continued to struggle as delinquency soared to 2.30% at the end of 2020; more than double the 2019 year-end delinquency of 0.82%. The Credit Union's net worth remained stable at 10.61%. Most notable was that total outstanding loans fell \$10,023,140 (-7.8%), our first negative growth in several years. While total loans declined, we had a surge in member deposit accounts, an increase of \$12,859,336 (8.5%). The Credit Union's net charge offs remained well controlled 0.25%. Your Credit Union ended the year at \$186M in assets, up from \$171M at the end of 2019. Net income was \$1.5M, down over a million dollars from prior year. All things considered it was a good year. The new year will continue to be challenging as the local and national economies try to recover from the ongoing effects of the pandemic. Your Credit Union will continue to offer great deposit rates and low loan rates and together we will grow while providing great member service.

In 2020, we opened the Business Development Center, offering more personalized service on the phone and online. We also implemented a new bill pay service and began a project of offer instant issue debit cards, which we will have implemented in the next few months. Our online account opening and loan application service, uOpen, went live in 2020. We will continue to advance the services provided by the Business Development Center and implement products and services that will make the financial management of your life easier, while keeping you more connected. We continue to strive to enhance the financial health of our members. Our goal is to continue to improve our relationship with each of our members by building an understanding of what we can do to help eliminate the everyday financial stress.

There were no changes to the bylaws in 2020, but the pandemic did allow us to hold the annual meeting via electronic means so members and employees could remain safe. Southwest Heritage Credit Union currently pays directors \$400 each per board meeting attended and \$200 each per other committee attended (Directors Loan Committee, Asset Liability Committee, Facilities Management Committee, Nominating Committee). The fees will remain the same for 2021.

We know that without Great members we cannot be a Great Credit Union. All the staff and Board would like to thank the member/owners for your loyalty and patronage during a difficult 2020 and we are looking forward to having a great 2021. We have realized more than ever that God has blessed this Credit Union, the employees, and the members.

OUR LOCATIONS

2809 JBS Parkway Odessa TX 79762 432-367-8993	930 W University Blvd Odessa TX 79764 432-580-7108	4100 Faudree Rd Odessa TX 79765 432-250-6040	2489 W University Blvd Odessa TX 79765 432-307-6767	309 E Hendricks Wink TX 79789 432-527-3365
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2020 Board of Directors		Southwest Heritage Credit Union Senior Management Staff
Director	Term Expiring	
Valerie Newsom - Chairman	2021*	Ronny Haynes - President
Edgar Baiza Jr - Vice Chairman	2022	Paula Vaughn - EVP
Cathy George - Secretary	2022	Maria Cardoza - VP Branch Operations
Charles Coon - Treasurer	2021*	Maria Diaz - VP Business/RE Lending
Stewart McKeehan - Director	2023	Debbie Lacey - VP Consumer Lending
Chris Garrett - Director	2023	Craig Harris - VP Compliance/Audit
Neil Dobmeier - Director	2022	Scott Drinkard - VP/IT Management
Fred Ray - Advisory Director		Tammy Davis - VP/Wink Branch
Mary Hunt - Advisory Director		
Barbara Nunez - Advisory Director		
Daina Perkins - Advisory Director		
Robert Brescia - Advisory Director		

**Nominees
Board of Directors**

The Nominating Committee of Southwest Heritage Credit Union, appointed by the Chairman of the Board of Directors, has nominated one member for each open board position to be filled, serving a three-year term. The nominees are Charles Coon and Valerie Newsom. A brief statement of qualifications and biographical data for each of the nominees is included below.

Charles Coon – Charles has been a member of Southwest Heritage Credit Union since 2009, served as an advisory director beginning in 2010 and has been a board member since 2014. He currently serves as the Treasurer of the Board, the Chair of the Supervisory Committee and as a member of the Nominating Committee. Charles has over 35 years of experience in the oilfield industry, holding various management positions. He looks forward to representing the members of Southwest Heritage Credit Union and continue the efforts to improve our credit union.

Valerie Newsom – Valerie became a member of Southwest Heritage Credit Union in 2017 and joined the board as an advisory director in March 2017, becoming a board member at the end of 2017. Valerie has served as the Chairman of the Board for the last 2 years. She also serves as a member on the Asset Liability Committee and the Directors Loan Committee. Valerie graduated from the University of Northern Iowa with a degree in Accounting. She began her professional career in public accounting and transitioned into roles as Manager of Financial Reporting or Controller for certain public companies. Valerie is a CPA and is Controller at Interstate Treating, Inc./RAMA Fabrication. She has one son, who is an engineer in Boston; she would love for him to move a bit more south.