



2010 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.

Annual Meeting Agenda

- Opening by the Chairman
- Introduction of Board of Directors
- Credit Committee's Report
- Election
- Invocation
- Chairman / President-CEO Report
- Old Business
- Adjournment of business
- Determination of a quorum
- Introduction of Staff
- New Business
- Drawing of Prizes
- Minutes of last meeting
- Audit Committee's Report
- Nominating Committee's Report
- Closing remarks

Report of the Board of Directors and President/CEO

Much like 2009, the past year posed many challenges, and we operated in an internal and external environment of uncertainty. In addition to big changes at the credit union such as the appointment of our new President, Ronny Haynes, the economy was quite volatile. The deep recession that our country was experiencing affected the credit union on many levels, just as it did our community.

Although our local economy has historically been strong at times when the national economy is struggling, the past few years have been a different story. However, Southwest Heritage Credit Union remained strong because of our wonderful members, enthusiastic Board of Directors, and dedicated employees.

As mentioned at the 2009 Annual Meeting, Southwest Corporate was failing, and has since ceased all operations. Government regulation has instructed that the burden of the corporate giant's failure will be allocated to credit unions such as Southwest Heritage. NCUA has ordered assessments to be paid to cover the losses, and these assessments are set to continue for the next 6 to 7 years.

In light of the NCUA assessments, and the weight of the economy, the credit union still finished the year with substantial figures. Our net worth declined only 20 basis points from 8.14% to 7.94% because of \$397,000 in NCUA and Southwest Corporate assessments and impairments, and the \$6,676,000 growth in total assets.

The delinquent loans/total loans ratio dropped considerably from 2009 at 1.59% down to 0.03% for year end 2010. The collection department worked very hard and diligently to lower past due loans while assisting members to protect their credit. This is reflected in the reduction of net charge-offs to average loans ratio from 0.45% in 2009 to 0.26% in 2010. Loan growth was also positive ending at 4.63%.

The asset size as of year end 2010 was \$64,622,954 increased from \$58,051,567 at year end 2009. Net income also increased from \$344,000 in 2009 to \$409,431. This is reflected by the return on average assets increase from 0.63% in 2009 to 0.67% for year end 2010. Without the assessments and impairments in 2010, our return on average assets would have been over 1.00%. Given the tumultuous state of the economy and other infractions placed upon the credit union, these increases represent steady growth and dedication to the future of the credit union.

Our new president isn't the only thing that has changed at Southwest Heritage, we have implemented products and services such as our personalized debit and credit cards, as well as adopting a new logo and a fresh new outlook about being a financial service provider – We've Got It! This tag line means we have the same great products and services as the "big banks" but we have personal service and a fun, friendly, family type atmosphere. We are proud to say that our membership has increased by 205 members making our membership 7,515 at the end of 2010.

Providing the most value to our members is our biggest priority. Therefore, we have continued to try and provide the most competitive deposit rates while struggling with investing the credit unions funds because deposit rates are low on a national scale.

Southwest Heritage exists because of our members and the use of products and services offered. We thank you for your support now and in the future. And remember, if you want it... if you need it... We've Got It!

Fred Ray
Chairman of the Board

Ronny Haynes
President/CEO

2010 Directors

Fred Ray*Chariman (2011)
D'Ann Foster Vice-Chair (2012)
Cathy GeorgeSecretary (2013)
Johnny AinsworthTreasurer (2012)
Mike Norris* Director (2011)
Edgar BaizaDirector (2013)
Neil DobmeierDirector (2013)
Dell RasmussenAdvisory Director
Stewart McKeehan Advisory Director
Charles CoonAdvisory Director

Management

Ronny HaynesPresident / CEO
Paula VaughnVP / COO
Dana WilliamsVP/
.....Sr. Consumer Loan Officer
Di CruzAVP / Branch Manager
Maria DiazAVP / Business Loan Officer
Craig HarrisVP/Internal Audit &
.....Compliance

Employees

Ashli OlivasMember Service
Janie MurilloMember Service
Becky VetterCollection Officer
Karen EatonCollection Officer

Employees

Liz JonesLead Teller
Vickey Venegas Teller
Yadira Martinez Teller
Norma Anaya Lead Teller
Grace Lopez Teller
Kristin McGuire Teller
Kevin Cureton Controller
Maria Cardoza Branch Operations Supervisor
Amanda Bivins Director of Mkt. and Training
Debbie Lacey Consumer Loan Officer
Denia Mercado Loan Processor
Kristi Hale Sr. Loan Processor
Amy Young Credit Administrator
Brandy Jones Loan Assistant
Scott Drinkard IT Manager

*Terms expire at this meeting.

SOUTHWEST HERITAGE CREDIT UNION**STATEMENT OF INCOME AND EXPENSE**

	2010	2009
INCOME:		
INCOME FROM LOANS	\$ 3,118,176.00	\$ 3,013,229.00
INCOME FROM INVESTMENTS	\$ 161,653.00	\$ 272,709.00
FEES AND CHARGES	\$ 522,440.00	\$ 627,032.00
MISCELLANEOUS INCOME	\$ 329,396.00	\$ 284,200.00
TOTAL INCOME:	\$ 4,131,665.00	\$ 4,197,170.00
EXPENSE:		
COMPENSATION AND BENEFITS	\$ 1,200,170.00	\$ 1,133,233.00
OFFICE OCCUPANCY	\$ 106,805.00	\$ 113,990.00
OFFICE OPERATIONS	\$ 772,980.00	\$ 711,355.00
ADVERTISING/PROMOTION	\$ 57,376.00	\$ 78,618.00
PROFESSIONAL SERVICES	\$ 90,355.00	\$ 95,831.00
PROVISION FOR LOAN LOSSES	\$ 212,000.00	\$ 284,600.00
EXAMINATION FEES	\$ 12,586.00	\$ 8,896.00
MISCELLANEOUS OPERATING EXPENSE	\$ 32,242.00	\$ 62,514.00
TOTAL EXPENSE:	\$ 2,484,514.00	\$ 2,489,037.00
GAIN/LOSS DISPOSAL OF ASSETS	\$ 0	\$ 4,897.00
GAIN/LOSS ON INVESTMENTS (SWFCU)	\$ (252,716.00)	\$ (163,854.00)
NCUSIF STABILIZATION INCOME	\$ 0	\$ 291,106.00
NCUSIF STABILIZATION EXPENSE	\$ 144,188.00	\$ 367,293.00
DIVIDEND/INTEREST EXPENSE	\$ 840,816.00	\$ 1,128,989.00
NET INCOME/LOSS:	\$ 409,431.00	\$ 344,000.00

SOUTHWEST HERITAGE CREDIT UNION**STATEMENT OF FINANCIAL CONDITION**

	2010	2009
ASSETS:		
LOANS	\$46,748,108.00	\$44,628,931.00
ALLOWANCE FOR LOAN LOSSES	\$ (435,805.00)	\$ (349,321.00)
CASH	\$ 4,401,842.00	\$ 2,647,506.00
INVESTMENTS	\$10,101,877.00	\$ 8,401,111.00
ACCRUED INCOME	\$ 155,185.00	\$ 150,476.00
PREPAID EXPENSES	\$ 61,918.00	\$ 42,196.00
FIXED ASSETS	\$ 1,856,665.00	\$ 1,857,051.00
OTHER ASSETS	\$ 733,164.00	\$ 673,617.00
TOTAL ASSETS:	\$63,622,954.00	\$58,051,567.00
LIABILITIES:		
ACCOUNTS PAYABLE	\$ 36,055.00	\$ 9,936.00
OTHER LIABILITIES	\$ 167,663.00	\$ 147,891.00
TOTAL LIABILITIES:	\$ 203,718.00	\$ 157,827.00
EQUITY:		
SHARES/DEPOSITS	\$59,286,126.00	\$53,170,061.00
REGULAR RESERVES	\$ 575,073.00	\$ 575,073.00
UNDIVIDED EARNINGS	\$ 4,558,037.00	\$ 4,148,606.00
TOTAL EQUITY:	\$64,419,236.00	\$57,893,740.00
TOTAL LIABILITIES & EQUITY:	\$64,622,954.00	\$58,051,567.00

OUR SERVICES

- FREE checking
- Debit cards
- Online banking
- Text Banking
- Account Alerts
- e-Statements
- Bill Payment service
- Direct Deposit
- VISA credit cards
- Auto loans
- Consumer loans
- Home equity loans
- Small business loans
- Member rewards
- Money market accounts
- IRA's
- CD's
- Gift cards
- Money orders
- Discounted theme park tickets
- Traveler's checks
- Personalized Debit/Credit Cards and more...

OUR LOCATIONS

2809 J.B.S Parkway
Odessa, TX 79762
(432) 367-8993
Fax: (432) 367-6191

930 W. University
Odessa, TX 79763
(432) 580-7108
Fax: (432) 580-4537

www.CUGotit.com

P.O. Box 4898
Odessa, TX 79760
National WATS Line: 1(800) 234-4582
Automated Teller: (432) 362-2884

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