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13224 E Mansfield Ave Spokane Valley, WA 99216  
P O Box 15128 Spokane Valley, WA 99215

# 2022 ANNUAL REPORT

## LETTER FROM THE CEO

To our valued members:

As I reflect on the impactful events our world has experienced over the past several years, I am proud of the way our organization has adapted and continues to evolve. Even more fulfilling is that our values have remained steadfast. Horizon's tagline – "Your Path, Our Purpose" – is a guiding factor in our decision making and the actions we take. Whether we are investing in additional branches, improved digital services or offering new products, our focus continues to be creating value for our members. This principle is the foundation of the unique model of a credit union as a not-for profit financial cooperative. It's what sets credit unions apart from other institutions whose primary focus is stockholder value.

In 2022 we successfully completed a merger with Embark Federal Credit Union. The merger resulted in the onboarding of talented Embark employees and adding two branches in Great Falls, MT, expanding our total branch network to 32. We welcome former Embark members to the Horizon family and thank you for your partnership!

Turning to financial results for the year, I am pleased to report another outstanding year! We continued to grow and thrive with assets now over \$2 billion. Our organic growth was again strong, combined with the Embark merger to grow both loans and deposits at a rate of over 20%. This shows that our members are utilizing Horizon's products at an exceptional rate in both areas. With income over \$12 million and capital now over \$237 million, Horizon is well positioned to meet your needs now and in the future.

In conclusion I would like to recognize the Horizon Credit Union family and their passion for giving back to the communities we serve. This was displayed again last year as we partnered with like-minded organizations centered in health, hunger and education. In 2022 425 Horizon employees volunteered 7805 hours for 262 organizations across our 4-state region. Additionally our employees delivered over 3900 hours of financial education to our members and communities. As you can see, we care about people and look for every opportunity to make a positive difference!

On behalf of the entire Horizon Credit Union team, including the Board of Directors, Supervisory Committee and employee group, thank you for the honor of partnering with us on your journey and trusting us with your financial needs.

A handwritten signature in black ink that reads "Jeffrey W. Adams".

Jeff Adams  
President / CEO





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## REPORT FROM THE BOARD OF DIRECTORS CHAIR

Horizon Credit Union had another outstanding year in 2022. The pandemic and the challenges it presented our members, employees, vendors and volunteers slowly wound down. At the same time, we were able to complete an exciting merger with Embark Federal Credit Union in Great Falls, Montana. Embark has a great team of employees and a very involved Board of Directors that worked with us all of the way. We welcome all of the Embark employees and members to the Horizon family!

As we grow in size, there is a corresponding growth in the complexity of our management teams, our employees and our volunteers. We continue to provide additional knowledge and depth to our management teams as well as our front-line employees. Understandably, our volunteers have been eager to up their game as well!

To all our wonderful members that we have the privilege to serve, thank you for the trust you place in the Horizon team. We don't take this responsibility lightly and I can assure you we are very solid financially and organizationally.

In conclusion, the Board would like to express their pride and appreciation to our employees. They display their dedication on a daily basis while serving our members and enthusiastically giving back to our communities through our volunteer programs.

Thank you all!

Steven Sharon  
Chair



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## REPORT FROM THE SUPERVISORY COMMITTEE CHAIR

The Supervisory Committee is a volunteer committee responsible for reviewing the financial operations of the credit union in accordance with the regulatory procedures established by the Washington State Department of Finance (DFI), the National Credit Union Administration (NCUA) and the credit union's policies to safeguard members' assets and assure you are provided the quality service you deserve.

The Supervisory Committee includes the following volunteers: Chair Bob Lockmiller and committee members Gail Gudel, Brian Eldred and Kathleen Cooper. Vanessa Gartz CIA, internal audit manager, manages the internal audit department and reports independently to this committee.

Our annual audit was conducted by the certified public accounting firm Hauser Jones & Sas. The annual audit covers a review of internal controls, audit evidence and financial accounting support. Audited financial statements were issued and a report was submitted to the Supervisory Committee.

This year's report concluded that for the periods ending December 31, 2022 and 2021, the financial position, operations, cash flows and subsequent financial statements are in all material respects, presented fairly in conformity with generally accepted accounting principles. Throughout the year our internal audit department performs audit procedures on selected areas of the credit union. Our regulators, the DFI and the NCUA, also perform annual safety and soundness examinations. The Supervisory Committee reviews all audits and examinations conducted throughout the year to make sure the Board of Directors and management respond to recommendations made.

The Supervisory Committee is committed to ensuring the line of communication remains open to our member-owners, so you continue to receive the highest quality service. If any member has any concerns or issues, a letter should be sent to the following address: Horizon Credit Union Supervisory Committee, P.O. Box 6, Spokane Valley, WA 99037-9901. The Supervisory Committee will review your correspondence and respond.

A handwritten signature in black ink that reads "Robert N. Lockmiller".

Bob Lockmiller  
Chair

**2022 INCOME STATEMENT**

*in thousands*

<b>INCOME</b>	<b>2022</b>	<b>2021</b>
Loan Interest Income	65,973	59,500
Investment Interest Income	4,147	1,483
Other Income	13,241	13,428
<b>Total Operating Income</b>	<b>83,361</b>	<b>74,411</b>
<b>EXPENSE</b>	<b>2022</b>	<b>2021</b>
Operating Expenses	61,292	50,314
Interest on Borrowed Funds	1,198	—
Provision for Loan Loss Expense	1,954	1,402
<b>Total Operating Expense</b>	<b>64,444</b>	<b>51,716</b>
<b>Income from Operations</b>	<b>18,917</b>	<b>22,695</b>
Non-Operating Gain (Loss)	-1,331	790
Dividend Expense	5,517	4,068
<b>Net Income</b>	<b>12,069</b>	<b>19,417</b>

**2022 BALANCE SHEET**

*in thousands*

<b>Balance Sheet</b>	<b>2022</b>	<b>2021</b>
Loans to Members	1,648,401	1,372,218
Allowance for Loan Loss	-5,044	-5,147
<b>Net Loans to Members</b>	<b>1,643,357</b>	<b>1,367,071</b>
Cash & Receivables	59,380	35,363
Investments	265,014	238,264
Other Assets	109,230	89,912
<b>Total Assets</b>	<b>2,076,981</b>	<b>1,730,610</b>
Other Liabilities	41,696	22,115
Deposits	1,797,532	1,494,424
Total Capital	237,753	214,071
<b>Total Liabilities &amp; Capital</b>	<b>2,076,981</b>	<b>1,730,610</b>

*For additional details please visit [hzcw.org/annualreport](https://hzcw.org/annualreport).*