

HLAPO

seventy second
ANNUAL REPORT

HAPO'S MISSION

Our mission is to consistently deliver member-centric financial solutions that foster long-term financial security, growth, and prosperity. We provide exceptional value and service to our diverse membership, empowering them with the tools, resources, and education needed to achieve their financial goals. We uphold the cooperative principles of integrity, transparency, and community stewardship, while creating a positive, lasting impact in the communities we serve.



HAPO joined other local credit unions to advocate for the needs of our members with Congressman Dan Newhouse.

ORDER OF BUSINESS

72ND ANNUAL MEETING

Wednesday, April 30th, 2025

CALL TO ORDER

Ken Hohenberg

71ST ANNUAL MEETING MINUTES

AUDIT COMMITTEE REPORT

William Saraceno

NOMINATION COMMITTEE REPORT

William Saraceno

UNFINISHED & NEW BUSINESS

Ken Hohenberg

MESSAGE FROM HAPO LEADERSHIP

Scott Mitchell & Ken Hohenberg





HAPO joined other local credit unions to donate time and over \$17,500 in landscaping to a Mirror Ministries' safe house for abuse survivors.

BANK ON COMMUNITY

Strategic Community Partnerships

In March 2024, we celebrated the grand opening of our 20th financial center: the Belmont Financial Center at 6185 Keene Rd. in West Richland. This new branch highlights our ongoing commitment to making banking easier and more personal for the West Richland community and surrounding areas. The opening event included a ribbon-cutting ceremony with local residents and leaders, emphasizing our focus on connecting with the community. The Belmont branch offers a full range of services, including Express Pickup, checking and savings accounts, loans, and financial guidance to help members reach their goals.

Community Spotlight

In collaboration with KNDU NonStop Local News, HAPO's Community Spotlight series highlights local nonprofits each month to raise awareness and support for critical causes like food insecurity, education, child development, and safety. Through meaningful partnerships, HAPO works alongside organizations that share our mission and values, creating a lasting impact- from supporting fundraising events to providing direct assistance through our volunteer program. Providing a platform for these organizations fosters community engagement, inspires greater community involvement, and amplifies their impact, ultimately enriching our region and helping those in need. HAPO celebrates the incredible dedication of these organizations and remains committed to building stronger, more connected, and resilient communities.

Below are the organizations and events that HAPO highlighted in 2024:

- SUPPORT, ADVOCACY & RESOURCE CENTER (SARC)
- WASHINGTON AFRICAN AMERICAN CHAMBER OF COMMERCE (WAACOC)
- GRACE KITCHEN
- MID-COLUMBIA FRIENDS OF THE LIBRARIES
- SAFE HARBOR/MY FRIENDS' PLACE
- TRI-CITIES PRIDE
- CPCCO PLANETARIUM AT COLUMBIA BASIN COLLEGE
- BACK TO SCHOOL BASH SCHOOL SUPPLIES DRIVE
- KADLEC FOUNDATION
- SECOND HARVEST
- KENNEWICK POLICE FOUNDATION
- DECEMBER TO REMEMBER CHRISTMAS WISHES





HAPO's new Belmont branch marked our first location in West Richland, WA.

2024 COMMUNITY WRAP-UP



50,269

family meals
provided in
our communities



450

VISA gift cards
to community members
making an impact



1,400

school supply kits
distributed to
school-age kids



\$64,000

in scholarships
awarded to
local students

OVER \$730,000 GIVEN TO LOCAL ORGANIZATIONS



2,900

coats
donated to community
members in need



2,073

volunteer hours
donated by
HAPO employees



962

youth reached
through our financial
literacy program



119

classes taught
by HAPO's Financial
Education team





HAPO awarded our 2024 Grand Prize Scholarship recipient with \$10,000 towards her higher education.

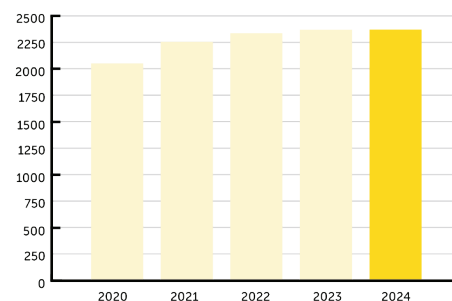
FINANCIAL STATEMENTS

COMPARATIVE BALANCE SHEETS (UNAUDITED)

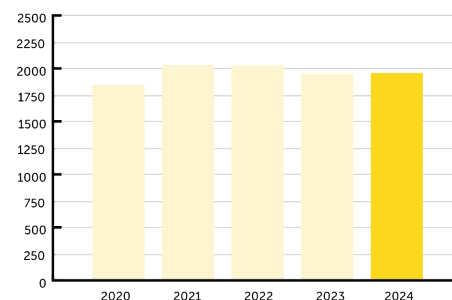
As of December 31, 2024 and 2023.

	2024	2023
ASSETS		
Cash & Cash Equivalents	\$319,673,777	\$309,835,563
Investments – Net	13,024,679	13,039,178
Loans to Members – Net	1,868,056,511	1,869,456,229
NCUSIF Deposit	18,409,504	18,550,545
Land and Buildings – Net of Depreciation	59,362,422	58,014,800
Furniture and Equipment – Net of Depreciation	8,134,542	8,498,695
Other Assets	83,415,981	90,955,750
Total Assets	\$2,370,077,416	\$2,368,350,760
LIABILITIES, DEPOSITS & MEMBERS' EQUITY		
Liabilities		
Borrowed Funds	\$110,000,000	\$140,000,000
Accrued and Other Liabilities	34,056,538	47,889,421
	144,056,538	187,889,421
Member Deposits		
Savings Accounts	723,177,125	736,943,025
Checking Accounts	434,240,625	417,289,630
Money Market Accounts	264,823,849	273,831,000
Certificates of Deposit	477,168,949	465,072,460
IRA Accounts	57,933,723	53,245,164
	1,957,344,271	1,946,381,279
Members' Equity		
Retained Earnings	274,677,827	241,373,238
Other Comprehensive Income (Loss)	(6,001,220)	(7,293,178)
	268,676,607	234,080,060
Total Liabilities & Members' Equity	\$2,370,077,416	\$2,368,350,760

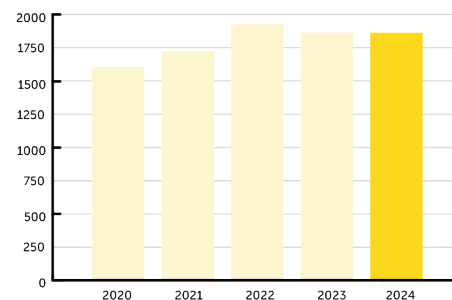
ASSETS (in millions)



MEMBER DEPOSITS (in millions)



MEMBER LOANS (in millions)



STATEMENTS OF OPERATION (UNAUDITED)

For the years ended December 31, 2024 and 2023.

	2024	2023
OPERATING INCOME		
Interest on Member Loans	\$106,818,656	\$96,376,531
Income from Investments	16,671,345	10,684,405
Interest on Deposits	(27,772,363)	(15,341,711)
Interest on Borrowed Funds	(5,452,532)	(4,632,131)
Net Interest Income	90,265,106	87,087,094
Provision for Loan Losses	(10,682,493)	(7,615,241)
Other Operating Income	39,827,509	39,937,841
Total Operating Income	119,410,122	119,409,694
OPERATING EXPENSES		
Employee Costs	49,434,471	45,904,837
Facilities Costs	3,929,102	3,594,614
Operational Costs	21,463,137	23,494,880
Marketing and Community Giving	1,746,289	1,884,225
Loan Servicing	5,228,487	5,204,097
Professional/Outside Services	4,054,891	3,118,844
Other Operating Expenses	2,185,399	2,440,695
Total Operating Expenses	88,041,776	85,642,192
Net Operating Income	31,368,346	33,767,502
NON-OPERATING INCOME (LOSS)	1,936,243	265,156
NET INCOME	\$33,304,589	\$34,032,658

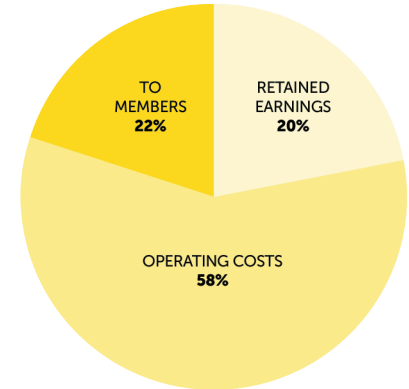
DISCLOSURE: BOARD OF DIRECTORS & AUDIT COMMITTEE COMPENSATION SCHEDULE

As permitted by law and the Credit Union's Bylaws, HAPO provides reasonable compensation to the Board of Directors and Audit Committee for their service to the Credit Union. An annual stipend is payable in quarterly installments in recognition of the education and time requirements that are necessary and expected of Board members. Board members set the general direction and control of the Credit Union. The Audit Committee members provide oversight regarding the safety and soundness of the Credit Union. As required by law, the members of the Credit Union shall be informed of the compensation provided to Directors and Audit Committee members.

The annual stipend ranges between \$28,800 and \$40,320 for Board Members and is based on leadership positions held. The Annual Stipend for Audit Committee Members not serving on the board is \$11,520.

Director and Board Chair	\$40,320	Director	\$28,800
Director and Vice Chair	\$31,680	Audit Committee Member	\$11,520
Director and Board Secretary	\$31,680	Director Serving on Audit Committee	\$5,760
Director and Treasurer	\$31,680	Audit Committee Chair	\$8,640

DISTRIBUTION OF INCOME 2024



* The accompanying financial statements are unaudited

BOARD COMPENSATION: Paid in 2024

Ken Hohenberg	\$33,600
William Tanner	\$31,200
William Saraceno	\$31,200
Rich Cummins	\$26,400
Ken Gale	\$26,400
Bill Clarke	\$24,000
Doug Carl	\$24,000
Steve Dean	\$9,600

BOARD COMPENSATION: Schedule for 2025

Ken Hohenberg	\$40,320
William Tanner	\$37,400
Rich Cummins	\$31,680
William Saraceno	\$37,440
Bill Clarke	\$28,800
Doug Carl	\$31,680
Steven Dean	\$28,800
Brandy Fortney	\$11,520

71ST ANNUAL MEETING MINUTES

Wednesday, April 24th, 2024

Call to Order

At 5:01 pm, Board Chairman, Ken Hohenberg called to order the 71st Annual Meeting of HAPO Community Credit Union. As provided by article 3, section 4 of the Bylaws, Mr. Hohenberg declared a quorum present. He welcomed the membership and thanked them for joining the meeting.

Approval of Minutes

The first item on the agenda is a motion to accept the minutes as presented. Vice Chairman, Bill Tanner made the first motion and Board Treasurer, Ken Gale seconded. A vote was presented to the membership to approve the 2023 Annual Membership Meeting Minutes as presented. The motion was passed and accepted via the Zoom teleconference poll feature. 30 votes for approval and 0 votes against.

Chairman's Report

Chairman Hohenberg welcomed our members to the 71st Annual Membership Meeting. Mr. Hohenberg stated he is proud that he has been a member of HAPO for over 50 years. One of the many reasons is that- through good times and bad times- he has always trusted HAPO with his financial needs and is honored to be here tonight.

Chairman Hohenberg took this opportunity to recognize those who serve on the Board of Directors for their dedication to the organization. Vice Chairman, Bill Tanner; Secretary, Rich Cummins; Treasurer, Ken Gale; Director, Bill Clarke; Director and Audit Committee Chairman, William Saraceno; and Director, Doug Carl.

Audit Committee Report

Chairman Hohenberg introduced the Chairman of the Audit Committee, William Saraceno, who introduced the other members of the Audit Committee, Bill Tanner, and Steve Dean. Mr. Saraceno thanked them for their involvement and participation with the Audit Committee.

Chairman Hohenberg thanked the dedicated staff that make up the Audit Committee and noted the importance their roll has within HAPO. He pointed out that the Internal Audit Manager and his staff are doing an outstanding job along with the Financial Department staff of HAPO. The Committee is given flawless financial statements and receives definitive audits which protect the membership's assets. That is something the Committee takes very seriously.

Nominating Committee Report

Chairman Hohenberg introduced Chairman of the Nominating Committee, Rich Cummins.

Per the credit union Bylaws, Board Chairman Hohenberg appointed a new Nominating Committee consisting of himself and Rich Cummins to serve as the Chair with Board member Bill Clarke and HAPO member Melissa Coe.

The Nominating Committee met virtually on December 15th 2023 to discuss the upcoming nominations which consisted of Doug Carl, Ken Gale and Bill Saraceno up for re-election to the Board as well Bill Saraceno and Steve Dean up for election to the Audit Committee. The nominees are well qualified and approved to serve an additional term.

Mr. Cummins made a motion to accept the recommendation from the Nominating Committee as presented. Mr. Bill Clarke seconded the motion. The motion was passed and accepted via the Zoom teleconference poll feature. 24 votes for approval and 0 votes against.



Unfinished and New Business

Chairman Hohenberg noted there was no unfinished or new business to discuss at this time.

President's Message

Chairman Hohenberg introduced HAPO President/CEO Dolores Broeske.

Mrs. Dolores Broeske welcomed everyone to the 71st Annual meeting. She thanked the membership and employees logged in and the Board of Directors for attending. Mrs. Broeske recognized and thanked Scott Cowan on HAPO's Marketing team for hosting and facilitating the meeting. Mrs. Broeske recognized and thanked the Board for their leadership, foresight, and vision for the credit union.

HAPO's mission is to provide value to our members through all of life's stages. Banking solutions that are easy, convenient, and secure. We have a standard of service to defy expectations, and we take that very seriously. Your trust in us is key. We are passionate about being an active community partner through volunteerism and sponsorships. Our commitment to safe and sound financial management of the credit union is second to none. Our goal is to be THE credit union of choice. We do this by embracing the credit union philosophy of "people helping people" and through supporting and enhancing the well-being of the communities in which we serve, work and live.

The fiduciary responsibility of the credit union is accomplished through our focus to strategically strengthen our balance sheet. This is accomplished through fortifying capital along with positive and strong earnings while strengthening and maintaining a positive return on assets to secure relevancy into the future. Leadership ensures that business is conducted in a safe and sound manner through efficient operations with checks and balances in place.

2023 was an exceptionally strong year financially as recognized in the Annual Report's Financial Statements. Our growth and a positive financial position were achieved through consistent and strong business strategies and operating the credit union through a set of core values that focus on serving all aspects of our members' needs and demands. Strategies and tactics were deployed as a continual focus on strengthening and fortifying the financial posture of the credit union, all while delivering value to you in our communities. We accomplish this specifically through appropriate lending growth, pricing loans within a competitive landscape, effective credit risk management, timely adjustment to cost of funds, monitoring expense and paying close attention to the external economic factors. Your credit union is safe and the leadership here is poised and prepared to continue serving and fortifying the strength of our great organization. Our focus is always on delivering value and convenience through relevant products, services, and enhanced access to our digital channels. Securing our system, guarding your privacy, and protecting your personal information is vital and it remains a top priority of ours.

We are excited and honored to be entering and celebrating our 71st year in business. Our years of successfully running and growing the credit union would not be possible without you, our members, and the purpose of our work.

Our success would also not be possible without the hard work and dedication of our employees. They are our brand in action, they are HAPO, and they are truly who make HAPO great by making a unique difference each day. Our people are the key to our success. We are serving our communities the credit union way by offering low cost to free products and services through competitive rates and a variety of consumer lending lines of credit as well.

Continued on page 14

71ST ANNUAL MEETING MINUTES

We serve through our vast mortgage lending program by supporting locally owned businesses, our commercial services offerings, employee volunteerism, and community sponsorships and events. We are present in our communities and we are here to stay.

In conclusion, as your member owned, not for profit financial cooperative, HAPO will continue to provide value through the highest levels of security, convenience, and personalized financial services. We are here to be your financial guide by offering tools and education geared to help you save and use credit wisely.

Our membership can rely on sound fiscal management and continued growth, and our employees can rely on a challenging and rewarding career and culture of belonging. We can say with confidence that our commitment to “people helping people” is stronger than ever. Through our exceptional employees and our strong organizational culture, we pledge to stay true to our brand promise- “We do right by you.”

On behalf of all of us at HAPO, the Board of Directors and all our employees, we want to express our sincerest gratitude to you, our members, for your trust, your loyalty, and your continued support. It is an honor to serve you. Thank you for your membership.

Question and Answer Period

Meeting attendees were instructed to submit any questions and comments through the member feedback portal on HAPO.org. Attendees were informed that all submissions would be reviewed and responded to by appropriate credit union personnel by the end of the week.

Adjournment

Mr. Carl moved, and Mr. Saraceno seconded a motion to close the 71st Annual Membership Meeting. The motion was passed and accepted via the Zoom teleconference poll feature. 33 votes for approval and 0 votes against.



KEN HOHENBERG

Chairman



RICH CUMMINS

Secretary





Celebration of HAPO's new partnership and designation with Juntos Avanzamos, which means "Together We Advance."

AUDIT COMMITTEE REPORT

In accordance with the Washington State Credit Union Act and the rules and regulations of the National Credit Union Administration (NCUA), the Audit Committee is required to "Perform or arrange for a complete annual audit of the credit union and a biennial verification of its members' accounts." To satisfy these requirements the Audit Committee contracted with the certified public accounting firm, Moss Adams, LLP, to perform the audit of the credit union's financial statements.

As a result of their audit, Moss Adams, LLP issued an Independent Accountants' Report of the credit union's financial statements as of and for the fiscal year ended June 30, 2024. Their report included an unqualified opinion stating those financial statements presented fairly, in all material respects, the credit union's financial position as of June 30, 2024, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

The Audit Committee is also required to monitor the internal controls established by management to safeguard members' assets along with the monitoring internal controls over financial reporting. To meet these requirements the Audit Committee approves the annual comprehensive internal audit plan and regularly meets with the credit union's Director of Internal Audit regarding the results of the activities of the Internal Audit Department.

The Audit Committee is here to serve as the oversight arm of the credit union. Members may contact the Committee confidentially or they may directly contact any of the Committee members.

As Chairman of the Audit Committee, I want to thank the other Committee members for their many hours of volunteer service during the past year, as well as HAPO's staff and management for their assistance.

Respectfully submitted,



WILLIAM SARACENO
Chairman



HAPO employees helped build a home for a deserving local family in partnership with First Story and Hayden Homes.

MESSAGE FROM HAPO LEADERSHIP

Dear Members,

As we reflect on 2024, we would like to take a moment to express our sincere appreciation for your continued support and trust. Your membership has been vital to our growth and success, and we are excited to share the achievements, milestones, and strategic direction that have defined this past year.

2024 has been a year of progress, both in terms of financial performance and operational accomplishments. Some of our key highlights include:

- Announced the strategic acquisition of Community First Bank, headquartered in Kennewick, WA, with approximately \$650 million in assets.
- Executed over 1.2 million teller transactions across our 20-branch network and answered nearly 380,000 phone calls from our members.
- Partnered with over 175 community organizations through sponsorships, donations, and volunteerism.

These milestones demonstrate our ability to execute our strategy, adapt to changing market conditions, and deliver value to all our stakeholders.

While the year presented challenges, particularly in interest rate volatility, regulatory changes, and higher prices, we navigated these with a focus on long-term value creation. Through proactive risk management, operational efficiency, and continued investment in our core capabilities, we have remained resilient and well-positioned for future growth and additional member benefit. It was a successful year for the institution and you, our members. We have a strong balance sheet and solid management regime that drives our financial performance and HAPO is committed to the communities we serve.

As we plan for the future, we are committed to growing so that we can enhance our suite of products and services as well as discover new ways to be financial partners and problem solvers, helping you, our members, navigate their financial journeys.

We are proud of the HAPO Team, our governance, leaders, and staff. Their hard work, collaboration, and can-do attitude have paid dividends. We are confident that we will continue to serve you well and look forward to continuing this journey together and building on the momentum we've established.

On behalf of the entire leadership team and Board, we would like to extend our heartfelt gratitude for your unwavering support. Your membership and confidence in our vision enable us to push forward, make bold decisions, deliver strong results, and ultimately provide member value.

Warm regards,



SCOTT MITCHELL
President/CEO



KEN HOHENBERG
Chairman



OFFICIALS



SCOTT MITCHELL

President/
Chief Executive Officer



JESSICA GAUDREULT

Senior Vice President/
Chief Administrative Officer



RUBY CAMPOS

Senior Vice President/
Chief Operations Officer



ASHLEY WARD

Senior Vice President/
Chief Information Officer



PAUL PEDERSEN

Senior Vice President/
Chief Financial Officer



MARCUS HALL

Senior Vice President/
Chief Lending Officer

BOARD OF DIRECTORS

KEN HOHENBERG	Chairman
WILLIAM TANNER	Vice Chairman
RICH CUMMINS	Secretary
DOUG CARL	Treasurer
KEN GALE	Treasurer (<i>retired 2024</i>)
WILLIAM SARACENO	Director
BILL CLARKE	Director
DOUG CARL	Director
STEVEN DEAN	Director

AUDIT COMMITTEE

WILLIAM SARACENO	Chairman
WILLIAM TANNER	Member
BRANDY FORTNEY	Member

NOMINATING COMMITTEE

WILLIAM SARACENO	Chairman
BILL CLARKE	Board Member
STEVEN DEAN	Appointed Member

WASHINGTON

RICHLAND

MAIN BRANCH
601 Williams Blvd.
Richland, WA 99354

MEADOW SPRINGS
631 Gage Blvd.
Richland, WA 99352

QUEENSGATE
3034 Duportail St.
Richland, WA 99352

WEST RICHLAND

BELMONT
6185 Keene Road
West Richland, WA 99353

KENNEWICK

NORTH UNION ST.
4 North Union St.
Kennewick, WA 99336

SOUTHRIDGE
4851 W. Hildebrand Blvd.
Kennewick, WA 99337

HAPO BUSINESS COMPLEX
7601 W. Clearwater Ave.
Kennewick, WA 99336

PASCO

NORTH 20TH AVE./AIRPORT
2701 North 20th Ave.
Pasco, WA 99301

WEST PASCO / RD 68
4902 Road 68
Pasco, WA 99301

HAPO CENTER DRIVE-UP ATM
6600 Burden Blvd
Pasco, WA 99301

YAKIMA

CASTLEVALE
903 Seattle Slew Run
Yakima, WA 98908

TERRACE HEIGHTS
3001 Stonewood Ct.
Yakima, WA 98901

NOB HILL
6401 W. Nob Hill Blvd.
Yakima, WA 98908

SUNNYSIDE

SUNNYSIDE
322 S 6th St
Sunnyside, WA 98944

PROSSER

WINE COUNTRY
580 Wine Country Road
Prosser, WA 99350

WALLA WALLA

COLLEGE PLACE
2376 Taumarson Rd.
College Place, WA 99324

EASTGATE
1850 E. Isaacs Ave.
Walla Walla, WA 99362

VANCOUVER

MILL PLAIN BLVD.
13909 SE Mill Plain Blvd.
Vancouver, WA 98684



Community Credit Union

MAIN LINE

509.943.5676

800.284.4276 (TOLL FREE)

MORTGAGE DIVISION

509.946.2044

BUSINESS DIVISION

509.222.3685

OREGON

HERMISTON

NORTH 1ST ST.
1905 N. 1st Street
Hermiston, OR 97838

EAST CORNELL PLACE
(DRIVE THROUGH)
175 East Cornell Place
Hermiston, OR 97838

PORTLAND

JENNINGS LODGE
17884 SE McLoughlin Blvd.
Portland, OR 97267

WESTON

WATER ST.
103 N. Water Street
Weston, OR 97886

www.hapo.org



For hours and maps to all branches, please visit hapo.org