

2020 ANNUAL REPORT



HORIZONS  **NORTH**
CREDIT UNION

**BETTER BANKING
BEGINS WITH MEMBERSHIP.**



13559 Huron Street • Westminster, CO • 80234



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Agenda

- Call to order
- Ascertain quorum
- Introductions
- Approval of the minutes of the September 10, 2020 Annual Meeting
- Reports
 - Chairman
 - President
 - Treasurer
 - Supervisory Committee
- Unfinished Business
- New Business
- Election results
- Adjournment

2020 Minutes

Chairperson Deborah Capra called the annual meeting of the Horizons North Credit Union to order at 5:42 p.m. via Zoom on September 10, 2020.

It was declared that a quorum was present.

The Board members, Supervisory Committee members, and credit union staff members were introduced.

The minutes of the May 21, 2019 Annual Meeting were duly approved.

The reports of the Chairman, the Treasurer, the Supervisory Committee, and the President were noted in the posted material.

There was no unfinished business.

There was no new business.

Chairperson Capra asked Rich Aggen to give the report of the Nominating Committee. Mr. Aggen announced that Nathan Haasis was the candidates nominated by that committee and that no petition were received by the committee. It was duly moved and seconded to elect this candidate by acclamation. The motion carried.

The meeting adjourned at 5:51 p.m.

Mark Hinson, Secretary

Deborah A. Capra, Acting Chairman

Chairman's Report

Dear Members,

Hard to believe a year has passed since the Covid-19 pandemic began. I hope all our member's families and friends are healthy and happy in 2021. I guess we can always remember we opened our new HNCU home in the midst of this terrible pandemic. Hopefully we will see an end to this soon and can begin the new normal going forward.

Our new facility is nearly 1 yr. old and just like a new baby it comes with challenges, opportunity and hope! The facility is complete and operational we have leased the additional space we built for our future growth, and that will continue to help our bottom line for the next several years. I want to thank our staff for their diligence in seeing this project through to a successful finish. I also want to thank all of our members for your patience as the project was completed. Hopefully we have all had a chance to interact in the new facility and are becoming familiar with the changes.

The Credit Union continues to grow and be financially strong! Our amazing staff have done an excellent job of managing us through this past year and they continue to work hard to provide all of us great service. If you haven't been to the new facility please stop in and meet our friendly staff members. On behalf of all the HNCU board members, thank you for your business, your friendships and your loyalty to Horizons North Credit Union. Here's to a better future!

Sincerely,

Robert K. Webber
Board Chairman

President's Report

Dear Valued Members,

Even though I'm late, welcome to 2021! It's seldom that we are so glad to see a year end as we were for 2020. COVID was so life altering for all of us. And the credit union was part of that change as well. Moving into a new building was an adventure. But we were still able to serve members in person, and even more members through our abundant electronic services. If we keep help you utilize these services, please let us know.

Our new building is approaching its first anniversary. Just like anything new, we've had some glitches to work out, but it's working well to serve our membership. And we have two tenants on our second floor. Complexion MedSpa and Orthopaedic & Spine Center of the Rockies are great tenants that we are happy to have. Please stop by for a tour if you've never seen our new building.

As we look forward to going back to no restrictions, hopefully in the near future, there are many products and services we invite you to take advantage of. Have you refinanced your mortgage on your home? If not, there's still time to get in on the lowest rates in generations. Lower your payments, take out money for refurbishing or paying off debt, or all of these, now is the time! And with many of our members having larger accounts due to stimulus payments, please get in on Kasasa accounts. Why not earn interest of your checking accounts balances and your savings, too? As always, we can take care of all your lending needs. Check out our website, give us a call, or stop by and we'll do all that we can to help.

Your credit union continues to serve the citizens of Adams, Broomfield, and Denver Counties in our field of membership, and soon the entire City of Westminster, and anywhere else our members and their families find themselves. We also serve many of our long-time partners: Adams Twelve Five Star Schools, the City of Northglenn employees, Community Reach Center, and the Independent Electrical Contractors - Rocky Mountain. We appreciate each partner and every member!

As I do every year, I want to thank two important groups of people. The first is our volunteers on the Board of Directors and Supervisory Committee, who do an outstanding job carrying out their fiduciary duties of looking out for the best interests of the membership. These diligent volunteers work very hard for no pay just to make the credit union the best it can be. Please join me in great appreciation for all that they do!

The second group is our extraordinary staff. I owe them an enormous thanks for all of their hard work, and as I said above, going to a new level this year. Even with all the curveballs thrown at them this year, they continue to do a magnificent job of taking care of you and all of our members. Please call any one of us to assist you in any way we possibly can.

Here's to a great 2021!

Sincerely,

Bradley H. Harvey
President/CEO

Treasurer's Report

Despite many challenges brought by the COVID pandemic in 2020 Horizons North Credit Union maintained its competitive position in the market and continued to provide excellent service to our members. Interest rates have remained low providing great opportunities for our members to purchase vehicles, do home improvements, or achieve other financial goals. Membership numbers, share and savings accounts, and loans granted were areas of growth, all benefiting our members. Our new facility continues to be a bright spot for the community and now includes two tenants. Complexion Med Spa and Orthopaedic & Spine Center of the Rockies are both located on the second floor of the HNCU building.

The Board of Directors and HNCU are dedicated to serving our membership and we look forward to providing excellent customer service and serving all of your banking needs. If you have not stopped by to see the new building please stop by and say hi.

Finally, our most recent examination with the state auditors was exemplary and ensures that your funds are safe with HNCU.

Thank you for your continued membership.

Pat Hamilton
Treasurer

Supervisory Report

Horizons North Credit Union Members and Employees,

Your Supervisory Committee is a volunteer group who has an official role in the operation of your Credit Union. This committee acts as an internal control, and is responsible for reviewing Credit Union policies, procedures and operations. We also serve members by safeguarding their assets through the evaluation of the Credit Union's financial condition, reviewing audits and reports, monitoring actions of the Board of Directors, and overseeing the performance of Credit Union officials. Many of these duties and responsibilities are shared with or done in concert with the Board of Directors.

The current members who make up the committee are Madeline Norconk, Jenni Murphy, Eddie Coronado, Joe Stephen, Kevin Delohery and Christine Rucobo our newest committee member. All members have completed the Bank Secrecy Act training, which is a mandatory training that is required annually. Committee members have training material and additional resources available to them to gain knowledge and help with their effectiveness as committee members.

Our committee contracts with Holben Hay Lake and Balzer, Certified Public Accountants, to provide internal quarterly audits reviewing internal controls, and paperwork, performing independent financial testing. In addition, they perform an agreed-upon procedures audit, which complies with the National Credit Union Administration rules and regulations, and ensures practices and procedures safeguard members' assets.

Our Supervisory Committee meets quarterly with Horizons North Executive Staff to review all reports and audits. Since the pandemic, meetings have been virtual but we look forward to meeting in person starting the third quarter of this year. Any issues that are identified during these reviews are resolved and reported to the Board of Directors and the Supervisory Committee.

The Colorado Division of Financial Services examined horizons North Credit Union last April. The following components were reviewed and assessed:

Supervisory Report Cont.

- Operations and internal controls
- Accounting records
- Capital position and earnings performance
- Asset quality and risk in the loan and investment portfolios
- Cash flow and liquidity position
- Management performance and future planning
- Compliance with previous examiner findings
- Compliance with various consumer and business laws, rules, and regulations
- Due diligence over third party relationships

Horizons North Credit Union received a favorable review from the state. The next review is anticipated to be sometime around July this year.

The Supervisory Committee group agrees that, based on the audits and the State Examiners report we have reviewed, the Credit Union is operating in an acceptable manner and in accordance with all applicable rules and regulations.

Respectfully submitted,

Kevin Delohery
Supervisory Committee Chairman

Financials

Balance Sheet

ASSETS	2020	2019
Total Loans	\$ 65,550,008	\$ 66,691,444
Allowance for Loan Losses	-478,495	-225,861
Cash	575,581	447,121
Investments	28,106,349	15,963,209
Fixed Assets	1,559,486	2,367,782
Other Assets	8,596,976	4,227,145
Total Assets	103,909,905	89,470,839

LIABILITIES AND NET WORTH

Liabilities	\$ 476,522	\$ 2,621,853
Certificate Accounts	9,593,790	9,738,522
Checking Accounts	23,434,457	17,821,528
IRA Accounts	3,093,297	2,936,232
Savings Accounts	35,133,564	26,948,250
Cash Management Accounts	23,292,248	21,039,227
Non-Member Accounts	0	-0-
 Regular Reserve	 \$ 1,521,219	 \$ 1,521,219
Accumulated Unrealized	3,393	1,670
Gains (Losses) On Available		
For Sale Investments		
Undivided Earnings	7,361,415	6,842,338
Total Liabilities & Net Worth	\$ 103,909,905	\$ 89,470,839

Financials Cont.

Income Statement

	2020	2019
Loan Interest	\$ 2,880,205	\$ 2,954,375
Investment Interest	225,330	296,370
Total Interest Income	\$ 3,105,535	\$ 3,250,745
Dividend Expense	\$ 282,873	\$ 241,086
Interest on Borrowed Money	11,745	90,869
Net Interest Income	\$ 2,810,917	\$ 2,918,790
Provision for Loan Loss	\$ 395,981	\$ 248,886
Employee Compensation	\$ 1,249,785	\$ 1,144,618
Employee Benefits	405,137	368,915
Travel & Conference	36,029	54,669
Association Dues	29,833	32,426
Office Occupancy Expenses	218,509	214,393
Office Operation Expenses	1,120,511	992,357
Education & Promotion	147,072	162,077
Loan/Account Servicing Expenses	460,194	438,726
Professional & Outside Services	143,679	124,517
Member Insurance	0	-0-
Operating Fees	9,392	10,075
Miscellaneous Operating Expenses	50,868	38,864
Total Operating Expenses	\$ 3,871,009	\$ 3,581,639
Operating Income	\$ 1,202,055	\$ 1,219,314
Non-Operating Gains/Losses	\$ 773,095	95,134
Net Income	\$ 519,077	\$ 402,713
Number of Members	7,681	7,647

Volunteers

Board of Directors

Robert Webber, Chairman

Debbie Capra, Vice-Chairman

Pat Hamilton, Treasurer

Mark Hinson, Secretary

Richard Aggen

Marilyn Akers Stansbury

Nathan Haasis

Supervisory Committee

Kevin Delohery, Chairman

Eddie Coronado

Jenni Murphy

Madeline Norconk

Christine Rucobo

Joseph Stephen

Staff

Veronica Arellano, Phone Center Operator
Diane Arthur, Senior Vice President/Chief Financial Officer
Lisa Ator, Assistant Branch Manager
Cindy Bernhardt, Financial Service Representative
LaTrice Brewster, Marketing Director
Krista Burnell, Senior Vice President of Organizational Development
Heather DeSchryver, Branch Manager
Ronald Doyle, Loan Assistant
Ann Fee, Financial Service Representative
William Fowler, Senior Vice President - Lending
Renée, Collections Manager
Bradley H. Harvey, President/ CEO
Madison Isbell, Member Service Representative
Sandy Keller, Phone Center Operator
Marcus Kemm, Member Service Representative
Tracy Redding, Accounting Specialist
Amanda Rivera, Compliance/Operations Manager
Manuel Rodriguez, Member Service Representative
Cathy Secrest, Operations Specialist
Cyndi Spehar, Support Specialist

Better Banking Begins With Membership.

