

A large, bold, yellow number "71" is centered on the page. The number is composed of thick, solid yellow bars. The "7" has a horizontal top bar and a diagonal stem. The "1" has a vertical stem and a horizontal base.

**THE SEVENTY-FIRST
ANNUAL REPORT**

ORDER OF BUSINESS 71ST ANNUAL MEETING

Wednesday, April 24th, 2024

CALL TO ORDER | KEN HOHENBERG

70TH ANNUAL MEETING MINUTES

AUDIT COMMITTEE REPORT | WILLIAM SARACENO

NOMINATION COMMITTEE REPORT | RICH CUMMINS

UNFINISHED & NEW BUSINESS | KEN HOHENBERG

A MESSAGE FROM HAPO LEADERSHIP | DOLORES BROESKE & KEN HOHENBERG



DEFY EXPECTATIONS



HAPO staff continue to "defy expectations" and provide excellent service to meet our members' needs.

HAPO'S MISSION

Our primary focus is to offer products and services that provide value to our members through all life stages — banking solutions that are easy and convenient. More importantly though is the why behind what we do:

To help empower our members to live free.

Free to enjoy life without financial stress.

Free to live for today while planning for tomorrow.



As part of "Washington CU Day at the Capitol", HAPO employees speak with elected officials to advocate for initiatives that impact our members.

BANK ON COMMUNITY

JUNTOS AVANZAMOS

Over the recent years, we've dedicated extensive efforts to advancing financial inclusion within marginalized communities. Our achievement of the CDFI (Community Development Financial Institution) Certification in 2022, coupled with our Low-Income Designation secured a few years ago, holds significant importance for HAPO. These certifications emphasize our commitment to nurturing financial inclusion and access for everyone in the communities we serve.

In addition to the designations mentioned above, in 2023, we announced our partnership and designation with Juntos Avanzamos. Juntos Avanzamos, meaning "Together We Advance", is a designation for credit unions committed to serving and empowering the Hispanic community. This designation allows us more access to resources so that we can connect individuals with pertinent financial services, education, and opportunities, regardless of immigration status. HAPO stands as the sole credit union in the Tri-Cities with this meaningful designation, allowing collaborative efforts to break down barriers and create equitable opportunities in the communities we serve.

Advocacy Committee

In 2023, HAPO staff continued their advocacy for credit union members at the local, state, and national levels through HAPO's Credit Union Advocacy Committee. The committee met regularly to discuss impactful credit union initiatives and organized a successful "Meet and Greet" event in Southeastern, Washington, advocating for initiatives affecting our members. Additionally, we actively participated in advocacy efforts at both the Washington State Capitol and the United States Capitol, attending events such as "Washington CU Day at the Capitol" and the "National Association of Federal Credit Unions (NAFCU) Congressional Caucus" in Washington D.C. We believe credit union advocacy is essential because it empowers members, improves communities, preserves credit union values, and gives credit unions more power to make positive changes in the financial world.

HAPO Volunteer Program

Our employee volunteer program reflects one of the values for which credit unions were founded on – giving back to the communities we serve. In 2023, HAPO employees volunteered over 1600 hours of their time working events, volunteering in the community and also volunteering on boards and committees. Embracing the cooperative spirit not only empowers our employees to contribute meaningfully but also upholds the rich tradition of social responsibility inherent in the credit union movement. By participating in community initiatives, we not only strengthen teamwork but also contribute to the positive impact we aim to make beyond the workplace.



BANK WITH PURPOSE



Every August we host a "Back to School Bash" to provide resources and supplies to students in the areas we serve.

BANK ON COMMUNITY 2023 WRAP-UP



25,000

family meals
provided in
our communities



60

organizations
sponsored by HAPO



1,600

volunteer hours
donated by
HAPO employees



84

financial education
courses taught

\$660,000 grant funds awarded to
HAPO to support members
in our community



1,500

backpacks, school supplies
and coats for kids in our
communities



24/7

advocating for our members
needs at the state and
national level



600

homeless packs donated
as part of International
Credit Union Day



DOING WHAT'S RIGHT



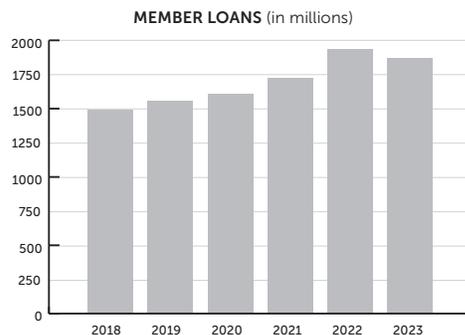
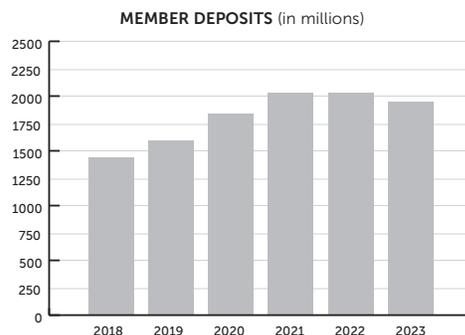
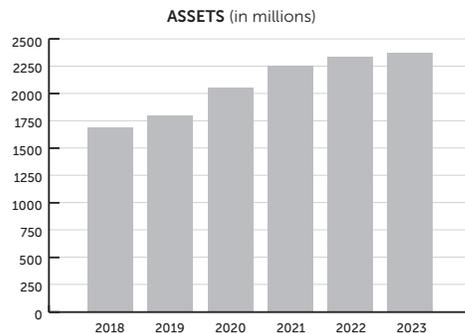
HAPO partnered with First Story to help provide a new home for a family in need.

FINANCIAL STATEMENTS

COMPARATIVE BALANCE SHEETS (UNAUDITED)

As of December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash & Cash Equivalents	\$309,835,563	\$217,658,611
Investments – Net	13,039,178	10,990,166
Loans to Members – Net	1,869,456,229	1,932,892,047
NCUSIF Deposit	18,550,545	19,315,826
Land and Buildings – Net of Depreciation	58,014,800	55,648,407
Furniture and Equipment – Net of Depreciation	8,498,695	8,527,066
Other Assets	90,955,750	90,380,430
Total Assets	\$2,368,350,760	\$2,335,412,553
LIABILITIES, DEPOSITS & MEMBERS' EQUITY		
Liabilities		
Borrowed Funds	\$140,000,000	\$70,000,000
Accrued and Other Liabilities	47,889,421	39,405,184
	187,889,421	109,405,184
Member Deposits		
Savings Accounts	736,943,025	840,950,613
Checking Accounts	417,289,630	435,000,263
Money Market Accounts	273,831,000	345,619,079
Certificates of Deposit	465,072,460	360,952,913
IRA Accounts	53,245,164	45,338,553
	1,946,381,279	2,027,861,421
Members' Equity		
Retained Earnings	241,373,238	207,340,580
Other Comprehensive Income (Loss)	(7,293,178)	(9,194,632)
	234,080,060	198,145,948
Total Liabilities & Members' Equity	\$2,368,350,760	\$2,335,412,553

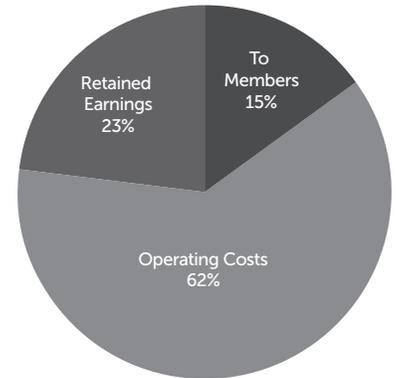


STATEMENTS OF OPERATION (UNAUDITED)

For the Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING INCOME		
Interest on Member Loans	\$96,376,531	\$76,714,742
Income from Investments	10,684,405	4,212,247
Interest on Deposits	(15,341,711)	(6,120,395)
Interest on Borrowed Funds	(4,632,131)	(1,277,129)
Net Interest Income	87,087,094	73,529,465
Provision for Loan Losses	(7,615,241)	(6,301,658)
Other Operating Income	39,937,841	37,962,078
Total Operating Income	119,409,694	105,189,885
OPERATING EXPENSES		
Employee Costs	45,904,837	43,280,557
Facilities Costs	3,594,614	3,105,365
Operational Costs	23,494,880	22,141,301
Marketing and Community Giving	1,884,225	1,937,466
Loan Servicing	5,204,097	4,763,141
Professional/Outside Services	3,118,844	2,965,853
Other Operating Expenses	2,440,695	2,003,758
Total Operating Expenses	85,642,192	80,197,441
Net Operating Income	33,767,502	24,992,444
NON-OPERATING INCOME (LOSS)	265,156	(4,796,115)
NET INCOME	\$34,032,658	\$20,196,329

DISTRIBUTION OF 2023 INCOME



* The accompanying financial statements are unaudited

DISCLOSURE: BOARD OF DIRECTORS AND 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, who set the general direction and control of the Credit Union and Audit Committee members who 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 \$24,000 and \$34,000 for Board Members and is based on leadership positions held. The Annual Stipend for Audit Committee Members not serving on the board is \$9,600.

Director and Board Chair	\$33,600	Director	\$24,000
Director and Vice Chair	\$26,400	Audit Committee Member	\$9,600
Director and Board Secretary	\$26,400	Director Serving on the Audit Committee	\$4,800
Director and Treasurer	\$26,400	Audit Committee Chair	\$7,200

Board Compensation: Paid in 2023

Ken Hohenberg	\$29,400
William Tanner	\$27,300
William Saraceno	\$27,300
Rich Cummins	\$23,100
Ken Gale	\$23,100
Bill Clarke	\$21,000
Doug Carl	\$16,000
Steve Dean	\$5,067

Board Compensation: Schedule for 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



HAPO was the host site for Global Women Leadership Network (GWLN) in 2023. GWLN provides networking and resource opportunities for women in the credit union industry.

MINUTES OF THE 70TH ANNUAL MEETING

Wednesday, April 26th 2023

Call to Order

Board Chairman, Ken Hohenberg called the meeting to order at 5:01 pm. He declared a quorum present under article 3, section 4 of the Bylaws and welcomed those in attendance.

Approval of Minutes

A motion was made and seconded from amongst the membership present to approve the 2022 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 Annual Membership Meeting. Chairman Hohenberg recognized how historic it is that HAPO has been serving its members for 70 years. The strength of HAPO's membership and giving back to our communities is what makes HAPO so special. As well as the employees who recognize the core values of service and taking care of the members. Chairman Hohenberg is honored to work with a Board of Directors that are committed to service as well.

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; and Director, Bill Saraceno.

Audit Committee Report

Chairman Hohenberg introduced Chairman of the Audit Committee, Bill Saraceno, who introduced the other members of the Audit Committee, Bill Tanner, and Doug Carl.

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 an independent Financial Statement Audit (required annually) of the credit union and a verification of its members accounts (required every two years) "To satisfy these requirements the Audit Committee contracted with the certified public accounting firm, Moss Adams, LLP, to perform these services.

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, 2022. Their report included an unqualified opinion that those financial statements presented fairly, in all material respects, the credit union's financial position as of June 30, 2022, and the results of its operations and its cash flows for the year then ending, in accordance with accounting principles generally accepted in the United States of America.

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

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WE GOT YOUR BACK

MEETING MINUTES CONT.

As chairman of the Audit Committee, I want to thank the other committee members for their many hours of volunteer service in the past year along with HAPO staff and management for their assistance. I want to give special kudos to our audit team as well as our financial team including our CFO for the outstanding job that they do making sure that our credit union remains safe and sound for our members. With that I respectfully submitted the annual report.

Nominating Committee Report

Chairman Hohenberg introduced Chairman of the Nominating Committee, Ken Gale, who introduced other members of the Nominating Committee, Bill Tanner and HAPO member, Steve Dean.

The Nominating Committee met virtually on January 24th 2023 to discuss the upcoming nominations for Mr. Cummins and Mr. Clarke, who are up for re-election for renewed terms on the Board of Directors. Initially they discussed the upcoming nomination for Mr. Tanner who is up for re-election for a renewed term on the Audit Committee. The Nominating Committee met for the second time virtually on February 21st 2023 and determined all members were qualified and approved to serve an additional term. Mr. Gale then asked Chairman Hohenberg for a motion to approve the Nominating Committee report.

Based on the credit union's Bylaws, Mr. Saraceno moved, and Mr. Carl seconded a motion to accept the recommendations from the Nominating Committee as presented. The motion was passed and accepted via the Zoom teleconference poll feature. 35 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

With Honor, Chairman Hohenberg introduced President/CEO Dolores Broeske.

President/CEO Broeske expressed gratitude to the members present, thanked the credit union's Marketing Team for their work behind the scenes on organizing the credit union's third Annual Membership Meeting in a virtual format. We have found that this format allows members to attend from anywhere through any device, allowing broader access to all the regions that HAPO serves. We plan to continue with this format in the future.

2022 was a year filled with challenges that we successfully navigated through such as the lingering impacts of the global pandemic, interest rate hikes and economic uncertainty including a looming recession to increased regulatory pressures, inflation, affordable housing, and evolving expectations of employers.

The good news is that despite the hurdles we faced, 2022 was a successful year for HAPO, as recognized in the financial report that you just heard.

We experienced growth and a positive financial bottom line, and through consistent and strong business strategies, and operating the credit union through a set of core values, we have and will continue to serve all aspects of our community. Securing our systems, guarding your privacy, and protecting your personal information is and will remain a top priority. Your credit union is safe and sound, and the leadership here is poised and prepared to continue serving and fortifying the strength of our great credit union.

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MEETING MINUTES CONT.

We are excited and honored to be entering and celebrating our 70th 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 not be possible without the hard work and dedication of our employees, who are our brand in action and who truly make a unique difference each day.

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

As your member-owned, not-for-profit financial cooperative, HAPO will continue to provide value through the highest level of security, convenience, and personalized financial services. We are here to be a financial guide; offering tools, and education geared to help our members 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 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 and the Board of Directors, we want to express our sincerest gratitude to you, our members, for your trust, your loyalty, and continued support. It is our honor to serve you. Thank you for your membership. It is my pleasure to turn the meeting back over to Chairman Hohenberg.

Thank you!

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: 5:19 p.m.

Mr. Saraceno moved, and Mr. Carl seconded a motion to close the 70th Annual Membership Meeting. The motion was passed and accepted via the Zoom teleconference poll feature. 36 votes for approval and 0 votes against.



Ken Hohenberg
Vice Chairman



Rich Cummins
Secretary



HAPO joined fellow credit unions for International Credit Union Day to support Columbia Ability Alliance by compiling Comfort Packs for their clients.

AUDIT COMMITTEE REPORT

April 2024

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 an independent Financial Statement Audit of the credit union and a verification of its members' accounts." To satisfy these requirements the Audit Committee contracted with the certified public accounting firm, Moss Adams, LLP, to perform these services.

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, 2023. Their report included an unmodified opinion that those financial statements presented fairly, in all material respects, the credit union's financial position as of June 30, 2023 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. Moss Adams also issued an Independent Accountant's Report detailing the agreed upon procedures they performed and the results of those procedures regarding the member verification process.

The Audit Committee is also required to monitor the internal controls over financial reporting and the internal controls established to safeguard members' assets. To meet these requirements the Audit Committee approves the annual comprehensive internal audit plan and meets regularly with the credit union's Internal Audit Manager 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 Chairperson 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
Chairperson



HAPO employees collaborate on a project together.

A MESSAGE FROM HAPO LEADERSHIP

Message

HAPO's mission is to provide value to our members through all life stages—banking solutions that are easy, convenient, and secure. We have a standard of service to “Defy Expectations” and to help empower our members to enjoy life without financial stress - living for today while planning for tomorrow. We are passionate about being an active community partner through volunteerism and sponsorships and are committed to safe and sound financial management of the credit union.

Our goal is to be THE credit union of choice. We do this through embracing the credit union philosophy of “people helping people” and through supporting and enhancing the wellbeing of the communities in which we serve, work, and live. Our fiduciary responsibility to protect the assets of the credit union is achieved by strategically focusing on strengthening our balance sheet, fortifying capital, and ensuring positive/strong earnings, as well as maintaining a positive return on assets. Leadership ensures our operations are conducted safely and securely, strengthening capital for long-term sustainable growth and efficient operations.

2023 Recap

2023 was an exceptionally strong year financially for HAPO. We consistently used strategies and tactics to strengthen the financial position of the credit union while delivering value to our members. Specific core strategies executed in 2023 encompassed but were not limited to; appropriate lending growth, pricing loans within the competitive landscape, effective credit risk management, timely adjustments to cost of funds, monitoring expenses and paying close attention to external economic factors. We also remained focused on delivering value and convenience through relevant products and services, as well as continued to enhance access through our digital channels.

In the financial report you just heard, it's evident that 2023 was a successful year for HAPO. We achieved growth and maintained a positive financial position by consistently implementing strong business strategies and operating the credit union based on core values that prioritize serving all aspects of our members' needs and demands.

Data security, like securing our systems, guarding your privacy, and protecting your personal information will remain a top priority. Your credit union is safe and sound, and the leadership here is poised and prepared to continue to serve and fortify the strength of our great credit union.

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 employees' hard work and dedication are the driving forces behind our success. They are our brand in action and make a unique difference in the lives of our members each day.

We are serving our communities the “credit union way;” by offering low cost to free products and services, through competitive rates and by providing a variety of consumer lending lines of credit. We support our members' needs through our in-house mortgage lending and by supporting locally owned businesses through our commercial services division as well as through employee volunteerism, community sponsorships and events. We are present in our communities, and we are here to stay.

Continued on page 20



DEFY EXPECTATIONS

A MESSAGE FROM HAPO LEADERSHIP CONT.

In conclusion

As your member-owned, not-for-profit financial cooperative, HAPO will continue to provide value through the highest level of security, convenience, and personalized financial services. We are here to be a financial guide; offering tools, and education geared to helping our members 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 along with a culture of belonging. We can say with confidence that our commitment to “people helping people” is stronger than ever. Through our exceptional employees and 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 and the Board of Directors, we want to express our sincerest gratitude to you, our members; for your trust, your loyalty, and continued support. It is our honor to serve you. Thank you for your membership.

Thank you!



 **Dolores Broeske**
President/CEO



 **Ken Hohenberg**
Chairman of the Board



2023 marked our fourteenth year sponsoring "Coats for Kids."

OFFICIALS

BOARD OF DIRECTORS

Ken Hohenberg | Chairman
William Tanner | Vice Chairman
Rich Cummins | Secretary
Ken Gale | Treasurer
William Clarke | Director
William Saraceno | Director
Doug Carl | Director

AUDIT COMMITTEE

William Saraceno | Chairman
William Tanner | Member
Steve Dean | Member

NOMINATING COMMITTEE

Rich Cummins | Chairman
Bill Clarke | Member
Melissa Koe | Member

EXECUTIVE STAFF

Dolores Broeske | President/Chief Executive Officer
Scott Mitchell | Executive Vice President/Chief Financial Officer
Ruby Campos | Senior Vice President/Chief Operations Officer
Jessica Gaudreault | Senior Vice President/Chief Risk Officer
Marcus Hall | Senior Vice President/Chief Lending Officer
Ashley Ward | Senior Vice President/Chief Information Officer





HAPO staff celebrate earning their Certified Credit Union Financial Counselor (CCUFC) designation.

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

KENNEWICK

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

SOUTHRIDGE
4851 W. Hildebrand Blvd.
Kennewick, WA 99336

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

WEST RICHLAND

BELMONT
6185 Keene Road
West Richland, WA 99353

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

WALLA WALLA

COLLEGE PLACE
2376 Taumarson Rd.
Walla Walla, WA 99324

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

SUNNYSIDE

DOWNTOWN
322 South 6th Street
Sunnyside, WA 98944

VANCOUVER

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

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

MCCLOUGHLIN BLVD.
17884 SE McLoughlin Blvd.
Milwaukie, OR 97267

WESTON

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



MAIN LINE
509.943.5676
800.284.4276 (TOLL FREE)

MORTGAGE DIVISION
509.946.2044

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509.222.3685

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