



## BOARD OF DIRECTORS:

Steve Sharon, Chairman  
Nancy Ripley, 1st Vice Chairman  
Lisa Urvat, 2nd Vice Chairman  
Pat Fitzgerald, Secretary/Treasurer  
Bernie Korth, Director  
Mike Butler, Director  
Tom Diluzio, Director  
Cliff Halstead, Director Emeritus

## SUPERVISORY COMMITTEE:

Pat McDonald, Chairman  
Gail Gudgel, Member  
Bob Lochmiller, Member

ANNUAL REPORT  
2010

# LETTER FROM THE CEO

During the last year, the economy continued to play an important role in all of our lives. Many are still adjusting to personal changes in employment, home values, and healthcare. We saw this first hand here at Horizon as we worked with individuals in a wide variety of situations. No matter what situation a member is in, our mission remains the same as we seek creative ways to meet the needs of all members.

One thing all of our members can appreciate is the peace of mind that comes from working with people that have their best interest at heart. As a member owned organization with no stockholders demanding the greatest profit return, Horizon is designed to return maximum value to the membership as a whole. This model allows our Board of Directors and employee group to remain focused on meeting our members' changing needs. This was highlighted in 2010 through innovative mobile service options, new real estate products, a debit rewards program, and more.

While many financial institutions across our country still face challenges in the wake of the recession, I am pleased to say that Horizon continues to experience strong financial stability. Our capital has remained much higher than required by regulation; our loan underwriting is conservative; and our products are designed with member needs in mind. We look forward to another sound and steady year in 2011.

On behalf of the Horizon Team, including the Board of Directors, Supervisory Committee and employee group, I would like to thank you for trusting us with your financial needs. We are proud to be "here for people like you".

Sincerely,



Jeff Adams

Chief Executive Officer

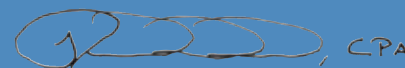


## SUPERVISORY COMMITTEE REPORT

Horizon Credit Union's Supervisory Committee, made up of three volunteer members, independently evaluates the strength and soundness of Horizon Credit Union's operations and activities. This work is conducted alongside internal auditors, the Board of Directors, the President/CEO, and the employees of Horizon Credit Union to assure that the assets are safeguarded by upholding procedures in compliance with Generally Accepted Accounting Principles. The Supervisory Committee also oversees the audited financial statements to confirm that they represent a fair and accurate picture of Horizon Credit Union.

Based on an in-depth external audit of the operations at Horizon Credit Union, conducted by Stephanie F. Willis, CPA, we are pleased to inform you that Horizon Credit Union is in excellent financial condition. The Department of Financial Institutions also completed their supervisory examination, which confirmed that we continue to be financially sound.

We look forward to another strong year, and if you have questions or concerns, members of the Supervisory Committee are available to assist you. Sincerely,



Patrick McDonald, CPA  
Supervisory Committee Chair



## CHAIRMAN'S REPORT

How can we best serve the Horizon Credit Union members? Does it meet our long term objective? How much does it cost? Are we on target with our strategic plan? Have we done our due diligence? Is it the right thing to do? These are just a few of the questions we ask and discuss at our monthly Board of Directors meetings. In addition, we have a number of smaller committee meetings where we review and discuss a variety of topics vital to the running of a top credit union such as Horizon.

Due to the struggling economy and the resulting government reactions, this past year has been a continuation of many of the challenges we've faced before. However, between our employees, senior management, Jeff Adams, the Supervisory Committee, and the Board of Directors we have met the challenges and continue to be a strong financial institution. We may not be the largest, but I truly believe Horizon Credit Union is the best financial institution in our area. I am honored to be part of the team.

In the coming year, we will work as a team to meet all challenges that arise. We will remain focused on doing the right thing for our members and keeping Horizon Credit Union strong.

Help us to spread the word. Tell a friend or family member about Horizon!

Respectfully,



Steve Sharon  
Chairman



## INCOME STATEMENT

	2010	2009
<b>INCOME</b>		
Loan Interest Income	\$18,809,834	\$17,995,851
Investment Interest Income	\$1,301,386	\$2,230,609
Other Income	\$4,934,129	\$5,025,024
<b>Total Operating Income</b>	<b>\$25,045,349</b>	<b>\$25,251,484</b>
<b>EXPENSE</b>		
Operating Expenses	\$15,033,341	\$14,644,126
Interest on Borrowed Funds	\$2	\$37
Provision for Loan Loss Expense	\$4,060,000	\$3,115,000
Total Operating Expense	<b>\$19,093,343</b>	<b>\$17,759,163</b>
<b>Income from Operations</b>	<b>\$5,952,006</b>	<b>\$7,492,321</b>
Non-Operating Gain (Loss)	(\$502,827)	\$331,760
Dividend Expense	\$3,592,710	\$5,853,718
<b>Consolidated Income from Operations</b>	<b>\$1,856,469</b>	<b>\$1,970,363</b>
NCUSIF Stabilization Expense	\$895,666	\$2,619,098
NCUSIF Stabilization Income	\$0	\$2,100,625
NCUSIF Special Assessment <sup>1</sup>	<b>\$895,666</b>	<b>\$518,473</b>
<b>Loss on Membership Capital</b>		
Wescorp Corporate Credit Union - (prior period adjustment) <sup>2</sup>		
Southwest Corporate Credit Union <sup>3</sup>	<b>\$0</b>	<b>(\$381,088)</b>
<b>Net Income</b>	<b>\$960,803</b>	<b>\$1,070,802</b>

## BALANCE SHEET

	2010	2009
Loans to members	\$306,929,694	\$300,627,358
Allowance for Loan Loss	(\$3,789,090)	(\$2,399,146)
<b>Net Loans to Members</b>	<b>\$303,140,604</b>	<b>\$298,228,212</b>
Cash and Receivables	\$10,342,329	\$21,653,934
Investments	\$70,333,263	\$56,056,209
Wescorp Corporate Credit Union - (prior period adjustment) <sup>2</sup>		
Other Assets <sup>1</sup>	\$27,253,745	\$27,183,989
<b>Total Assets</b>	<b>\$411,069,941</b>	<b>\$403,122,344</b>
Other Liabilities	\$3,770,648	\$3,829,503
Deposits	\$359,073,552	\$352,027,902
Capital	\$48,225,741	\$47,264,939
Wescorp Corporate Credit Union - (prior period adjustment) <sup>2</sup>		
<b>Total Liabilities &amp; Capital</b>	<b>\$411,069,941</b>	<b>\$403,122,344</b>

1 In January 2009 the NCUA declared the NCUSIF fund partially impaired and Congress passed legislation in June 2009 authorizing alternative funding from the US Treasury to be repaid over a 7 year period. The future annual assessments are currently estimated by the NCUA to be 15 to 30 basis points of insured deposits. In 2009, \$518,473 was expensed toward the first installment.

2 Wescorp Membership Capital became fully impaired in the second quarter of 2009 and was written off as a prior period adjustment for 2008.

3 Southwest Corporate Membership Capital is impaired and was written off as of December 2009.