

Kahului Federal Credit Union



2021 Annual Report

Kokua E kou 'Ohana

Caring for Your Family

67th Annual Membership Meeting

*Thursday, February 24, 2022
Kahului FCU Office/Virtual Meeting*

Program

<i>Opening Remarks/Invocation</i>	<i>4:30 P.M.</i>
<i>Business Meeting</i>	<i>4:45 P.M.</i>
<i>Call to Order - Chairman Leo Polo</i>	
<i>Call for Quorum</i>	
<i>Minutes of the 66th Annual Meeting</i>	
<i>Report of Officials</i>	
<i>Chairman</i>	
<i>Treasurer</i>	
<i>Supervisory Committee</i>	
<i>Unfinished Business</i>	
<i>New Business</i>	
<i>Board of Directors Elections</i>	
<i>Other New Business</i>	
<i>Adjournment of Business Meeting</i>	

Kahului Federal Credit Union
Minutes of the 66th Annual Membership Meeting
September 16, 2021

CALL TO ORDER: Chairman Bruce Harris called the 66th Annual Membership meeting of the Kahului Federal Credit Union to order at 4:45 p.m. at the Kahului Federal Credit Union office and virtually via Zoom. Due to the ongoing safety and soundness concern over the COVID-19 pandemic, Harris noted that this was the first time in Kahului Federal Credit Union's history that a virtual annual membership meeting was held.

ROLL CALL: Secretary Rodney Jung ascertained that a quorum was present with 21 members.

MINUTES: It was moved by Joseph Pontanilla, seconded by Leilani Kaopuiki and carried to accept the 65th Annual Membership meeting minutes as circulated in the 2020 Annual Report.

REPORTS OF OFFICIALS:

Chairman Harris instructed the membership to take a few minutes to review the Reports of the Chairman, Treasurer and Supervisory Committee. Chairman Harris called upon President Guy Muraoka to provide a brief overview of the credit union's financial statements ending December 31, 2020. Muraoka briefly reviewed the highlights and noted that due to the pandemic crisis, the credit union's statistics were not as good as in the past. He stated that even with the excessive influx of members' deposits, mostly due to the stimulus checks, the credit union's equity ratio remained at a strong 14.65%. He then called for any questions. There being no questions, Muraoka turned the meeting back over to Harris. Harris then called for a motion to accept the reports. It was then moved by Pontanilla, seconded by Megan Akana and carried to accept all of the reports as circulated in the 2020 Annual Report.

NEW BUSINESS:

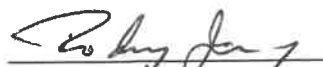
Board of Directors Election-Nominating Committee chairman, Joseph Pontanilla announced that there were four names submitted to the Nomination Committee for the four 2-years term vacancies on the Board of Directors. They were: Bruce Harris, Rodney Jung, Guy Muraoka and Leo Polo. Pontanilla stated that since there were only four names submitted for the four vacancies, the nominees were declared the winners and there would be no election held.

Board of Directors Vacancy-Harris reported that Board member, Kathleen Ohta, had submitted her resignation after the nomination period. In the interim, the Board had appointed Elaine Randall to fill the vacancy. By federal regulations, an election was required to fill the vacancy at the next annual membership meeting, which was today. Harris called for nominations from those in attendance. It was moved by Guy Muraoka, seconded by Leo Polo, to nominate Elaine Randall. Harris called for any other nominations. There being none, it was moved by Muraoka, seconded by Polo to close the nominations. Harris declared that since there was only one nomination for the one vacancy, Randall was declared the winner.

UNFINISHED BUSINESS: None.

ADJOURNMENT: In closing, Harris thanked those in attendance. It was then moved by Polo to adjourn the meeting at 4:55 p.m., seconded by Pontanilla and carried.

Respectfully submitted,



Rodney Jung, Secretary



Bruce Harris, Chairman

Chairman's Report

Welcome to our 67th annual membership meeting. For the safety of our members and employees, your Board of Directors has decided to have this year's meeting virtually. The following are some of the major occurrences that affected the credit union in 2021.

COVID-19 Pandemic

Back in March of 2020, COVID-19 created a world-wide pandemic causing havoc to people's lives and businesses. More than a million lives were lost. Long-time businesses have closed their doors and now the new norm is wearing facemasks, social distancing and getting vaccinated. We saw the number of cases stabilize until the Omicron variant struck. Though this variant is easily transmittable, the severity has not been as bad. COVID may be around for some time.

Economy

In 2021, the State of Hawaii allowed businesses to reopen with its loosening of the travel restrictions. As the U. S. Government offered relief through the form of grants, loans and checks to its citizens, the economy has slowly begun to recover. Maui County's unemployment rate hit a high of 38% but dramatically improved, ending the year at 8.5%. As businesses reopened with the resurgence of the tourism industry, by mid-2021, Maui County was in the midst of an employee shortage. Many people chose to either retire or just decided not to go back to work.

Financial Highlights

Item	2021	2020	Change (\$)	Change (%)
Assets	69,658,632	65,418,029	4,240,603	6.48
Shares	59,575,176	55,510,539	4,064,637	7.32
Loans	23,396,367	19,880,065	3,516,303	17.69
Net Income	293,085	123,779	169,306	136.78

Business as Usual

The credit union remained open throughout 2021, continuing to serve its members in meeting their financial needs. We were hoping to have an ATM installed at our credit union, but the third-party vendor decided not to pursue this venture due to COVID. A lookback on what we accomplished in 2021:

- Improved Mortgage Services - We are continually working to improve our mortgage application processing.
- Social Media - Implemented our social media program using a third-party vendor. Please follow us on Facebook, Twitter and Instagram.

- Updated Online Loan Applications – Thanks to our members’ comments, we decided to dramatically simplify our online loan applications.
- Online Membership – Now Mauians can join our credit union online. A simple membership application can be found at www.kahuluifcu.com

Our goals for 2022 include:

- Youth Accounts – Plans are in the works to offer a youth account program that includes financial education.

We will continually look upon improving our existing programs and services. We value your input. If you have any suggestions of what other program or service you would like the credit union to consider, drop us a line at info@kahuluifcu.com.

In summary, these have been really challenging times for all Maui businesses. We kindly ask that before you buy online, consider Shop Maui First. The only way we all can survive during these trying times is to band together.

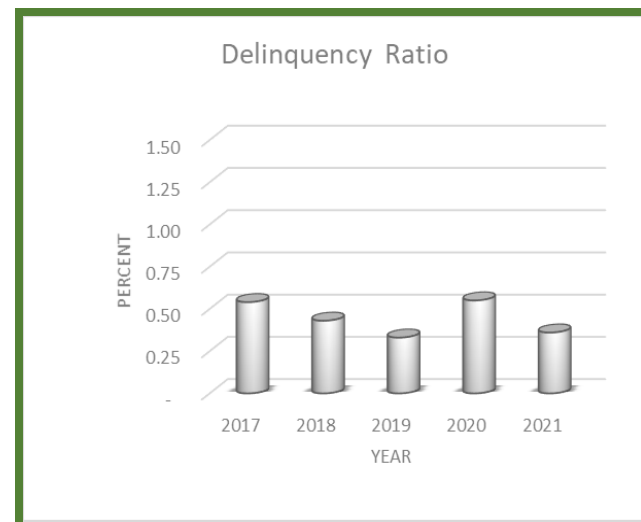
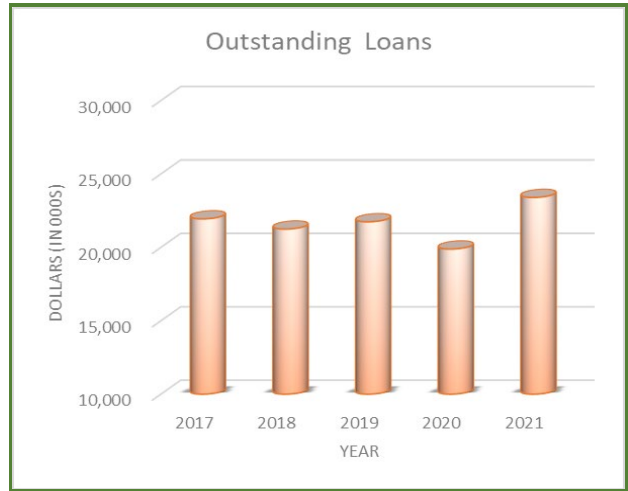
Kokua e kou ‘Ohana!

Respectfully submitted,



Leo Polo
Chairman

5-Year Progress Charts



Supervisory Committee Report

Due to the ongoing health concerns posed by COVID-19, your Supervisory Committee was unable to meet in-person in 2021. Instead, management worked closely with me to conduct the recommended reviews of the credit union. Some of the review work done included:

- Verification of all closed accounts
- Review bank reconciliations
- Review 100% of all employee accounts
- Conduct surprise cash counts
- Verification of new member accounts
- Conducted our annual SAFE Act audit
- Review non-financial transactions
- Sample review of loans approved
- Random sample review of dormant accounts
- Random sample review of member address changes

We are proud to announce that there were no discrepancies found. As you may know our primary responsibility is to protect the credit union from fraud and potential theft by conducting these periodic reviews.

In 2021, we contracted Kwock & Company, CPAs, to conduct a comprehensive opinion audit. The audit covered the fiscal year that ended on June 30, 2021. Due to the pandemic, the audit was done virtually. Stephen Kwock held an exit virtual meeting with the Board to discuss their findings. Except for some already corrected minor findings, Kwock reported that the financial statements were fairly presented and adequate internal controls were in place.

In closing, the Committee feels that the credit union continues to operate in a sound manner given these tough economic times. On behalf of our committee members, Louise Anbe, Hester Paiva, Charlotte Pontanilla and Howard Takamori, we like to thank the Board of Directors and especially the hard-working employees who assisted us with our reviews.

Respectfully submitted,



Elaine Randall
Supervisory Committee Chairperson

Treasurer's Report

Statement of Financial Condition (Unaudited)

<u>Assets</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Loans Outstanding	23,396,367.41	19,880,064.73
Less: Allowance for Loan Losses	(172,326.15)	(180,912.24)
Cash	4,782,853.48	4,276,164.76
Held to Maturity Securities	20,200,720.22	13,925,550.32
Trading Securities	-	-
Available for Sale Securities	3,126,266.42	6,592,175.62
Shares, Deposits & Certificates in Corporate Credit Unions	5,673,278.43	7,820,821.23
Certificates of Deposit	11,056,041.29	11,553,036.25
NCUSIF Capital Deposit	582,416.94	533,291.45
Land & Building (Net of Depreciation)	602,599.21	611,812.21
Other Fixed Assets (Net of Depreciation)	115,100.43	124,456.13
All Other Assets	295,314.44	281,568.99
Total Assets	69,658,632.12	65,418,029.45
<u>Liabilities</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Accounts Payable	105,912.82	74,961.13
Other Liabilities	216,043.96	246,686.11
Share Certificates	11,760,586.28	12,840,657.48
Member Shares	43,684,714.72	38,554,466.45
Share Drafts	4,091,006.32	4,085,528.61
Christmas Shares	38,868.48	29,886.45
Total Liabilities	59,897,132.58	55,832,186.23
<u>Equity</u>		
Regular Reserve	906,616.58	906,616.58
Appropriated Undivided Earnings	2,727,693.07	2,727,693.07
Undivided Earnings	6,094,579.32	5,801,494.80
Unrealized Gain/Loss on Investments	32,610.57	150,038.77
Total Equity	9,761,499.54	9,585,843.22
Total Liabilities and Equity	\$ 69,658,632.12	\$ 65,418,029.45

Statement of Income
(Unaudited)

<u>Income</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
<i>Interest on Loans</i>	\$ 977,841.19	\$ 1,036,249.18
<i>(Less Interest Refund)</i>	-	-
<i>Income from Investments</i>	425,649.60	676,211.60
<i>Other Operating Income</i>	610,103.03	370,840.67
Total Income	\$ 2,013,593.82	\$ 2,083,301.45
<u>Expense</u>		
<i>Employee Compensation</i>	\$ 716,085.90	\$ 760,759.30
<i>Employee Benefits</i>	212,717.36	189,856.51
<i>Travel & Conference</i>	2,109.40	2,339.80
<i>Association Dues</i>	12,261.48	11,934.48
<i>Office Occupancy</i>	28,668.87	27,464.58
<i>Office Operations</i>	114,510.70	113,024.96
<i>Educational & Promotional</i>	53,163.02	66,798.83
<i>Loan Servicing</i>	66,464.00	61,287.99
<i>Professional & Outside Services</i>	346,287.82	406,445.15
<i>Provision for Loan Loss</i>	22,146.01	29,325.60
<i>Provision for Investment Loss</i>	-	-
<i>Member Insurance</i>	-	-
<i>Corporate CU Stabilization</i>	-	-
<i>Federal Supervision & Exam Fee</i>	13,611.30	16,447.67
<i>Interest on Borrowed Money</i>	1,936.84	2.85
<i>Annual Meeting</i>	-	6,888.13
<i>Miscellaneous</i>	33,149.70	35,739.23
Total Expenses	\$ 1,623,112.40	\$ 1,728,315.08
Income from Operations	\$ 390,481.42	\$ 354,986.37
<i>Gain/Loss on Investments</i>	27,950.01	-
<i>Gain/Loss on Disposition of Assets</i>	-	-
<i>Non Operating Income (Expense)</i>	-	-
<i>Dividends</i>	(125,346.91)	(231,207.06)
Net Income	\$ 293,084.52	\$ 123,779.31

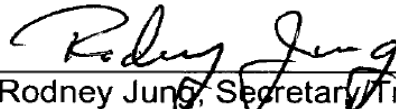
Statement of Retained Earnings
For the Years Ended December 31, 2020 and 2021

	STATUTORY RESERVES	OTHER RESERVES	UNDIVIDED EARNINGS	ACCUMULATED UNREALIZED GAINS/LOSSES ON AFS SECURITIES	TOTAL
1/01/20 Balance	\$ 906,616.58	\$ 2,727,693.07	\$ 5,677,715.49	\$ (16,729.57)	9,295,295.57
Unrealized Gain/Loss on Investments				166,768.34	166,768.34
Net Income	-	-	123,779.31		123,779.31
12/31/20 Balance	\$ 906,616.58	\$ 2,727,693.07	\$ 5,801,494.80	\$ 150,038.77	\$ 9,585,843.22
Unrealized Gain/Loss on Investments	-	-		(117,428.20)	(117,428.20)
Net Income	-	-	293,084.52		293,084.52
12/31/21 Balance	\$ 906,616.58	\$ 2,727,693.07	\$ 6,094,579.32	\$ 32,610.57	\$ 9,761,499.54

FOOTNOTES:

As of December 31, 2021, the fair value of its entire investment portfolio is approximately \$40,411,582.63.

Respectfully submitted,


 Rodney Jung, Secretary/Treasurer

Board of Directors

<i>Leo Polo (42 years of service)</i>	<i>Chairman</i>
<i>Susan Emura (7 years)</i>	<i>Vice Chairman</i>
<i>Rodney Jung (32 years)</i>	<i>Secretary/Treasurer</i>
<i>Bruce Harris (6 years)</i>	<i>Director</i>
<i>Joseph Pontanilla (31 years)</i>	<i>Director</i>
<i>Elaine Randall (21 years)</i>	<i>Director</i>
<i>Guy Muraoka (34 years)</i>	<i>Director</i>

Supervisory Committee

<i>Elaine Randall (21 years)</i>	<i>Chairperson</i>
<i>Charlotte Pontanilla (31 years)</i>	<i>Secretary</i>
<i>Louise Anbe (8 years)</i>	<i>Member</i>
<i>Hester Paiva (4 years)</i>	<i>Member</i>
<i>Howard Takamori (6 years)</i>	<i>Member</i>

Staff

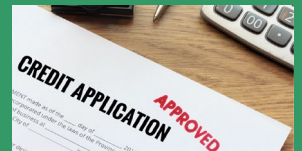
<i>Guy Muraoka</i>	<i>President</i>
<i>Connie Woods</i>	<i>Vice President</i>
<i>Colleen Mira</i>	<i>Projects Manager</i>
<i>Leilani Kaopuiki</i>	<i>BSA Specialist</i>
<i>Stacey Nikaido</i>	<i>Accountant II</i>
<i>Heidi Kauhane</i>	<i>Accountant I</i>
<i>Cynthia Sakamoto</i>	<i>Loan Officer</i>
<i>Megan Akana</i>	<i>Loan Officer</i>
<i>Shari Shim</i>	<i>Loan Clerk</i>
<i>Yvonne Timbreza</i>	<i>Operations Manager</i>
<i>Chamelle Quilos</i>	<i>Teller III</i>
<i>Sabrina Leist</i>	<i>Teller I</i>
<i>Courtney Kealohapauole</i>	<i>Teller I</i>

Savings Services



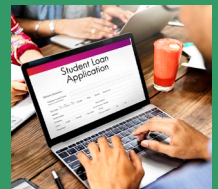
- + Regular Share Accounts
- + Share Drafts (Checking) Accounts
- + Revocable Trust Accounts
- + Payable on Death Accounts
- + Direct Deposit
- + Payroll Deduction
- + Federally Insured to at least \$250,000 by the National Credit Union Administration
- + Christmas Share Accounts
- + Share Certificates
- + ATM transactions
- + Debit Cards
- + Virtual Teller (on-line banking)
- + Mobile Deposit Capture

Loan Services



- + Personal Loans
- + 50% & 100% Share Pledged Loans
- + New & Used Automobile Loans
- + Prequalified Automobile Loans
- + First Time Borrower Automobile Loans
- + First & Second Fixed Mortgages
- + Virtual Lending (on-line loan applications)
- + SunPower Loans (solar heating and photovoltaic systems)
- + Bill Consolidation Loans
- + Over Draft Protection
- + Share Certificate Secured Loans
- + VISA Credit Cards
- + Home Equity Lines of Credit
- + Electric & Hybrid Auto Loans

Member Related Services



- + Night Depository (Envelope Drop)
- + Notary Public Service - By Appointment Only
- + e-Statements
- + \$2,000 Accidental Death & Dismemberment Insurance Coverage at no additional cost
- + Touch Tone Teller (Audio Response System)
- + Website - www.kahuluifcu.com
- + Mobile Money (Cellphone Banking)
- + Member Deposit Capture
- + Scorecard Bonus Point Program for VISA credit cards
- + Card Valet for debit cards
- + Securlock for credit cards
- + Farmers Insurance Hawaii

