

# **Kahului Federal Credit Union**

## **2023 Annual Report**



**Kokua E kou 'Ohana**

*Caring for Your Family*

# *69th Annual Membership Meeting*

*Wednesday, April 17, 2024  
Kahului Federal Credit Union - Lobby*

## *Program*

*Opening Remarks/Invocation* 5:00 P.M.

*Business Meeting* 5:10 P.M.

*Call to Order - Chairman Leo Polo*

*Call for Quorum*

*Minutes of the 68th Annual Meeting*

*Report of Officials*

*Chairman*

*Treasurer*

*Supervisory Committee*

*Unfinished Business*

*New Business*

*Board of Directors Elections*

*Other New Business*

*Adjournment of Business Meeting*

Kahului Federal Credit Union  
**Minutes of the 68<sup>th</sup> Annual Membership Meeting**  
February 25, 2023

**CALL TO ORDER:** Chairman Leo Polo called the 68<sup>th</sup> Annual Membership meeting of the Kahului Federal Credit Union to order at 11:00 a.m. at the Maui Beach Hotel-Moana Ballroom.

**ROLL CALL:** Secretary Rodney Jung ascertained that a quorum was present with 84 members.

**MINUTES:** It was moved by Rebecca Leigh Hayashi, seconded by Michael Victorino and carried to accept the 67<sup>th</sup> Annual Membership meeting minutes as circulated in the 2022 Annual Report.

**REPORTS OF OFFICIALS:**

Chairman Polo instructed the membership to take a few minutes to review the Reports of the Chairman, Treasurer and Supervisory Committee. Chairman Polo called upon President Guy Muraoka to provide a brief overview of the credit union's financial statements ending December 31, 2022. Although net income was dramatically lower, Muraoka stated that the Board and management decided to change data processors due to its ever-increasing monthly expense and with that decision, it had to incur a deconversion cost over \$200,000. Muraoka noted that over the next several years, the credit union would recoup this expense with the much lower monthly expense that the new data processor would be charging. He then called for any questions. Hayashi questioned as to why the credit union's net worth decreased in 2022. Muraoka responded that the credit union's net worth ratio declined slightly due to an increase in Total Assets of \$6 million while the credit union's equity did not keep pace to this Asset growth therefore the ratio declined. He noted that although the net worth ratio was at 12.88%, it continues to be much higher than the NCUA's recommendation of 7.00%. There being no other questions, Muraoka turned the meeting back over to Polo. Polo then called for a motion to accept the reports. It was then moved by Victorino, seconded by Hayashi and carried to accept all of the reports as circulated in the 2022 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.

**UNFINISHED BUSINESS:** None.

**ADJOURNMENT:** In closing, Polo thanked those in attendance. It was then moved by Victorino to adjourn the meeting at 11:15 a.m., seconded by Hayashi and carried.

Respectfully submitted,

  
\_\_\_\_\_  
Rodney Jung, Secretary

  
\_\_\_\_\_  
Leo Polo, Chairman

# Chairman's Report

Aloha and welcome on behalf of the Board of Directors, Supervisory Committee members, staff and management, to our 69<sup>th</sup> annual membership meeting.

We would like to share some of the changes that occurred since 2023 annual meeting.

## The Economy

Just as things had started to look up for Maui after COVID-19, then came the trauma of August 8, 2023 wildfires which swept through Lahaina, Ka'anapali, Upper Kula, Upcountry, and Pūlehu/Kihei. The effect of the deadly wildfires on the state's economy will be immense. Many businesses were destroyed in the historic town of Lahaina, thousands of people left displaced without homes. This tragedy will cost billions and take years to recover from such damage. Maui's tourism has decreased which continues to force residents to move away to find employment and now the lack of affordable housing is also driving many away. It's becoming more and more challenging for businesses.

## Financial Highlights

Item	2023	2022	Change (in \$)	Change (in %)
Asset Size	78,111,789.38	75,728,035.64	2,383,753.74	3.15%
Outstanding Shares	67,944,347.10	65,820,094.88	2,124,252.22	3.23%
Outstanding Loans	25,235,104.17	24,184,599.68	1,050,504.49	4.34%
Net Income	165,694.46	21,768.88	143,925.58	661.15%

## Significant changes that occurred in 2023:

After nearly 36 years of service Guy Muraoka elected to step down as the President/CEO, he remains on the Board of Directors. The Board of Directors extended a big mahalo to Guy for his dedication and leadership. The Board had named Connie Woods to become the third President/CEO of our credit union. Other key Management leading our credit union include Yvonne Timbreza, Vice President, Stacey Nikaido, Controller, and Leilani Kaopuiki, Loan Supervisor.

Your credit union implemented new and improved programs and services in 2023.

- CECL Compliance – Financial institutions had to comply with a new accounting standard called Current Expected Credit Losses or CECL in 2023. CECL requires us to recognize lifetime expected credit losses for a wide range of financial assets based on past events and current conditions, but also on reasonable & supportable forecasts. We cannot rely on our past history so in a nutshell, we purchased a software to help us forecast potentials credit losses. We became CECL compliant by July 1, 2023.
- Changing of electronic data processor (EDP) – this system upgrade which helped to better service our members has been completed and we went live on November 3, 2023. The upgrade provides several service enhancements including the latest technology in financial services, enhanced security and more. As Kahului FCU has continued to grow as a credit union, it is imperative that our technology and systems also keep up.

- Debit Card Upgrade – this upgrade provided you with contactless technology, enhanced self-service capabilities and secure use through the convenience of digital wallets.
- New Online Banking platform – ‘It’s Me 247’ a more robust system which allows you to bank online, when and how you want. Some self-service items you can now perform include, but are not limited to are, request text-banking, open share certificates, stop payment on checks, and print loan coupons if desired.
- New Mobile Banking App – another more robust system allows you to bank anywhere on the run from the convenience of your Android or Apple smartphone. Need to make a check deposit? Use Mobile Deposit Capture, by snapping a picture from your cellphone, it’s that simple. Set card controls for both debit and credit cards.

Significant changes that will occur in 2024:

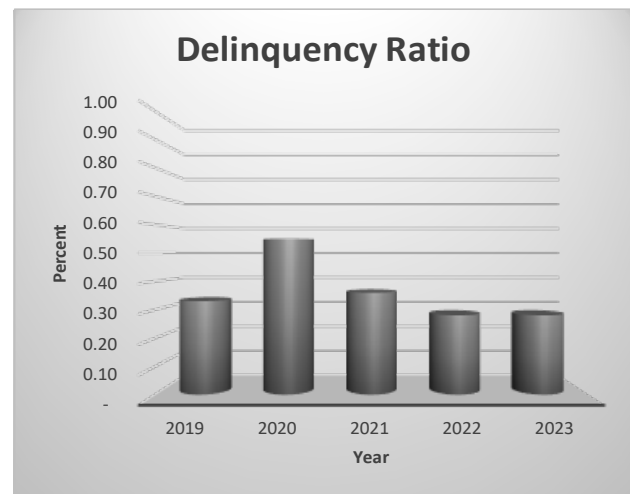
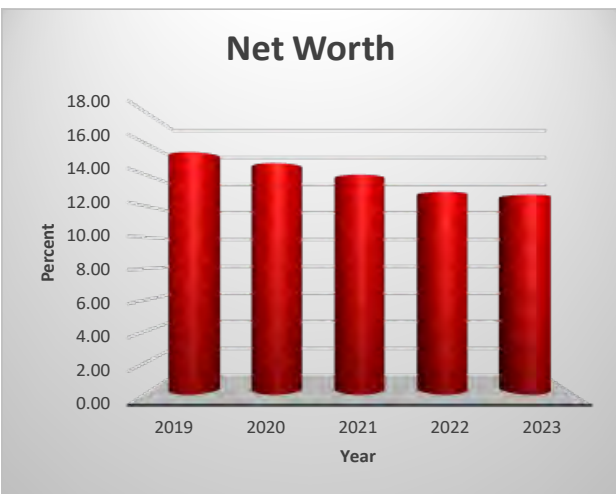
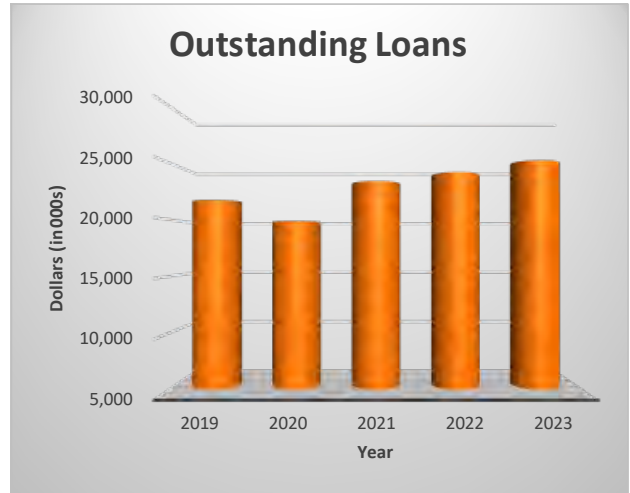
- Online membership applications – Island of Maui residents can become our members by securely joining online. You can complete an application, e-sign and fund the account and start enjoying all the benefits of being a member.
- Credit Card Upgrade – this upgrade will provide you with contactless technology, online access to view your account with enhanced self-service capabilities and secure use through the convenience of digital wallets.
- Kahului FCU credit card rewards program – All points earned through your old *Scorecard rewards program* will be transferred over into your new Kahului FCU Rewards account. One great benefit is that your points never expire. You can continue to enjoy all the same rewards with a few more enhancements. Choose from travel rewards, gift cards/certificates, Charity donations, merchandise, cash back rewards and statement credits.

In closing, with your continued support, we will look back at this horrific event and say, we survived! Maui Strong!

Respectfully submitted,

  
Leo Polo, Chairman

# 5-Year Progress Charts



## *Supervisory Committee Report*

Since COVID-19 continues to surface periodically, your Supervisory Committee continued to do most of its reviews remotely with the assistance of senior management. We feel that the credit union continues to have strong internal controls in place assure the integrity of our reviews. Some of the tasks performed included:

- Verification of all closed accounts
- Review bank reconciliations
- Random sample review of dormant accounts
- Random sample review of member address changes
- Verification of new member accounts
- Conducted our annual SAFE Act audit
- Review non-financial transactions
- Sample review of loans approved
- Sample review of investments
- Review 100% of all employee accounts
- Reconciled cash on-hand with general ledger

We contracted Kwock & Company, CPAs, to conduct a comprehensive opinion audit. The audit was to cover the fiscal year that ended on June 30, 2023. Our audit was once again delayed due to the auditors having a backlog of other credit unions' audits. Kwock & Company was able to complete our audit by the end of the year and presented their report to the Board of Directors in early 2024.

The National Credit Union Administration did not perform an examination in 2023 since the credit union continued to be on an 18-month examination cycle and has met all the critical concerns placed on credit unions.

On behalf of our committee members, we like to thank the Board of Directors and especially the 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>12/31/2023</u>	<u>12/31/2022</u>
Loans Outstanding	25,235,104.17	24,184,599.68
Less: Allowance for Loan Losses	(104,179.53)	(49,634.55)
Cash	846,272.54	4,428,439.55
Held to Maturity Securities	21,936,877.70	23,851,107.88
Trading Securities	-	-
Available for Sale Securities	2,233,631.27	2,794,738.76
Shares, Deposits & Certificates in Corporate Credit Unions	4,751,702.88	1,739,733.22
Certificates of Deposit	19,065,031.35	15,772,011.32
Investments in CU Service Corporation	417,000.00	417,000.00
NCUSIF Capital Deposit	634,760.81	611,925.82
Land & Building (Net of Depreciation)	588,413.37	593,386.21
Other Fixed Assets (Net of Depreciation)	92,645.81	76,615.10
All Other Assets	2,414,529.01	1,308,112.65
<b>Total Assets</b>	<b><u>78,111,789.38</u></b>	<b><u>75,728,035.64</u></b>
<u>Liabilities</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Accounts Payable	197,183.49	79,986.82
Other Liabilities	146,563.87	221,777.19
Share Certificates	26,506,490.97	18,310,287.88
Member Shares	38,007,548.57	42,549,701.41
Share Drafts	3,414,970.46	4,926,267.49
Christmas Shares	15,337.10	33,838.10
<b>Total Liabilities</b>	<b><u>68,288,094.46</u></b>	<b><u>66,121,858.89</u></b>
<u>Equity</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Regular Reserve	-	-
Appropriated Undivided Earnings	2,727,693.07	2,727,693.07
Undivided Earnings	7,188,659.24	7,022,964.78
Unrealized Gain/Loss on Investments	(92,657.39)	(144,481.10)
<b>Total Equity</b>	<b><u>9,823,694.92</u></b>	<b><u>9,606,176.75</u></b>
<b>Total Liabilities and Equity</b>	<b><u>\$ 78,111,789.38</u></b>	<b><u>\$ 75,728,035.64</u></b>



**Statement of Income**  
(Unaudited)

<u>Income</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Interest on Loans	\$ 1,171,834.97	\$ 1,069,227.44
Income from Investments	1,452,925.03	676,270.90
Other Operating Income	191,388.51	205,053.70
<b>Total Income</b>	<b>\$ 2,816,148.51</b>	<b>\$ 1,950,552.04</b>
<u>Expense</u>		
Employee Compensation	\$ 730,040.03	\$ 671,508.45
Employee Benefits	181,844.72	173,941.16
Travel & Conference	14,572.79	10,431.37
Association Dues	12,118.00	12,439.02
Office Occupancy	31,942.26	25,605.50
Office Operations	154,906.85	114,786.93
Educational & Promotional	84,470.12	70,338.93
Loan Servicing	135,127.83	71,174.27
Professional & Outside Services	477,662.47	629,793.11
Provision for Loan Loss	108,476.25	(55,463.89)
Provision for Investment Loss	-	-
Member Insurance	-	-
Federal Supervision & Exam Fee	11,756.95	11,322.35
Interest on Borrowed Money	2,100.53	2,521.94
Annual Meeting	(1,055.65)	2,200.00
Miscellaneous	26,151.72	33,126.12
<b>Total Expenses</b>	<b>\$ 1,970,114.87</b>	<b>\$ 1,773,725.26</b>
Income from Operations	\$ 846,033.64	\$ 176,826.78
Gain/Loss on Investments	-	-
Gain/Loss on Disposition of Assets	-	-
Non Operating Income (Expense)	-	-
Dividends	(680,339.18)	(155,057.90)
<b>Net Income</b>	<b>\$ 165,694.46</b>	<b>\$ 21,768.88</b>

**Statement of Retained Earnings**  
**For the Years Ended December 31, 2022 and 2023**

	<b>STATUTORY RESERVES</b>	<b>OTHER RESERVES</b>	<b>UNDIVIDED EARNINGS</b>	<b>ACCUMULATED UNREALIZED GAINS/LOSSES</b>	<b>TOTAL</b>
<b>1/01/22 Balance</b>	<b>\$ 906,616.58</b>	<b>\$ 2,727,693.07</b>	<b>\$ 6,094,579.32</b>	<b>\$ 32,610.57</b>	<b>9,761,499.54</b>
Transfers	(906,616.58)	-	906,616.58	\$ -	-
Unrealized Gain/Loss on Investments	-	-	-	(177,091.67)	(177,091.67)
Net Income	-	-	21,768.88	-	21,768.88
<b>12/31/22 Balance</b>	<b>\$ -</b>	<b>\$ 2,727,693.07</b>	<b>\$ 7,022,964.78</b>	<b>\$ (144,481.10)</b>	<b>\$ 9,606,176.75</b>
Transfers	-	-	-	-	-
Unrealized Gain/Loss	-	-	-	51,823.71	51,823.71
Net Income	-	-	165,694.46	-	165,694.46
<b>12/31/23 Balance</b>	<b>\$ -</b>	<b>\$ 2,727,693.07</b>	<b>\$ 7,188,659.24</b>	<b>\$ (92,657.39)</b>	<b>\$ 9,823,694.92</b>

**FOOTNOTES:**

As of December 31, 2023, the fair value of its entire investment portfolio is approximately \$25,754,635.04

Respectfully submitted,

  
 \_\_\_\_\_  
 Rodney Jung, Secretary/Treasurer

## *Board of Directors*

<i>Leo Polo (44 years of service)</i>	<i>Chairman</i>
<i>Susan Emura (9 years)</i>	<i>Vice Chairman</i>
<i>Rodney Jung (34 years)</i>	<i>Secretary/Treasurer</i>
<i>Bruce Harris (8 years)</i>	<i>Director</i>
<i>Joseph Pontanilla (33 years)</i>	<i>Director</i>
<i>Elaine Randall (23 years)</i>	<i>Director</i>
<i>Guy Muraoka (36 years)</i>	<i>Director</i>

## *Supervisory Committee*

<i>Elaine Randall (23 years)</i>	<i>Chairperson</i>
<i>Charlotte Pontanilla (33 years)</i>	<i>Secretary</i>
<i>Louise Anbe (10 years)</i>	<i>Member</i>
<i>Hester Paiva (6 years)</i>	<i>Member</i>
<i>Howard Takamori (8 years)</i>	<i>Member</i>

## *Staff*

<i>Connie Woods</i>	<i>President</i>
<i>Yvonne Timbreza</i>	<i>Vice President</i>
<i>Stacey Nikaido</i>	<i>Controller</i>
<i>Alexis Sanorjo</i>	<i>Admin Asst/BSA Specialist</i>
<i>Leilani Kaopuiki</i>	<i>Loan Supervisor/BSA Officer</i>
<i>Megan Akana</i>	<i>Loan Officer</i>
<i>Queeny Guira</i>	<i>Loan Processor</i>
<i>Sherlyn Fukumoto</i>	<i>Loan Processor</i>
<i>Sabrina Leist</i>	<i>Operations Support Specialist</i>
<i>Kathleen Marcelino</i>	<i>Teller I</i>
<i>Sativa Poling-Waikiki</i>	<i>Teller I</i>
<i>Kenneth-Joy Rodrigues</i>	<i>Teller I</i>
<i>Mara Zebty</i>	<i>Teller I</i>

## Account 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
- + Youth Accounts
- + Share Certificates
- + Christmas Share Accounts
- + Debit Cards
- + It's Me 247 (ON-LINE Banking)
- + ATM transactions



## Loan Services

- + Personal Loans
- + 50% & 100% Share Pledged Loans
- + New & Used Automobile Loans
- + First & Second Fixed Mortgages
- + Home Equity Lines of Credit
- + Investor Mortgages
- + 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 - Investor
- + Virtual Lending (on-line loan applications)



## Member Related Services

- + Night Depository (Envelope Drop)
- + Notary Public Service - By Appointment Only
- + e-Statements
- + Touch Tone Teller/CU\*Talk (833) 980-0041
- + Website - [www.kahuluifcu.com](http://www.kahuluifcu.com)
- + Mobile Deposit Capture
- + Zogo - Financial Literacy App
- + Kahului FCU Bonus Point Program for VISA credit cards  
[www.memberrewardsbyco-op.com/kahuluifcu/](http://www.memberrewardsbyco-op.com/kahuluifcu/)
- + DIGITAL WALLETS for debit cards & credit cards
- + Self-serve card control for debit cards & credit cards

