

## 2016 Annual Meeting Agenda

1. Call Meeting to Order and Ascertain Presence of Quorum (15 members)
2. Approval of minutes for 2015 Annual Meeting
3. Accept Treasurer's Report for 2015
4. Accept Chairman and Board of Directors' Report for 2015
5. Accept Supervisory Committee's Report for 2015
6. Approval for Nominating Committee's Report
7. Other business
8. Adjournment
9. Drawings for Door prizes

## 2015 Supervisory Committee Report

A comprehensive annual audit of the books and records for fiscal year ending September 30, 2015, performed in accordance with the Audit guidelines and procedures recommended in the Supervisory Committee guide for Federal Credit Unions, was conducted by Kwock & Company, CPA's.

The audit finds that the elected officers, management and staff of your Maui County FCU continues to perform their duties in a commendable manner and that your credit union remains in sound financial condition.

The Supervisory Committee continues to perform periodic cash and travelers checks counts along with member verification of accounts to ensure the safety and security of your accounts.

On behalf of all the committee members, we thank you for the opportunity to serve you.

Respectfully submitted,  
**Glenn M. Okimoto**

*Supervisory Committee Chairman*

**Ralph Nagamine • Wesley Yoshioka  
Robin Tanaka • Greg Takahashi**

## Financial Reports

### STATEMENT OF INCOME

| OPERATING INCOME                | 2015               | 2014               | Variance %    |
|---------------------------------|--------------------|--------------------|---------------|
| Loan Income                     | \$6,013,536        | \$5,885,637        | 2.17%         |
| Investment Income               | \$1,860,757        | \$1,569,845        | 18.53%        |
| Other Operating Income          | \$973,251          | \$936,709          | 3.90%         |
| <b>Total Operating Income</b>   | <b>\$8,847,545</b> | <b>\$8,392,191</b> | <b>5.43%</b>  |
| <b>OPERATING EXPENSE</b>        |                    |                    |               |
| Compensation                    | \$2,035,479        | \$1,810,919        | 12.40%        |
| Employee Benefits               | \$556,436          | \$545,259          | 2.05%         |
| Travel & Conference             | \$114,970          | \$99,971           | 15.00%        |
| Dues                            | \$40,004           | \$40,240           | -0.59%        |
| Occupancy Expense               | \$361,817          | \$340,015          | 6.41%         |
| Office Operating Expense        | \$511,690          | \$512,479          | -0.15%        |
| Education & Marketing           | \$120,875          | \$102,309          | 18.15%        |
| Loan Servicing                  | \$322,718          | \$221,364          | 45.79%        |
| Outside Services                | \$1,461,191        | \$1,414,690        | 3.29%         |
| Provision for Loan Losses       | (\$1,209,817)      | (\$647,723)        | 86.78%        |
| Member Insurance                | \$                 | \$43,456           | -100.00%      |
| Examination Fees                | \$45,351           | \$44,898           | 1.01%         |
| NCUA Stabilization              | \$                 | \$                 | %             |
| Misc. Operating Expenses        | \$82,626           | \$212,391          | -61.10%       |
| <b>Total Operating Expenses</b> | <b>\$4,443,340</b> | <b>\$4,740,268</b> | <b>-6.26%</b> |
| <b>Total Expenses</b>           | <b>\$4,443,340</b> | <b>\$4,740,268</b> | <b>-6.26%</b> |
| <b>Net Operating Income</b>     | <b>\$4,404,205</b> | <b>\$3,651,923</b> | <b>20.60%</b> |
| Gain/(Loss) on Sale of Assets   | (\$1,566)          | \$31,950           | -104.90%      |
| Net Income before Dividends     | \$4,402,639        | \$3,683,872        | 19.51%        |
| Dividends - Shares              | \$608,736          | \$608,596          | 0.02%         |
| <b>NET INCOME</b>               | <b>\$3,793,903</b> | <b>\$3,075,276</b> | <b>23.37%</b> |

### STATEMENT OF CONDITION

| ASSETS                                | 2015                 | 2014                 | Variance %    |
|---------------------------------------|----------------------|----------------------|---------------|
| Net Loans                             | \$131,163,695        | \$122,633,604        | 6.96%         |
| Receivables                           | \$13,728             | \$7,396              | 85.61%        |
| Cash                                  | \$3,825,234          | \$4,016,027          | -4.75%        |
| Investments                           | \$112,058,895        | \$112,247,724        | -0.17%        |
| Fixed Assets                          | \$2,559,191          | \$2,644,032          | -3.21%        |
| Other Assets                          | \$7,602,673          | \$6,428,372          | 18.27%        |
| <b>Total Assets</b>                   | <b>\$257,223,416</b> | <b>\$247,977,155</b> | <b>3.73%</b>  |
| <b>LIABILITIES</b>                    |                      |                      |               |
| Payables                              | \$568,360            | \$485,579            | 17.05%        |
| Other Liabilities                     | \$134,139            | \$32,957             | 307.01%       |
| <b>Total Liabilities</b>              | <b>\$702,499</b>     | <b>\$518,537</b>     | <b>35.48%</b> |
| <b>MEMBER EQUITY</b>                  |                      |                      |               |
| Shares & Certificates                 | \$221,226,190        | \$215,715,640        | 2.55%         |
| Reserves & Undivided Earnings         | \$35,294,727         | \$31,742,979         | 11.19%        |
| <b>Total Member Equity</b>            | <b>\$256,520,917</b> | <b>\$247,458,619</b> | <b>3.66%</b>  |
| <b>Total Liabilities &amp; Equity</b> | <b>\$257,223,416</b> | <b>\$247,977,155</b> | <b>3.73%</b>  |

## MAUI COUNTY FEDERAL CREDIT UNION

### Wailuku Branch

1888 Wili Pa Loop  
Wailuku, HI 96793-1272

### Office Hours

Monday to Friday  
8:30 a.m. to 4:30 p.m.

### Kahului Branch

270 Dairy Rd., #146  
Kahului, HI 96732-2986

### Office Hours

Monday to Friday  
9:00 a.m. to 5:00 p.m.  
Saturday  
8:30 a.m. to 12:30 p.m.

(808) 244-7968 Fax (808) 242-1690  
(800) 783-6597 (Neighbor islands)  
[www.mauicountyfcu.org](http://www.mauicountyfcu.org)

### Teller Tone Service

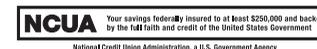
(800) 285-2932

"Chartered 1937"

### Board of Directors

Edwin Okubo, Chairman  
Clifford Zane, Vice Chairman  
Karen Oura, Secretary/Treasurer  
Frederico Asuncion, Director  
Ty Yoshimi, Director  
Richelle Lu, Director  
Robert Kawahara, Director

**Mission Statement**  
**Caring For Our Members Needs**



# 2015 ANNUAL REPORT



Federally insured by NCUA.

# 2015 Annual Meeting Minutes

## WELCOME BY CHAIRMAN:

Chairman Edwin Okubo introduced himself and welcomed the members to the meeting.

## CALL TO ORDER AND ASCERTAIN PRESENCE OF QUORUM:

The meeting was called to order by Chairman Okubo at 6:00 p.m. on Saturday, March 7, 2015 at the Wailuku Community Center. Chairman Okubo reported that approximately 575 members were in attendance and that a quorum was present for the meeting. He also informed the members that under our credit union's by-laws, a minimum of 15 members need to be present to have a quorum for the meeting.

## CHAIRMAN'S ANNOUNCEMENTS:

Chairman Okubo made the following announcements:

- The meeting will be recessed in a few minutes and the meeting will be reconvened after dinner for the business portion of the meeting.
- Some of the door prizes will be given out before and during dinner, but most of the door prizes will be given out after the business portion of the meeting is concluded.
- He requested that the members review the 2014 annual report which was distributed to the members, as action will be taken on the Supervisory Committee's report that is shown on page 1, the Treasurer's financial reports that are shown on page 2, the minutes of the annual meeting of the members that is shown on pages 3 & 4, and the Chairman and Board of Directors' report that is shown on pages 5 & 6.
- Chairman Okubo called on Ms. Frances Nelson to offer grace before receiving our food.

## MEETING RECESSED:

Chairman Okubo recessed the meeting at 6:05 p.m.

## MEETING RECONVENED:

Chairman Okubo reconvened the meeting at 7:15 p.m.

## MINUTES:

Chairman Okubo requested a motion to approve the Minutes of MCFCU's March 1, 2014 annual meeting of the members. Upon motion duly made and seconded, it was unanimously voted to approve the minutes of the 2014 annual meeting of the members.

## REPORT OF THE TREASURER:

Chairman Okubo requested a motion to accept the Treasurer's financial reports for 2014. Upon motion duly made and seconded, it was unanimously voted to accept the Treasurer's financial reports for 2014.

## REPORT OF THE CHAIRMAN AND BOARD OF DIRECTORS:

Chairman Okubo requested a motion to accept the Chairman and Board of Directors' Report for 2014. Upon motion duly made and seconded, it was unanimously voted to accept the Chairman and Board of Directors' report for 2014.

## REPORT OF THE SUPERVISORY COMMITTEE:

Chairman Okubo requested a motion to accept the Supervisory Committee's Report for 2014. Upon motion duly made and seconded, it was unanimously voted to accept the Supervisory Committee's report for 2014.

## RECOGNITION OF VOLUNTEERS:

Chairman Okubo introduced the following MCFCU volunteers on the Board of Directors who were in attendance:

*Vice Chairman Clifford Zane  
Secretary/Treasurer Karen Oura  
Director Frederico Asuncion  
Director Richelle Lu  
Director Robert Kawahara  
Chairman Edwin Okubo*

Chairman Okubo also reported that Ty Yoshimi was also a volunteer on the Board of Directors.

Chairman Okubo then introduced the following volunteers on the Supervisory Committee who were in attendance:

*Chairman Glenn Okimoto  
Member Robin Tanaka  
Member Greg Takahashi*

Chairman Okubo also reported that Ralph Nagamine and Wesley Yoshioka were also volunteers on the Supervisory Committee.

## UNFINISHED BUSINESS:

Chairman Okubo reported that there was no unfinished business to act on.

## NEW BUSINESS:

Chairman Okubo reported that the only new business was the election of directors, and called on Director Frederico Asuncion, Chair of the Nominating committee to present the Nominating Committee's report.

Mr. Asuncion explained that the Nominating Committee went through the nomination process that is spelled out in the credit union's by-laws, and that the Nominating Committee was nominating Clifford Zane, Karen Oura and Richelle Lu to fill the three up-coming vacancies on the

Board of Directors and made a motion to approve the nominating committee's report.

Chairman Okubo thanked Mr. Asuncion for the report and requested a second to Mr. Asuncion's motion. Upon motion duly made and seconded, it was unanimously voted to approve the Nominating Committee's report.

Chairman Okubo announced that with the approval of the Nominating Committee's report by acclamation, Clifford Zane, Karen Oura and Richelle Lu have been elected to serve on the Board of Directors for a term of two years.

## ADJOURNMENT OF MEETING:

There being no other business, Chairman Okubo adjourned the meeting at 7:25 p.m.

## DOOR PRIZES:

Door prizes, including merchandise, gift certificates and air fare/vacation coupons were awarded to members whose names were drawn by lottery. The door prizes were made possible by our credit union and some generous vendors.

## Respectfully submitted,

*Edwin Okubo, Chairman,  
Karen Oura, Secretary/Treasurer*

## Report of the Chairman and Board of Directors

In fiscal year 2014, the members of the Maui County Federal Credit Union's (MCFCU's) board of directors, supervisory committee and senior management team developed a strategic plan for the period 2015-2017. The strategic plan included as one of its strategic objectives, "Forward Strategy Considerations," which identified strategic opportunities that may become viable in the future. Two opportunities that were identified included conducting a charter conversion study (multiple common bond charter to a community charter) and increasing the development of new and existing delivery channels.

On August 29, 2015, the members of the board, supervisory committee and senior management team participated in a strategic planning session to develop a Strategic Plan and Economic Summary Report for the period 2016-2018. To maintain MCFCU's financial strength and stability, it was decided that additional emphasis will be placed on evaluating growth opportunities which included conversion to a community charter and more aggressive evaluations of merger opportunities.



After carefully evaluating the advantages and disadvantages of a charter conversion and determining that a conversion will be beneficial to MCFCU and will not adversely affect our current and prospective members, the Board of Directors on September 22, 2015 approved changing its field of membership charter from a multiple common bond charter to a community charter. A formal application for a charter conversion was submitted to the National Credit Union Administration (NCUA) for approval on December 17, 2015.

The charter conversion will permit any person who lives, works, worships or attends school within the County of Maui to become a member of the MCFCU, and will eliminate the requirement that a person must be an employee of one of our credit union's Select Employer Groups (SEGs) or a family member of such an employee.

The charter conversion is expected to increase MCFCU's total assets and membership, expand opportunities for mergers, result in greater operational economies of scale, and thereby enable our credit union to provide improved products and services to our members.

## Respectfully submitted, Board of Directors

*Edwin Okubo, Chairman  
Clifford Zane, Vice Chairman  
Karen Oura, Secretary/Treasurer  
Frederico Asuncion, Director  
Ty Yoshimi, Director  
Richelle Lu, Director  
Robert Kawahara, Director*