

## 2008 Annual Meeting Agenda

1. Ascertainment of Quorum (15 members)
2. (p. 3,4) Reading and approval (or correction) of minutes of 2007 Annual Meeting
3. (p. 2) Report of the Treasurer
4. (p. 5,6) Report of the Chairman and Board of Directors
5. (p. 1) Report of the Supervisory Committee
6. (p. 6) Announcement of dividends for 2007
7. Election of officers:
  - a. Nominating Committee Report
8. Other business
9. Adjournment
10. Door prizes

## Report of the Supervisory Committee

The Supervisory Committee is responsible for ensuring that the credit union policies and procedures adequately protect the shareholders' interests; for providing reasonable assurance that regulations, policies and procedures that govern the institution are properly followed; and for providing an annual report on the credit union's financial condition and results of operations.

The Annual Comprehensive audit of our Credit Union conducted by FSG Pacific LLC was completed on January 11, 2008. The audit covered the period from October 1, 2006 through September 20, 2007.

Overall, our Credit Union continues to be financially sound and growing at a steady pace which gives reasonable assurance that our assets are adequately safe guarded against losses. The audit scope included testing the accuracy of the financial data with generally accepted accounting principals. The review of compliance and control was reported as adequate without any exceptions noted.

Our Credit Union continues to increase its loan portfolio by offering loan promotions and securing interest in loan participation programs that far exceed industry averages. The financial strength of a credit union can be measured by its Net Worth. Net Worth is the accumulated earnings of a credit union since its organization and represents assets owned greater than liabilities owed. Our Credit Union's Net Worth as of September 30, 2007 was 13.5% or \$23,614,000. As a result, our Credit Union continues to remain financially sound while providing our members the very best financial services.

As our Credit Union introduces new products and services, compliance requirements are also increased. Rest assured that the Supervisory Committee is working to ensure that proper controls are in place and monitored to ensure compliance with the various laws and regulations.

Management, Board of Directors and staff deserve to be highly commended for their excellent effort in continuing to provide meaningful and profitable services to the members of our Credit Union.

Respectfully submitted,  
Robert S. Kawahara, Supervisory Committee Chairman

Patrick Ing  
Garrett Goo

Lyle Kobashigawa  
Ty Yoshimi

## Financial Reports

### STATEMENT OF INCOME

OPERATING INCOME	2007	2006	\$\$ DIFF	%+/-
Loan Income	\$7,692,037	\$5,420,665	\$2,271,372	41.90%
Investment Income	\$1,611,684	\$1,755,361	-\$143,677	-8.19%
Other Operating Income	\$1,318,032	\$1,178,996	\$139,036	11.79%
<b>Total Operating Income</b>	<b>\$10,621,753</b>	<b>\$8,355,022</b>	<b>\$2,266,731</b>	<b>27.13%</b>
<b>OPERATING EXPENSE</b>				
Compensation	\$916,936	\$834,836	\$82,100	9.83%
Employee Benefits	\$264,120	\$241,387	\$22,733	9.40%
Travel & Conference	\$67,552	\$76,015	-\$8,463	-11.13%
Dues	\$27,314	\$29,960	-\$2,646	-8.83%
Occupancy Expense	\$142,497	\$138,163	\$4,334	3.14%
Office Operating Expense	\$264,202	\$228,958	\$35,244	15.39%
Advertising & Promotion	\$70,067	\$80,616	-\$10,549	-13.09%
Loan Servicing	\$816,047	\$770,341	\$45,706	5.93%
Professional & Outside Services	\$714,841	\$646,043	\$68,798	10.65%
Provision for Loan Losses	\$113,190	\$35,164	\$78,026	221.89%
Member Insurance	\$159,429	\$144,241	\$15,188	10.53%
NCUA Operating Fees	\$31,892	\$31,131	\$761	2.44%
Misc. Operating Expenses	\$114,513	\$87,946	\$26,567	30.21%
<b>Total Operating Expenses</b>	<b>\$3,702,600</b>	<b>\$3,344,801</b>	<b>\$357,799</b>	<b>10.70%</b>
Interest on Notes Payable	\$12,585	\$180,344	-\$167,759	-93.02%
<b>Total Expenses</b>	<b>\$3,715,185</b>	<b>\$3,525,145</b>	<b>\$190,040</b>	<b>5.39%</b>
<b>Net Operating Income</b>	<b>\$6,906,568</b>	<b>\$4,829,877</b>	<b>\$2,076,691</b>	<b>43.00%</b>
Rental Income	\$0	\$0	\$0	#DIV/0!
Gain on Sale of Assets	\$5,000	\$0	\$5,000	0.00%
Net Income before Dividends	\$6,911,567	\$4,829,877	\$2,081,690	43.10%
Dividends - Shares	\$3,988,841	\$2,705,742	\$1,283,099	47.42%
<b>NET INCOME</b>	<b>\$2,922,726</b>	<b>\$2,124,135</b>	<b>\$798,591</b>	<b>37.60%</b>

### STATEMENT OF CONDITION

ASSETS	2007	2006	\$\$DIFF	%+/-
Net Loans	\$143,102,760	\$108,424,307	\$34,678,453	32.00%
Receivables	\$7,093	\$11,237	-\$4,144	-36.88%
Cash	\$1,835,379	\$1,854,240	-\$18,861	-1.02%
Investments	\$31,537,303	\$42,652,113	-\$11,114,810	-26.06%
Fixed Assets	\$2,388,639	\$2,462,499	-\$73,860	-3.00%
Other Assets	\$1,806,714	\$1,712,316	\$94,398	5.51%
<b>Total Assets</b>	<b>\$180,677,888</b>	<b>\$157,116,712</b>	<b>\$23,561,176</b>	<b>15.00%</b>
<b>LIABILITIES</b>				
Payables	\$135,095	\$615,242	-\$480,147	-78.04%
Other Liabilities	\$37,486	\$229,831	-\$192,345	-83.69%
Notes Payable	\$0.00	\$4,364,149	-\$4,364,149	0.00%
<b>Total Liabilities</b>	<b>\$172,581</b>	<b>\$5,209,222</b>	<b>-\$5,036,641</b>	<b>-96.69%</b>
<b>MEMBER EQUITY</b>				
Shares & Certificates	\$156,070,920	\$130,395,828	\$25,675,092	19.69%
Reserves & Undivided Earnings	\$24,434,388	\$21,511,662	\$2,922,726	13.59%
<b>Total Member Equity</b>	<b>\$180,505,308</b>	<b>\$151,907,490</b>	<b>\$28,597,818</b>	<b>18.83%</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$180,677,888</b>	<b>\$157,116,712</b>	<b>\$23,561,176</b>	<b>15.00%</b>

## Maui County Employees Federal Credit Union

1888 Wili Pa Loop • Wailuku, HI 96793-1272  
(808) 244-7968 • Fax (808) 242-1690  
(808) 783-6597 (Neighbor islands)  
Teller Tone Service (800) 285-2932  
[www.mauiefcu.org](http://www.mauiefcu.org)

### STAFF

Gary Fukuroku, President/CEO  
Ray Pascua, Director of Lending  
Regan Ohira, Loan Manager  
Myron Sakamoto, Director of Operations  
Robyn Yamashita, Operations Manager  
Cathy Nakamura, Chief Financial Officer  
Bobbie Pagay, Marketing Specialist  
Lois Akiona, Loan Officer II  
Frances Nelson, Loan Officer II  
Lisa Keene, Loan Officer I  
Myra Sakai, Loan Officer I  
Carrie Tam Sing, Loan Officer I  
Kyle Iwaisui, Collections Officer  
Anna Belle Kutsunai, Loan Processor/Clerk  
Mylene Sumibcay, Loan Processor/Clerk  
Erin Nago, Accountant/Clerk  
Jersom Buenafe, MSR III  
Desiree Toda, MSR III  
Juliet Cortez, MSR II  
Renee Saribay, MSR II  
Alia-Mae Arcangel, MSR I  
Arlynn Char, MSR I  
Diane Falces, MSR I  
Tiffany Gibo, MSR I  
Shaina Ibanez, MSR I  
Arlene Reglos, MSR I

### MISSION STATEMENT

Caring For Our Members Needs



# 2007 ANNUAL REPORT



MAUI COUNTY EMPLOYEES  
FEDERAL CREDIT UNION

We're  
YOURS



## 2007 Annual Meeting Minutes

**CALL TO ORDER:** The 2007 Annual Meeting of the Maui County Employees FCU was called to order by Chairman Tom Hiranaga at 6:15 p.m. on Saturday, March 10, 2007 at the Wailuku Community Center. The Chairman called on Ms. Frances Nelson to say the prayer. The meeting was recessed at 6:20 p.m. for a luau dinner.

**QUORUM:** Chairman Hiranaga reconvened the meeting at 7:15 p.m. With approximately 570 members in attendance, it was ruled that a quorum was present.

**MINUTES:** Upon motion duly made and seconded, it was **unanimously voted:**

**TO APPROVE** the minutes of the 2006 Annual Meeting as printed on Pages 3 and 4 of the Annual Meeting brochure and circulated.

**REPORT OF THE TREASURER:** Upon motion duly made and seconded, **it was unanimously voted:**

**TO ACCEPT** the Treasurer's Report as printed on Page 2 of the Annual Meeting brochure and circulated.

**REPORT OF THE CHAIRMAN AND BOARD OF DIRECTORS:** Upon motion duly made and seconded, **it was unanimously voted:**

**TO ACCEPT** the Report of the Chairman and Board of Directors as printed on Pages 5 and 6 of the Annual Meeting brochure and circulated.

Chairman Hiranaga introduced the following:

**Board of Directors:** Vice Chairman Edwin Okubo; Secretary/Treasurer Donald Terada; Directors Wesley Wong Jr., Clifford Zane, and Karen Oura; and himself.

**Supervisory Committee:** Clarence Fujitani, Chairman was unable to attend, Garrett Goo, Lyle Kobashigawa, Itsuyo Kusuda and June Ono.

Chairman Hiranaga called on Manager/CEO Gary Fukuroku to introduce the **staff:**

Layne Oishi, Cathy Nakamura, Myron Sakamoto, Lois Akiona, Barbara Pagay, Frances Nelson, Myra Sakai, Ray Pascua, Kyle Iwaishi, Mylene Sumibcay, Lisa Keene, Juliet Cortez, Alia Mae Arcangel, Desiree Echallas, Renee Saribay, Jersom Buenafe, Arlynn Char, Robyn Yamashita, Carrie Tam Sing, Tiana Septimo and Anna Kustunai.

**REPORT OF THE SUPERVISORY COMMITTEE:** Upon motion duly made and seconded, **it was unanimously voted:**

**TO ACCEPT** the Report of the Supervisory Committee as printed on Page 1 of the Annual Meeting brochure and circulated.

**2006 DIVIDENDS:** The Chairman referred to the Report of the Chairman and Board of Directors on Page 6 of the Annual Meeting brochure and pointed out 2006 dividends for Regular Share accounts.

**ELECTION OF OFFICERS:** Chairman Hiranaga called upon Director Frederico Asuncion to present the Nominating Committee Report.

The election is for three seats on the Board of Directors. Three seats for a two year term.

Mr. Asuncion submitted the following candidates listed on the Nominating Committee Report for election to the Board of Directors:

Karen Oura • Donald Terada • Clifford Zane

Mr. Asuncion called for a motion to accept the nominating committee report. Upon motion duly made and seconded, **it was unanimously voted:**

**TO ACCEPT** the nominating committee report.

Chairman Hiranaga called for a motion to elect the candidates to the Board of Directors. Upon motion duly made and seconded, **it was unanimously voted:**

**TO ELECT** the nominating committee's candidates to the Board of Directors.

**SPECIAL RECOGNITION:** Manager/CEO Fukuroku recognized Clarence Fujitani, Itsuyo Kusuda and June Ono for their years of service serving on the Supervisory Committee. A Koa Clock and appreciation gift was presented.

**DOOR PRIZES:** Door prizes, including merchandise, gift certificates and airfare/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.

**ADJOURNMENT:** There being no further business, the meeting was adjourned at 7:45 p.m.

Respectfully submitted,

Tom Hiranaga, Chairman,  
Donald Terada, Secretary/Treasurer

## Report of the Chairman and Board of Directors

### HIGHLIGHTS OF 2007

Opening our Credit Union on Saturdays from 8:30am to 12:30pm received an overwhelming positive response from our members. Our staff members are very happy to see so many smiling faces.

2007 was another excellent year, and the Board has decided to earmark excess earnings for possibly one or more branch offices to accommodate members living and working away from the Wailuku office. Travel time and high gasoline prices are major concerns. Verdi & Company has completed a comprehensive "Delivery Network Expansion" study to explore alternative means to deliver services. Our mission is to continue to provide you with the best financial services and accessibility.

Presently our Maui County Employees FCU is the 13th largest in assets of the 96 Credit Unions in the State of Hawaii and also, by far the largest on Maui.

For the sixth year, we have awarded scholarship grants of \$1,000 each to ten student members seeking higher education. Selection is done by lottery because our Board feels that every high school graduate deserves an equal opportunity to win one of the \$1,000 grants.

### TREND OF BUSINESS

Our Credit Union continues to grow in most areas of operations, especially in loans as shown below:

	2008	2007	\$\$ +/-	% +/-
TOTAL ASSETS	\$187,859,850	\$156,752,839	\$31,107,011	19.84%
TOTAL SHARES	\$163,208,292	\$134,191,968	\$29,016,324	21.62%
TOTAL LOANS	\$150,569,243	\$111,401,029	\$39,168,214	35.16%
TOTAL INVESTMENTS	\$31,537,303	\$42,652,113	-\$11,114,810	-26.06%
TOTAL EARNINGS	\$10,621,753	\$8,355,022	\$2,266,731	27.13%
TOTAL NET INCOME	\$2,922,726	\$2,124,135	\$798,591	37.60%
TOTAL RESERVES	\$24,434,388	\$21,511,662	\$2,922,726	13.59%
MEMBERS	12,471	11,601	870	7.50%

### DELINQUENCIES

Delinquent loans verses total loans increased slightly, ending the year at .27% as compared with .24% in 2006. However, this increase is still far less than the acceptable 1.00% delinquency.

### DIVIDENDS

2007	REGULAR SHARES		SHARE DRAFT	
	Rate	APY	Rate	APY
January	1.60%	1.62%	0.50%	0.50%
February	1.75%	1.77%	0.50%	0.50%
March	1.75%	1.77%	0.50%	0.50%
April	1.75%	1.77%	0.75%	0.75%
May	1.75%	1.77%	0.75%	0.75%
June	1.75%	1.77%	0.75%	0.75%
July	1.75%	1.77%	0.75%	0.75%
August	1.75%	1.77%	0.75%	0.75%
September	1.75%	1.77%	0.75%	0.75%
October	1.75%	1.77%	0.75%	0.75%
November	1.75%	1.77%	0.75%	0.75%
December	1.75%	1.77%	0.75%	0.75%

Dividend rates paid to our members continue to be much higher than most credit unions and financial institutions throughout the State of Hawaii.

### OUTLOOK

We are still trying to find a more workable solution to improve our telephone system. We encourage our members' suggestions to help strengthen our Credit Union.

The Chairman and Board of Directors congratulate the management and staff for providing the Maui County Employees FCU with an excellent year.

Respectfully submitted,

### Board of Directors

Tom Hiranaga, Chairman  
Edwin Okubo, Vice Chairman  
Donald Terada, Secretary/Treasurer  
Frederico Asuncion, Director  
Karen Oura, Director  
Wesley Wong, Jr., Director  
Clifford Zane, Director