

2021

Annual Report



FINANCIAL REPORTS

STATEMENT OF INCOME

Operating Income	Dec. 31, 2021	Dec. 31, 2020	Variance %
Loan Income	\$6,547,766	\$6,915,677	-5.32%
Investment Income	\$3,345,420	\$3,344,327	0.03%
Other Operating Income	\$1,797,627	\$1,261,277	42.52%
Total Income	\$11,690,813	\$11,521,282	1.47%
Operating Expense			
Compensation	\$3,168,641	\$3,112,307	1.81%
Employee Benefits	\$1,116,280	\$1,001,128	11.50%
Travel & Conference	\$46,248	\$23,557	96.32%
Dues	\$53,870	\$60,499	-10.96%
Occupancy Expense	\$642,165	\$612,269	4.88%
Office Operating Expense	\$732,775	\$825,575	-11.24%
Education & Marketing	\$220,829	\$216,834	1.84%
Loan Servicing	\$388,911	\$339,475	14.56%
Outside Services	\$2,263,968	\$2,070,783	9.33%
Provision for Loan Losses	\$400,024	\$510,065	-21.57%
Examination Fees	\$75,314	\$89,330	-15.69%
Misc. Operating Expenses	\$129,205	\$155,029	-16.66%
Total Expenses	\$9,238,230	\$9,016,852	2.46%
Net Operating Income	\$2,452,583	\$2,504,430	-2.07%
Gain/(Loss) on Sale of Assets	\$101,810	\$81,787	24.48%
Net Income before Dividends	\$2,554,393	\$2,586,216	-1.23%
Dividends - Shares	\$620,108	\$1,075,570	-42.35%
Net Income	\$1,934,285	\$1,510,647	28.04%

STATEMENT OF CONDITION

Assets	Dec. 31, 2021	Dec. 31, 2020	Variance %
Net Loans	\$153,156,557	\$138,734,331	10.40%
Receivables	\$10,212	\$14,817	-31.08%
Cash	\$14,909,796	\$13,103,867	13.78%
Investments	\$200,649,296	\$180,772,768	11.00%
Fixed Assets	\$19,957,219	\$11,753,888	69.79%
Other Assets	\$23,645,240	\$15,570,248	51.86%
Total Assets	\$412,328,320	\$359,949,919	14.55%
Liabilities			
Payables	\$2,950,835	\$682,872	332.12%
Other Liabilities	\$1,418,550	-\$6,598,271	-121.50%
Total Liabilities	\$4,369,385	\$(5,915,399)	-173.86%
Member Equity			
Shares & Certificates	\$353,674,256	\$313,163,070	12.94%
Reserves & Undivided	\$56,973,344	\$55,039,059	3.51%
Other Comprehensive Income	\$(2,688,665)	\$(2,336,811)	15.06%
Total Member Equity	\$54,284,679	\$52,702,248	3.00%
Total Liabilities & Equity	\$412,328,320	\$359,949,919	14.55%

MESSAGE FROM THE BOARD OF DIRECTORS

Dear Members,

The COVID-19 pandemic continued to drastically depress the economies around the world during the years 2020 and 2021. This significantly affected the financial performance of the Maui County Federal Credit Union (MCFCU) and all credit unions in the United States. Although COVID-19 negatively impacted MCFCU in 2020 and 2021, MCFCU continued its positive performance under the hard work of its management, staff and volunteers.

Catalyst Strategic Solutions' Advisory Service made the following strategic observations in their 2021 third quarter Financial Management Assessment and Strategy report for MCFCU (fourth quarter report was not available prior to MCFCU's publication of its 2021 annual report):

"The credit union's balance sheet is well capitalized and maintains a stable earnings profile. A well-managed operating expense structure should continue to impact earnings. The credit union has capacity to grow its loan portfolio and the credit union's strong capital profile, well managed interest rate risk metrics and ample liquidity place no restriction on the types or duration of loans it can originate. Continue to monitor loan pricing closely to ensure that lending rates remain appropriate in a fluctuating rate environment.

The credit union's liquidity profile is healthy with no funding concerns. The Treasury yield curve has moved significantly lower because of the worldwide pandemic. The outlook for interest rates in 2021/22 is for low/flat rate environment.

The current profile of the investment portfolio has a stable duration with stable cash flows over the next 12 months. When the credit union is adding investments or reinvesting cash flows it should consider maintaining duration in the event interest rates remain low for an extended period."

Thank you for your commitment and being a valued member of our credit union.

Aloha,

Edwin Okubo, Board of Directors Chair

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee hired Kwock & Company, Certified Public Accountants to conduct a comprehensive annual audit of Maui County Federal Credit Union's (MCFCU) records and operations for the period ended September 30, 2021. The audit of MCFCU's books and records was performed in accordance with the audit guidelines and procedures recommended in the "Supervisory Committee Guide for Federal Credit Unions."

Based on the findings of the annual audit report, the Supervisory Committee would like to recognize the Board of Directors, management and employees of MCFCU for performing their duties in a commendable manner to keep your credit union in sound financial condition, and for providing outstanding service to the members of our credit union.

A huge mahalo to our outgoing Supervisory Committee Chair, Wesley Yoshioka, for his service on the Supervisory Committee over the past seven years. We are grateful for his guidance in ensuring that the financial condition of the credit union is accurately and fairly presented in the credit union's financial statements; and the credit union's management practices and procedures are sufficient to safeguard members' assets.

Respectfully submitted,

Nicklaus Tanaka, Supervisory Committee Chair

Community Impact



Employees and their families helped beautify The Maui Farm gardens.



\$8,125 raised to provide keiki with school supplies.



Lent a hand at the Maui Food Bank.



Raised \$5,200 to fight breast cancer.



Helped distribute food with Feed My Sheep.

CHARTERED 1937

Caring for our members needs by providing services that encourage financial well-being.

Board of Directors

Edwin Okubo, Chair
Frederico Asuncion, Vice Chair
Karen Oura, Secretary & Treasurer
Richelle Lu
Robert Kawahara
Glenn Okimoto
Kirsten Szabo

Supervisory Committee

Nicklaus Tanaka, Chair
Greg Takahashi
Rhonda Loo
Peter Hanano