

2019 Highlights



BALLOT



	2019	2018
Assets		
Loans to Members	\$300,708,755.65	\$287,169,578.47
Less Allowance for Losses	(4,698,825.36)	(3,252,166.78)
Cash & Equivalents	42,607,589.14	27,234,630.07
Investments	162,073,446.29	161,637,670.76
Land & Buildings	16,990,183.79	15,009,715.07
Other Fixed Assets	2,003,254.51	1,604,825.53
Other	17,271,550.22	19,440,374.12
Total Assets	\$536,955,954.24	\$508,844,627.24
Liabilities		
Accounts Payable	\$762,373.91	\$753,897.16
Dividends Payable	431,315.89	405,866.62
Other Liabilities	3,638,177.80	3,392,856.02
Member Savings	475,661,844.45	452,638,554.78
Total Liabilities	\$480,493,712.05	\$457,191,174.58
Equity		
Reserves	\$2,652,060.02	\$2,652,060.02
Undivided Earnings	57,722,263.19	52,202,177.21
Appropriated Undivided Earnings		
Pension & Other Comprehensive Loss	(3,912,081.02)	(3,200,784.57)
Total Equity	\$56,462,242.19	\$51,653,452.66
Total Liabilities and Equity	\$536,955,954.24	\$508,844,627.24
Income		
Interest on Loans	\$17,333,483.71	\$16,174,805.23
Investment Income	4,115,764.89	3,568,438.96
Other Income	4,251,087.79	3,910,092.22
Total Income	\$25,700,336.39	\$23,653,336.41
Operating Expenses		
Employee Compensation	\$4,680,513.64	\$4,453,562.79
Employee Benefits	1,309,493.41	1,249,049.53
Travel & Conference	236,150.01	213,076.09
Association Dues	75,773.98	74,389.31
Office Occupancy	1,014,725.71	947,745.20
Office Operations	1,884,067.16	1,706,737.58
Educational & Promotional	581,170.58	1,042,501.32
Loan Servicing	1,437,331.41	1,217,781.48
Prof. & Outside Services	836,087.31	589,707.94
Provision for Loan Losses	3,002,364.70	2,106,868.95
Operating Fees	135,122.43	118,867.20
Annual Meeting	26,702.32	18,729.45
Direct Cost of Services to Members	1,676,049.14	1,518,251.97
Misc. Operating Expenses	156,270.65	257,751.91
Total Operating Expenses	\$17,051,822.45	\$15,515,020.72
Income from Operations	\$8,648,513.94	\$8,138,315.69
Non-Operating Gain/Loss	67,901.65	570,248.20
Dividends to Members	3,063,907.34	2,870,633.63
To Undivided Earnings & Reserves	\$5,652,508.25	\$5,837,930.26

	2020	2019
I. Operating Income		
Interest on Loans	\$18,015,374.00	\$17,356,605.00
Income from Investments	3,674,160.00	3,563,069.00
Fees & Charges	1,672,171.00	1,529,681.00
Other Miscellaneous Income	2,744,808.00	2,214,211.00
Total Income	\$26,106,513.00 100.00%	\$24,663,566.00 100.00%
II. Cost of Funds		
Dividends	\$3,196,996.00	\$3,219,784.00
Total Cost of Funds	\$3,196,996.00 12.25%	\$3,219,784.00 13.05%
III. Gross Margin	\$22,909,517 87.75%	\$21,443,782.00 86.95%
IV. Operating Expenses		
Salaries	\$5,388,807.00	\$5,087,659.00
Employee Benefits	1,587,247.00	1,558,717.00
Employees' Travel & Conference	213,976.00	171,651.00
Officers'/Directors' Travel & Conference	102,540.00	102,540.00
Association Dues	78,990.00	74,935.00
Office Occupancy	1,038,932.00	1,243,425.00
Subscriptions & Training	36,339.00	48,891.00
Office Communications	189,291.00	188,412.00
Rental of Furniture & Equipment	4,000.00	4,000.00
Maintenance of Furniture & Equipment	882,670.00	777,873.00
Stationery & Supplies	129,700.00	111,375.00
Insurance	121,616.00	115,052.00
Depreciation of Furniture & Equipment	499,303.00	518,342.00
Armored Car Service	77,750.00	51,940.00
Bank Service Charges	64,100.00	72,100.00
Other Office Operations	8,700.00	8,200.00
Educational/Promotional	677,400.00	685,000.00
Business Development & SEG	92,800.00	14,900.00
Loan Servicing	806,450.00	955,050.00
Visa Loan Expenses	323,000.00	274,000.00
Professional/Outside Services	828,500.00	822,526.00
Provision for Loan Losses	3,172,689.00	1,780,000.00
NCUA Operating Fees	137,000.00	115,000.00
Cash Over/Short	1,000.00	1,000.00
Annual Meeting	27,000.00	20,000.00
Miscellaneous Operating Expenses	154,500.00	56,764.00
Direct Cost of Services to Members	1,685,100.00	1,518,100.00
Total Operating Expenses	\$18,329,400.00 70.21%	\$16,377,452.00 66.40%
Non Operating Gain/Loss	0	0
V. Net Income	\$4,580,117.00 17.54%	\$5,066,330.00 20.54%

Looking ahead, together.

Meeting Agenda

1. Call to Order

- Roll Call
- Minutes of the 65th Annual Meeting

2. Reports of Officials

- Supervisory Committee
Kamika Smith

- Credit Committee
Brent Mizutani

- Nominating Committee
Eric Honma

- Chairman of the Board
Walton Hong

- President/CEO
Tess Shimabukuro

3. Unfinished Business

4. New Business

- Estimated Budget for 2020
- Suggestions/Actions Recommended by Membership
- Election of Officials
 - Board of Directors
 - Credit Committee

5. Adjournment



This credit union is Federally Insured by the National Credit Union Administration.

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2019 Meeting Minutes

The 65th Annual Membership Meeting of Gather Federal Credit Union convened at 1:11 p.m. on Saturday, March 16, 2019 at the Kauai Marriott Resort with Chairman Walton D.Y. Hong presiding.

ROLL CALL

Luncheon tickets sold to the Membership as well as tickets issued at the door for those attending the meeting totaled 538 members. A quorum was declared to be present. (Article IV, Section 5 of the Bylaws requires that 15 members be present.)

Board Chairman Walton D.Y. Hong introduced the Officials of the Credit Union:

Board of Directors: Vice Chairman Victor Punua, Sr., Secretary/Treasurer Caroline Ozaki, Tammy Ando, Phil Fudge, George M. Masuoka, Earl Miyao, and Walter Kamika Smith. Board Member Eric Honma was absent.

President/CEO: Tess Shimabukuro

Supervisory Committee: Walter Kamika Smith, Deborah Christian, Kent Kikuchi, Joseph Kobayashi, and Dulcie Yano

Credit Committee: Stephen Fujii, Mitchell Ikeda, and Brent Mizutani

Chairman Hong recognized the staff of the Kauai Marriott Resort for hosting the luncheon and meeting, and Mr. Paul Togioka for providing the beautiful music.

Agenda – On motion duly made, seconded and carried, the agenda was approved.

Minutes – On motion duly made, seconded and carried, the minutes of the March 10, 2018, 64th Annual Membership Meeting, was approved as circulated.

Reports of Officials

Committee Reports. On motions duly made, seconded and carried, the reports of the Supervisory Committee and Credit Committee were accepted.

Recruitment Committee. Mr. Earl Miyao, Member of the Recruitment Committee, presented the following nominations:

Board of Directors-3 Year Term:

- Ms. Tammy Ando
- Mr. George M. Masuoka
- Ms. Caroline Ozaki

Credit Committee-3 Year Term:

- Mr. Stephen Fujii

On motion duly made, seconded and carried, the Nominating Committee Report was accepted.

Chairman's Report. Chairman Hong reflected upon the major changes that occurred in 2018 which included the name change to Gather Federal Credit Union, the growth of the Credit Union to more than \$500,000,000 in Assets, and the renovation of the Kapa'a Branch Office. The name change was a means to proactively preserve the standing of the Credit Union as one of the foremost financial institutions on Kauai to serve its communities. The renovation of the Kapa'a Branch Office is near completion which now includes two drive-through lanes, reconfiguration of the parking lot to become more user friendly, and interior improvements in efficiency in servicing the members needs. Efforts are ongoing in obtaining approvals

and permits from the County to build a new branch office in Kilauea. A water agreement also needs to be established with the landowner to meet the potable water requirements set by the County. The application for a Use Permit is anticipated to be submitted in March which should take about four months for approval which will then be followed by the application for a Building Permit.

The threat of larger off island credit unions entering into the Kauai marketplace and taking over the Kauai credit unions is a continuing concern. One off island credit union has already established its presence on Kauai. Gather Federal Credit Union needs to be ready and able to face up to this challenge, which will require the continued support, loyalty, and faith of its Members.

Chairman Hong thanked the Management and Staff of Gather FCU for their dedication and hard work, the fellow Directors for their support and help in guiding the Credit Union, and the Members for their support which enables the Credit Union to continue to be a strong, viable, and recognized economic force on Kauai.

President/CEO's Report. Ms. Shimabukuro reported that 2018 was a successful year for Gather FCU with growth in Assets of 4.69%, Member Savings of 4.18%, and Loans of 7.81%. Net Income for the year amounted to \$3.3 million. At year end, Assets was at \$508 million with \$287 million in loans and total member savings of \$452 million.

In 2018, the Kukui Grove office began opening on Saturdays from 9 to noon. The newly remodeled Kapa'a Branch Office offers convenience and a better member experience with Teller Pod Stations, an In Lobby Teller Machine, and dual drive through lanes. The re-grand opening is scheduled for March 23rd. While the Kilauea Branch Office has been delayed, an ATM has been installed at the Ching Young Village Shopping Center in Hanalei which will be available for withdrawals and deposits. Other enhancements in 2018 include loan payment text message reminders for members with personal or auto loans; a call back feature for members calling the Call Center; a more responsive mobile App which allows check deposits, transfer of funds, and checking of balances; upgrading of all ATMs at the branch offices to dispense various denominations, deposit cash and checks, and provide images of deposited checks; and implementation of digital member surveys allowing members to submit feedback.

Election of Officials. Chairman Hong called for nominations from the floor for the vacancies on the Board of Directors and the Credit Committee. There were none. There being no objections, the nominations were closed with the Secretary casting a unanimous ballot electing Ms. Tammy Ando, Mr. George M. Masuoka, and Ms. Caroline Ozaki to a three-year term on the Board of Directors, and Mr. Stephen Fujii to a three-year term on the Credit Committee.

Adjournment

There being no further business, the meeting was adjourned at 1:41 p.m.

Respectfully submitted,

Walton D.Y. Hong
Chairman of the Board

Caroline Ozaki
Secretary



Team, and to the Member Owners for their trust and confidence.

Unfinished Business – None.

New Business

Estimated Budget for 2019. On motion duly made, seconded and carried, the Estimated Budget was accepted as an operating guide for the year 2019.

Suggestions/Actions Recommended by Membership. Questions were raised from Mr. William Snyder regarding the large increase in the Income Statement for Misc. Operating Expenses in 2017 vs. 2018, by Mr. Frank Marone regarding the low quorum requirement of 15 Members, and by Ms. Alice Parker regarding the reference to credit union expansion in the 2018 minutes. Responses were provided by Ms. Shimabukuro that the increase in Misc. Operating Expenses was due to the increase in debit and credit card losses and additional expenses for the re-brand. The quorum requirement of 15 Members is based on the National Credit Union Act & Bylaws that was enacted in the 1930's that has not changed over time. The quorum is not based on the size of a credit union or its membership. Any changes would have to be enacted by the National Credit Union Administration. The reference to expansion is not something that will be pursued immediately. The purpose of the name change is to prepare the Credit Union for the future. The number of credit unions in Hawaii is diminishing as the smaller credit unions are having a more difficult time surviving. If it becomes necessary for Gather FCU to expand to the outer islands in the future, exclusive of Oahu, the change in name allows the opportunity for expansion which shall also require a change in the field of membership.

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Respectfully submitted,

Walton D.Y. Hong
Chairman of the Board

Caroline Ozaki
Secretary

Gather staff also participated with nearly 100 charitable and non-profit organizations and volunteered over 200 hours of flood relief efforts in the North and South Shore communities. Donations from Members supported the keiki with school supplies and other educational items.

Ms. Shimabukuro extended her appreciation to the volunteer Board of Directors and Committee Members, the Gather

Message from Management



Tess Shimabukuro
President, CEO

Your community credit union celebrated another successful year in 2019. Assets grew by \$28 million; Member Savings grew by \$23 million; Loans grew by \$13 million. Net income for the year amounted to \$5.6 million. Gather Federal Credit Union at \$537 million in assets, with \$301 million in loans to members, and total member savings of \$475 million is financially stable and sound.

I see first-hand the true commitment of our dedicated Board members and staff in providing you with the most valuable and convenient products and services. I am very proud of our 100 employees that work hard each day to help our members achieve their financial goals.

In 2019 we have moved the 'Ele'ele office into a more convenient location which now offers safe deposit boxes. We are nearing completion of a much-needed renovation of the Waimea office.

We know your lives are busy, so now you can text us at any time. We offer mobile wallets for your convenience and provide free basic income tax return preparation and electronic filing to qualified individuals.

We introduced a new VISA Signature card – providing you better rewards – just for using the card.

We continue to invest heavily to enhance our cyber security, networks and back-up systems. While these may not be visible, safe and reliable access to your money is a top priority.

As Gather FCU continues to do well financially, those profits belong to you, our member-owners, and we put them to work for you in the form of better rates and lower fees. Our free checking accounts pay you up to 3.25% in dividends or up to 5% cash back on your purchases.

It is important to take care of the communities we live, work, and play in. We have continued to promote financial literacy by offering educational programs in schools and in the community.

My promise to you is that as we Gather and grow, we will remain committed to providing exceptional service. We will continue to survey our members to solicit your feedback on how we are doing. We appreciate hearing from you – as we exist to always serve you better.

I thank you all for the trust and confidence you place in the Gather team. Please know how much we appreciate your membership!

Respectfully submitted,

Tess Shimabukuro
President/CEO



Walton Hong
BOD, Chairman

It has been 66 years since a few pineapple farmers gathered to form this credit union, and the third year since the credit union's name was changed to Gather Federal Credit Union, the name now recognized as our credit union.

As of the end of 2019, the assets of Gather Federal Credit Union was \$537 million, with more than 35,000 members. This has been the result of hard work and dedication by the management and staff of the credit union, and the support of its members.

But while we continue to grow, we must remain vigilant and proactive to maintain our status as Kauai's foremost credit union to serve you and the Island of Kauai. It is important to remember that the credit unions on this island were set up to help our fellow neighbors and community members. We need to remain true to that underlying basis and continue to maintain the spirit of Aloha and caring which we have experienced, enjoyed, and benefitted from in the past.

We were hopeful of already breaking ground on the Kilauea branch of Gather Federal Credit Union. However, there are still remaining governmental approvals required before we are allowed to proceed.

Your Board of Directors remain committed to the continued growth and prosperity of Gather Federal Credit Union. The credit union's management team has been outstanding in providing your directors with the tools and knowledge to enable us to make informed decisions for the betterment of your credit union. And we will continue to do so to the best of our abilities.

I would like to thank my fellow directors, the management and the staff of Gather Federal Credit Union for their outstanding work in maintaining the professional, yet neighborly, services given to the members. It is because of this team effort that we have continued to be such an important part towards your successful financial planning and needs.

Thank you also for your continued support. Your Board of Directors and management look forward to another successful year.

Respectfully submitted,

Walton D.Y. Hong
Chairman of the Board

Supervisory & Credit Committee Reports



Kamika Smith
Chairman

ending June 30, 2019.

On behalf of the Committee, I am pleased to report that Gather FCU is financially sound. Our independent auditors issued their opinion that the consolidated financial statements are presented fairly, in all material respects, and in accordance with Generally Accepted Accounting Principles (GAAP). The condition of the Credit Union's financial statements and management practices and procedures are sufficient to safeguard member's assets.

We thank the Board of Directors, Management and Staff, whose hard work and diligence helped maintain the financial safety and soundness of your Credit Union. Our sincerest appreciation goes out to you, the members, for your support and confidence. It has been a pleasure to serve you.

Respectfully submitted,

Kamika Smith
Chairman

Committee Members:

- Deborah Christian
- Kent Kikuchi
- Gerald Matsunaga
- Dulcie Yano



Brent Mizutani
Chairman

Gather Federal Credit Union's Credit Committee works in conjunction with the Credit Union's Board and Management to create and monitor credit services. Our goal is to offer loan and credit programs that are affordable to the membership and result in growth and security for Gather FCU.

In 2019, the Credit Committee approved 3,813 loans totaling \$106,948,977.17. The three highest categories in dollar amounts were for purposes of auto loans, mortgage refinances, and home equity loans.

Loans at Gather FCU are for its members only and benefits derived are shared only amongst the membership. We are proud of the fact that Gather FCU's loan program continues to offer a full range of loan products with some of the lowest interest rates available.

On behalf of the Credit Committee, I would like to express my appreciation to the Board of Directors, Management and Staff for their continued support. The members, however, are the ones who make it happen. Thank you for the privilege of servicing your financial needs.

Respectfully submitted,

Brent Mizutani
Chairman

Committee Members:
Steve Fujii
Mitchell Ikeda