

# 2022 Highlights



**2.41%**  
Deposit  
Growth



**11.41%**  
Loan  
Growth



**\$66 Million**  
Processed  
Mortgage  
Loans



**1.29%**  
Member  
Growth



**370**  
Volunteer  
Hours



**52**  
Community  
Organizations  
Assisted



**\$102,900**  
Community  
Donations



**27,067**  
Active  
Online & Mobile  
Banking Users



**BALLOT**

Comparative Statement of Financial Condition		
	December 31, 2022	December 31, 2021
<b>Assets</b>		
Loans to Members	\$ 351,639,265.30	\$ 315,728,356.85
Less Allowance for Losses	(5,653,964.25)	(8,028,138.91)
Cash & Equivalents	31,648,161.03	85,999,695.70
Investments	308,031,517.87	296,851,522.28
Other		
Accrued Income Receivable	1,859,684.13	1,503,375.03
Property and Equipment, Net Depreciation	19,634,588.37	19,329,224.20
National Credit Union Share Insurance Fund	6,805,146.39	6,208,443.45
Other Assets	14,127,586.52	11,528,965.54
<b>Total Assets</b>	<b>\$ 728,091,985.36</b>	<b>\$ 729,121,444.14</b>
<b>Liabilities, Shares, and Equity</b>		
Accounts Payable & Other Liabilities	\$ 4,918,015.21	\$ 4,374,073.89
Member Shares	677,208,106.16	661,261,960.67
Equity		
Reserves	\$ 2,652,060.02	\$ 2,652,060.02
Undivided Earnings	76,904,403.15	67,028,071.92
Unrealized Gain(Loss) on AFS Securities	(30,246,517.18)	(3,018,837.36)
Accumulated and Other Comprehensive Income	(3,344,082.00)	(3,175,885.00)
<b>Total Equity</b>	<b>\$ 45,965,863.99</b>	<b>\$ 63,485,409.58</b>
<b>Total Liabilities, Shares, &amp; Equity</b>	<b>\$ 728,091,985.36</b>	<b>\$ 729,121,444.14</b>

Comparative Statement of Income		
	December 31, 2022	December 31, 2021
<b>Interest Income</b>		
Interest on Loans	\$ 17,293,795.82	\$ 16,259,815.34
Investment Income	5,979,177.44	3,645,401.65
<b>Total Interest Income</b>	<b>\$ 23,272,973.26</b>	<b>\$ 19,905,216.99</b>
<b>Interest Expense</b>		
Dividends to Members	1,934,832.93	2,134,195.72
Interest on Borrowed Money	12,771.31	
<b>Total Interest Expense</b>	<b>\$ 1,947,604.24</b>	<b>\$ 2,134,195.72</b>
<b>Net Interest Income</b>	<b>\$ 21,325,369.02</b>	<b>\$ 17,771,021.27</b>
<b>Non-Interest Income</b>	<b>5,267,123.41</b>	<b>4,753,479.96</b>
<b>Non-Interest Expense</b>		
Employee Compensation	\$ 5,493,201.78	\$ 5,071,695.58
Employee Benefits	1,216,164.87	1,315,186.20
Travel and Conference	175,094.44	85,070.55
Association Dues	85,934.04	83,732.88
Office Occupancy	1,174,179.56	1,037,754.67
Office Operations	2,152,073.46	1,981,271.30
Educational & Promotional	757,920.66	733,490.99
Loan Servicing	1,834,089.65	1,571,806.57
Prof. & Outside Services	1,332,115.97	1,154,715.44
Provision for Loan Losses	(1,469,107.33)	1,910,834.30
Operating Fees	114,433.67	126,121.47
Annual Meeting	5,925.40	2,227.76
Direct Cost of Services to Members	2,301,301.89	1,941,489.22
Misc. Operating Expenses	115,720.68	95,432.42
<b>Total Non-Interest Expense</b>	<b>\$ 15,289,048.74</b>	<b>\$ 17,110,829.35</b>
<b>Income from Operations</b>	<b>11,303,443.69</b>	<b>5,413,671.88</b>
<b>Non-Operating Gain/ (Loss)</b>	<b>(1,427,112.46)</b>	<b>181,524.69</b>
<b>Net Income</b>	<b>\$ 9,876,331.23</b>	<b>\$ 5,595,196.57</b>



# Growing Together

Meeting Agenda

1. Call to Order

- A. Roll Call
B. Approval of Agenda
C. Minutes of the 68th Annual Meeting of March 8, 2022

2. Reports of Officials

- A. Supervisory Committee Ross Kagawa
B. Nominating Committee Kent Kikuchi
C. Chairman of the Board Walton Hong
D. President/CEO Tess Shimabukuro

3. Unfinished Business

4. New Business
A. Suggestions/Actions Recommended by Membership

5. Election of Officials

- 1) Board of Directors

6. Adjournment



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2022 Annual Meeting Minutes

The 68th Annual Membership Virtual and In-Person Meeting of Gather Federal Credit Union was convened at 5:04 p.m. on Tuesday, March 8, 2022, via Zoom with Chairman Walton Hong presiding.

ROLL CALL.

129 Members attended the meeting. A quorum was declared to be present. (Article IV, Section 5 of the Bylaws requires that 15 members be present).

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 11, 2021, 67th Annual Membership Meeting, was approved.

Report of Officials

Committee Reports. Mr. Kamika Smith III, Chairperson of the Supervisory Committee, indicated the Supervisory Committee is appointed by the Board of Directors to ensure the safety and soundness of the Credit Union. Mr. Smith III introduced the Supervisory Committee members: Deborah Christian, Karen Henry, Ian Jung, Ross Kagawa and himself as Chairperson of the Supervisory Committee. As well as the Credit Union's Internal Auditor Jeneva Coates. The committee's full report is found in the annual report. Mr. Smith III acknowledged, on behalf of the Supervisory Committee the Credit Union is financially sound and the conditions of Credit Union's financial statement and management's policies and procedures are sufficient and safeguard member's assets.

On motions duly made, seconded, and carried, the report of the Supervisory Committee is accepted.

Nominating Committee. Mr. Earl Miyao, Chairperson of the Nominating Committee, presented the following nominations:

Board of Directors-3 Year Term:

- Ms. Sheryl Grady
Mr. Brent Mizutani
Ms. Ann Kennedy

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

Chairman's Report. Chairman Hong was honored to address the Annual Membership Meeting. There was hope for this year's meeting to be held in person, but

COVID still controls what can and cannot be done, so the protocol was observed.

Chairman Hong introduced the Board of Directors: Eric Honma, Walter "Kamika" Smith III, Earl Miyao, Ashley Carvalho, Brent Mizutani, Kent Kikuchi, Ann Kennedy, and our latest director, Sheryl Grady. Ms. Grady was recently appointed to replace Director Tammy Ando. He thanked the long serving directors for their contribution to the credit union: George M. Masuoka, Caroline Ozaki, Victor Punua and Tammy Ando. They resigned for personal and other reasons, and were replaced with Brent Mizutani, Kent Kikuchi, Ann Kennedy, and Sheryl Grady. Past director George Masuoka passed away in January of this year, and the credit union family extends its condolences to his family. He acknowledged this past year has been one for change and adaption. Although there has been a change in the board of directors, the Board has always been consistent in its role to keep Gather Federal Credit Union as the leading credit union on Kaua'i.

Other changes implemented during this past year has been the planning and build out of a new and first in-store branch in the Walmart store in Lihu'e, in the space formerly occupied by McDonald's. Another change is the Hardy Street office closed to the general membership, and the building will be used for administrative purposes. Although this may be an inconvenience to several members working in the State and County offices in the area, we balanced that inconvenience with the benefits of the new Walmart branch office.

He then shared his disappointment for the delay of the opening of the proposed Kilauea branch office. The delays are due to matters in part beyond our control. But with this delay, there are changes in technology that would create the branch more user friendly while offering better and additional services. To accommodate these changes in technology, however, we had to revise the electrical plans for the building, and so on and so forth. There is hope the Kilauea branch office will be operational, if not under substantial construction, by the next annual meeting.

Chairman Hong closed in thanking management and staff for their hard work and dedication. As well as the fellow directors in contributing to achieve and maintain the purpose and goals of Gather Federal Credit Union. Appreciation was expressed to the Members of Gather FCU for their confidence and support over the past years.

President/CEO's Report. Ms. Shimabukuro extended her appreciation to the Members for joining the Officials, Management and Staff at the 68th Annual Membership

Meeting. It was conveyed that although COVID has impacted our island home, Gather FCU remains financially healthy and continues to invest in ways to improve member's experiences.

Ms. Shimabukuro shared how the credit union considers safe and reliable access to the members' money as top priority. This is the second year of record growth. Assets grew; Member Savings grew, and Loans increased. These funds were transferred to the reserves to keep the credit union safe and sound.

Gather's focus was on building infrastructure and capacity to scale operations, to support new branches, as well as new technology, and digital capabilities. Where the Lihu'e Walmart location and Kilauea branch will provide innovate personalized experiences.

Ms. Shimabukuro concluded as a credit union, we believe in the philosophy of people helping people. Our dedicated Board of Directors and employees work hard each day to help our members achieve their financial goals. Looking forward with hope and optimism to a better 2022 for everyone.

Unfinished Business. There were none.

New Business

Suggestions/Actions Recommended by Membership. There were none.

Election of Officials. Chairman Hong called for nominations from the floor for the vacancies on the Board of Directors. There were none. There being no objections, the nominations were closed with the Secretary casting a unanimous ballot electing Ms. Sheryl Grady, Mr. Brent Mizutani, and Ms. Ann Kennedy to a three-year term on the Board of Directors.

Adjournment.

There being no further business, the meeting was adjourned at 5:23 p.m.

Walton D.Y. Hong
Chairman of the Board

Earl Miyao
Secretary

Message from the President & CEO



Tess Shimabukuro
President & CEO

Thank you for your membership with Gather Federal Credit Union. As we reflect on the past year, we are proud of the progress we have made in serving our members and achieving our mission.

Our financial condition remained solid in 2022, a reflection of sound oversight by the board and good stewardship by the leadership team.

In 2022, assets decreased by 0.14% (\$1 million), however deposits grew by 2.41% (\$16 million), and loans increased by 11.41% (\$36 million). Net income for the year amounted to \$9.8 million. These funds were transferred to our reserves, which is how we continue to keep our credit union safe and sound.

We have been able to maintain strong financial performance, while continuing to offer a wide range of products and services that meet the needs of our members. Our commitment to member service remains our top priority, and we will continue to work hard to ensure that we are providing the best possible experience for all our members.

In April, we opened our newest branch in the Lihu'e Walmart. This retail location offers extended hours including Saturday servicing as an added convenience. Construction on our Kilauea branch office should be underway this year.

As a credit union, we believe in the philosophy of people helping people. We are proud to see our Gather team make a positive impact on our community. Through your generosity, Gather FCU has made monetary donations more than \$102,900 to various community organizations.

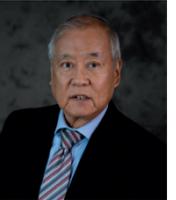
I would like to thank our staff for their hard work and dedication throughout the year, as well as our members for their loyalty and support. I am confident that we will continue to grow and thrive in the years to come, and I look forward to working together with all of you to create a bright future for our credit union.

There are many other financial services providers in today's marketplace, and we are grateful that you have chosen to be a member of Gather FCU.

Respectfully Submitted,

Tess Shimabukuro

Message from the Chairman of the Board



Walton D.Y. Hong
Board of Directors
Chairman

It is hard to believe that another year has passed since our last annual membership meeting. But Gather Federal Credit Union continues to move forward in serving its more than 37,382 members and the Kaua'i community in addressing its various financial needs.

These needs not only come in the form of loans and savings at competitive rates, but also in the form of financial services (such as electronic banking), scholarships, financial literacy campaigns, and contributions to community minded projects and efforts to better our island community.

Your credit union did experience some changes in your board of directors. Director Ann Kennedy resigned for personal reasons, and was replaced by Sheryl Grady. Long serving Director Earl Miyao passed away in September of 2022, and his position has been filled by George Burkhart. Coupled with the replacement of three new directors in the previous fiscal year, there has been a change in the majority of your nine-member board of directors, which I believe will bring fresh insights as to how we can better continue to meet the your financial needs as well as serving the Kaua'i community.

For members who have visited our Kukui Grove main office, you will have noted the presence of a new automated teller machine in the lobby. This latest generation of ATM will allow you to do financial transactions in a quicker and more efficient manner, and is only example of our keeping up with the use of technology to make your banking needs easier. These new machines will eventually be found in other branches.

For our members on the North shore, we are still progressing towards the construction and opening of a Kilauea branch office. I believe that we have nearly cleared the hurdles in obtaining the necessary governmental permits for the construction of the branch office, and at the time of this annual meeting, we will have had, or will shortly have, a ground breaking ceremony for the highly anticipated and needed Kilauea Branch Office.

I would like to thank my fellow directors, the management and the staff for their outstanding work and dedication in continuing to provide the best possible service to the members of Gather Federal Credit. And I would also like to thank you, the members of Gather Federal Credit Union of your continued belief and support of your credit union.

Respectfully Submitted,

Walton D.Y. Hong

Supervisory Committee Report



Kamika Smith
Supervisory Committee
Chairman

The Supervisory Committee is appointed by the Board of Directors to protect the safety and soundness of the Credit Union, ensuring regulatory requirements and internal policies and procedures are adhered to, as well as examining and evaluating the adequacy and effectiveness of internal controls. This is accomplished through the oversight of the Credit Union's Internal Audit Department and external auditors.

The Committee is responsible for ensuring a financial statement audit is completed annually. We engaged Moss Adams LLP to perform the Annual Financial Statement Audit for the period ending June 30, 2022. Due to continuing pandemic related challenges, this engagement was conducted virtually. Virtual technology has enabled the credit union to continue its normal business functions while limiting social interactions for the health and safety of our community. On behalf of the Committee, I am pleased to report that the Credit Union is financially sound, and the condition of the Credit Union's financial statements and Management practices and procedures are sufficient to safeguard member's assets.

To further protect the Credit Union and safeguard our members assets, the Committee approved a Risk-Based Internal Audit Plan to assess the organization's effectiveness of oversight, compliance, and risk mitigation. The Internal Audit Manager identified, prioritized, and sourced key organizational risks to assure internal processes were enhanced, when warranted. The Internal Audit Manager met with the Committee on a bi-monthly basis to review audit results that documented, tested, and monitored the system of internal controls.

We thank the Board of Directors, Management, staff and auditors, whose hard work and diligence helped maintain the financial safety and soundness of your credit Union. We look forward to another year of representing our member-owners and working with the Credit Union personnel to ensure you continue to receive a superior member experience.

Respectfully Submitted,

Kamika Smith III



Photo above: "Dennis Fujimoto/The Garden Island"

