

# 2021 Highlights



16.58%

Deposit Growth



7.0%

Loan Growth



\$78 Million

Processed Mortgage Loans



1.99%

Member Growth



569

Volunteer Hours



62

Community Organizations Assisted



\$110,045

Community Donations



23,435

Active Online & Mobile Banking Users



BALLOT

## Comparative Statement of Financial Condition

	December 31, 2021	December 31, 2020
<b>Assets</b>		
Loans to Members Less Allowance for Losses	\$ 315,728,356.85 (8,028,138.91)	\$ 295,123,962.81 (6,624,736.67)
Cash & Equivalents	\$ 85,999,695.70	\$ 84,448,782.06
Investments	\$ 296,851,522.28	\$ 226,639,126.86
Other		
Accrued Income Receivable	1,503,375.03	1,486,817.69
Property and Equipment, Net Depreciation	19,329,224.20	18,803,965.94
National Credit Union Share Insurance Fund	6,208,443.45	5,229,252.22
Other Assets	11,528,965.54	11,621,174.59
<b>Total Assets</b>	<b>\$ 729,121,444.14</b>	<b>\$ 636,728,345.50</b>
<b>Liabilities, Shares, and Equity</b>		
Accounts Payable & Other Liabilities	\$ 4,374,073.89	\$ 10,496,562.44
Member Shares	\$ 661,261,960.67	\$ 567,235,487.88
Equity		
Reserves	\$ 2,652,060.02	\$ 2,652,060.02
Undivided Earnings	67,028,071.92	61,432,875.35
Unrealized Gain(Loss) on AFS Securities	(3,018,837.36)	311,812.29
Accumulated and Other Comprehensive Income	(3,175,885.00)	(5,400,452.48)
<b>Total Equity</b>	<b>\$ 63,485,409.58</b>	<b>\$ 58,996,295.18</b>
<b>Total Liabilities, Shares, &amp; Equity</b>	<b>\$ 729,121,444.14</b>	<b>\$ 636,728,345.50</b>



## Comparative Statement of Income

	December 31, 2021	December 31, 2020
<b>Interest Income</b>		
Interest on Loans	\$ 16,259,815.34	\$ 16,466,348.10
Investment Income	3,645,401.65	3,872,464.00
<b>Total Interest Income</b>	<b>\$ 19,905,216.99</b>	<b>\$ 20,338,812.10</b>
<b>Interest Expense</b>		
Dividends to Members	\$ 2,134,195.72	\$ 3,096,881.47
Interest on Borrowed Money	0.00	0.00
<b>Total Interest Expense</b>	<b>\$ 2,134,195.72</b>	<b>\$ 3,096,881.47</b>
<b>Net Interest Income</b>	<b>\$ 17,771,021.27</b>	<b>\$ 17,241,930.63</b>
<b>Non-Interest Income</b>	<b>\$ 4,753,479.96</b>	<b>\$ 4,201,803.13</b>
<b>Non-Interest Expense</b>		
Employee Compensation	\$ 5,071,695.58	\$ 5,097,562.80
Employee Benefits	1,315,186.20	1,337,517.07
Travel and Conference	85,070.55	79,167.27
Association Dues	83,732.88	76,736.26
Office Occupancy	1,037,754.67	1,042,596.77
Office Operations	1,981,271.30	1,963,963.32
Educational & Promotional	733,490.99	682,890.29
Loan Servicing	1,571,806.57	1,344,174.50
Prof. & Outside Services	1,154,715.44	987,457.69
Provision for Loan Losses	1,910,834.30	3,439,854.99
Operating Fees	126,121.47	145,529.63
Annual Meeting	2,227.76	27,898.80
Direct Cost of Services to Members	1,941,489.22	1,570,400.37
Misc. Operating Expenses	95,432.42	189,342.22
<b>Total Non-Interest Expense</b>	<b>\$ 17,110,829.35</b>	<b>\$ 17,985,091.98</b>
<b>Income from Operations</b>	<b>\$ 5,413,671.88</b>	<b>\$ 3,458,641.78</b>
<b>Non-Operating Gain/ (Loss)</b>	<b>\$ 181,524.69</b>	<b>\$ 198,806.73</b>
<b>Net Income</b>	<b>\$ 5,595,196.57</b>	<b>\$ 3,657,448.51</b>

Moving forward, together.



**GATHER**  
Federal Credit Union

Meeting Agenda

- 1. Call to Order
A. Roll Call
B. Approval of Agenda
C. Minutes of the 67th Annual Meeting of March 11, 2021
2. Reports of Officials
A. Supervisory Committee Kamika Smith
B. Nominating Committee Earl Miyao
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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2021 Annual Meeting Minutes

The 67th Annual Membership Virtual Meeting of Gather Federal Credit Union was convened at 5:03 p.m. on Thursday, March 11, 2021, via Zoom with Chairman Walton D.Y. Hong presiding.

ROLL CALL

Seventy-four Members attended the meeting. 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, Ashley Carvalho (replacing Phil Fudge), Eric Honma, George M. Masuoka (absent), Earl Miyao, and Walter Kamika Smith.

President/CEO: Tess Shimabukuro

Supervisory Committee: Walter Kamika Smith, Deborah Christian, Kent Kikuchi, Gerald Matsunaga, and Dulcie Yano

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

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

Minutes - On motion duly made, seconded and carried, the minutes of the June 25, 2020, 66th Annual Membership Meeting, was approved.

Reports of Officials

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

Nominating Committee. Ms. Tammy Ando, Chairperson of the Nominating Committee, presented the following nominations:

- Board of Directors-3 Year Term: Mr. Eric Honma, Mr. Victor Punua, Sr., Mr. Walter Kamika Smith
Credit Committee-3 Year Term: Mr. Mitchell Ikeda

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

Chairman's Report. Chairman Hong welcomed the Members attending virtually and in person to the 67th Annual Membership Meeting. To clarify, a limited in person meeting was also included to be in compliance with Federal requirements. On behalf of the Credit Union, concern was expressed for the Members and the communities on the North Shore impacted by the landslides in Wainiha and Hanalei with hopes for a quick resolution and for everyone

to remain safe and to assist each other.

Chairman Hong acknowledged the contributions that Board Member Phil Fudge, who passed away in 2020, made to the Credit Union who began his service in 1993 for a total of 27 years. His knowledge and insight in the area of real estate was invaluable to the Credit Union in assisting the Board and Management in developing its policies, direction, and actions.

2020 was a very trying and abnormal year which placed restrictions on everyone's lives. Steps were initiated by Management to provide for the safety of the Members and the Staff which resulted in some operational changes at the Branch Offices. Gather FCU continues to grow. Assets at the end of 2019 was at \$537 million. At the end of 2020, Assets grew to \$636.7 million reflecting an 18 1/2% growth. A new Branch Office was opened in Koloa which has seen an increase of 100 new members primarily from the Koloa and Lawai areas. From October 1, 2020 to February 28, 2021, over 10,100 transactions were processed at the Koloa Branch. For the Members on the North Shore, acquisition of the land for the new Branch Office in Kilauea is nearing closure as well as the upcoming submission for the Building Permit. Appreciation was conveyed to the Members for their patience in waiting for the completion of this new Branch Office. In the interim, a Gather FCU ATM will be placed at the Anaina Hou site in Kilauea within a month for the members' use.

Chairman Hong noted that managing and directing a credit union is not an easy task. With growth, comes increased responsibility and regulatory scrutiny. The Management and Staff of the Credit Union have met these new challenges by learning about new rules and regulations and have been revising and developing new policies to meet the new requirements. Chairman Hong concluded by thanking the Management and Staff for their contributions, hard work and dedication in 2020 among the most trying of times amidst COVID-19 and increased regulatory pressure. Appreciation was expressed to the Members of Gather FCU for their confidence in the Board of Directors, Management and Staff of the Credit Union, and their continuing support of their Credit Union in its continued success in helping the fellow members to address their respective financial needs.

President/CEO's Report. Ms. Shimabukuro extended her appreciation to the Members for joining the Officials, Management and Staff at the 67th Annual Membership Meeting. In appreciation, the Members were invited to stop by the Kukui Grove Office anytime up to the end of the month to pick up a gift from the Credit Union.

Keeping the Members safe during the world's worst public health crisis is a priority for the Credit Union. Remote services has been enhanced enabling Members to access their accounts without having to visit any branch office. Deposits can be made directly into their accounts by utilizing Gather FCU's Mobile App or ATMs located at the office locations. Communicating with staff can be done through text, email, or calling during business

hours. When calling, you will always speak to a live representative.

2020 was another successful year with Assets and Member Savings growing by more than \$90 million. Net Income for the year amounted to \$3.6 million. Gather FCU ended the year at \$636 million in Assets and is financially stable and sound. The Credit Union's growth is a true testament of the strength of the credit union cooperative model and to its Member Owners. The Staff committed their time and talent to 44 service events throughout the year and spent nearly 600 service hours in the community. Gather FCU has made monetary donations in excess of \$100,000 to various community organizations, as well as processed 247 grants totaling \$1.8 million to small businesses.

Ms. Shimabukuro conveyed her appreciation to the Members and their trust in the Board of Directors and employees of Gather FCU and in working together, to continue into 2021 embracing change with optimism, strength and aloha.

Unfinished Business - None.

New Business

Estimated Budget for 2021. On motion duly made, seconded and carried, the Estimated Budget was accepted as an operating guide for the year 2021.

Suggestions/Actions Recommended by Membership There were none.

Election of Officials Chairman Hong called for nominations from the floor to fill the remaining term of Mr. Phil Fudge. There were none. There being no objections, the nominations were closed with the Secretary casting a unanimous ballot electing Ms. Ashley Carvalho to fulfill the balance of Mr. Phil Fudge's term on the Board of Directors. Nominations were called 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 Mr. Eric Honma, Mr. Victor Punua, Sr., and Mr. Walter Kamika Smith to a three-year term on the Board of Directors, and Mr. Mitchell Ikeda to a three-year term on the Credit Committee.

Adjournment

There being no further business, the meeting was adjourned at 5:26 p.m.

Walton D.Y. Hong
Chairman of the Board

Caroline K. Ozaki
Secretary

Message from the President & CEO



Tess Shimabukuro
President & CEO

2021 was another difficult year for everyone as we continued to make adjustments to how we live and work, including the difficult task of quarantining and socially distancing ourselves for the common good.

Credit unions are considered essential businesses by the federal government, and we have a duty to sustain operations and support for our members. Our strong financial position enabled us to maintain consistent value and demonstrate flexibility.

This was our second year of record growth and a true testament of the strength of the credit union cooperative model and your unwavering commitment.

Assets grew by \$92 million or 14.51%; Member Savings grew by \$94 million or 16.57%; Loans increased by \$20 million or 7.0%. Net income for the year amounted to \$5.5 million. These funds were transferred to our reserves, which is how we continue to keep our credit union safe and sound.

Our growth has allowed us to counterbalance the impact of new regulatory and compliance requirements. We continue to emphasize building our infrastructure and capacity to scale operations, to support new branches, as well as new technology and digital capabilities.

Leveraging technology is great, but we won't forget the human piece of the equation. Fostering in-person relationships is very important to us so we are in the process of adding two new branches. Construction on our Kilauea branch office should be underway this year. You have probably seen renovations starting for our new Walmart branch as well. This retail location will offer extended weekday and Saturday servicing.

As a credit union, we believe in the philosophy of people helping people. It is with great pride to see our Gather team's commitment to making a positive difference in the community. In 2021, our employees volunteered 569 service hours in the community. Through your generosity, Gather FCU has made monetary donations of \$110,045 to various community organizations.

We hope that you and your family stay safe and healthy throughout the year. We are looking forward with hope and optimism to a better 2022 for everyone.

On behalf of the Gather family, we appreciate you, our loyal member-owners. Thank you for trusting us to serve your financial needs

Respectfully Submitted,

Tess Shimabukuro

Message from the Chairman of the Board



Walton D.Y. Hong
Board of Directors
Chairman

This past year has been one of challenges and change to Gather Federal Credit Union.

Having to continue to operate while the COVID pandemic continued proved most challenging to the management and staff. They worked to ensure that services to the members continued with minimal disruptions. The safety and health of the members and staff were foremost with strict pandemic protocols being followed.

It was a challenge to also balance the influx of new deposits, against the slow down in loans (such as automobile loans due to lack of inventory). This was almost unprecedented. Gather Federal Credit Union grew from \$636,728,345 at the end of 2020, to \$729,121,444 at the end of 2021. Management and your Board of Directors were able to make necessary adjustments so that your assets remain protected.

But it was also a year of change. Long serving Directors George M. Masuoka, Caroline Ozaki and Victor Punua resigned for personal reasons, and were replaced by Brent Mizutani, Kent Kikuchi and Ann Kennedy. Director Masuoka passed away on January 14, 2022, and the credit union family extends our deepest condolences to his family. We also look forward to working with the new directors to continue our service to the members of Gather Federal Credit Union.

Gather Federal Credit Union will be opening a new full-service branch office within the Walmart Store in Lihue in April. While the Hardy Street branch office will be converted for administrative functions only, the ATM machine at this branch will continue to be available for use.

We have been in discussions with the County Department of Water to possibly resolve the issue of County water to the proposed Kilauea branch office, and hope to be able to apply for building permits for this site in the next month or so.

I would like to thank my fellow directors, the management and the staff for their outstanding work and dedication in maintaining the services for the members of Gather Federal Credit Union, especially under the trying circumstances facing us in these times.

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, 2021. Due to the pandemic, this engagement was conducted virtually and in-person. 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 2021 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, 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 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

