

2020 Highlights

247

Grants
Awarded

\$100,834

Community
Donations

54.6%

Increase in
Online Banking
Usage

0.93%

Member
Growth

44

Community
Organizations
Assisted

592

Volunteer
Hours

19.25%

Deposit
Growth

19,706

Active
Online & Mobile
Banking Users



BALLOT



Financial & Income Statements

	2020	2019
Assets		
Loans to Members	\$295,123,962.81	\$300,708,755.65
Less Allowance for Losses	(6,624,736.67)	(4,698,825.36)
Cash & Equivalents	84,448,782.06	42,607,589.14
Investments	226,639,126.86	162,073,446.29
Land & Buildings	16,986,093.06	16,990,183.79
Other Fixed Assets	1,817,872.88	2,003,254.51
Other	18,337,244.50	17,271,550.22
Total Assets	\$636,728,345.50	\$536,955,954.24
Liabilities		
Accounts Payable	\$4,125,815.58	\$762,373.91
Dividends Payable	452,404.06	431,315.89
Other Liabilities	5,918,342.80	3,638,177.80
Member Savings	567,235,487.88	475,661,844.45
Total Liabilities	\$577,732,050.32	\$480,493,712.05
Equity		
Reserves	\$2,652,060.02	\$2,652,060.02
Undivided Earnings	61,432,875.35	57,775,379.07
Unrealized Gain (Loss) on AFS Securities	311,812.29	(53,106.88)
Pension & Other Comprehensive Income	(5,400,452.48)	(3,912,081.02)
Total Equity	\$58,996,295.18	\$56,462,242.19
Total Liabilities and Equity	\$636,728,345.50	\$536,955,954.24
Income		
Interest on Loans	\$16,466,348.10	\$17,333,483.71
Investment Income	3,872,464.00	4,115,764.89
Other Income	4,201,803.13	4,251,087.79
Total Income	\$24,540,615.23	\$25,700,336.39
Operating Expenses		
Employee Compensation	\$5,097,562.80	\$4,680,513.64
Employee Benefits	1,337,517.07	1,309,493.41
Travel & Conference	79,167.27	236,150.01
Association Dues	76,736.26	75,773.98
Office Occupancy	1,042,596.77	1,014,725.71
Office Operations	1,963,963.32	1,884,067.16
Educational & Promotional	682,890.29	581,170.58
Loan Servicing	1,344,174.50	1,437,331.41
Prof. & Outside Services	987,457.69	836,087.31
Provision for Loan Losses	3,439,854.99	3,002,364.70
Operating Fees	145,529.63	135,122.43
Annual Meeting	27,898.80	26,702.32
Direct Cost of Services to Members	1,570,400.37	1,676,049.14
Misc. Operating Expenses	189,342.22	156,270.65
Total Operating Expenses	\$17,985,091.98	\$17,051,822.45
Income from Operations	\$6,555,523.25	\$8,648,513.94
Non-Operating Gain/Loss	198,806.73	67,901.65
Dividends to Members	3,096,881.47	3,063,907.34
To Undivided Earnings & Reserves	\$3,657,448.51	\$5,652,508.25

Estimated Budget for 2021

	2021	2020
I. Operating Income		
Interest on Loans	\$16,747,905.00	\$18,015,374.00
Income from Investments	3,090,623.00	3,674,160.00
Fees & Charges	1,635,806.00	1,672,171.00
Other Miscellaneous Income	2,766,507.00	2,744,808.00
Total Operating Income	\$24,240,841.00 100.00%	\$26,106,513.00 100.00%
II. Cost of Funds		
Dividends	\$3,133,351.00	\$3,196,996.00
Total Cost of Funds	\$3,133,351.00 12.93%	\$3,196,996.00 12.25%
III. Gross Margin	\$21,107,490.00 87.07%	\$22,909,517.00 87.75%
IV. Operating Expenses		
Salaries	\$5,751,844.00	\$5,388,807.00
Employee Benefits	1,605,906.00	1,587,247.00
Employees' Travel & Conference	177,530.00	213,976.00
Officers'/Directors' Travel & Conference	83,675.00	102,540.00
Association Dues	77,190.00	78,990.00
Office Occupancy	1,071,423.00	1,038,932.00
Subscriptions & Training	45,524.00	36,339.00
Office Communications	238,871.00	189,291.00
Rental of Furniture & Equipment	5,700.00	4,000.00
Maintenance of Furniture & Equipment	821,019.00	882,670.00
Stationery & Supplies	101,000.00	129,700.00
Insurance	120,438.00	121,616.00
Depreciation of Furniture & Equipment	370,928.00	499,303.00
Armored Car Service	108,900.00	77,750.00
Bank Service Charges	64,100.00	64,100.00
Other Office Operations	8,700.00	8,700.00
Educational/Promotional	746,000.00	677,400.00
Business Development & SEG	79,000.00	92,800.00
Loan Servicing	802,824.00	806,450.00
Visa Loan Expenses	615,000.00	323,000.00
Professional/Outside Services	1,232,087.00	828,500.00
Provision for Loan Losses	2,432,000.00	3,172,689.00
NCUA Operating Fees	137,000.00	137,000.00
Cash Over/Short	1,000.00	1,000.00
Annual Meeting	27,000.00	27,000.00
Miscellaneous Operating Expenses	151,200.00	154,500.00
Direct Cost of Services to Members	1,632,000.00	1,685,100.00
Total Operating Expenses	\$18,507,859.00 76.35%	\$18,329,400.00 70.21%
Non Operating Gain/Loss	0	0
V. Net Income	\$2,599,631.00 10.72%	\$4,580,117.00 17.54%

2020 Annual Report

Moving forward, together.

Meeting Agenda

1. Call to Order

- Roll Call
- Minutes of the 66th Annual Meeting

2. Reports of Officials

- Supervisory Committee
Kamika Smith
- Credit Committee
Mitchell Ikeda

- Nominating Committee
Tammy Ando

- Chairman of the Board
Walton Hong

- President/CEO
Tess Shimabukuro

3. Unfinished Business

4. New Business

- Estimated Budget for 2021
- Suggestions/Actions Recommended by Membership
- Election of Officials
 - Board of Directors
 - Credit Committee
- Board Appointment for Unexpired Term

5. Adjournment



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

www.gatherfcu.org | 808.245.6791

2020 Meeting Minutes

The 66th Annual Membership Virtual Meeting of Gather Federal Credit Union was convened at 5:04 p.m. on Thursday, June 25, 2020, via Zoom with Chairman Walton D.Y. Hong presiding.

ROLL CALL

Fifty-six Members linked into 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, Phil Fudge, Eric Honma, George M. Masuoka, 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 March 16, 2019, 65th 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. Mr. Eric Honma, Chairman of the Nominating Committee, presented the following nominations:

Board of Directors-3 Year Term:
Mr. Phil Fudge
Mr. Walton D.Y. Hong
Mr. Earl Miyao

Credit Committee-3 Year Term:
Mr. Brent Mizutani

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

Chairman's Report. Chairman Hong recognized the continued faith of the membership which has allowed Gather FCU to continue to grow and prosper. Efforts are ongoing to seek ways to better serve the Members, while still observing the various means of protecting them from the COVID-19 virus. Online banking capabilities have been expanded for the Members' use to make their financial dealings easier to conduct and manage.

In a message to the Kilauea and Northshore Members,

Chairman Hong reported that the Use Permit from the Planning Commission was obtained for the new Kilauea Branch Office. However, the subdivision which includes the parcel of land planned for the new Branch is still undergoing an entitlement process between the County and the landowner. This is resulting in a delay in proceeding with the new building. In the meantime, a possibility is being explored for a temporary branch office to serve the membership until the new branch office can be built. It was also reported that a possible location for a Kōloa branch is currently being looked at to better serve the Members in the Kōloa, Pō'ipu, Lāwai and Kalāheo communities.

The threat of larger credit unions from Oahu and/or the mainland entering into the Kaua'i market still exists and it is necessary for Gather FCU to be ready and able to face this challenge. To do so, Chairman Hong requested the membership's continued support, loyalty, faith and belief that Gather Federal Credit Union will do everything within its powers and abilities to protect the Members' financial well-being in the future, while also protecting each other from the effects of COVID-19.

Chairman Hong thanked the Management and Staff of Gather FCU for their dedication and hard work, his 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 Kaua'i.

President/CEO's Report. Ms. Shimabukuro conveyed her appreciation for the Members' patience during the many changes that were made over the past 3 months which included closing of offices and reducing office hours. These changes were necessary to reallocate staffing as needed to address the impact of the Coronavirus. While branch offices have resumed normal hours, it is uncertain as to what kind of impacts can be expected in the future. Ms. Shimabukuro expressed that Gather FCU is committed to serving the Members with minimal disruption. Options for Members wishing to minimize contact with others includes online or mobile services, utilizing the ATMs for withdrawals or deposits, or calling the Credit Union to request assistance with a transaction.

2019 was another successful year with growth in Assets and Member Savings of more than \$20 million and \$13 million in Loans. Net Income for 2019 was \$5.6 million. At year end, Assets totaled \$537 million. Gather Federal Credit Union is financially stable and sound and its growth is a testament of the strength of the credit union cooperative model and its Member Owners. With other



large Oahu based credit unions entering the Kaua'i community, the importance of remaining local was conveyed. The volunteer Board of Directors and Officials of Gather FCU live and work on Kaua'i and make decisions for the betterment of its Member Owners.

Ms. Shimabukuro concluded her report by noting that it is a privilege to serve the Member Owners and conveyed her appreciation for their membership and trust in the Board of Directors and the 100 employees of Gather FCU.

Unfinished Business – None.

New Business

Estimated Budget for 2020. On motion duly made, seconded and carried, the Estimated Budget was accepted as an operating guide for the year 2020.

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 and the Credit Committee. There were none. There being no objections, the nominations were closed with the Secretary casting a unanimous ballot electing Mr. Phil Fudge, Mr. Walton D.Y. Hong, and Mr. Earl Miyao to a three-year term on the Board of Directors, and Mr. Brent Mizutani 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 Management



Tess Shimabukuro
President, CEO

2020 has been a challenging year for many. Despite the stay-at-home orders and the social distancing, we have been able to continue to keep our employees and members safe and continue to be open for business.

Assets grew by \$99 million or 18.58%; Member Savings grew by \$91 million or 19.25%; Loans declined by \$5 million or -1.87%. Net income for the year amounted to \$3.6 million. Gather Federal

Credit Union at \$636 million in assets, with \$296 million in loans to members, and total member savings of \$567 million is financially stable and sound.

Our unprecedented growth is truly a testament of the strength of the credit union cooperative model and your unwavering commitment.

With how much our everyday lives have changed since last year, we can now look back on 2020 where delivering convenient and personalized service is coming to fruition in a new normal. Remote services are on the rise. Online banking, mobile banking, ATMs, phone, texting, and emailing allows you to visit us when it works best for you.

Our staff is committed to giving their time and talent to complete 45 service events throughout the year and spent 600 service hours in the community. Through your generosity, Gather FCU has made monetary donations in excess of \$100,000 to various community organizations. We processed 247 grants totaling \$1,852,500 to small businesses.

We have: A shared past, a strong future. We stand ready to serve you and our entire membership as we navigate the future together.

On behalf of the Gather family, I thank you for your trust in us and your business. We appreciate you, our loyal member-owners. Thank you for trusting us to serve your financial needs.

Respectfully Submitted,

Tess Shimabukuro
President/CEO



Walton Hong
BOD, Chairman

Without doubt, this past year has been an incredible year. Gather Federal Credit Union, like all other financial institutions, had to operate under abnormal conditions due to the COVID-19 pandemic.

I am glad to report that your credit union performed remarkably well. By recognizing and respecting the seriousness of the pandemic, Gather Federal Credit Union's

staff and management were able to continue providing generally uninterrupted services to meet the needs of its members.

The pandemic resulted in hardship to many of our members who lost jobs or had hours of employment or benefits reduced. We did our best to accommodate those members facing difficulties in meeting their financial obligations through loan restructuring and extensions. This is in line with the credit union's underlying cornerstone of "People Helping People".

I regret to report the demise of Director Phil Fudge, who passed on unexpectedly in October 2020. He will be sorely missed, as he unhesitatingly shared his wisdom, experience, and knowledge of real estate matters with the Board and management.

As provided in the credit union's bylaws, the Board of Directors filled Mr. Fudge's position with Ashley Carvalho. Ms. Carvalho is a realtor, and I am confident that as the youngest member on the Board of Directors, she will give a younger perspective of how your credit union can best meet your financial needs, as well as providing insight and knowledge on real estate matters.

We also opened the new branch of Gather Federal Credit Union in Kōloa, and are pleased that it is doing very well, as projected. This is another example of how we are striving to address your needs in your community.

We are close to closing on the purchase of the parcel in Kilauea, where Gather Federal Credit Union's Kilauea branch will be located. We are hopeful that we will be able to begin construction in 2021.

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 circumstance posed by COVID-19.

Respectfully Submitted,

Walton D.Y. Hong
Chairman of the Board

Supervisory & Credit Committee Reports



Kamika Smith
Chairman

The Supervisory Committee is appointed by the Board of Directors to examine and evaluate the adequacy and effectiveness of internal controls at the Credit Union. The Supervisory Committee obtained the professional services of Moss Adams LLP to perform an annual independent audit of Gather FCU's consolidated financial statements for the fiscal year ending June 30, 2020.

Due to the Covid-19 pandemic, this engagement was conducted virtually. Virtual technology has enabled the credit union to continue its business functions while limiting social interactions for the health and safety of our members, employees, and volunteers.

On behalf of the Committee, I am pleased to report that Gather FCU is financially sound. 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 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



Mitchell Ikeda
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 2020, the Credit Committee approved 2,890 loans totaling \$90,989,658.68. 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,

Mitchell Ikeda
Chairman

Committee Members:
Steve Fujii
Brent Mizutani

