



# 2021 ANNUAL REPORT



**HAWAII CENTRAL**  
FEDERAL CREDIT UNION

Federally insured by NCUA



## CHAIRMAN & PRESIDENT’S MESSAGE

Aloha Members!

We’re pleased to report that 2021 was another year of achievements and growth for Hawaii Central Federal Credit Union (HCFCU) despite going through the COVID-19 pandemic. We’ve grown in asset size to just under \$332 million. Our growth is attributed to the strength of the credit union values we provide to our member-owners. Even in these trouble times, your credit union was always there for you. This is a testament to your credit union’s Board, Managers and Staff. They have always put your well-being ahead of their own and we salute them!

We are very proud of our staff that continue to dedicate each day in helping our members achieve their financial goals. We also invest in staff training as part of our commitment to offer you the very best financial solutions.

Listed below are a few new products your credit union introduced to assist our member-owners.



### Zogo

A financial literacy app to help members learn more about financial education topics.



### Emergency Cash Loans

Our emergency loan helped members cover unplanned costs and expenses due to the current pandemic.



### HCFCU Cards Mobile App

Our new mobile card app helps you manage your HCFCU credit card anytime, anywhere.



### Video Banking

Get face-to-face assistance with your Hawaii Central account right from your mobile device or desktop computer.

Hawaii Central FCU remains committed to helping people beyond our Credit Union family by supporting various charitable foundations in our community.

It is through your support and confidence, our member-owners, and the work of the dedicated staff and devoted volunteers that our Credit Union remains financially strong.

As we band together to stay strong and fight this pandemic, we will remain by your side and will continue to support you and the communities you live.

**NEIL SHIMOGAWA**  
CHAIRMAN OF THE BOARD

**DRAKE TANABE**  
PRESIDENT/GENERAL MANAGER

## SUPERVISORY COMMITTEE REPORT



The Supervisory Committee is a group of volunteer members who serve a vital role in serving Hawaii Central Federal Credit Union's members.

In compliance with the Federal Credit Union Act and Hawaii Central Federal Credit Union's bylaws, the Supervisory Committee independently evaluates the safety and soundness of the Credit Union's operations and activities. To fulfill its primary responsibility, the Supervisory Committee oversaw all external audit-related activities as set forth under the National Credit Union Administration (NCUA) Rules and Regulations. The Committee contracted with CU Pacific Audit Solutions, LLC (CU Pacific) for financial and internal control and member verification audits and with Kwock & Associates/Clifton Larson Allen for the IT audit.

The Committee met with CU Pacific to review the 2021 Supervisory audit and the internal audits and with Kwock & Associates/Clifton Larson Allen to review the IT Audit.

The Committee strongly believes that controls are in place to protect your assets and your Credit Union continues to be financially sound. The Supervisory Committee continues to find other methods and means to strengthen internal controls and processes. Each and every Hawaii Central Federal Credit Union employee must remain vigilant, properly trained and participate in the safety and soundness of our growing financial institution.

As Chairman, I am privileged to work beside Bill Lane, Vice Chair, Tracy Woo, Secretary, Mary Jane Manabe, Member and Alan Yasuda, Member, on the Supervisory Committee. Thank you for your outstanding contributions.

The cooperation of the Credit Union's members, Board of Directors, management, and employees is appreciated. Your Supervisory Committee will continue to perform its oversight responsibilities in the best interest of all the credit union members. Our sincere appreciation goes out to you, the members for your support and confidence.

It's been a pleasure to serve you.

Respectfully submitted,

**BLAINE K. HEDANI**  
SUPERVISORY COMMITTEE CHAIRMAN



## TREASURER'S REPORT

Management and the Board of Directors are keenly aware of the ongoing challenges presented by the COVID-19 pandemic coupled with the continuing low interest rate environment. The pandemic has forced all of us to modify our procedures. We continue to make loan extensions and have made COVID-19 emergency loans to our members struggling to stay afloat. We have made significant reductions in our loan rates and will continue to assist our members through these difficult times.

Additionally, continuing challenges for Hawaii Central, as well as all credit unions, are the heightened complexity from increased regulations and the need for continuing investments in information systems. Such investments are necessary to not only provide additional security of member confidential information but also to broaden our services to members.

Your Board of Directors pledges to assist you through the pandemic and to maintain competitive dividend rates. Thank you for your continued support of Hawaii Central Federal Credit Union.

**SAMUEL AUCOIN**  
TREASURER



**+4%**

### INCREASED ASSETS

Assets increased from \$319,896,999 to \$331,827,971, an increase of \$11,930,972.



**-10%**

### DECREASED LOANS

Loans decreased from \$134,312,297 to \$121,430,902, a decrease of \$12,881,395.



**+21%**

### INCREASED INVESTMENTS

Investments increased from \$145,099,467 to \$175,679,605, an increase of \$30,580,138, as excess cash was placed into investments.



**-27%**

### DECREASED CASH

Cash decreased from \$22,077,659 to \$16,152,048, a decrease of \$5,925,611 as more cash was used for investment purposes.



**+4%**

**INCREASED  
SHARE  
DEPOSITS**

Share deposits increased from \$291,543,282 to \$303,309,060, an increase of \$11,765,778. This large increase in deposits was primarily due to a lack of adequate investment alternatives elsewhere for our members. Our share deposits continue to pay a competitive interest rate among credit unions in the State of Hawaii. We are also one of the few credit unions in Hawaii that provide share deposit insurance on balances up to \$500,000.



**+0.11%**

**INCREASED  
NET WORTH**

Our net worth ratio increased slightly, from 8.42% to 8.53% at December 31, 2020 and 2021, respectively. We continue to be a “well-capitalized” credit union as defined by the National Credit Union Association, our regulatory authority.



**+4%**

**INCREASED  
NET INTEREST INCOME**

Net Interest Income increased from \$8,082,928 to \$8,433,097, an increase of \$350,169.



**+24%**

**INCREASED NET INCOME**

Net income increased from \$1,122,212 to \$1,386,217.



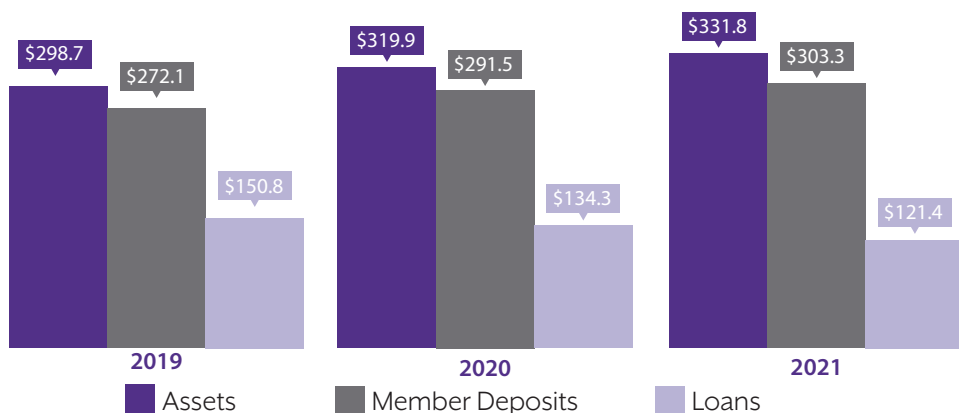
## FINANCIAL CONDITION STATEMENT

<b>ASSETS AS OF:</b>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>CHANGE</b>
Loans to Members	\$118,461,787	\$134,312,297	-11.80%
Loans to CU Service Corp	\$2,969,115	0	100.00%
Total Loans	\$121,430,902	\$134,312,297	-9.59%
Allowance for Loan Losses	\$(929,332)	\$(701,400)	32.50%
Cash	\$16,152,048	\$22,077,659	-26.84%
Investments	\$175,679,605	\$145,099,467	21.08%
Property & Equipment	\$4,704,509	\$5,071,010	-7.23%
NCUSIF Capital Deposit	\$2,922,842	\$2,823,006	3.54%
Real Estate Held for Sale	0	\$574,220	-100.00%
Other Assets	\$11,867,397	\$10,640,739	11.53%
<b>TOTAL ASSETS</b>	<b>\$331,827,971</b>	<b>\$319,896,999</b>	<b>3.73%</b>
<b>LIABILITIES</b>			
Accounts Payable	\$284,059	\$378,373	-24.93%
Other Liabilities	\$857,671	\$1,791,775	-52.13%
<b>TOTAL LIABILITIES</b>	<b>\$1,141,730</b>	<b>\$2,170,148</b>	<b>-47.39%</b>
<b>EQUITY</b>			
Total Share Deposits	\$303,309,060	\$291,543,282	4.04%
Regular Reserves	\$1,840,546	\$1,840,546	0.00%
Unrealized Gain/(Loss) on Available for Sale Investments	\$41,232	\$233,837	-82.37%
Undivided Earnings (net)	\$25,495,402	\$24,109,185	5.75%
<b>TOTAL EQUITY</b>	<b>\$330,686,241</b>	<b>\$317,726,850</b>	<b>4.08%</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$331,827,971</b>	<b>\$319,896,999</b>	<b>3.73%</b>

# INCOME & EXPENSE STATEMENT



<b>OPERATING INCOME</b>	<b>2021</b>	<b>2020</b>	<b>CHANGE</b>
Income on Loans (net)	\$5,181,939	\$6,428,897	-19.40%
Gross Investments/Other	\$4,420,132	\$4,110,535	7.53%
<b>TOTAL OPERATING INCOME</b>	<b>\$9,602,071</b>	<b>\$10,539,431</b>	<b>-8.89%</b>
Less:			
Dividends to Members	\$1,168,974	\$2,456,503	-52.41%
<b>NET INTEREST INCOME</b>	<b>\$8,433,097</b>	<b>\$8,082,928</b>	<b>4.33%</b>
Operating Expenses			
Salaries & Benefits	\$3,985,782	\$3,458,335	15.25%
Office Occupancy	\$681,830	\$688,098	-0.91%
Office Operations	\$576,665	\$601,838	-4.18%
Education & Promotions	\$249,851	\$273,523	-8.65%
Professional Services	\$553,149	\$508,130	8.86%
Provision for Loan Losses	\$506,002	\$437,825	15.57%
Other Miscellaneous	\$1,325,081	\$1,324,339	0.06%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$7,878,359</b>	<b>\$7,292,087</b>	<b>8.04%</b>
Other Non-Operating Income	\$831,480	\$331,372	150.92%
<b>NET INCOME</b>	<b>\$1,386,217</b>	<b>\$1,122,212</b>	<b>23.53%</b>



(\$ in millions)



## 2021 ANNUAL MEETING MINUTES MARCH 13, 2021

### CALLED TO ORDER

The 83rd Virtual Annual Meeting of Hawaii Central Federal Credit Union was called to order by Board Chairman Neil Shimogawa at 10:30 a.m via Zoom.

Board Chairman Shimogawa called on Interim Board Secretary Garret Kawamura for a quorum. He reported that 35 members were in attendance; therefore, a quorum was established.

### MINUTES OF THE LAST ANNUAL MEETING

Chairman Shimogawa referred to the minutes of the 82nd Annual Membership Meeting held on March 7, 2020 printed in the Annual Report. He asked if there were any additions, deletions or corrections. There were no responses from the membership; therefore, the minutes were accepted as presented.

### ANNUAL REPORTS

Chairman Shimogawa directed the members' attention to the Chairman and President's Message along with the Treasurer's and Supervisory Committee's Reports also printed in the annual report. He asked if there were any objections or questions to the reports. Since there were no responses, the reports were accepted as presented.

### UNFINISHED BUSINESS

Chairman Shimogawa asked Interim Board Secretary Kawamura for any unfinished business; he replied by stating that there were no unfinished business to report.

### NEW BUSINESS

Chairman Shimogawa then asked Interim Board Secretary Kawamura for any new business. There was none.

At this point Chairman Shimogawa called on Interim Board Secretary Kawamura to read the list of nominees. He reported that there were three (3) vacancies on the Hawaii Central FCU's Board of Directors. Notices for Nomination and petitions were posted in the October 2020 and January 2021 newsletters. There are three (3) nominees, incumbents Alan Yasuda, Sam Aucoin and Ariel Chun filed nomination papers, and they ran unopposed. As stated in the Bylaws, there will be no nominations from the floor. Interim Board Secretary Kawamura congratulated Alan Yasuda (3-year term), Sam Aucoin (3-year term) and Ariel Chun (1-year term) on their election to the Board of Directors.

Chairman Shimogawa reported that in 2020, despite going through the COVID-19 pandemic, Hawaii Central Federal Credit Union have grown in asset size to almost \$320 million. He stated that the credit union's growth is attributed to the strength of the credit union values provided to member-owners.



Chairman Shimogawa recognized the credit union staff and management under the leadership of President Drake Tanabe. He reported that they do their best every day to ensure the integrity of the credit union and the quality of the products and services we provide.

In closing, Chairman Shimogawa thanked the members for attending and supporting the credit union.

**ADJOURNMENT**

A motion to adjourn the meeting at 10:35 a.m. was made, seconded and carried.



**NEIL SHIMOGAWA**  
CHAIRMAN OF THE BOARD



**GARRET KAWAMURA**  
INTERIM BOARD SECRETARY



# HAWAII CENTRAL BOARD OF DIRECTORS, SUPERVISORY COMMITTEE & STAFF

## BOARD OF DIRECTORS

Board members must effectively carry out their vital leadership, legal, and stewardship responsibilities and act in the best interests of the members of the credit union.



Neil Shimogawa  
Chairman



Fred Tsuda  
Vice Chairman



Alan Yasuda  
Secretary



Sam Aucoin  
Treasurer



Ariel Chun  
Director



Garret Kawamura  
Director



Wayne Toma  
Director

## SUPERVISORY COMMITTEE

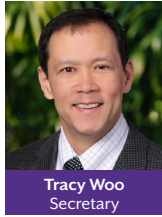
The Supervisory Committee independently evaluates the safety and soundness of the credit union's operations and activities.



Blaine Hedani  
Chairman



Bill Lane  
Vice Chairman



Tracy Woo  
Secretary



Mary Jane Manabe  
Member



Alan Yasuda  
Member

## HAWAII CENTRAL STAFF

The staff at Hawaii Central FCU continue to carry on the credit union philosophy of "People Helping People" by helping our members achieve their financial goals.



**MAIN BRANCH**

681 South King Street  
Honolulu, Hawaii 96813

**HawaiiCentral.org**

(808) 536-3677

**THE QUEEN'S MEDICAL CENTER**

**PUNCHBOWL STREET BRANCH**

1301 Punchbowl Street  
Harkness Annex, Room 139  
Honolulu, Hawaii 96813

**MEMBER SERVICES**

(808) 536-3677

**CONSUMER LOANS**

(808) 536-0833

**REAL ESTATE LOANS**

(808) 529-4599

NMLS #412820

