



80th Annual Meeting

Saturday, February 18, 2017



2016 ANNUAL REPORT



80th ANNUAL MEETING
Saturday, February 18, 2017
Ewa School Cafeteria

* Lunch - 11:00 A.M. * Meeting & Door Prizes to follow *

BUSINESS AGENDA

- ❖ **Ascertainment of Quorum**
- ❖ **Approval or correction of 2016 Annual Meeting Minutes (Pg. 3-4)**
- ❖ **Reports:**
 - President & Board of Directors (Pg. 5)
 - Manager/CEO (Pg. 6)
 - Supervisory Committee (Pg. 7)
 - Treasurer – Financials (Pg. 8)
 - Loan Officer(s) (Pg. 9)
- ❖ **New Business**
 - Announcements
 - Membership Awards
- ❖ **Election:**
 - Board of Directors (2) 3-Yr. Terms
 - Robert Midel (*incumbent*)
 - Carmen Manangan (*incumbent*)
- ❖ **Other Business**
- ❖ **Adjournment**
- ❖ **Donation Prize Drawing**
- ❖ **Door Prizes - Grand Prize: \$800 Cash!**

2015 ANNUAL MEETING

(Members gathered at Ewa Elementary School for the 11:00 A.M. event and received annual reports, pocket planners, pens, mini hand fans, Shiro's bentos, Famous Amos Cookies and drinks.)

CALL TO ORDER:

The 79th Annual Membership Meeting of the Ewa Federal Credit Union was called to order by President Robert Midel at 12:05 P.M. on Saturday, February 13, 2016, in the Ewa School Cafetorium. Other directors present were: Carmen Manangan and Elaine Suyama.

QUORUM:

Secretary pro tem, Vera Mae Kaaikaula, notified the President that approximately 340 members were present, certifying a legal meeting.

MINUTES:

As there were no corrections, the minutes of the last Annual Meeting held on Saturday, February 14, 2015, were approved as circulated.

REPORTS:

The following reports were accepted as circulated: President and Board of Directors, Treasurer, Loan Officers and Supervisory Committee reports.

NEW BUSINESS:

1) Announcements:

- Visa EMV credit cards: Our Visa EMV credit card conversion is currently undergoing testing and will be issued on a selective and prioritizing basis throughout the year. Members were advised to watch for more information in our newsletter and on our website.
- Home Banking Product Conversion: Our home banking product is scheduled to undergo an upgraded facelift with exciting new features and mobile-friendly displays before the end of the year. Members were advised to watch for more information in our newsletter and our website.
- Volunteer needed: We are in need of a volunteer on the Supervisory Committee to replace Fumiko Nakamura, who is seeking to retire. A plea was made for anyone interested in serving on the committee.
- Staff and Official Changes: The following announcements were made to the membership regarding changes to the office staff and volunteers:
Manager/CEO, Vera Mae Kaaikaula would be retiring March. Assistant Manager, Robyn Jara, who has been with the credit union for ten years, was selected as her Successor. Rylan Redona, a Ewa resident, was hired to handle Robyn's back-office accounting duties, and Rosemary Itamoto, a long time credit union member, started volunteering on the Supervisory Committee last year.

2) Special Recognition: Two volunteers were recognized and presented with parting gifts in appreciation for their years of service. General Manager, Tony Bise, retired in May 2015 after 55 years of service and Secretary-Treasurer, Kojiro Nakamura retired for the Board after 45 years of service.

3) Membership Awards – Six members who joined our credit union 50 years ago in 1966 were recognized for their dedication and loyalty. The two members present were: Stella Yara and Eleanor Niino, (Patrick Pauline's wife, Lillian, accepted his certificate). Not able to attend were: Alvin Orita, Melvin Orita, and Leona Orita-Yuen.

ELECTIONS:

There was one incumbent board member and a new nominee running for a three-year term. As there were no nominations from the floor, there was no voting process, and incumbent and nominee Sheryl Gushi was elected into office by acclamation.

OTHER BUSINESS: None.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 12:20 P.M.

SPECIAL DONATION DRAWING:

For the fifth year in a row, donations were collected for the Credit Unions for Kids Kapiolani Children’s Miracle Network and the Hawaii Credit Union League for legislative and lobbying funds to benefit credit unions (donations totaled \$413). This year’s winner of the \$75 Walmart Gift Card was Veronica Lata.

GRAND PRIZE ELIGIBILITY VOTING:

Members received ballots to vote on the Grand Prize eligibility issue due to a few complaints every year. “Yes” meant you would still be eligible to win the Grand Prize if you won a prize valued less than \$50. “No” meant if you win any prize, regardless the value, you are not eligible to win the Grand Prize, (only one prize per person). The votes were counted and the final tally was “Yes” 145 (70%) and “No” 62 (30%).

DOOR PRIZES:

There were 126 prizes given away, including the following major prizes:

- 5th Prize: Zippys \$50 Gift Card (Charlotte Corpuz)
- 4th Prize: Outback Steakhouse \$75 Gift Card (Braedanie Chong)
- 3rd Prize: Walmart \$100 Gift Card (Krista Lei Adolfo)
- 2nd Prize: Apple Mini iPad 2 (Lauren Toribio)
- 1st Prize: Emerson 40” HDTV (Catura Florentin)
- Grand Prize: \$500 CASH (Suerte Toribio)

The 79th anniversary event concluded at approximately 1:15 P.M.

Respectfully Submitted,

Sheryl Gushi
Secretary-Treasurer

*Report from the
PRESIDENT & BOARD OF DIRECTORS*

This year marks Ewa Federal Credit Union's 80th Anniversary. From our humble beginning in 1937, with only \$80 in shares and a charter of sixteen members, the credit union have grown to an asset size of \$12.9 million servicing 1,782 members. Throughout the years, we have focused on our "People Helping People" philosophy that was established from the very beginning and pride ourselves of the relationships we have forged from generation to generation. It is this core value that is the driving force of all that we do, to serve our most important asset, YOU.

Looking back on 2016, it was definitely a year of training and transition. Vera-Mae Kaaikaula, our Manager/CEO retired after 45 years of service. We wish Vera all the best as she enjoys her much deserved retirement!

The Board of Directors selected Vera's Assistant Manager, Robyn Jara, to be her successor. Robyn has been with the staff for the past ten years, and we are confident that she will continue the momentum in guiding the credit union into the future. We also welcomed two Ewa girls and long-time members, Sheryl Gushi and Taylor Toribio to our Credit Union team. Sheryl Gushi serves on the Board of Directors as the Board Secretary-Treasurer, while Taylor Toribio handles the accounting and back office duties as our Administrative Assistant.

As we embark on 2017, we are proud to announce that BauerFinancial, who has earned the reputation as the nation's best rating service, has again given us their 5-star superior rating, and has recognized Ewa FCU as being the "Best of the Best" and the "Best of Bauer". What this means is that your credit union is one of the strongest financial institution in the nation. Fewer than 5% of the nation's credit unions have earned this distinction and we are deeply honored to continue to be part of this special group. But of course, this success would not be possible without you: our member, our owner, and most importantly our family. Your confidence in us is what motivates us to keep improving on what we do.

As we celebrate this 80th anniversary milestone, we want to personally thank each and every one of you for your continued loyalty and dedication to the Credit Union throughout the years.

Respectfully Submitted,

Robert A. Midel
President

MANAGER/CEO Report

It is an honor and a privilege to serve as your Credit Union Manager/CEO. Since becoming part of the staff 10 years ago, I have truly come to appreciate the community's rich history and member loyalty of the past 80 years.

Although 2016 had been a year of transition, the Credit Union has been able to introduce new products and service initiatives to better serve our members and their financial needs. Visa Checkout launched in May and provides a speedy, simple and more secure way to make purchases on-line. Visa EMV credit cards began rolling out in June to members featuring our credit union logo, but most importantly, providing an extra layer of protection to help mitigate card present fraudulent activity. Purchase Alerts was also launched for both our Visa debit and credit cards, allowing you to receive virtually real-time updates on your smartphone regarding your card activity to help reduce fraud and monitor your accounts, wherever you are.

In October, we launched a new product, the CU Money Everyday Reloadable Spend Card. This prepaid Visa debit card allows you to perform all the transactions that you would with a traditional debit card, however, it also helps you to manage your money to keep you on track. One feature of the CU Money Everyday Visa debit card is the free app for your mobile device enabling you to review your card activity and even allows you to reload your card when the card balance gets low. This is a great financial management tool for teens and college students. Additionally, the updated version of our home-banking product, CUe-Branch, commenced in November providing new features and mobile friendly displays.

We are committed to exploring ways to improve our benefits and services while preserving our small-town, plantation style tradition of providing personable customer service, where you are not just a member, you are 'OHANA. Thank you for your continued faith and trust in the Credit Union.

Respectfully Submitted,

Robyn Jara
Manager/CEO

SUPERVISORY COMMITTEE Report

The Committee was established by law as a key part of the credit union's operational process and fiscal soundness. This includes performing periodic reviews of internal controls, transactional processes, and as required every two years, a 100% verification of account balances.

This year, a 100% verification was done for all account balances as of June 30, 2016. No discrepancies were reported.

The Credit Union also conducts three independent fiscal audits every year. These actions are taken to ensure your assets are protected to the best of our abilities, that all proper safeguards are squarely in place and that our records are accurate.

In 2016, we worked with CU Pacific Audit Solutions LLC and the National Credit Union Administration (NCUA) to fully complete these three independent audits successfully.

CU Pacific Audit Solutions LLC performs the NCUA mandated Comprehensive Audit and Bank Secrecy Act Audit which includes tests of compliance with internal accounting and administrative control procedures in accordance with GAAP and BSA requirements.

The NCUA performs a defined scope examination that reviews the credit union's financial condition, the quality of management, risk exposure and areas of regulatory compliance.

Based on the results of these independent audits, the Supervisory Committee is pleased to assure members that Ewa FCU is a sound and secure financial institution for your money.

We are proud to serve you and your family and thank you for your membership. Happy 80th Anniversary!

Respectfully Submitted,

Alan Bise
Chairperson

FINANCIALS			
(For Years Ending December 31)			
	2016	2015	%
STATEMENT OF FINANCIAL CONDITION			
ASSETS			
Loans to Members	\$3,841,728	\$3,562,303	7.8%
Less: Allowance for Loan Losses	(\$21,978)	(\$40,972)	-46.4%
Cash (Checking, Change Fund)	\$193,777	\$135,663	42.8%
Investments	\$8,702,410	\$9,465,168	-8.1%
NCUSIF Share Insurance Deposit	\$102,074	\$96,613	5.7%
Fixed Assets (net)	\$3,222	\$2,009	60.4%
Leasehold Improvement (net)	\$0	\$0	0.0%
All Other Assets	\$50,545	\$35,419	42.7%
TOTAL ASSETS	\$12,871,778	\$13,256,203	-2.9%
LIABILITIES AND EQUITY			
Accounts Payable	\$8,540	\$13,290	-35.7%
All Other Liabilities	\$65,942	\$71,733	-8.1%
Shares (Regular, Xmas, Checking)	\$9,825,433	\$10,246,909	-4.1%
Capital & Net Income	\$2,971,863	\$2,924,271	1.6%
TOTAL LIABILITIES & EQUITY	\$12,871,778	\$13,256,203	-2.9%
STATEMENT OF INCOME			
OPERATING INCOME			
Interest on Loans	\$212,093	\$200,633	5.7%
(Less) Interest Refund to Members	\$0	\$0	0.0%
Income from Investments	\$150,522	\$140,413	7.2%
Other Operating Income	\$55,446	\$56,582	-2.0%
TOTAL OPERATING INCOME	\$418,061	\$397,628	5.1%
OPERATING EXPENSES			
Employee Compensation	\$136,233	\$135,742	0.4%
Employee Benefits	\$70,889	\$60,121	17.9%
Travel & Conference	\$341	\$129	164.3%
Association Dues	\$3,447	\$3,479	-0.9%
Office Occupancy	\$20,860	\$19,411	7.5%
Office Operations	\$24,916	\$25,040	-0.5%
Educational & Promotional	\$1,007	\$932	8.0%
Loan Servicing Expense	\$9,713	\$9,421	3.1%
Professional & Outside Services	\$102,455	\$121,748	-15.8%
Provision for Loan Losses	(\$19,687)	(\$13,743)	43.3%
NCUSIF-Members' Insurance	\$0	\$0	0.0%
Corporate Stabilization expense	\$0	\$0	0.0%
Operating Fees (Fed. Exam.)	\$2,412	\$2,312	4.3%
Annual Meeting Expense	\$4,885	\$3,595	35.9%
Misc. Operating Expenses	\$19	\$750	-97.5%
TOTAL OPERATING EXPENSES	\$357,490	\$368,937	-3.1%
Net Operating Income	\$60,571	\$28,691	111.1%
Non-Operating Gains/(Losses)	\$0	\$0	0.0%
Net Income before Dividends	\$60,571	\$28,691	111.1%
Dividends to Members	\$12,979	\$13,149	-1.3%
NET INCOME	\$47,592	\$15,542	206.2%

TREASURER Report

I am happy to announce that the Credit Union remains well-capitalized with a net worth ratio of 23.08% as of 12/31/2016, maintaining our strong financial health. The Ewa FCU's staff will continue to meet the needs of our most precious asset, our members; and our commitment to sound fiduciary responsibility remains steadfast. Happy 80th Anniversary and we look forward to the continued success of the Credit Union!

Respectfully Submitted,

Sheryl Gushi
Secretary-Treasurer

LOAN OFFICER(S) Report

LOAN TYPE	NO.	2016	NO.	2015
College	4	\$14,000	2	\$5,865
100% Shares	36	\$318,247	32	\$186,200
50% Shares	4	\$53,339	4	\$43,352
New Auto	10	\$270,404	9	\$260,841
Used Auto	27	\$216,587	25	\$297,383
Motorcycles	1	\$3,600	1	\$500
Signature	153	\$712,341	165	\$619,075
Line-of-Credit advances	-	\$135,572	-	\$107,235
New Money	235	\$1,724,090	238	\$1,520,451
Refinanced amounts		\$672,641		\$642,598
SUB-TOTAL	212	\$2,396,731	212	\$2,163,049
CDI/CL Premiums		\$55,660		\$51,136
TOTAL LOANS	235	\$2,452,391	238	\$2,214,185
New Lines-of-Credit (LOC)	59	\$56,100	45	\$46,500
New Visa Classics	10	\$51,000	7	\$22,000
New Visa Platinums	5	\$26,500	2	\$11,500
Counter-Offers	31		32	
Collateral Released	2		4	
Extensions	20		10	
TDR (modified) Loans	1		0	
Loans Rejected	2		1	

BOARD OF DIRECTORS:

President - *Robert Midel*
Vice-President – *Carmen Manangan*
Secretary-Treasurer – *Sheryl Gushi*
Directors: *Lilia Sugai and Elaine Suyama.*

SUPERVISORY COMMITTEE:

Chairperson - *Alan Bise*
Members – *Fumiko Nakamura and Rosemary Itamoto*

STAFF:

Manager/CEO – *Robyn Jara*
Operations Supervisor - *Rebecca Tubania*
Member Services Specialist - *Leilani Fernandez*
Administrator Asst. – *Taylor Toribio*



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