



2019 ANNUAL REPORT

Minutes

Minutes of Annual Meeting of Members

HAWAIIAN ELECTRIC EMPLOYEES FEDERAL CREDIT UNION

Held at the Manoa Grand Ballroom
Saturday, March 30, 2019 at 6:00 p.m.
Notice given by mail

Call to Order

Kenneth Pang, Acting Chairman, presided and called the meeting to order.

Notice of the Meeting

Mr. Pang announced that proper notice of the meeting had been mailed to all members of the Credit Union in accordance with Article V, Section 2 of the By-laws.

Announcement of Quorum

Mr. Pang announced that at least 15 members, representing a quorum in accordance with Article V, Section 5 of the By-laws, were present to conduct the business of the Annual Meeting.

Minutes of Previous Meeting and Annual Reports

Mr. Pang announced that the minutes of the Annual Meeting of Members held on March 30, 2019 and the financial statements for the years ended December 31, 2018, and December 31, 2017, had been distributed to the members prior to the meeting.

After discussion, upon motion duly made and seconded, the minutes of the Annual Meeting of Members held on March 3, 2018 and the financial statements for the years ended December 31, 2018, and December 31, 2017, were approved.

Elections

Mr. Pang reported that the following members were recommended by the Nominating Committee to serve on the Board of Directors, effective March 30, 2019:

Board of Directors (2 year term)

Jeannette Menor
Yvonne Phillipson

Paul Nakagawa
Craig Naito

Mr. Pang then called for nominations from the floor. There being no nominations, Mr. Pang stated that the nominations for the office of Director were closed.

After discussion, upon motion duly made and seconded, the members elected the nominees to the office of Director, as listed above.

Adjournment

There being no further business, the meeting was adjourned upon motion duly made, seconded and carried.

APPROVED

Michelle A Chang

Vice-Chairman

Kenneth H K Pang

Chairman

A Message From Your Chairman

Aloha Members,

In 2019, Hawaiian Electric Employees FCU continued its focus on LOAN GROWTH with HELOCs front and center. Most financial institutions allow you to only write checks from their HELOCs, which means you carry around a bulky checkbook. With our HELOC VISA card, you have the power to use your HELOC whenever you choose, and it's easy enough to carry in your wallet. We also have low introductory rates, and use the same interest index as our competition. In 2019, we helped many of your fellow members with their HELOCs, by booking a total of 39 HELOCs for \$2,650,712 and \$3,990,179 in consumer loans. This is a huge reason why HEEFCU was successful last year and achieved a YTD net income of \$41,016. We also went through a core processor conversion which took approximately nine months to complete. This allowed us to process your transactions faster, a better look and feel of your statements, added a branded mobile app which allowed members to find us faster, and enhanced our online banking. You can now, change your address and phone number online without the fuss of paperwork. Coming soon, we will have remote deposit capture (RDC), which will make depositing checks right at your fingertips. A huge mahalo for all your patience last year while we went through this process, and I couldn't be prouder of our members during this time.

The Credit Union is continuously looking for a way to fulfill all of your financial needs. We have continued our partnership with both INPAC and Allstate to assist you with financial wellness and retirement security. We also added partnerships with Sweep Strategies to assist members in bringing down their debt faster by creating a plan unique to your financial situation, and Maila Gibson-Bandman from Engle & Volkers Honolulu to help anyone interested in buying, selling, rightsizing or just a bit curious of real estate property.

To our Members, thank you for your continued trust and confidence in the Staff and the Board of Directors. Your unrivaled loyalty and support has enabled Hawaiian Electric Employees FCU to serve you for 83 years. To our Satellites and Volunteers, we could not succeed in providing convenient financial services to our members without your support. Thank you for your hard work, energy, enthusiasm and your continued feedback so that we can continue to be responsive to our members' needs. Finally, to our fellow Board members, Pam and I thank you for your leadership and unfaltering focus of keeping the Credit Union moving forward. We look forward to working with you again in 2020.

Kenneth H K Pang / Chairman

Financial Report

STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2019 AND 2018

STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019 (Unaudited)	2018 (Audited)
Assets:		
Loan to Members	12,748,643	11,227,273
(Less) Allowance for Loan Losses	(246,266)	(208,841)
Net Loans	12,502,377	11,018,432
Cash	309,231	746,788
Investments	19,439,000	22,371,000
Office Furniture & Equipment (Net)	983	6,409
NCUA Share Insurance Capitalization	288,577	301,205
Other Assets	104,497	107,067
Total Other Assets	20,142,288	23,532,469
Total Assets	32,644,666	34,550,901
Liabilities and Equity		
Other Liabilities	35,244	24,627
Member Shares	26,986,396	28,944,645
Reserves Undivided Earnings	434,445	434,445
Undivided Earnings	5,188,581	5,581,629
Total Liabilities	32,644,666	34,550,901

	2019 (Unaudited)	2018 (Audited)
Income:		
Interest from Loans	589,282	522,496
(Less) Interest Refunded		
Interest from Investments	383,929	380,454
Total Income	973,211	902,950
Interest Expense:		
Dividends Paid to Members	52,955	52,375
Interest on Borrowed Money		
Provision for Loan Losses	145,809	114,388
Total Interest & Provisions Expense	198,764	166,763
Net Interest Income after Provisions	774,447	736,187
Expenses:		
Salaries, Benefits, Payroll Taxes	337,363	299,792
Office Operations	90,644	93,448
Office Occupancy	67,233	67,124
Loan Servicing	14,108	11,123
Professional & Outside Services	277,406	213,691
Member Insurance	-	-
Annual Meetings	7,952	4,854
Educational & Promotional	10,565	10,042
Miscellaneous Operating Expenses	19,550	14,707
Total Expenses	824,821	714,781
Operating Income		
Other Operating Income	91,390	85,307
Trading Profits and Losses		
Non-Operating Income		
Gain (loss) on Disposal of Assets		
Other Non-Operating Inc/(Exp)		
Net Income/(Loss)	41,016	106,713

Supervisory Committee

The Supervisory Committee is responsible for ensuring the effectiveness of internal checks and balances (i.e. the system of internal control) and adherence to established policies and practices in financial recordkeeping and its operations. In accordance with the requirements of the National Credit Union Administration, the CPA firm of Kwock and Company CPA's was contracted to perform an audit of the Credit Union's financial records for the twelve-month period ending December 31, 2019.

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America to provide reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements in conformity with accounting principles generally accepted in the United States of America. A copy of the completed audit will be available for viewing at the Credit Union.

The Supervisory Committee would like to acknowledge the Board of Directors and the Staff of the Credit Union for their cooperation in 2019, which enabled us to fulfill our duties and responsibilities to you, the Members. We were honored to serve you.

Respectfully submitted,


Yvonne P H Phillipson
Chairperson

Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency