

# Building on Success to Support Future Opportunities

*Your Financial Experts  
for All of Life's Necessities*

A N N U A L R E P O R T

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Hawaii Law Enforcement  
Federal Credit Union

Federally insured by NCUA



Hawaii Law Enforcement Federal Credit Union

**STATEMENT OF INCOME**

For the period ending December 31, 2014

	2014	2013
<b>Operating Income</b>		
Interest on Loans	2,823,170.80	2,427,455.71
Interest on Investments	1,413,701.05	1,034,924.34
Fees and Charges	171,271.09	158,657.03
Miscellaneous Income	<u>738,029.01</u>	<u>637,960.05</u>
<b>Total Income</b>	<b><u>5,146,171.95</u></b>	<b><u>4,258,997.13</u></b>
<b>Operating Expenses</b>		
Compensation	1,248,736.33	1,414,236.33
Employee Benefits	346,543.09	509,372.77
Travel & Conference	34,235.83	41,214.00
Association Dues	35,220.39	45,490.70
Office Occupancy	459,814.76	456,523.80
Office Operations	541,048.61	610,313.79
Education & Promotion	70,421.86	164,627.60
Loan Servicing	330,570.16	370,009.41
Professional Services	1,250,354.91	1,023,408.78
Provision for Loan Losses	162,414.00	(165,831.00)
Member Insurance	—	140,187.28
NCUA Operating Fees	27,904.55	—
Fed Exam Fees	—	33,214.35
Interest on Borrowed Funds	—	—
Annual Meeting	12,026.11	44,515.60
Miscellaneous	<u>66,423.61</u>	<u>43,448.35</u>
<b>Total Operating Expenses</b>	<b><u>4,585,714.21</u></b>	<b><u>4,730,731.76</u></b>
<b>Income (Loss) from Operations</b>	<b>560,457.74</b>	<b>(471,734.63)</b>
Gain (Loss) on Investments	98,579.07	23,529.76
Gain (Loss) on Disposal of Assets	(8.00)	(15.00)
Non-Operating Income (Loss)	—	—
Gain (Loss) on OREO	112,415.12	—
Gain (Loss) Rental on OREO	<u>(2,252.61)</u>	<u>14,162.77</u>
<b>Net Income (Loss) before Dividends</b>	<b>769,191.32</b>	<b>(434,057.10)</b>
Dividends	<u>292,446.98</u>	<u>353,563.85</u>
<b>Net Income (Loss)</b>	<b><u>476,744.34</u></b>	<b><u>(787,620.95)</u></b>

We certify, to the best of our knowledge and belief, this statement and the related statements are true and correct and present fairly the financial position and the results of operations for the period.

**Chairperson's Report**

The Board of Directors is thrilled with the Hawaii Law Enforcement Federal Credit Union's financial performance in 2014 and the positive message this sends to its membership, as they plan for their future.

A review of the Statement of Income for 2014 shows improvement in nearly every category compared to 2013. Most notably, the Credit Union increased its operating income by 21% while decreasing its operating expenses by 3.2%, the combination of which was largely responsible for turning around a net loss of \$787,620 in 2013 to net income of \$476,744 in 2014. We also added 543 members in 2014, increasing by 4.22% over the year prior, and boosting our overall total to 13,422 members, our highest total ever.

We thank our members for continuing to entrust their confidence in the Credit Union and utilizing its products and services to support their financial future and that of their loved ones. Moreover, we applaud the diligence of our Credit Union managers and staff to provide the quality of service and responsiveness our membership demands.

*Aloha and Malama Pono,*

**Russell Ikeda**, Chairperson  
**Mark Nakagawa**, Vice-Chairperson  
**Robert Aton**, Treasurer  
**Frank Fujii**, Secretary

**Robert Kane**, Director  
**Roy Helepololei**, Director  
**Derrick Tsukayama**, Director



**Supervisory Committee Report**

The Supervisory Committee takes pride in its responsibility to ensure that the Hawaii Law Enforcement Federal Credit Union is financially stable and well positioned to take advantage of future growth opportunities. We independently evaluate all aspects of the Credit Union's operations and confirm that it is being managed in a sound and proper manner. We achieve this through recurring audits and regular reviews of internal controls, policies, and procedures.

In addition, at the Committee's direction, CU Pacific Audit Solutions was retained to periodically audit the Credit Union's financial records and operations.

**Cary Okimoto**, Chairperson  
**Christopher Park**, Secretary  
**Nathan Matsuoka**, Member  
**Allan Lewis**, Member  
**Carlene Lau**, Member



## CEO's Message

*Aloha Members and Supporters,*

I am very pleased to report that the Hawaii Law Enforcement Federal Credit Union enjoyed a banner year of success in 2014. It was a year in which many new records in several key areas were achieved:

- 543 new members
- 13,422 total members
- Loan-to-share ratio of 52%
- Total loan portfolio of \$71.3 million
- \$15.9 million in reserves

In 2014, we increased our loan portfolio year-over-year by an astounding 28.78%, providing our members with \$15.9-million in loans to help fund home improvements, tuition payments, new automobiles, and family essentials to better their lives.

We also increased our year-over-year net income by 203%, reversing a net loss of more than \$787,620 in 2013 to net income of \$476,744 in 2014. What's especially gratifying about this year-end profit and the overall financial strength of our Credit Union is that this positions us to offer more loan products and financing services to support all of you, our members.

While the improving economy contributed to our growth, the member feedback we had previously sought and the way we applied it in our product development laid the foundation for the Credit Union to build success in 2014. You spoke, we listened, and took action.

For example, we improved our loan application process both making it easier to complete and providing an answer on approval quickly. The improvement of that process, along with offering more products to meet our members' needs, contributed significantly to the growth in our loan portfolio.

The improvements we made illustrate the biggest reason behind our success: the commitment of your Credit Union team to serve our members with the best advice possible, and provide the best quality of product to meet their needs.

As we look beyond 2014 into the coming year, our members can expect to see more improvements made that will make your Credit Union even stronger, and offer more and better products to support your financial needs.

We are your financial experts and we value your trust and your service to our community.

*With great respect and aloha,*



**Rene Matsuura**  
*President and Chief Executive Officer*



## Treasurer's Report

The Hawaii Law Enforcement Federal Credit Union enjoyed one of its strongest years on record in 2014 and we are extremely grateful to our members for making this possible. Following are some key statistics to note that reflect the strength of the Credit Union, as seen in the growth in assets, shares, loans, and new members. Importantly, the credit union realized a net worth of 10.04% in 2014, which equates to \$15.9 million in reserves, surpassing the minimum guidelines established by the National Credit Union Administration.

- Assets grew by \$2.5 million (or 1.68%) to \$153,781,644
- Share deposits grew by \$1.1 million (or 0.84%) to \$137,206,875
- Loans grew by \$15,943,772 (or 28.78%) to \$71,348,672
- Membership grew by 543 (or 4.22%) to 13,422 total

The Credit Union's board of directors, management team, and dedicated staff members are proud to serve you and support your financial needs of the future.

**Robert Aton, Treasurer**

## Credit Committee Report

The Hawaii Law Enforcement Federal Credit Union is committed to supporting our members and their families to improve their lives by providing loans at a fair and equitable price. We are very pleased so many members took advantage of our various loan products in 2014, the result of which was increase of 28.78%, or nearly \$16 million, to our loan portfolio.

We ended the year with \$71.3 million in loans being provided to our members, our highest total ever.

The Credit Union is in a strong financial position and we hope more current and new members in our law enforcement community will look to us for the financial support they need in the coming year.

**Kent Harada, Chairperson**  
**Rene Matsuura, Member**  
**Radford Real, Member**



## Financial Comparison

For the period ending December 31, 2014

Category	2014	2013	Difference	% Change
Assets	153,781,644	151,242,732	2,538,912	1.68%
Shares	137,206,875	136,063,246	1,143,629	0.84%
Net Worth Ratio	10.04%	9.90%	0.14%	1.45%
Loans	71,348,672	55,404,900	15,943,772	28.78%
Members	13,422	12,879	543	4.22%

### LOCATIONS

#### Main Office

1537 Young Street, 3rd Floor  
Honolulu, HI 96826  
Phone: (808) 973-4311  
Fax: (808) 949-0556

#### Kapolei Branch

889 Kamokila Boulevard  
Kapolei, HI 96707  
(Crossroads at Kapolei)

#### Main Police Station

801 S. Beretania Street  
Honolulu, HI 96813

#### Pearl City Branch

1140 Kuala Street  
Pearl City, HI 96782  
(Pearl City Gateway  
Shopping Center)

#### Pearl City Police Station

1100 Waimano Home Road  
Pearl City, HI 96782



The Hawaii Law Enforcement Federal Credit Union is entrusted with creating financial stability and long-term wealth for its ohana by offering competitive services and products that are delivered with aloha in a timely, confidential and professional manner.