



**HAWAII LAW
ENFORCEMENT**
FEDERAL CREDIT UNION

2022 ANNUAL REPORT



Chairperson and CEO's Message



Aloha,

2022 was a year of tackling adversity for HLEFCU. Through various personnel changes, inflation, rising rates, and the looming recession, we saw no shortage of obstacles to overcome last year. However, with the numerous challenges came positive changes as well, including the following:

- Streamlined member experience with the implementation of DocuSign (E-Sign) for loans. (06/2022)
- Ensured members received timely and accurate service by moving HELOC servicing to the Mortgage Servicing Department, including releasing mortgages. (06/2022)
- Improved internal controls and enhanced the quality of service to our members by adding a position in Compliance to audit loans and account changes. (07/2022)



In 2022, the Credit Union saw its net worth, level of service, and internal procedures all improve. We have focused our efforts on streamlining our processes while still providing the high level of service that you've come to expect from HLEFCU. As we grow, we're adding departments and personnel to fill vital roles and successfully navigate the transition through a contracting economy. As a result of these changes, communication among departments has improved, procedures are being constantly fine-tuned, and training has become a main staple in building a better organization. We believe that the management team is more focused on all the nuances that will ensure the future success of the Credit Union.

As we recover from the pandemic, we understand that members have seen the rising rate environment, but spared no effort to increase returns for our members, raising rates on share certificates three times, and money market rates two times in the past year. In 2023, we're looking at implementing even more ways to make our members' money work harder for them and will be releasing new promotions soon. Stay tuned!

This year, we will continue to evolve and grow as a unified organization dedicated to serving our members through innovation, hospitality, and collaboration.

While we take pride in what new things 2023 will have in store for our members, the one thing that will never change is our commitment to "serve to honor." On behalf of the Board of Directors and Management Team, we thank you for your continued trust and support.

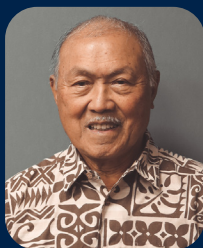
Aloha and Malama Pono,

Russell Ikeda, Chairperson
Rene Matsuura, President/CEO

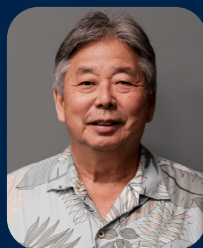
Board of Directors



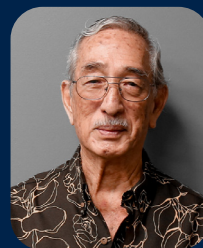
Mark Nakagawa
Vice-Chairperson



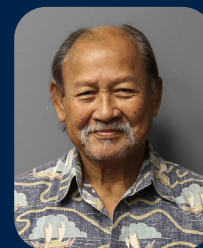
Robert Aton
Treasurer



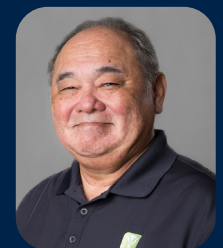
Frank Fujii
Secretary



Robert Kane
Director



Roy Helepololei
Director



Derrick Tsukayama
Director

Statement of Income

For the Period Ending December 31, 2022

	2022	2021
Operating Income		
Interest on Loans	\$4,689,028.28	\$4,331,783.61
Interest on Investments	\$1,289,600.97	\$962,239.73
Fees and Charges	\$306,411.81	\$315,539.42
Miscellaneous Income	\$998,769.62	\$1,045,310.68
Total Income	\$7,283,810.68	\$6,654,873.44
Operating Expenses		
Compensation	\$2,339,082.94	\$2,157,876.44
Employee Benefits	\$496,358.37	\$471,070.62
Travel & Conference	\$5,287.43	\$1,271.09
Association Dues	\$48,173.71	\$49,176.66
Office Occupancy	\$841,570.58	\$744,194.45
Office Operations	\$682,114.49	\$552,902.48
Education & Promotion	\$101,069.55	\$132,966.92
Loan Servicing	\$453,181.02	\$427,744.27
Professional Services	\$845,026.92	\$821,976.11
Provision for Loan Loss	\$122,498.97	(\$200,141.21)
Member Insurance	\$20,913.43	\$12,516.00
NCUA Operating Fee	\$34,693.01	\$40,830.02
Fed Exam Fees	-	-
Interest on Borrowed Funds	\$0.56	\$0.24
Annual Meeting	\$10,253.91	(\$19,053.43)
Miscellaneous	\$57,690.93	\$47,710.23
Total Operating Expense	\$6,057,915.82	\$5,241,041.37
Income (Loss) from Operations	\$1,225,894.86	\$1,411,923.71
Gain (Loss) on Investments	-	-
Gain (Loss) on Disposal of Assets	\$2,579,773.20	(\$1,908.36)
Non-Operating Income (Loss)	-	-
Gain (Loss) on OREO	-	-
Gain (Loss) Rental on OREO	-	-
Net Income (Loss) Before Dividends	\$3,805,668.06	\$1,411,923.71
Dividends	\$360,115.33	\$353,738.25
Net Income (Loss)	\$3,445,552.73	\$1,058,185.46

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.

Financial Comparison

For period ending December 31, 2022

Category	2022	2021	Difference	% Change
Assets	\$207,523,548	\$215,567,584	-\$8,044,036	-3.73%
Share	\$185,366,239	\$190,949,762	-\$5,583,523	-2.92%
Loans	\$121,500,051	\$122,091,915	-\$591,864	-0.48%
Net Worth Ratio	12.94%	10.86%	2.08%	19.15%
Number of Members	14,513	14,890	-377	-2.53%

Treasurer's Report

This past year, the Hawaii Law Enforcement Federal Credit Union saw several financial challenges, but we're confident that heading into 2023, the strength and stability of HLEFCU will allow us to expand products and continue a high level of service for our members. For 2022, the Credit Union's performance on key financial measures is as follows:

- Assets declined by \$8,044,036 (-3.73%) to \$207,523,548
- Shares declined by \$5,583,523 (-2.92%) to \$185,366,239
- Loans declined by \$591,864 (-0.48%) to \$121,500,051
- Membership declined by 377 (-2.53%) to 14,513
- Net income totaled \$3,445,553

The Credit Union increased certificate rates three times and money market rates two times last year. Based on September 2022 NCUA's Hawaii Credit Union statistics survey, our Credit Union stands second in net worth at 12.54%. Our strong net worth allows us to take measured risks and continue to grow.

On behalf of the Hawaii Law Enforcement Federal Credit Union's Management and staff, we express humble gratitude for the opportunity to serve as your financial partner. We Serve to Honor.



Robert Aton
Treasurer



Samuel Emerson
Chief Financial Officer

Supervisory Committee Report

The Supervisory Committee is responsible for ensuring that the Credit Union operates with sound internal controls, maintains accurate records of its assets, and adheres to practices that safeguard those assets. Appointed by the Board of Directors, this dedicated group of five Credit Union members accomplishes their tasks by conducting objective reviews and evaluations of the overall financial performance of the Credit Union.

To ensure that these responsibilities are completed, the Supervisory Committee has retained CU Pacific Audit Solutions for the following:

- Conducting periodic audits of the Credit Union's records and processes
- Conducting an annual audit of the Credit Union's financial statement
- Conducting a bi-annual audit of member account verifications
- Conducting quarterly internal control audits

Throughout their evaluations in 2022, the Supervisory Committee did not detect any anomalies.



Cary Okimoto
Chairperson



Allan Lewis
Member



Scott Tamasaka
Member



Kent Harada
Member

Not Pictured

Carlene Lau
Member

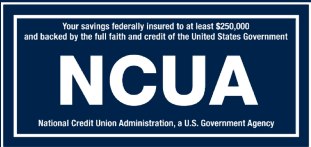


WE SERVE TO HONOR



**HAWAII LAW
ENFORCEMENT**
FEDERAL CREDIT UNION





Federally Insured by NCUA



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