

**ST. JOHN'S CREDIT  
UNION LIMITED**

*Financial Statements for the Years Ended  
March 31, 2020 and 2019 and Independent  
Auditors' Report*

# ST. JOHN'S CREDIT UNION LIMITED

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of:  
St. John's Credit Union Limited

### Opinion

We have audited the financial statements of St. John's Credit Union Limited which comprise the statements of financial position as at March 31, 2020 and 2019, and the statements of income and expenses, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of St. John's Credit Union Limited as at March 31, 2020 and 2019, and of its financial performance and its cash flows for the years then ended in accordance with the modified cash basis of accounting and financial reporting provisions of the Credit Unions Act Chapter 314 Revised Edition 2011 of the Substantive Laws of Belize.

### Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of St. John's Credit Union Limited in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Basis of Accounting

Without modifying our opinion, we draw attention to Note 2a to the financial statements, which describes the modified cash basis of accounting used to prepare the financial statements.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and financial reporting provisions of the Credit Unions Act Chapter 314 Revised Edition 2011 of the Substantive Laws of Belize, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing St. John's Credit Union Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate St. John's Credit Union Limited or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing St. John's Credit Union Limited's financial reporting process.

### h**lb**.bz

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### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause St. John's Credit Union Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during the audit.

*HLB Belize, LLP*

Chartered Accountants  
Belize City, Belize  
August 4, 2020

# ST. JOHN'S CREDIT UNION LIMITED

## STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

<b>ASSETS</b>	<b>Notes</b>	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents - unrestricted	2e. 3.	\$ 12,691,275	\$ 20,836,362
Cash and cash equivalents - restricted	2e. 12.	438,611	330,219
Short term investment in financial assets - unrestricted	2f. 4.	4,554,359	1,535,613 *
Short term investments in financial assets- restricted	2f. 5. 12.	790,000	790,000 *
Other receivables and prepayments	2g. 6.	624,423	226,234 *
Total current assets		<u>19,098,668</u>	<u>23,718,428</u>
<b>NON-CURRENT ASSETS:</b>			
Loans receivable from members	2h. 7.	61,485,697	60,756,937
Less - allowance for loan losses	2i. 7.	(2,742,066)	(3,367,123)
Property, plant and equipment - net	2j. 9.	4,125,783	4,398,878
Investment property - net	2l. 8.	1,608,833	291,025
Long term investments in financial assets -unrestricted	2f. 10.	11,425,000	6,429,561
Long term investments in financial assets - restricted	2f. 12.	10,000	10,000
Total non-current assets		<u>75,913,247</u>	<u>68,519,278</u>
<b>TOTAL ASSETS</b>		<u><b>\$ 95,011,915</b></u>	<u><b>\$ 92,237,706</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payables	2m.	\$ 222,654	\$ 183,959
Other liabilities		602,973	328,909
Members' deposits	2n. 11.	17,899,362	19,341,747
Total current liabilities		<u>18,724,989</u>	<u>19,854,615</u>
<b>NON-CURRENT LIABILITIES:</b>			
Severance payable	2o.	285,280	260,590
Pension liability	2p. 12.	713,224	599,599
Long term debt	2q. 13.	111,212	111,212
Total non-current liabilities		<u>1,109,716</u>	<u>971,401</u>
Total liabilities		<u>19,834,705</u>	<u>20,826,016</u>
<b>EQUITY:</b>			
Members' shares - mandatory	2r.	3,238,279	3,151,011
Members' shares- voluntary	2r.	61,552,517	57,491,760
Burial scheme fund	2s.	785,920	1,161,853
Revaluation reserve	2k. 14.	354,953	354,953
Statutory reserve fund	2t.	7,160,255	6,950,835
Undistributed surplus	2v.	1,928,122	2,246,109
Other reserves	2u.	157,164	55,169
Total equity		<u>75,177,210</u>	<u>71,411,690</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>\$ 95,011,915</b></u>	<u><b>\$ 92,237,706</b></u>

The financial statements on pages 3 to 6 were approved and authorized for issue by the Board of Directors on July 28, 2020 and are signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

\* Reclassified for comparative purposes. See note 17  
The notes on pages 7 to 18 are an integral part of these financial statements.

# ST. JOHN'S CREDIT UNION LIMITED

## STATEMENTS OF INCOME AND EXPENSES YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

	Notes	2020	2019
<b>INCOME</b>	2w.		
Interest income on loans	16.	\$ 6,527,882	\$ 6,657,179
Investment income		664,514	509,093
Other income		116,206	255,093
Fees and commission income		503,501	397,640
GROSS INCOME		<u>7,812,103</u>	<u>7,819,005</u>
<b>OPERATING EXPENSES</b>	2w.		
Advertising		84,267	152,315
Annual general meeting		48,764	66,546
Impairment expense		890,000	775,000
Bank charges and overdraft interest		23,050	16,123
BCUAS Insurance		646,090	569,198
Christmas expense		66,327	58,737
Committee meetings		9,787	4,398
Software system maintenance		198,683	117,236
Credit Union Week		14,334	5,092
Depreciation expense		588,966	379,300
Donations		8,890	16,069
Education expense		49,011	63,803
General Insurance expense		48,636	59,240
Interest expense – Members deposits		310,828	209,436
Office supplies expense		84,689	93,525
Other expenses		162,577	244,229
Pension expense		49,517	39,788
Professional fees		16,650	22,163
Property taxes		1,304	4,113
Rental expense		66,900	70,275
Repairs and maintenance		114,234	137,327
Salaries, wages and allowances		1,389,218	1,362,762
Security expense		342,566	320,234
Severance expense		59,196	41,975
Social Security expense		49,954	38,015
Supervision fees		8,150	11,000
Travel and subsistence expense		78,838	87,097
Uniform expense		15,512	28,275
Utilities		345,269	197,924
		<u>5,772,207</u>	<u>5,191,195</u>
<b>SURPLUS</b>		<u>\$ 2,039,896</u>	<u>\$ 2,627,810</u>

The notes on pages 7 to 18 are an integral part of these financial statements.

**ST. JOHN'S CREDIT UNION LIMITED**

**STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)**

	Burial Scheme Fund	Revaluation reserve	Statutory reserve fund	Undistributed surplus	Other reserves	Total
<b>Balance as at March 31, 2018</b>	\$ 658,823	\$ 354,953	\$ 6,470,615	\$ 1,409,576	\$ 55,169	\$ 8,949,136
Net increase	503,030	-	-	-	-	503,030
Dividends and rebates declared and paid (See note 2v and 15)	-	-	-	(1,318,277)	-	(1,318,277)
Entrance fees	-	-	7,220	-	-	7,220
Surplus	-	-	-	2,627,810	-	2,627,810
Surplus distribution (See note 20)	-	-	473,000	(473,000)	-	-
<b>Balance as at March 31, 2019</b>	<u>\$ 1,161,853</u>	<u>\$ 354,953</u>	<u>\$ 6,950,835</u>	<u>\$ 2,246,109</u>	<u>\$ 55,169</u>	<u>\$ 10,768,919</u>
<b>Balance as at March 31, 2019</b>	\$ 1,161,853	\$ 354,953	\$ 6,950,835	\$ 2,246,109	\$ 55,169	\$ 10,768,919
Net increase	(375,933)	-	-	-	-	(375,933)
Dividends and rebates declared and paid (See note 2v and 15)	-	-	-	(2,051,898)	-	(2,051,898)
Entrance fees	-	-	5,430	-	-	5,430
Surplus	-	-	-	2,039,896	-	2,039,896
Surplus distribution (See note 20)	-	-	203,990	(305,985)	101,995	-
<b>Balance as at March 31, 2020</b>	<u>\$ 785,920</u>	<u>\$ 354,953</u>	<u>\$ 7,160,255</u>	<u>\$ 1,928,122</u>	<u>\$ 157,164</u>	<u>\$ 10,386,414</u>

The notes on pages 7 to 18 are an integral part of these financial statements.

# ST. JOHN'S CREDIT UNION LIMITED

## STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2020</u>	<u>2019</u>
Surplus	\$ 2,039,896	\$ 2,627,810
Adjustments for:		
- Depreciation expense	588,956	379,299
- Gain on disposal of assets	(3,950)	-
- Severance expense	59,196	41,975
- Pension expense	49,517	39,788
- Provision for loan losses	890,000	775,000
Operating surplus before working capital changes	<u>3,623,615</u>	<u>3,863,872</u>
Changes in:		
Other receivables and prepayments	(398,189)	(29,781)
Loans receivable from members	(2,243,817)	(1,462,668)
Accounts payable	38,695	31,508
Other liabilities	274,064	(448,068)
Members' deposits	(1,442,385)	2,438,773
Pension liability	64,108	18,715
Cash provided by operating activities	(83,909)	4,412,351
Severance paid	(34,506)	-
Net cash (used in) provided by operating activities	<u>(118,415)</u>	<u>4,412,351</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Short term investments - unrestricted	(3,018,746)	(18,594)
Long term investments - unrestricted	(4,995,439)	872
Purchase of property, plant and equipment	(273,129)	(1,350,258)
Purchase of investment property	(1,367,090)	-
Proceeds from disposal of assets	10,500	-
Net cash used in investing activities	<u>(9,643,904)</u>	<u>(1,367,980)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Change in shares - net	4,148,025	4,017,572
Change in burial scheme - net	(375,933)	503,030
Change in statutory reserve fund - net	5,430	7,220
Dividends and rebates paid	(2,051,898)	(1,318,277)
Net cash provided by financing activities	<u>1,725,624</u>	<u>3,209,545</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(8,036,695)</u>	6,253,916
TRANSFER TO CASH AND CASH EQUIVALENTS - RESTRICTED	(108,392)	(56,514)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,836,362	14,638,960
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 12,691,275</u>	<u>\$ 20,836,362</u>

The notes on pages 7 to 18 are an integral part of these financial statements.



# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

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### 1. STATUS

St. John's Credit Union Limited ("SJCU") was incorporated under and by virtue of the Credit Unions Act Chapter 314 of the Laws of Belize (Revised 2003), modified by Act No. 34 of 2005 and Act No. 18 of 2007. The Credit Union promoted savings, enterprise and the cooperative principle among its members to pool members' financial resources and to provide personal and corporate banking, loans, and investments.

The Credit Union operates from its principal office situated at No. 4 Basra Street, Belize City, Belize. Apart from a second Belize City branch, offices are located in Belmopan and Dangriga Town. As at March 31, 2020, the Credit Union had 30,207 members (2019: 27,621).

St. John's Credit Union Limited is supervised by the Registrar of Credit Unions. As per the Credit Unions Act, the Registrar of Credit Unions is the Governor of the Central Bank of Belize.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of presentation

SJCU uses a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis, certain revenues are recognized when received rather than when earned and certain expenses and purchases are recognized when cash is disbursed rather than when the obligation is incurred.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets. Historical cost is generally based on the consideration given in exchange for assets.

#### b. Functional and presentation currency

The financial statements are presented in Belize dollars, which is SJCU's functional currency. The functional currency is the currency of the primary economic environment in which an entity operates.

#### c. Foreign currency transactions

Transactions in foreign currencies are translated into Belize dollars at exchange rates at the dates of the transactions. All differences arising on settlement are taken to the income statement.

#### d. Changes in accounting policies

No changes to the accounting policies were identified and the comparative information has accordingly remained unchanged since the prior reporting period.

#### e. Cash and cash equivalents

Cash and cash equivalents comprises of cash balances and term deposits held with various financial institutions. All cash and cash equivalents have a term of less than 90 days.

# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Investments in financial assets

Investment in financial assets held on a short term basis consist of fixed deposits held at the bank with maturity dates within 1 year from reporting date. Investments with maturity dates beyond 1 year from the reporting date are classified as long term investments in financial assets. Investments in equity instruments comprise of minority equity investments held at their nominal value.

g. Other receivable and prepayments

Other receivable and prepayments comprised of miscellaneous receivables measured at amortized cost. Prepayments represent costs paid in advance of their intended use of coverage. Prepayments are expenses in the period the service is delivered.

h. Loans receivable from members

Loans are recognized when cash is advanced to the member, and are stated at cost. Loans receivable are derecognized when the rights to receive cash flows from the financial assets have expired or extinguished.

i. Allowance for loan losses

This account is treated as a contra-asset account to member loans receivable in accordance with the Credit Unions Act (CUA) Requirement No. 2 of 2013. The account is funded through charges to income as a provision expense for charging off loans and other assets or portions of such loans and other assets which have been adversely classified.

j. Property, plant and equipment

Property and equipment includes land, buildings, motor vehicles, furniture, fixtures, computer equipment, and other equipment. Except for land that are carried at valuation, all other assets are carried at cost.

Depreciable assets are held at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined by using the straight-line method at the following rates:

Building, driveways & leasehold improvements	5, 25 and 50 years
Furniture and fixtures	5 and 10 years
Computer equipment and accessories	5 and 10 years
Motor vehicle	5 years

Land is not depreciated as the useful life cannot be estimated. Other classes of assets commence depreciation when they are available for use.

Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful life or the initial lease term.

Maintenance and repairs are expensed as incurred. Major asset additions and expenditures that significantly increase value or extend useful asset life are capitalized. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and gains or losses on disposal are included in income for the year.

# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Property, plant and equipment (continued)

An item of property, plant and equipment and any significant part recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

k. Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized after the date of the revaluation. Any revaluation surplus is credited to the asset revaluation reserve in equity, except to the extent that it reverses revaluation decrease of the same asset previously recognized in the income statement; in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

l. Investment property

Investment property is land and buildings which are held to earn rental income. Investment property is measured at cost and subsequently amortized using the same policies as property, plant and equipment (refer to note 2j).

Rental income from investment property is recognized on the statement of income and expenses.

m. Accounts payable

Accounts payable comprises of miscellaneous payable balances held at their nominal values.

n. Members' deposits

Members' deposits, savings and fixed savings are treated as current liabilities and measured at cost.

o. Severance payable

Severance payable represents the accrual of salaries payable to employees in the event of their resignation or termination. SJCU recognizes termination benefits in accordance with the Labour Act Chapter 297 of the Laws of Belize Revised Edition 2011.

p. Pension liability

The Credit Union has available on a voluntary basis, a defined contribution pension plan for all permanent employees. The pension is not financially separate from the Credit Union and still funded by contributions from both employees and the Credit Union at fixed rates of 3% and 5% of salary respectively.

# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Long-term debt

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized costs.

r. Members' shares

As per the Credit Unions Act, members' shares in SJCU represent members' capital. Mandatory shares are the minimum number of shares a person must have in order to be considered a member of SJCU. Non-mandatory shares are additional shares held by members of the credit union. These can be withdrawn at any time and may be used as collateral for loans by members. These are reflected in equity on the statement of financial position.

s. Burial scheme fund

The Burial Scheme is a death benefit of \$5,000 which will be paid to plan member's selected dependent based on their years of membership in the plan. The fund balance is reported net of collections and payments during the year.

t. Statutory reserve fund

The Statutory reserve fund is a reserve fund that is mandated by the Credit Unions Act, Chapter 314 of the Substantive Law of Belize, Revised Edition 2011. At least 10% of the net earnings of the Credit Union must be added to the fund at the end of each fiscal year. In addition, all entrance fees and fines collected from members each year are transferred to this fund. The Statutory reserve fund cannot be distributed to members.

u. Other reserves

Other reserves are amounts set aside by the Board of Directors to be used for any purpose that the Credit Union may need to utilize it for. Allocation of surplus to these reserves are recommended by the Board of Directors and to be confirmed at the annual meetings as permitted by the Credit Unions Act.

v. Dividends and rebates

Dividends not exceeding 8% are declared and paid annually on member shares/deposit balances. Dividends are calculated based on the average of the lowest share balance during each quarter of the financial year.

Rebates are declared and paid annually to each member in proportion to the volume of loan business done with the Credit Union during the year.

These dividends are credited to the members' shares/deposit accounts along with interest rebates given to members who qualify. Dividends and rebates are recommended by the Board of Directors and approved at SJCU's Annual General Meeting.

# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### w. Income and expense recognition

Interest income on loans, dividends and other income are recognized when collected. Interest income on fixed deposits is recognized when earned. Interest and other expenses are recognized when paid. Interest on special deposits and personal checking accounts are paid quarterly and monthly, respectively. Interest on term deposits may be paid quarterly or monthly. The interest rates paid on member accounts are determined by the Board of Directors.

#### x. Taxes

Management evaluates situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

### 3. CASH AND CASH EQUIVALENTS - UNRESTRICTED

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 913,716	\$ 1,016,504
Cash at bank	11,777,559	19,819,858
	<u>\$ 12,691,275</u>	<u>\$ 20,836,362</u>

### 4. SHORT TERM INVESTMENT IN FINANCIAL ASSETS - UNRESTRICTED

<u>Financial Institution</u>	<u>Maturity</u>	<u>Rate</u>	<u>2020</u>	<u>2019</u>
Atlantic Bank	August 24, 2020	2.50%	\$ 2,000,000	\$ -
Atlantic Bank	August 24, 2020	2.50%	1,000,000	-
Atlantic Bank	April 2, 2021	1.75%	1,000,000	-
Blue Creek Credit Union Limited	March 31, 2020	3.50%	554,359	-
Atlantic Bank	April 2, 2019	1.75%	-	1,000,000
Blue Creek Credit Union Limited	January 30, 2020	3.50%	-	535,613
			<u>\$ 4,554,359</u>	<u>\$ 1,535,613</u>

See note 17 for details of reclassification.

# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

### 5. SHORT TERM INVESTMENT IN FINANCIAL ASSETS - RESTRICTED

<u>Financial Institution</u>	<u>Maturity</u>	<u>Rate</u>	<u>2020</u>	<u>2019</u>
Atlantic Bank *	March 3, 2021	3.00%	\$ 400,000	\$ -
Atlantic Bank *	May 14, 2020	3.00%	200,000	-
Atlantic Bank *	May 11, 2020	3.00%	150,000	-
Atlantic Bank *	May 12, 2019	3.00%	-	200,000
Atlantic Bank *	March 19, 2020	3.00%	-	400,000
Atlantic Bank *	May 8, 2019	3.00%	-	150,000
Atlantic Bank **	May 14, 2020	3.00%	40,000	40,000
			<u>\$ 790,000</u>	<u>\$ 790,000</u>

\*Fixed Deposits are held as security for an overdraft facility available to the Credit Union. See note 18 for further details

\*\*Fixed Deposits held on behalf of the pension fund. See note 12 for further details

See note 17 for details of reclassification.

### 6. OTHER RECEIVABLES AND PREPAYMENTS

	<u>2020</u>	<u>2019</u>
Heritage Bank Limited ATM/POS Project	\$ 50,000	\$ 50,000
Belize Credit Union League Limited NPS	126,299	96,577
Other receivables	116,057	13,476
Prepayments	160,772	35,959
Accrued interest	171,295	30,222
	<u>\$ 624,423</u>	<u>\$ 226,234</u>

The Credit Union has entered into a Joint Investment Agreement with the Heritage Bank Limited and five other institutions, called the ATM/POS Project. Since the formation of the new company is still in process, the initial investment is classified as other receivables and prepayment at March 31.

See note 17 for details of reclassification.

# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

### 7. LOANS RECEIVABLE FROM MEMBERS

	<u>2020</u>	<u>2019</u>
Business loans	\$ 5,002,778	\$ 2,012,646
Educational loans	1,474,464	1,721,687
Housing and home improvement loans	20,180,706	19,139,349
Motor vehicle loans	2,351,587	2,535,852
Personal loans	31,763,771	34,548,516
Real estate loans	712,391	798,887
Total loans receivable	<u>61,485,697</u>	<u>60,756,937</u>
Less - allowance for loan losses	<u>(2,742,066)</u>	<u>(3,367,123)</u>
Total loans receivable – net	<u>\$ 58,743,631</u>	<u>\$ 57,389,814</u>

The allowance for loan losses comprises the following:

Balance, beginning of year	\$ 3,367,123	\$ 2,649,373
Impairment expense	890,000	775,000
Write-offs	<u>(1,515,057)</u>	<u>(57,250)</u>
Balance, end of year	<u>\$ 2,742,066</u>	<u>\$ 3,367,123</u>

### 8. INVESTMENT PROPERTY

	<b>Land &amp; Building</b>	
	<u>2020</u>	<u>2019</u>
<b>Cost</b>		
Brought forward,	\$ 365,000	\$ 365,000
Additions	1,367,090	-
Carried forward,	<u>1,732,090</u>	<u>365,000</u>
<b>Accumulated Depreciation</b>		
Brought forward,	73,975	68,380
Additions	49,282	5,595
Carried forward,	<u>123,257</u>	<u>73,975</u>
<b>Net Book Value</b>		
<b>March 31,</b>	<u>\$ 1,608,833</u>	<u>\$ 291,025</u>

**ST. JOHN'S CREDIT UNION LIMITED**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)**

**9. PROPERTY PLANT AND EQUIPMENT**

	Land (c), (v)	Building, driveways & leasehold improvements (c)	Furniture & fixtures (c)	Computer equipment & accessories (c)	Motor Vehicle (c)	Total
<b>Cost (c) / Valuation (v)</b>						
<b>Brought forward, April 1, 2019</b>	\$ 637,687	\$ 2,776,970	\$ 550,302	\$ 2,689,345	\$ 37,951	\$ 6,692,255
Additions	15,530	-	9,300	245,232	3,067	273,129
Disposals	-	-	-	-	(35,983)	(35,983)
Carried forward, March 31, 2020	653,217	2,776,970	559,602	2,934,577	5,035	6,929,401
<b>Accumulated Depreciation</b>						
<b>Brought forward, April 1, 2019</b>	-	626,875	333,033	1,309,011	24,458	2,293,377
Additions	-	152,681	36,199	343,237	7,557	539,674
Disposals	-	-	-	-	(29,433)	(29,433)
Carried forward, March 31, 2020	-	779,556	369,232	1,652,248	2,582	2,803,618
<b>Net Book Value</b>						
<b>March 31, 2020</b>	\$ 653,217	\$ 1,997,414	\$ 190,370	\$ 1,282,329	\$ 2,453	\$ 4,125,783
See also note 14.						
<b>Cost (c) / Valuation (v)</b>						
<b>Brought forward, April 1, 2018</b>	\$ 477,687	\$ 2,575,215	\$ 541,951	\$ 1,709,193	\$ 37,951	\$ 5,341,997
Additions	160,000	226,055	8,351	955,852	-	1,350,258
Transfer	-	(24,300)	-	24,300	-	-
Carried forward, March 31, 2019	637,687	2,776,970	550,302	2,689,345	37,951	6,692,255
<b>Accumulated Depreciation</b>						
<b>Brought forward, April 1, 2018</b>	-	479,388	286,022	1,126,749	17,514	1,919,673
Additions	-	147,487	37,011	182,262	6,944	373,704
Carried forward, March 31, 2019	-	626,875	333,033	1,309,011	24,458	2,293,377
<b>Net Book Value</b>						
<b>March 31, 2019</b>	\$ 637,687	\$ 2,150,095	\$ 217,269	\$ 1,380,334	\$ 13,493	\$ 4,398,878
See also note 14.						



# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

10. LONG TERM INVESTMENTS IN FINANCIAL ASSETS - UNRESTRICTED	<u>2020</u>	<u>2019</u>
Belize Electricity Limited Series 6 debentures with interest rate of 6.5% per annum payable quarterly, maturing December 31, 2030.	\$ 2,840,000	\$ 2,840,000
Belize Electricity Limited Series 7 debentures with interest rate of 6% per annum payable quarterly, maturing March 31, 2028.	2,035,000	2,035,000
Government of Belize Treasury Notes with interest rate of 6% per annum payable by half yearly installments, matured December 10,	-	504,561
Investment in Belize Credit Union League Limited-50 redeemable preferred shares.	50,000	50,000
Investment in Belize Telemedia Limited - 200,000 common shares with par value of \$1.00.	1,000,000	1,000,000
3.00% Atlantic Bank Fixed Deposit maturing August 31, 2021.	2,000,000	-
3.00% Atlantic Bank Fixed Deposit maturing August 31, 2021.	3,000,000	-
Government of Belize Treasury Notes with interest rate of 6% per annum payable by half yearly installments, maturing December 10, 2021.	500,000	-
	<u>\$ 11,425,000</u>	<u>\$ 6,429,561</u>
11. MEMBERS' DEPOSITS	<u>2020</u>	<u>2019</u>
Savings accounts	\$ 6,477,114	\$ 6,212,117
Term deposits	11,422,248	13,129,630
	<u>\$ 17,899,362</u>	<u>\$ 19,341,747</u>

# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

### 12. PENSION FUND LIABILITY

	<u>2020</u>	<u>2019</u>
<b>At March 31, the pension fund was represented by:</b>		
Pension fund assets		
Cash and cash equivalents - restricted	\$ 438,611	\$ 330,219
Short term investments in financial assets- restricted	40,000	40,000
Long term investments in financial assets - restricted	10,000	10,000
SJCU - fixed deposit managed by SJCU for the pension fund	<u>224,613</u>	<u>219,380</u>
	<u>\$ 713,224</u>	<u>\$ 599,599</u>
Pension fund liability	<u>\$ 713,224</u>	<u>\$ 599,599</u>

The pension fund assets are restricted in favor of pension fund liabilities.

### 13. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
Social Investment Fund interest-free loan of \$100,000 for a period of 25 years with no fixed repayment terms. Loan is to be used for on-lending to eligible borrowers for housing construction or improvement in accordance with agreement dated September 19, 2005.	\$ 11,212	\$ 11,212
Social Investment Fund interest-free loan of \$100,000 for a period of 25 years with no fixed repayment terms. Loan is to be used for on-lending to eligible borrowers for housing construction or improvement in accordance with agreement dated December 28, 2006.	<u>100,000</u>	<u>100,000</u>
	<u>\$ 111,212</u>	<u>\$ 111,212</u>

### 14. REVALUATION RESERVE

During the financial year ended December 31, 2004, the Credit Union had an independent appraiser value its lands. The resulting increase in value was recorded as a revaluation reserve.

### 15. DIVIDEND AND REBATES

At the 73rd Annual General Meeting, distribution of surplus for fiscal year ended March 31, 2019 to dividends of 3% on regular shares and 5% on mandatory shares and rebates of 5% were proposed and accepted. Previously at the 72nd Annual General Meeting, distribution of surplus for fiscal year ended March 31, 2018 to dividends of 2% on regular shares and 4% on mandatory shares and rebates of 3.5% were proposed and accepted.

# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

### 16. INTEREST INCOME ON LOANS

	<u>2020</u>	<u>2019</u>
Business loans	\$ 261,038	\$ 195,463
Educational loans	194,366	221,746
Housing and home improvement loans	1,695,608	1,635,102
Motor vehicle loans	254,104	229,598
Personal loans	4,064,574	4,296,643
Real Estate loans	58,192	78,627
	<u>\$ 6,527,882</u>	<u>\$ 6,657,179</u>

### 17. RECLASSIFICATION

A total of \$780,222 was presented as short term investment in financial asset - unrestricted as at March 31, 2019, however these balances represented \$750,000 of restricted investments and \$30,222 accrued interest was only interest accrued and therefore reclassified to other receivables. Therefore these balances were reclassified for consistency in financial reporting.

### 18. CONTINGENCY

Atlantic Bank Limited overdraft facility in the amount of \$1,250,000 which carries interest of 8.5% and secured by fixed term deposits. At March 31, the balance is undrawn.

### 19. TAXATION

As a registered credit union in Belize, SJCUC is exempt from taxes on interest income, under the Income and Business Tax Act. However, subject to threshold requirements under the Act, the Credit Union pays 15% on commissions and 3% on rent income.

General Sales Tax of 12.5% is a tax on consumer spending that is collected at the point of sale of a business' good or service. SJCUC pays General Sales Tax as a regular consumer.

### 20. SURPLUS DISTRIBUTION

	<u>2020</u>	<u>2019</u>
Statutory reserve fund 10% (2019: 10%)	\$ 203,990	\$ 262,781
Undistributed surplus 85% (2019: 90%)	1,733,911	2,365,029
Other reserve 5% (2019: 0%)	101,995	-
	<u>\$ 2,039,896</u>	<u>\$ 2,627,810</u>

# ST. JOHN'S CREDIT UNION LIMITED

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED MARCH 31, 2020 AND 2019 (IN BELIZE DOLLARS)

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### 21. POST – REPORTING DATE EVENTS

The novel coronavirus (COVID19) caused the Government of Belize to declare a state of emergency starting April 2, 2020, however SJCU continued operation during this time. No adjustments were deemed necessary as it was classified as a non-adjusting event as at March 31, 2020 reporting date. There were no other adjusting or significant non-adjusting events that occurred between the March 31, 2020 reporting date and the date of authorization for issuance.

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