

St. John's  
CREDIT UNION LTD.



THE  
**St. John's**  
**71st**  
ANNUAL  
REPORT

Annual General Meeting  
May 20, 2017

# CREDIT UNION PRAYER

## PRAYER OF ST. FRANCIS DE ASSISI

Lord, make me an instrument of Thy peace;  
Where there is hatred, let me sow love;  
Where there is injury, pardon;  
Where there is doubt, faith;  
Where there is despair, hope;  
Where there is darkness, light;  
And where there is sadness, joy.

O Divine Master,  
Grant that I may not so much seek  
To be consoled, as to console;  
To be understood, as to understand;  
To be loved as to love.  
For it is in giving that we receive;  
It is in pardoning that we are pardoned;  
And it is in dying that we are born to eternal life.

Bless O Lord our deliberations, and grant that  
Whatever we may say and do, will have thy  
Blessings and guidance  
Through Jesus Christ Our Lord,  
Amen.

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## AGENDA

### The 70th Annual General Meeting St. John's Credit Union Limited

- 1. Meeting Called to Order**
- 2. Singing of the National Anthem**
- 3. Opening Prayer** - One moment of silence for deceased members
- 4. Welcome Remarks** - President, Mr. Alvan Haynes
- 5. Confirmation of the Minutes**
- 6. Matters Arising from the Minutes**
- 7. Presentation of Reports**
  - a. Board of Directors - Mr. Alvan Haynes
  - b. Supervisory Committee - Mr. Keith Westby
  - c. Credit Committee - Mr. Victor Guerrero
  - d. Treasurer/Auditor's Report - Mrs. Elsie Sylvester
- 8. Open Discussion**
  - a. Declaration of Dividends
  - b. New Business
  - c. Other
- 9. Election of Officers**
  - a. Supervisory Committee - 1 Vacancy
- 10. Drawing of Prizes**
- 11. Adjournment**

# MESSAGE FROM THE PRESIDENT

It is indeed my special privilege and a great pleasure to welcome each of you – invited guests, officers, staff, and, of course, our very special Members. I extend a hearty welcome to all attending this, the 71st Annual General Meeting of St. John's Credit Union.

SJCU was established in 1946 and has continued to grow, providing **“safe savings ... smart borrowing”** to several generations of Belizeans. I don't think it would surprise you that we plan to continue growing by providing unparalleled services and a financial safety net to our members, for generations to come. We thank all our members, and especially those of you, who continue to be active in participating in the Credit Union – at AGMs, using the various services offered by the credit union, and most importantly, providing feedback, so we can improve further.

The financial year from April 01, 2016 to March 31, 2017 was one of continued challenge, for the country, the economy, the financial sector and for us in the credit union sector. The Central Bank, as the regulator for credit unions, recently released the news of the liquidation of four credit unions. Whilst, most of these might have been pending for a number of years, such news always create shock waves. Rest assured though, that the credit union movement is strong. The Central Bank publishes quarterly reports on the active credit unions so that the public can easily verify the stability of these credit unions, your credit union

included.

The Board of Directors of SJCU has been working, in conjunction with the regulator, to ensure that our SJCU meets the required safe operating parameters as defined by the World Council of Credit Unions. Subsequent to the first version in 2012, we have updated our Strategic Plan a number of times. We have provided these updates to the regulator and kept them updated with our progress. We are pleased to say that, with the implementation of the strategic initiatives from this plan, and especially with the support of you, our valued members, we are well on the way to the targeted 10% Net Institutional Capital. The strategy's success has led to high growth - in the 5 years since 2012, we have increased membership by 45%, Shares and Assets by a whopping 106%, and Loans by an almost unbelievable 177%! Not surprisingly, last October, at the Belize Credit Union League Annual Banquet, SJCU was awarded for **“Highest Loan Growth”**. Staff, Officers and members deserve congratulations for these outstanding results.

However, there is one area where growth is an undesirable thing and that is delinquency. Over the course of 2016/17, we saw a noticeable increase in delinquency. This year, we were forced to expense \$1.1 million due to delinquency so that we continue to be fully provisioned against loan losses. We all know that this \$1.1 million could have helped to significantly increase our dividends.

As mentioned at previous AGM's, March 2017 was the deadline given to us by the Regulator to meet the targeted 10% ratio for Net Institutional Capital. Last year, we begged your continued support

for 2016/17, knowing that a substantial portion of annual profits would need to be placed to the reserves, and that therefore dividends for this year would be somewhat restrained. As predicted, we have had to apportion a larger percentage of profits to reserves and therefore a smaller percentage to dividends. Fortunately, we can still boast that this lower approved dividend is still better than the rates available for savings and term deposits in the commercial banks. We thank all those members who continue to show their confidence in SJCU and their understanding that dividends and rebates are only a part of a big package of benefits.

While not as good a position as we would like to report, the progress that we have made has been impressive. From our meetings and discussions, we are certain that the regulator is satisfied that SJCU is a solid financial institution, executing a well-planned strategy that has led to continued and consistent growth and increases in earnings over the last five years. We fully expect this trend to continue, especially as we plan to embark on our new major project, the establishment of our long-awaited Belize City North-side office.

As members are aware, at the 2015 AGM, it was agreed, by majority resolution to raise the mandatory share requirement to \$150. Existing members were given two years, i.e. to May 2017, and new members have two years to reach the \$150 requirement. In 2016/17, a special project was initiated to contact members who were below this amount to come in and increase their share savings. As a result, by March 2017, 2,536 members had done so, and the mandatory share value had increased by 16% from \$2.406 million at March 2016 to \$2.799 million. At the same time, many other members have committed to increasing their share savings. At March 31, 2017, of our total of 25,482 members, 15,021 or

## “HIGHEST LOAN GROWTH”

60% were members with at least \$150 in shares, leaving 10,461 members, 40%, with shares of less than \$150. Those with the required minimum of \$150 in shares accounted for over 80% of the total mandatory shares, and 99% of all share savings.

Monitoring and compliance have also been key areas of focus. Based on our overall asset value and the Anti-Money Laundering requirements, during 2016/17, a new post of Compliance Officer was created and filled. The Compliance Officer, our Supervisory Committee and Internal Auditor continue to monitor and ensure our compliance to regulations and policies, further strengthening our institution.

Our Credit Control Department continues to assist those members who have fallen behind with their loans to regain good standing, or where necessary to pursue recovery of overdue amounts. This department continues to put all efforts into controlling delinquency. Unfortunately, as indicated earlier, our overall delinquency increased during the year, going from 6.3% to 6.7% of the total loan portfolio. The delinquency figure stands at a mere 2% when allowable provisions are factored in. However, given the difficulties with recovery of loans, we prefer to report the full delinquency figure. Whilst this position is a far improvement from the 12% delinquency rate when we commenced the Restoration process in 2012, it remains a major concern and an area of extremely high priority. The impact of delinquency is the direct reduction to profits due to the loan loss provisioning expense. We therefore urge all members to repay their loans and to encourage all those members who they know to do the same. As we are often reminded by international credit union executives, credit unions are not for charity, but for service. Simply put, everyone should repay their loan, otherwise they are taking away from us.

As promised at last AGM, we also added a Loans Supervisor to our staff complement to assist with the streamlining of loan processing. With the support of the Loans Supervisor and improved procedures and methods, loan officers country-wide were able to process more loans. The Credit Committee contributed by efficiently vetting all loans which required their approval. The net result was an overall increase in loans of almost 15% over the previous year.

We thank those thousands of members who utilize the credit union services to their advantage. At the same time, we must remind members to help to sell the credit union benefits to their friends and family – tell them to choose SJCU, rather than dealing with ‘for profit’ institutions or worst yet, the financial ‘sharks’ - payday loans and loan sharks. Remember that such institutions and people take advantage of borrowers and leave them worse off. SJCU encourages members to continue to save so that, even when you borrow, your assets continue to grow.

As in previous years, I must commend the dedicated efforts of officers, staff and those members who continue to work hard and to save. They all help to ensure that SJCU continues to be a success, a pillar of strength and a source of financial support to themselves and to so many others. We pledge to continue to make sure that SJCU is there for you resilient and strong into the foreseeable future.

Looking forward, our goal is to provide ever-improving services to more members. We have committed, in conjunction with the Belize Credit Union League and other credit unions, to implemented an enhanced on-line system that will support connection to the new National Payment System. This will allow us to facilitate transfer of funds between all registered financial institutions




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**ALVAN L. HAYNES**  
President  
Board of Directors

– commercial banks and credit unions.

We will also continue to strengthen our institutional capacity. We have commissioned a knowledgeable consultant to perform an assessment in order to improve our organizational capacity and our reach. This exercise will be completed within the next few weeks and we intend to implement the recommendations during the course of this new financial year 2017/18. Also, as mentioned already, after much delay, we aim to finally establish a north-side sub-branch in Belize City.

Once again, thank you all for attending. Members, thank you for your continued support, which helps to guarantee the continuing success of St. John's Credit Union, our Credit Union.

# MINUTES OF THE 70TH AGM

## MINUTES OF THE 70TH ANNUAL GENERAL MEETING OF ST. JOHN'S CREDIT UNION LIMITED HELD IN THE CITY OF BELMOPAN ON THE 28TH MAY, 2016 AT THE UB GYMNASIUM

The meeting began at 10:00 am with the singing of the National Anthem by Miss Fatima Ramirez. The Mistress of Ceremonies, Mrs Daisy Dawson, then called on Mrs Brenda Armstrong to lead the meeting in a prayer which ended with the recital of the Prayer of St. Francis of Assisi. A moment of silence was then observed in honour of those members who passed away during the last year.

### WELCOMING REMARKS:

The Mistress of Ceremonies welcomed all to the 70th Annual General Meeting of St. John's Credit Union Limited and thanked them for coming. She specially recognized the presence of Mr. Rory Solis of the Belize Rural Finance Programme, Mr. Jewel Edwards of GBest Consultancy, UB personnel and representatives of Sister Credit Unions: HRCU, Civil Service, St. Martin's, Evangel, Toledo Teachers and St. Francis Xavier.

The President, Mr. Alvan Haynes, also gave his openings remarks. He began by looking in retrospect over the past seventy years, observing how St. John's Credit Union has developed since 1946 into the viable financial institution it is today, making use of contemporary technologies as it strived to deliver superior services to its members.

He noted the many challenges the credit union faced as it continued to operate in a more competitive and hostile financial environment alongside rivals such as other credit unions, the commercial banks and other money lending agencies. He declared another successful year, citing the following major challenges which St. John's was able to overcome during 2015/2016: controlling delinquency, coping with rigid Anti-Money Laundering regulations, growing assets and the loan portfolio and strengthening Net Institutional Capital.

He concluded by discussing some of the strategies employed by the credit union such as constant marketing of products and dedication and hard work of staff and officers. He noted that he could not end his remarks without thanking all for coming out to the AGM and acknowledging the contribution made by members to the growth of SJCUCU as they continue to do business with their credit union.

### CONFIRMATION OF MINUTES:

Secretary of the Board of Directors, Mr. Reuben Gordon presented the Minutes of the 69th Annual General Meeting of St. John's Credit Union Limited held at the Princess Hotel on the 23rd May, 2015. There were no corrections to the minutes and a motion for acceptance was made by Mr. Edmund Zuniga, seconded by Mr. James Robinson.

### MATTERS ARISING FROM MINUTES:

There were no matters arising from the minutes of the 69th Annual General Meeting.

### REPORTS:

#### **Board of Directors**

This report was presented by the President, Mr. Alvan Haynes, who welcomed all to the 70th AGM of St.

# 48

STUDENTS  
BENEFITED  
FROM OUR  
SCHOLARSHIP  
PROGRAM IN  
2016-2017



John's Credit Union Limited and expressed pleasure in presenting the Board Of Directors report for the period 1st April, 2015 to 31st March, 2016. He first acknowledged the current serving members on the Board of Directors for the year under review. He also reviewed the names of those who served on the other two committees, namely the Credit and Supervisory Committees. Commenting on the credit union's achievements of the past year, he praised the efforts of the Credit Control Department for bringing down the delinquency rate to 6.3% which was on the margin of the targeted figure of 5%. In August of 2016 the Dangriga branch office of SJCUC was relocated to a more convenient location to meet the demand for more space and improved facilities. This move was viewed by the President as the credit union's milestone achievement for the period under review.

On the matter of the credit union's annual retreat the President informed that as part of austerity measures put in place to help reduce spending, this year's retreat was curtailed to a one day session held at the Belize

City office building where the focus was on "Reducing Expenses" and "Revision of the Restoration Plan".

**CCCU CONFERENCE**

He observed that this year St. John's took advantage of proximity and low travelling costs and was able to send nine delegates, including officers and staff, to the annual CCCU conference which was held in Cancun, Mexico during the period 19th-23rd June, 2015. He agreed that those who attended benefitted greatly from the exposure of meeting other credit unionists and participating in the various training sessions that were held.

**TRAINING**

He listed some fourteen (14) training events ranging from Anti-Money Laundering and Planning to Staff Development that were conducted by agencies such as the Central Bank of Belize, Belize Credit Union League and the Belize Rural Finance Program, and noted the significance of those training to capacity building and the general development of the credit union.



**REUBEN GORDON**  
Secretary  
Board of Directors



CCCU Conference



# MINUTES OF THE 70TH AGM

## STAFF

In respect to staffing he noted that there was a small turn over, and referred to three new staff members that were hired: Mr. Gavin Lopez in Belmopan as Office Assistant replacing Mr. Filberto Godinez who had resigned; Miss Nijinshi Lopez as Loan Officer for the Smart Cash product and Miss Tyra Hernandez as additional teller at the Dangriga Branch.

## BELIZE CREDIT UNION LEAGUE

He recognized the Belize Credit Union League as one of our credit union's major partners in development, as we continue to collaborate and participate in a variety of league activities ranging from training where SJCUC participated in numerous sessions, to governance in which two officers of SJCUC sit on the League's Board of Directors.

## BELIZE RURAL FINANCE PROGRAMME

The Belize Rural Finance Programme was mentioned as an entity with which SJCUC had a very fruitful relationship through its two Micro Finance Officers based in the Stann Creek and Cayo Districts where they provided invaluable outreach services in rural communities as they sensitize those segments of the rural population to the importance and use of the credit unions

in their personal and community development.

## NEW PRODUCT

Mention was made of one new loan product called Smart Cash: a loan product that catered to members who want quick short term loans. This loan facility was launched in September of 2015.

## PARTNERSHIP AND OUTREACH

The report listed several groups, organizations and agencies with which SJCUC has fostered working relationships. These include the Central Bank of Belize, the Belize Credit Union League, The Belize Rural Finance Programme, primary and secondary schools, the Police Department and the YWCA. In cases where SJCUC was not physically involved with these entities, financial assistance was provided from time to time. Special reference was made of the BOOST programme in which SJCUC partners with the Government of Belize to deliver services to some one thousand (1000) households.

## SCHOLARSHIP PROGRAMME

The President proudly reported the continuation of the credit union's High School Scholarship programme which began several years ago and has benefitted about 45 students so far. He noted that at the time of his report there were two students studying under the programme at two different high schools in Belize City.

In concluding the President, on behalf of the BoD, thanked the staff,

officers and management for their dedication and hard work which had enabled the credit union to experience another successful year of operation. To the members, he said thanks for their loyalty and encouraged them to continue to take advantage of the services offered by their credit union

## Supervisory Committee Report

This report was delivered by its Chairman, Mr Keith Westby. The Chairman observed that SJCUC has experienced growth in assets as well as in its loan portfolio in spite of the many challenges faced. He noted that these challenges came from our regulator the Central Bank of Belize who tried to keep the credit union in compliance with regulatory standards, the financial landscape where competition was fierce and from our membership among whom were delinquent borrowers who caused the delinquency rate to increase from 5.9% to 6.3%.

Continuing, he explained that with the help of the Internal Auditor physical checks and monitoring were carried out at the three branches, which led the committee to conclude that policies and procedures were adhered to and that the union's records were found to be properly maintained and in compliance.

In concluding he thanked and commended the staff of SJCUC for their hard work, support and cooperation which enabled his committee to achieve its objectives for the year under review. He also thanked the members for their unwavering support during the past year.

LOANS ISSUED IN 2016-2017 AMONG THE THREE BRANCHES:

**23,240** LOANS WITH A VALUE OF **\$30,858,191**





**Credit Committee Report**

This report was presented by the Chairman, Mr. Victor Guerrero, who began his report by encouraging members to consider St. John's Credit Union as their first option when doing business. He warned of other institutions which can be deceptive in their money-lending practices where profiting to the maximum is their only motive.

He informed that his committee met every Wednesday throughout the year and did not only consider loan requests but also provided financial advice and counselling to members when they found this necessary. He compared St. John's with other institutions to show the many extra benefits a member can enjoy, for example: free loan insurance, profit sharing and death benefit.

The report tabulated ten (10) categories of loans and showed that loan activities were highest in the Personal Category with a total of 3324 loans valuing \$6,385,064.15,

followed by Property Purchase/ House Repairs/ Construction at 236 loans valuing \$4,083,044.77. The smallest demand for loans was in the Smart Cash category where 282 loans with a total value of \$143,266.00 were disbursed.

The summary of loans issued among the three branches showed that a total of 10,626 loans with a value of \$19,511,354.48 were disbursed, representing a Loan Portfolio growth of 6.1%. The following table was presented which recorded the figures pertaining to loans disbursement at the three branches:

Before closing his report, Mr. Guerrero took the opportunity to

BRANCH	AMOUNT DISBURSED	NUMBER OF LOANS
Belize City	\$13,413,928	6617
Belmopan	\$4,361,986	3048
Dangriga	\$1,735,439	961
<b>Totals</b>	<b>\$19,511,354</b>	<b>10,626</b>

thank his fellow committee members and praised them for their dedication and support in getting the job done. He also thanked the Loan Officers, Management and staff for their cooperation, and expressed gratitude to members for doing business at St. John's Credit Union during the past year.

**Treasurer's Report**

The Treasurer's Report was presented by the Treasurer, Mrs. Elsie Sylvester. She cited the Credit Union's Strategic Plan as the main focus around which activities were centred in our efforts to meet key targets-the main one being the Net Institutional Capital of 10%. She reported the following figures in respect to operations during the year under review:

Net profit was \$2.508 million (46.15% higher than previous year)
Membership was 23,731, a decrease of 4.7% due mainly to the cleaning of membership database
Assets was 75,033,000 (up by 14.2%)
Shares grew by 22.1% to \$46,838,000
The Loans Portfolio grew by 6.1% to \$53,547,000
Delinquency rate was 6.3% (up by 0.4%)



# MINUTES OF THE 70TH AGM

## ATM SERVICES

The Treasurer noted that our ATMs continue to provide invaluable cash services to our members in Belize City and Belmopan as well as in other parts of the country through agents such as Heritage Bank and sister credit unions where our debit card is compatible. The report recorded that some 57,040 ATM transactions with a total value of 11.0 million were done.

## INVESTMENTS

She observed that our investments in the banking system was not yielding returns as before due to the significant fall in interest rates at the commercial banks lately where rates go as low as 1.5%.

## DELINQUENCY

The Treasurer reported that delinquency was the number one enemy of the credit union as it continued to negatively impact growth and profitability

since credit unions, by law, must make provisioning for bad debts. She confirmed that for the year in review SJCUC was fully provisioned for loan loss by a figure that cost the credit union some \$417,118.00 which could have been better used to pay a bigger dividend to members.

## STABILIZATION FUND

She explained that SJCUC was in discussion with the Belize Credit Union League regarding the establishment of a Stabilization Fund for credit unions of Belize. In this structure, credit unions would contribute to a pool of money which can be used to assist sister credit unions in times of difficulties.

## NATIONAL PAYMENT SYSTEM

The Treasurer also provided information about a new financial initiative of The Government of Belize called the National Payment System – a program in which St. John's Credit Union, like other financial institutions will be obliged to participate. She noted that this system will be managed by the Central Bank of Belize and will eliminate the use of cheques in the processing of payments.

## ANTI-MONEY LAUNDERING REGULATIONS

She informed that new Anti-Money Laundering regulations enforceable by the Central Bank of Belize required that credit unions of a certain size must hire a Compliance Officer and since SJCUC now fits that profile in terms of membership and size of operation, our credit union would soon be adding a Compliance Officer to its staff.

## THE BURIAL SCHEME

She regrettably informed that of a total of seventy five (75) members who passed away last year only

forty one (41) qualified under the death benefit criteria and for which a total of \$205,000 was paid out in benefits leaving a balance of \$416,358 in the fund.

In concluding she thanked members for their continued support. She acknowledged another successful year of operations for SJCUC and recommended continued hard work to ensure members' satisfaction and the development of the credit union as we strive to achieve the PEARLS rate of the Institutional Capital and other targets set out in the credit union's revised Restoration Plan.

## Auditor's Report

The audit of St. John's Credit Union Limited for the year ending 31st March, 2016 was conducted by the firm of Baker Tilly Hulse.

The report concluded that after the examination of the books and other relevant documents /records of the credit union such as Financial Statements and Balance Sheets, the auditors confirmed that by normal standards the financial affairs of St. John's Credit Union were properly managed and that figures on the books fairly represented the position of the credit union.

## ACCEPTANCE OF REPORTS

The reports presented prompted several questions from the floor, which were answered in each case to the satisfaction of the members. After the Question/Answer session, Miss Shannon Burgess, seconded by Mr. Darius Martinez, moved for the acceptance of the reports.

## DECLARATION OF DIVIDEND

A dividend of 3% and a 5% rebate was proposed by the President and accepted on a motion by Mr. Eric Bevans that was seconded by Mr. Maurice Martinez.



# \$215,000

PAID OUT IN  
2016-2017 FOR THE  
BURIAL SCHEME

**NEW BUSINESS:**

It was suggested that in the future SJCUC should consider setting up a scholarship program for working mothers who are going to school.

**ELECTIONS**

An election was held to fill a vacant seat on the Supervisory Committee to represent the Dangriga branch on that committee. Elected from among three other nominees was Mr. Ernest Sabal.

**DRAWING OF PRIZES**

Winners were drawn in two categories: Non-members and Members. In the Non-member draw the prizes were as follows:

- 1. Ilene Haylock           924410
- 2. Shala Lennon         924414
- 3. Juanita Sanchez      923971
- 4. Shana Bennett        923970
- 5. Oswald Leslie         -----

Draw for members:  
In the draw for members the following persons were winners:

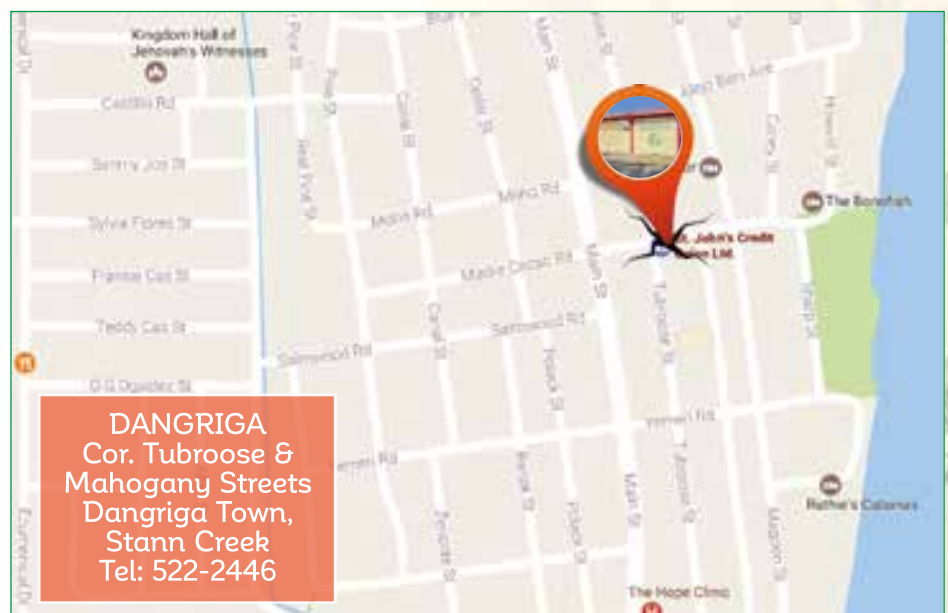
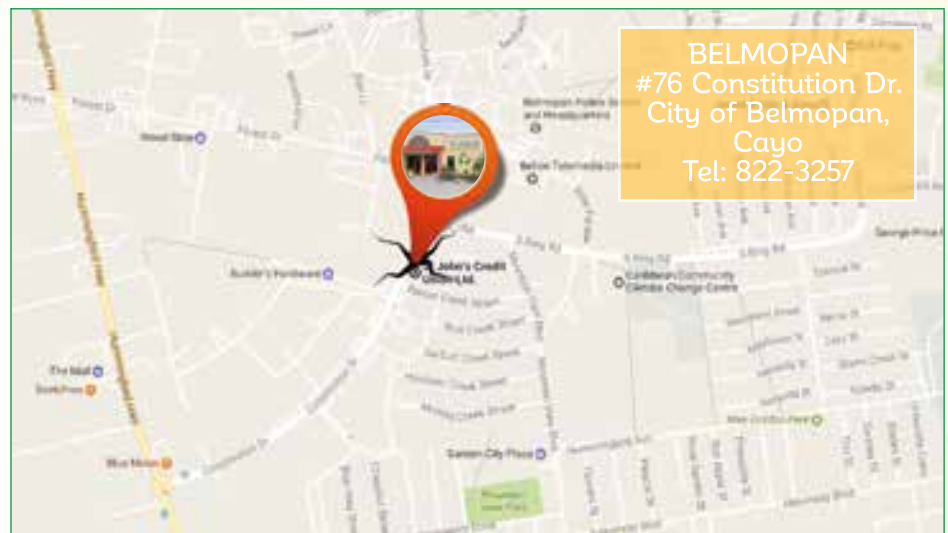
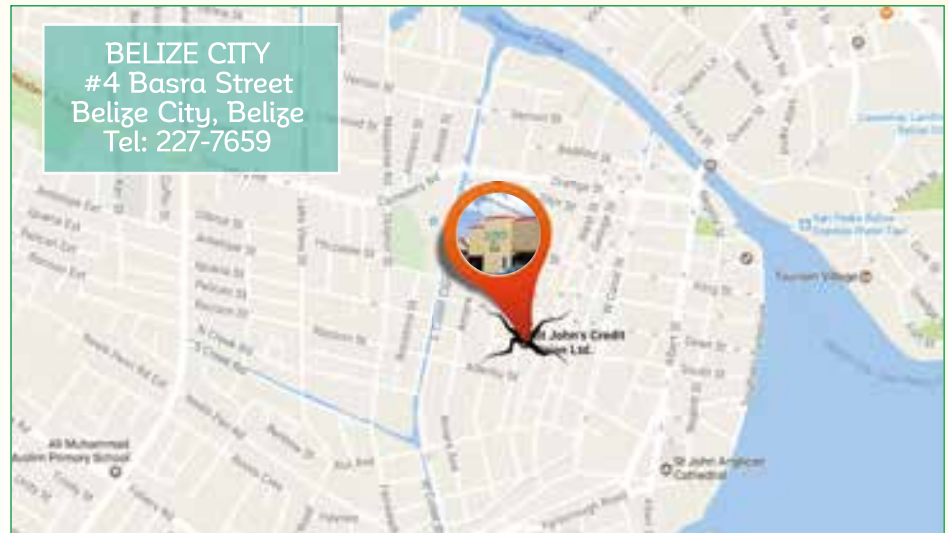
PRIZE	NAME	TICKET
\$1,000	Faith Flores	19460279
\$500	Karen Pascascio	19460136
\$500	Hady Casimiro	19460042
\$500	Gladys Lockwood	19460108
\$500	Dale Cayetano	19460023
\$250	Georgia Hernandez	19460032
\$250	Eloisa Garbutt	19460222
\$250	Gregory Griffiths	19460969
\$250	Matilde Flowers	19460819
\$250	Dorlene Flowers	19460941

**ADJOURNMENT:**

The motion for adjournment was made by Mr. Julian Cruz and seconded by Mrs. Noreen Fairweather at 12:50 pm.

Recorded by,

Reuben Gordon  
Secretary



# REPORT OF THE BOARD OF DIRECTORS

**FOR THE PERIOD,  
1st APRIL 2016 TO  
31st MARCH, 2017**

Valued members, invited guests, sister credit unions, friends: The Board of Directors takes pleasure in welcoming you all to the 71st Annual General Meeting of St. John's Credit Union Limited, and is pleased to present its report for the period, 1st April, 2016 to the 31st March, 2017.

The serving members for the past year were as follows:

Mr. Alvan Haynes - President  
Mrs. Valerie Jenkins - Vice-President  
Mrs. Elsie Sylvester - Treasurer  
Mr. Reuben Gordon - Secretary  
Miss Vonetta Burrell - Alt. Secretary  
Mr. Kenneth Garbutt - Director  
Mr. Barrymore Smith - Director

Elections were held and the following officer was elected to serve a three-year term, namely:

Supervisory Committee: **Mr. Ernest Sabal** (replaced Ms. Gaynor

Martinez who resigned during the previous year).

The year in review was not without the many challenges peculiar to an institution such as ours that strives to achieve the best financial results for the benefit of its members as it continues to operate in the competitive and turbulent local financial landscape of today. However, in spite of these challenges your credit union is able to report another successful year of operation as will be seen from the reports and financials presented later in this meeting.

## CHALLENGES AND ACHIEVEMENTS

Our credit union, like others in the financial business of lending money, continues to be plagued by delinquency which is brought on by those irresponsible borrowers who refuse to repay their loans. We take this opportunity to remind such members of the pledges they made and signed when they borrowed, and of the fact that the money loaned to them are other members' savings. We invite those members to visit their credit union and make good their standings by paying their loans or by restructuring their repayments to make payments softer and more affordable in cases where cash flow is a problem.

At present, a major challenge for the financial industry (of which credit unions are a part), is saturation of the money market resulting in too much liquidity; and this in turn has caused interest rates to fall considerably, thus causing reduced returns on our investments.

At the beginning of last year, guided by an ambitious Restoration Plan, your Board of Directors developed and implemented strategies with the goals of realizing improved profits as well as to strengthen our Net Institutional Capital and to become fully provisioned for loan losses.

Today, we are happy to tell you that the execution of our plan yielded some positive results. Our operating income for the year



**MEMBERSHIP  
GREW BY 7.4% TO  
25,482**

under review was \$6.67 million, exceeding that of the previous year by over \$700,000. However, due to delinquency, loan loss provisioning was more than doubled severely eroding our net income, leaving us with less money to share with our members as dividends. We are proud to announce that our loan loss provisioning is now at 100% - meaning that we are fully provisioned, and that our Net Institutional Capital is now at 9.3% with 10% being the goal.

SJCU experienced all-around growth as will be seen from the Treasurer's report. Our Assets now stand at over \$80 million, a growth of 6.9%. Our Loan Portfolio is now approximately \$61.5 million, up by 14.8%. Membership grew by 7.4% to 25,482.

The existence of SJCU and the continued success we boast is dependent on the loyalty and support of you our members, who chose to not just to do business, but to belong to the credit union. We give our appreciation and thanks to you for doing so. We invite you to continue to be a part of SJCU and to enjoy the benefits your credit

union has to offer – benefits of course which are incomparable to some other financial institutions which only try to woo you into a temporary fix of your financial situations. Please don't fall victims of such predators.

With the advent of Social Media, we have observed that there are a few members who, instead of working out their differences with their credit union, are tempted to put their financial business out on the social media. To such members we say think twice and be advised that such action can only be counterproductive. Remember your credit union is here to help you work your way to financial prosperity, so we advise you to stick with your credit union, for it is only there that your financial problems will be positively resolved.

### OUTREACH

St. John's Credit Union has established a good rapport with a number of agents, partners and institutions, and continued the working relationship with these entities in the interest of mutual

growth and development. Two of our major partners in development are the Belize Credit Union League and The Central Bank of Belize, our regulator. These two institutions continued to play a major role in our training and educational programmes throughout the year through the sponsoring of workshops and training seminars and by providing professional advice and guidance to our credit union.

Other institutions/organizations touched by St. John's Credit Union's outreach efforts included schools (both primary and secondary) either by direct participation in projects and activities such as our ongoing High School Scholarship Program and quiz competition or through financial contributions from time to time to worthy causes.

### TRAINING

The Board continues to view staff training as very vital to the development and successful operation of the credit union and took every opportunity to expose its officers and staff members to relevant training. During the past year



# REPORT OF THE BOARD OF DIRECTORS

our officers and staff members participated in a variety of training events: these ranged from Anti-Money Laundering to Management, Governance and Credit Union Operation. It should be noted that these trainings were apart from the annual workshops which were conducted by the Belize Credit Union League during its annual convention last October.

## NEW PRODUCT

As part of its marketing strategies we do not only run ads but our Marketing Department continually conducts researching its efforts to develop new products to meet the needs of its members. In March 2017, we launched a new product called the InstaCredit. This is a seasonal loan which will allow members to access funding for the Easter Holidays and for school expenses during the period June to August.

## STAFFING AND OFFICE EXPANSION

Last year saw the addition of two new staff positions to our staff complement. In our effort to become compliant with Central

Bank's regulations we established and filled the post of Compliance Officer. We also created a new post of Loans Supervisor. This increase in senior staffing created a demand for additional office space at our headquarters in Belize City. Consequently, an additional office was constructed on the second floor to accommodate these new personnel.

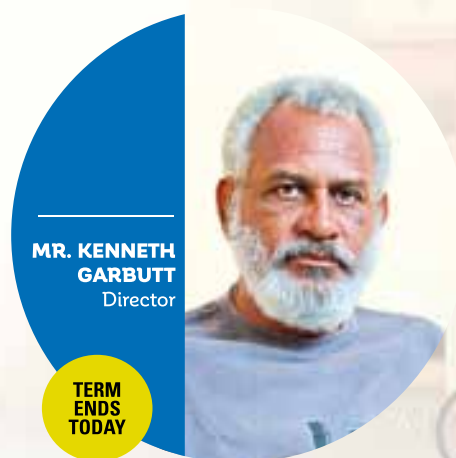
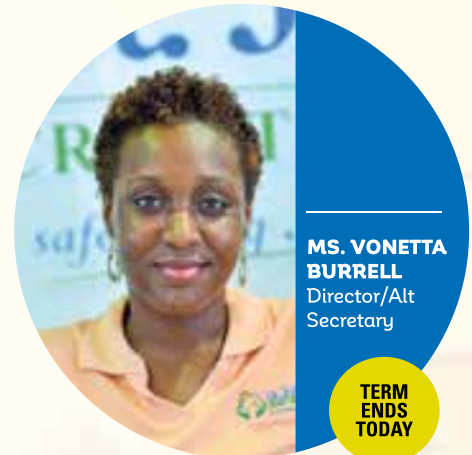
## MAJOR ELECTRICAL UPGRADE

Late last year, we were forced to move to action in respect to the electrical wiring system at the Belize City office. Apparently the old electrical wiring system was failing due to increased load brought on by the use of additional electronic and other electrical equipment. Acting on the advice and recommendation of our electrician, and for the security of our electrical equipment and building, we embarked on a project to upgrade the electrical wiring system of the whole building. This was done at a cost of about \$100,000.00.

This report would be incomplete without applauding our competent and cooperative staff whose efforts, dedication and hard work have helped to propel St. John's Credit Union through another successful year of operation. We must also thank our officers for overseeing and guiding the unions operations, and last but not the least, our wonderful and loyal members for doing business with their credit union.



## BOARD OF DIRECTORS



# SUPERVISORY COMMITTEE REPORT

## ST. JOHN'S CREDIT UNION LTD.

APRIL 1, 2016 TO MARCH 31, 2017

St. John's Credit Union (SJCU) experienced steady growth in its asset and loan portfolio while coping with challenges during the year. The Central Bank, in its regulatory role of Registrar of Credit Unions, continued to monitor our institution, placing great emphasis on compliance. During the year 2016-2017 we implemented several compliance initiatives including modifying SJCU membership application forms for regular members and corporate membership to reflect the new Anti-Money Laundering (AML) requirements, launching of a Know Your Member (KYM) campaign, a Member Identification Program (MIP). These initiatives have allowed member services to easily vet new members and assist with loan applications. Two (2) in-house sensitization training sessions have been held to introduce the staff of SJCU to its compliance program and to AML best practices. With the advent of compliance dictating the order of the day on how we do business with our members it is imperative that we embark on a custom fitted AML manual for regulating the SJCU members' deposits, examining risk assessment of each member, the velocity of asset-flow, transaction monitoring and presenting a shift in how accounts are viewed and used by members. This is the ultimate goal and challenge we aim to achieve by the end of 2017

as outlined by the regulator the Central Bank of Belize.

Non-performing loans and the level of delinquency continue to be areas of concern and as a result, the Supervisory Committee in its meetings and reviews continued to monitor the delinquency ratio position. The delinquency rate has not improved and went from 6.3% to 6.7% (576 loans) over the last fiscal year although the Credit Control Department has put great efforts to reduce the delinquency ratio to that of the PEARLS standard of less than 5%. All of us as members are encouraged to push known delinquent members, including ourselves, to visit the branch offices to reinstate loans to good standing.

The Supervisory Committee, with the aid of the Internal Auditor, followed its statutory mandate to examine the affairs of the Credit Union. This included announced and unannounced inspection at all branches, reviews of transactions registers and checks of daily activities to ensure compliance with internal procedures and regulatory controls. Additionally, spot checks of individual transactions such as loan approvals, new member accounts, dormant accounts, disbursements and withdrawals and of cash tills were also conducted.

In general we are pleased to report that policies and procedures were properly adhered to and the records of SJCU were found to be properly maintained. All required monthly and regulatory reports were prepared and submitted to the Registrar of Credit Unions and to the Belize Credit Union League. The Supervisory Committee commends the members of SJCU staff for their hard work over the year in achieving our strategic institutional objectives and says thank you to the members, for your unwavering support over the past year. Your continued support is essential in the effort to attain the successes yet to be achieved.

Respectfully submitted,







**KEITH WESTBY**  
Chairperson

TERM  
ENDS  
TODAY



**BRENDA J. ARMSTRONG**  
Secretary/  
Member

TERM  
ENDS  
TODAY



**ERNEST SABAL**  
Member

SERVING  
TWO MORE  
YEARS



**HAYDON BROWN**  
Member

SERVING  
ONE MORE  
YEAR



**DALE CAYETANO**  
Member

TERM  
ENDS  
TODAY

# CREDIT COMMITTEE REPORT

## FOR THE PERIOD, APRIL 1, 2016 THRU MARCH 31, 2017

During the period April 1, 2016 through March 31, 2017, we issued loans with a total value of \$7.9 million. The loan portfolio grew by 14% during 2017.

Our major concern as the Credit Committee is your financial well-being and to ensure that this is achieved, we consider certain bench marks which have been provided by financial experts. This include debt to income ratio which is what you owe to what you earn. This is probably not the first time you will be hearing about debt to income but it is an important tool to use when assessing your ability to repay a loan.

St. John's Credit Union and the Credit

Committee understands the financial needs of our members and as such, we are more flexible when conducting assessments of loans to accommodate our members, our bottom line being service.

Your Credit Union has made strides to improve the service to you. One of the measures to achieve this objective is to process loans in a timelier manner. Our Loans officers have now been empowered to approve loans up to \$10,000.00 and the Loans Supervisor and the GM up to \$20,000.00 without having to wait for a meeting with the Credit Committee. This now speeds up the

	DANGRIGA		BELMOPAN		HEAD OFFICE	
	Count	Loan \$ value	Count	Loan \$ value	Count	Loan \$ value
<b>Business</b>	37	\$ 175,450	93	\$ 435,322	66	\$ 869,214
<b>Education</b>	63	\$ 74,780	222	\$ 309,309	454	\$ 512,412
<b>Property Purchase/House Repairs/Construction</b>	23	\$ 74,600	76	\$ 761,847	284	\$ 1,940,270
<b>Landfill/Purchase</b>	2	\$ 25,000	27	\$ 246,373	13	\$ 58,588
<b>Vehicle Purchase/Repairs</b>	28	\$ 94,199	118	\$ 353,634	267	\$ 1,117,190
<b>Personal</b>	1448	\$ 1,491,109	1910	\$2,650,139	7367	\$ 9,151,444
<b>Christmas</b>	1153	\$ 442,829	163	\$ 502,219	999	\$ 2,794,603
<b>Fastline</b>	214	\$ 188,371	2151	\$ 2,171,261	5067	\$ 4,065,967
<b>Instacredit</b>	2	\$ 3,000	6	\$ 17,500	14	\$ 47,050
<b>Smart Cash</b>	89	\$ 33,917	83	\$ 24,491	801	\$ 226,091
<b>Total</b>	3059	\$2,603,258	4849	\$7,472,098	15332	\$20,782,833
<b>Refinance</b>	1227	\$2,852,357	1813	\$ 8,161,261	6676	\$32,114,626
<b>Grand Total</b>	4286	\$5,455,616	6662	\$15,633,360	22008	\$52,897,459

### SUMMARY OF LOANS ISSUED APRIL 1 2016 TO MARCH 31, 2017

<b>BELIZE CITY</b>	\$20,782,833	15332			
<b>BELMOPAN BRANCH</b>	\$ 7,472,098	4849			
<b>DANGRIGA BRANCH</b>	\$ 2,603,258	3059			
<b>TOTALS</b>	\$30,858,191	23240			

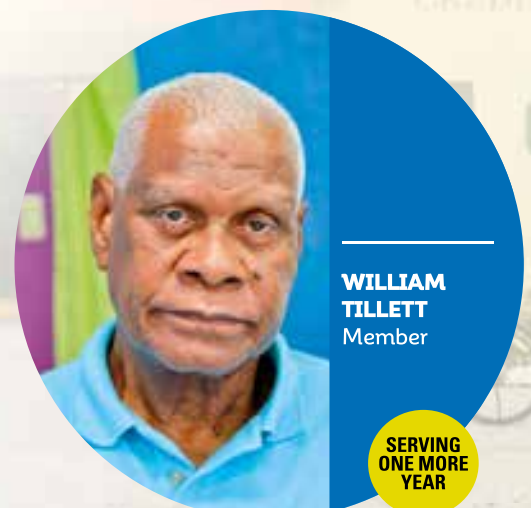
PLEASE NOTE THAT SUMMARIZED BALANCES DO NOT INCLUDE REFINANCES LOAN VALUES

process for you the members to access your funds.

Instacredit a new loans service was launched on March 15, 2017- This service is available to members in 2 seasons only- Easter (up to April 30) and Back-to-school (June 1 to Aug 30). This product allows for members to qualify for up to a \$10,000.00 limit, based on their ability to service the loan and allows for up to 36 months for repayment.

I would like to express thanks to Mr. Bill Tillett and Mrs. Lisa, my fellow committee members who continue to provide financial counselling to our members. Thanks to the loans officers who continue to make it easier for us by properly detailing all the process for a well-developed, easier- to-read application form. Thanks to all staff members for their support and thanks to you the members who continue to support us throughout the year.

## CREDIT COMMITTEE



INSTACREDIT - ALLOWS FOR MEMBERS TO QUALIFY FOR UP TO

# \$10,000

AND ALLOWS FOR UP TO 36 MONTHS FOR REPAYMENT



THE LOAN PORTFOLIO GREW BY

# 14.8%

DURING 2017

# TREASURER'S REPORT

**FOR THE PERIOD,  
APRIL 1, 2016 TO  
MARCH 31, 2017**

## OVERVIEW

St John's Credit Union is pleased to report on the progress of the institution for 2016-2017. From a financial point of view, during the past year, our main focus was ensuring that we reached our key targets, especially our Net Institutional Capital of 10%.

During the fiscal year, 2016-2017, SJCUC's Operating Income was \$6.675 million, a 12% increase over the previous year's figure of \$5.937M. Gross Profit was \$3.435M, 17% more than the previous year, which was \$2.926M. Unfortunately, due to increases in delinquency, your credit union had to book \$1.099M as loan loss expense, compared to \$0.417M the previous year, resulting in a decrease in net profit. Net profit was \$2.336M, a decrease of 7% when compared to the previous year's net profit of \$2.508M. Simply put, improvements in financial performance were more than offset by increases in loan loss provision expense caused by increases in delinquency.

During the year, the average interest rate on fixed deposit was 2.00 %. Excess liquidity in the market continues to be a major factor and other financial institutions are aggressively targeting the public by offering attractive interest rates on different loans. Rather than stand idly by, SJCUC has maintained

a media campaign to promote the services offered by the Credit Union and we continue to introduce innovate new loan products.

## STRATEGIC CHANGES

1. SJCUC continued the sustained marketing of all loan products, resulting in an increase of 15% in loans.

2. Membership is now at 25,482, an increase of 7.4% from the previous year. Dangriga led the way with a 17% increase – this branch's membership is now at 4,230 compared to 3,609 in the previous year, an increase of 621 members.

3. The ATMs in both Belmopan and Belize City continue to provide reliable and efficient services for our valued members. During the period 2016-2017, the ATMs serviced 59,341 transactions in Belmopan and Belize City, totalling \$12.2 mil transactions. (\$11.0 mil in 2015/2016)

4. During the year, improved control and procedures for expenditures, cash control and loan processing were implemented.

5. The setting up the Computerized Branch Accounting has started and should be completed during the new financial year. This will allow separate accounting and reporting for the main office and the two branches.

6. The Stabilization Fund was launched by the Belize Credit Union League in October 2016. Since our main focus this year was reaching our Net Institutional capital, SJCUC has not made a formal commitment to contribute to the fund at this time.

7. SJCUC has committed

**TABLE: Summary of 5-year Growth Indicators**

Description	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	1 Yr % Change	5 Yr % Change
<b>Membership</b>	17,530	19,574	22,135	24,892	23,731	25,482	7.4%	45.4%
<b>Assets</b>	\$38,800	\$42,831	\$54,985	\$65,724	\$75,033	\$80,247	6.9%	106.8%
<b>Shares</b>	\$25,819	\$26,823	\$30,071	\$38,363	\$46,838	\$53,231	13.7%	106.2%
<b>Loans</b>	\$22,213	\$27,120	\$41,119	\$50,473	\$53,547	\$61,480	14.8%	176.8%
<b>Delinquency %</b>	12.4%	8.1%	6.4%	5.9%	6.3%	6.7%	-0.4%	5.7%
<b>Delinquency % (CBB)</b>	12.4%	5.0%	3.1%	3.3%	1.9%	2.0%	-0.1%	10.4%

Figures in BZ\$ '000 except for Membership & Delinquency %



to partnering with our sister credit unions and the Belize Credit Union League to operate as a participant in the National Payment System. Currently, the Belize Credit Union League is seeking to identify a suitable software to connect all credit unions including SJCUCU, to the main switch at the Central Bank.

8. During the reporting year, SJCUCU continued to make the full provisioning for loan loss. This past year the amount was \$1,099,004; the previous year's figure was \$417,118. SJCUCU continues to be fully provisioned, as required by our regulators, the Central Bank of Belize.

9. In August 2016, SJCUCU created and filled the post of Compliance Officer. This is to ensure full compliance with the Anti Money Laundering Regulations.

10. The Credit Control Department has been working diligently. Despite that, however, the delinquency rate increased from 6.3% to 6.7%. However, based on the methodology agreed by the Registrar, which allows offset where collateral is held, the adjusted figure is presently at 2.0% compared to previous year figure of 1.9%. We urge members to pay their loans on time to avoid having their loans become delinquent.

### BURIAL SCHEME

During the year, 82 members passed away. However, forty three (43) were qualified under the insurance/ burial scheme. Belize City, thirty two (32), Belmopan, six (6) and Dangriga five, (5). Based on those numbers, a value of \$ 215,000. was paid out. The burial scheme reserves now stands at \$531,756, compared to the previous year's balance of \$416,358, an increase of \$115,398.

### SUMMARY

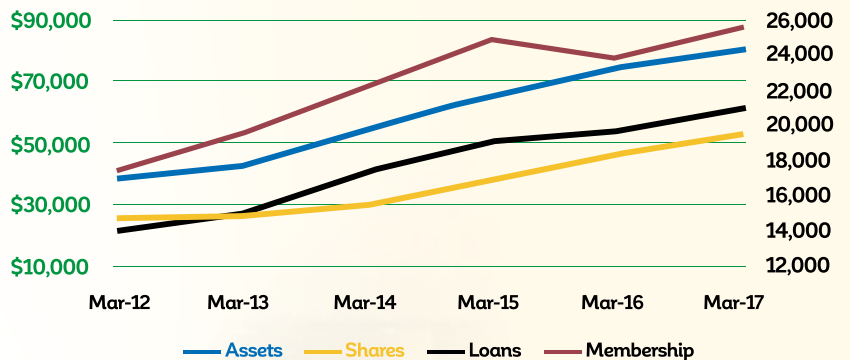
In closing, SJCUCU had another successful year, 2016/2017. The hard work continues, to ensure that the membership is rewarded

with attractive benefits, and, in the upcoming years, improved dividends. The main focus continued to meet the required PEARLS rate of the Institutional Capital. Our Business Restoration Plan has been revised and updated and will continue to be executed and monitored to ensure, we are meeting the targets and that our credit union is performing well.

We thank the SJCUCU membership for their continued support.

**MRS. ELSIE SYLVESTER**  
Treasurer  
Board of Directors

**SJCUCU - 5-YEAR GROWTH**



**SJCUCU - 5-YEAR MEMBERSHIP GROWTH**





# FINANCIAL STATEMENTS



FOR THE PERIOD,  
1ST APRIL 2015 TO  
MARCH 31ST, 2017

ST. JOHN'S CREDIT UNION LIMITED

FINANCIAL STATEMENTS  
31ST MARCH 2017

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Report of the independent auditor to the Board of Directors and Members	1 & 2
Statement of financial position	3
Statement of comprehensive income	4
Statements of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7 - 24



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Page 1

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE BOARD OF DIRECTORS AND MEMBERS OF  
ST. JOHN'S CREDIT UNION LIMITED**

We have audited the accompanying financial statements of St. John's Credit Union Limited which comprise the statement of financial position as at 31<sup>st</sup> March 2017 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of





REPORT OF THE INDEPENDENT AUDITOR (continued)

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Unqualified Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. John's Credit Union Limited as at 31<sup>st</sup> March 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Unqualified Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. John's Credit Union Limited as at 31<sup>st</sup> March 2017 and of its financial performance and cash flows for the year then ended in compliance with the Credit Union Act Chapter 34 of the Laws of Belize (revised 2003), modified by Act No. 34 of 2005 and Act No. 18 of 2007 as specified in note 2 of these financial statements.



Baker Tilly Hulse  
Chartered Accountant  
11th May 2017

Belize City,  
Belize, C.A.

# FINANCIAL STATEMENTS

ST. JOHN'S CREDIT UNION LIMITED

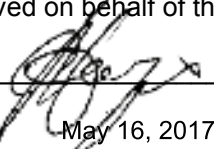
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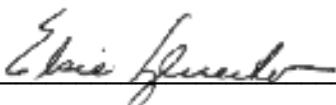
STATEMENT OF FINANCIAL POSITION  
31ST MARCH 2017

All amounts expressed in Belize dollars

	Notes	2017	2016
<b>Assets:</b>			
Cash and cash equivalents	2, 3	8,797,748	11,964,266
Investments	2, 3, 4	8,744,014	8,241,782
Loans receivable	2, 3, 5	61,480,316	53,546,750
Less: loan loss reserve	2, 3, 5	(2,415,787)	(1,919,691)
Other receivables and prepayments	2, 3, 6	355,443	134,091
Property and equipment	2, 7	2,983,324	2,758,122
Investment property	2, 8	302,217	307,814
Total assets		<u>80,247,275</u>	<u>75,033,134</u>
<b>Liabilities:</b>			
Members' deposits	2, 3, 9	19,305,685	21,608,996
Shares - non-mandatory	2, 3, 10	50,432,670	44,432,637
Accounts payable and accruals	2, 3, 11	65,075	70,198
Pension fund liability	2, 3, 12	463,443	414,781
Other liabilities	2, 3, 13	264,289	254,980
Burial scheme payable	2, 3, 14	531,756	416,358
Borrowings	2, 3, 15	111,212	111,212
Total liabilities		<u>71,174,130</u>	<u>67,309,162</u>
NET ASSETS		<u>9,073,145</u>	<u>7,723,972</u>
<b>Members' equity (page 5):</b>			
Shares - mandatory	2	2,798,778	2,405,652
Undivided earnings		1,166,575	1,410,528
Guarantee funds	2	4,697,670	2,972,892
Revaluation reserves	2	354,953	354,953
Other reserves	2	55,169	579,947
MEMBERS' EQUITY		<u>9,073,145</u>	<u>7,723,972</u>

Approved on behalf of the Board

 Director

 Director

Dated: May 16, 2017

Auditor's report pages 1 - 2.

The notes on pages 7 - 24 form an integral part of these financial statements.

ST. JOHN'S CREDIT UNION LIMITED

Page 4

STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 31ST MARCH 2017

All amounts expressed in Belize dollars

	Notes	2017	2016
INCOME:			
Interest income:			
Interest income	2, 16	6,115,505	5,364,654
Less: Interest expense	2, 16	<u>(430,833)</u>	<u>(595,324)</u>
Net interest income		5,684,672	4,769,330
Fee and commission income	2, 17	291,337	304,294
Other operating income	2, 18	<u>698,836</u>	<u>863,078</u>
OPERATING INCOME		6,674,845	5,936,702
Provision for losses	2, 19	(1,099,004)	(417,118)
Other operating expenses	2, 20	<u>(3,239,484)</u>	<u>(3,011,126)</u>
Operating income before taxes		2,336,357	2,508,458
Less: taxes	2, 21	<u>-</u>	<u>-</u>
Net income for the year		<u><u>2,336,357</u></u>	<u><u>2,508,458</u></u>

The notes on pages 7 - 24 form an integral part of these financial statements.

# FINANCIAL STATEMENTS

ST. JOHN'S CREDIT UNION LIMITED

Page 5

STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31ST MARCH 2017

All amounts expressed in Belize dollars

**SHARES - MANDATORY**

Notes	2017	2016
2.2		
	2,405,652	1,384,370
	393,126	1,021,282
	<u>2,798,778</u>	<u>2,405,652</u>

In January 2016, the Credit Union increased required mandatory shares from 2 shares at \$5 per share to 30 shares at \$5 per share. Mandatory shares was 559,755 shares at 31st March 2017 (2016 - 481,130 shares).

**UNDIVIDED EARNINGS**

	1,410,528	1,224,053
	2,336,357	2,508,458
	(1,200,000)	(627,115)
	-	(50,169)
	-	(524,778)
	(1,380,310)	(1,119,921)
	<u>1,166,575</u>	<u>1,410,528</u>

**GUARANTEE FUND**

2.8

	2,972,892	2,345,777
	524,778	-
	1,200,000	627,115
	<u>4,697,670</u>	<u>2,972,892</u>

**REVALUATION RESERVE**

The revaluation reserve constitutes surplus arising from the revaluation of fixed assets (land) in 2004.

	<u>354,953</u>	<u>354,953</u>
--	----------------	----------------

**OTHER RESERVES**

2.9

Staff fund

	<u>5,000</u>	<u>5,000</u>
--	--------------	--------------

Fund held for staff activities to be determined by the Board of Directors.

Education fund

	50,169	-
	-	50,169
	<u>50,169</u>	<u>50,169</u>

Fund held for educational activities to be determined by the Board of Directors.

Contingency and special reserve

	524,778	-
	(524,778)	524,778
	<u>-</u>	<u>524,778</u>

Fund held for contingencies to be determined by the Board of Directors.

Total Other Reserves	<u>55,169</u>	<u>579,947</u>
----------------------	---------------	----------------

**TOTAL MEMBERS' EQUITY**

	<u>9,073,145</u>	<u>7,723,972</u>
--	------------------	------------------

The notes on pages 7 to 24 form an integral part of these financial statements.

ST. JOHN'S CREDIT UNION LIMITED

Page 6

STATEMENT OF CASH FLOWS  
YEAR ENDED 31ST MARCH 2017

All amounts expressed in Belize dollars

	2017	2016
<b>Cash flow from operating activities:</b>		
Net income for the year	<u>2,336,357</u>	<u>2,508,458</u>
Adjustments for items not affecting operating cash:		
Depreciation expense	241,603	199,757
Disposal of fixed assets	88,655	-
Provision for loan losses	1,099,004	417,118
Write off of loans receivable (net)	<u>(602,908)</u>	<u>(90,066)</u>
Operating profit before working capital changes	3,162,712	3,035,267
Changes in working capital - add / (deduct)		
(Increase) in loans receivable	(7,933,566)	(3,073,458)
(Increase) in other receivables and prepayments	(221,352)	(2,752)
(Decrease) in members' deposits	(2,303,311)	(678,709)
Increase in non-mandatory shares	6,000,033	7,453,538
(Decrease) / increase in accounts payable and accruals	(5,123)	11,738
Increase in pension fund liability	48,661	74,387
Increase / (decrease) in other liabilities	9,309	(13,833)
Increase in burial scheme payable	<u>115,398</u>	<u>51,758</u>
Net cash (used by) provided by operating activities	<u>(1,127,240)</u>	<u>6,857,936</u>
<b>Cash flow from investing activities:</b>		
(Increase) / decrease in investments	(502,232)	5,474
Purchase of property, furniture and equipment	<u>(549,862)</u>	<u>(342,106)</u>
Net cash (used in) investing activities	<u>(1,052,094)</u>	<u>(336,632)</u>
<b>Cash flow from financing activities:</b>		
Net increase in shares - members (mandatory)	393,126	1,021,282
Dividends paid	<u>(1,380,310)</u>	<u>(1,119,921)</u>
Net cash flow (used by) financing activities	<u>(987,184)</u>	<u>(98,639)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(3,166,518)	6,422,665
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>11,964,266</u>	<u>5,541,601</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>8,797,748</u></u>	<u><u>11,964,266</u></u>

The notes on pages 7 to 24 form an integral part of these financial statements.

# FINANCIAL STATEMENTS

ST. JOHN'S CREDIT UNION LIMITED

Page 7

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

## 1. GENERAL INFORMATION

St. John's Credit Union Limited (the "Credit Union") was incorporated under and by virtue of the Credit Union Act Chapter 34 of the Laws of Belize (Revised 2003), modified by Act No. 34 of 2005 and Act No. 18 of 2007.

The Credit Union operates from its principal office situated at No. 4 Basra Street, Belize City, Belize. Branch offices are located in Belmopan City and Dangriga Town, Stann Creek District, Belize. As At 31st March 2017, the Credit Union employed 34 employees.

The Credit Union promotes savings, enterprise and the cooperative principle among its members to pool members' financial resources and to provide personal and corporate banking, loans, and investments.

These financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Unless otherwise stated, monetary amounts are stated in Belize dollars. The accounting policies outlined in Note 2 have been consistently applied to all periods presented.

The Credit Union also complies with the Credit Union Act Chapter 34 of the Laws of Belize (Revised 2003), modified by Act No. 34 of 2005 and Act No 18 of 2007 as reflected in its policies in Note 2.

## 2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS

The significant accounting policies used in the preparation of these financial statements, including the accounting requirements prescribed by the Central Bank of Belize (CBB), are summarized below. These accounting policies conform to IFRS with the exception of:

(1) Interest income on loans receivable is recognized when collected instead of using the effective interest rate method in accordance with IFRS. Applying the effective interest rate method for interest income on loans receivable per IFRS would not result in material misstatement of the financial statements since management considers overdue interest income on loans as impaired.

(2) Provisioning for loan losses is guided by local regulations instead of based on management's computation of expected loan losses using a risk model in accordance with IFRS. Applying a risk based model in accordance with IFRS would not result in material misstatement of the financial statements.

### 2.1 General

#### Use of estimates and assumptions:

In preparing the financial statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income, and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)**

**2.1 General (continued)**

Use of estimates and assumptions (continued):

Key sources of estimation uncertainty include: assessments of impairment to investments, determination of fair value of financial instruments, the allowance for credit losses, post employment benefits, and accrued liabilities. Accordingly, actual results may differ from these and other estimates thereby impacting future financial statements. Refer to the relevant accounting policies in this note 2 for details on our use of estimates and assumptions.

Significant judgements:

In preparation of these financial statements, management is required to make significant judgements that affect the carrying amounts of certain assets and liabilities, and the reported amounts of revenues and expenses recorded during the period. Significant judgements have been made in the following areas and discussed as noted in the financial statements:

Impairment of investments	Note 2.2 Note 3
Fair value of financial instrument	Note 2.2 Note 3
Provision for credit losses	Note 2.2 Note 5
Other provisions	Note 2.8

**2.2 Financial instruments - recognition and measurement**

Cash and cash equivalents:

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

Investments:

Investments in debt instruments are measured at amortised cost if the debt instrument has a contractual term to issue regular cash flows of principal and interest and if the Credit Union intends to hold the investment to its contractual maturity. All other investments are initially measured at inception at fair value plus transaction costs and are subsequently measured at fair value with changes recorded through net profit and loss.

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)**

**2.2 Financial instruments - recognition and measurement (continued)**

Investments (continued):

At each reporting date, management evaluates investments to determine if there is objective evidence of impairment. Such evidence includes: when an adverse effect on future cash flows from the asset or group of assets can be reliably estimated and when there is a significant or prolonged decline in the fair value of the investment below its cost. The actual amount of future cash flows and their timing may differ from the estimates used by management and consequently may cause a different conclusion as to the recognition of impairment or measurement of impairment loss.

When assessing impairment on debt instruments, such as government treasury notes, management primarily considers third party information such as external ratings and comparable sales. Significant judgement is required in assessing impairment as management is required to consider all available evidence in determining where objective evidence of impairment exists and whether the principal and interest can be fully recovered.

When the investments are disposed of or impaired, the related gains and losses are included in the statement of comprehensive income as gains and losses from investment securities. Dividends received on investments are reported as dividend income. All purchases and sales of trading and investment securities are recognized at settlement date, which is the date the Credit Union completes the transaction.

Loans receivable:

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Loans are initially recognized at fair value which is represented by the cash advanced to members. Loans are subsequently measured at principal outstanding, net of unearned interest, less provision made for impairment. Provisions for impairment (loan loss reserve) is built based on the Credit Unions Act (CUA) Requirement No. 2 / 2013. All loans are recognized when cash is advanced to borrowers.

Loans are assessed at year end for objective evidence that the loans are impaired. Evidence for impairment include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy, and adverse changes in the payment status of the borrower.

Loans are assessed at year end for objective evidence that the loans are impaired. Evidence for impairment include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy, and adverse changes in the payment status of the borrower.

Provision for loan losses:

As required by the Credit Unions Act (CUA) Requirement No. 2 /2013 loans are individually assessed for losses. Provisions for impairment (loan loss reserve) is built based on the Credit Unions Act (CUA) Requirement No. 2/2013. The loan loss reserve is increased by the impairment losses recognized and decreased by the amount of write-offs, net of recoveries. All loans are recognized when cash is advanced to borrowers.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)**

**2.2 Financial instruments - recognition and measurement (continued)**

Provision for loan losses (continued):

Loans and the related loan loss reserve are written off, either partially or in full, when there is no realistic prospect of recovery. Write-offs are reduced by recoveries on property secured on the loan.

The loan loss reserve is management's best estimates, as guided by the Credit Unions Act (CUA) Requirement No. 2 /2013, of losses incurred on the loan portfolio at the statement of financial position date. Management's judgement is required in making assumptions and estimates when calculating allowances on each loan. The underlying assumptions and estimates in management's assessment can change from period to period and may significantly affect the results of the Credit Union's operations.

Prepayments and deposits:

Prepayments and deposits are initially recognized at fair value which is represented by the original payments advanced or assets exchanged. Subsequently, prepayments and deposits are measured at the statement date using the effective interest rate method.

Members' deposits:

Members' deposits are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

Shares:

Mandatory shares are the minimum number of shares a person must have in order to be considered a member of the Credit Union. These are reflected in equity on the statement of financial position. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

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 as current liabilities on the statement of financial position.

Accounts payable:

Accounts payable is recognized on the accrual basis, when goods have been received or services have been rendered.

# FINANCIAL STATEMENTS

ST. JOHN'S CREDIT UNION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

## 2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)

### 2.2 Financial instruments - recognition and measurement (continued)

#### Determination of fair value:

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We determine fair value by incorporating all factors that market participants would consider in setting a price, including commonly accepted valuation approaches. Where an investment does not have an active market and observable prices or inputs are not available, management judgement is required to determine fair values by assessing other relevant sources of information such as historical data and information from similar transactions.

#### Borrowings:

All borrowings, including current and non-current debt, are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently remeasured using the effective interest rate method. Borrowings are classified as current liabilities unless the Credit Union has the right to defer payment for more than 12 months after the statement of financial position date.

#### Determination of fair value:

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We determine fair value by incorporating all factors that market participants would consider in setting a price, including commonly accepted valuation approaches. Where an investment does not have an active market and observable prices or inputs are not available, management judgement is required to determine fair values by assessing other relevant sources of information such as historical data and information from similar transactions.

#### Interest:

Interest income on loans receivable is recognized in the statement of comprehensive income at the time of collection. Interest income on term deposit investments is recorded using the effective interest rate method.

#### Loan application/processing/review fee revenue:

Loan application/processing and review fees on loans have been recognized as income when received. These fees are non-refundable. They are fully earned by the Credit Union at the outset on the loan application and at the time of review.

#### Offsetting financial assets and financial liabilities:

Financial assets and financial liabilities are offset on the statement of financial position when there exists both a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)**

**2.2 Financial instruments - recognition and measurement (continued)**

Derecognition of financial assets & liabilities:

Financial assets are derecognized on the statement of financial position when the Credit Union's contractual rights to the cash flows from the assets have expired, when the Credit Union retains the right to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party, or when the Credit Union has transferred the contractual rights to receive the cash flows to a third party.

Financial liabilities are derecognized on the statement of financial position when the Credit Union's obligation specified in the contract expires, is discharged, or is cancelled. The difference between the carrying amount of the financial liability and the consideration paid is recognized in the statement of comprehensive income.

**2.3 Translation of foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated in Belize dollars at midday rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in the statement of comprehensive income. Non-monetary assets and liabilities in foreign denominations are translated into Belize dollars at historical rates.

**2.4 Employee benefit obligations**

Termination benefit - severance:

The Credit Union has not recognised termination benefits in accordance with the labour laws of Belize which states that employees with at least five years or more of continuous employment are entitled to a minimum of one week's pay for each year of service prior to May 2011 and two week's pay for each year of service subsequently. The Union has decided not to record severance provision.

Termination benefit - pension:

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

The Credit Union's contributions to the defined contribution plan are expensed when employees have rendered services in exchange for such contributions.

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

## 2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)

### 2.5 Property and equipment

Property and equipment includes land, buildings, motor vehicles, furniture, fixtures, computer equipment, and other equipment. Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and the initial estimate of any disposal costs.

Property and equipment are carried at cost and are depreciated using the reducing balance 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 amortized as the useful life cannot be estimated. Property is not amortized until it is 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.

Property and equipment are assessed for indicators of impairment at each reporting date. If there is an indication that the asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs of disposal.

### 2.6 Investment property

Investment property is land and buildings which are held to earn rental income. Investment property is measured using the cost model in accordance with IAS 40. As such it is initially recorded and subsequently amortized using the same policies as Property and equipment (refer to note 2.8).

Investment property is assessed for indicators of impairment at each reporting date. If there is an indication that the asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs of disposal.

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

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)**

**2.7 Provisions**

Provisions are liabilities of uncertain timing or amount and are recognized when the Credit Union has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the consideration required to settle the present obligation at the reporting date. Significant judgement is required to determine whether a present obligation exists and in estimating the probability, timing and amount of any cash outflows. Provisions are recorded related to litigation, future employee benefits, the allowance for off-balance sheet items and other items. Provisions are recorded on the basis of all available information at the end of the reporting period. In the event that results differ from management expectations, the Credit Union may incur expenses in excess of the provisions recognized.

Dividend income is recognized when the right to receive payment is established such as when the shareholders have approved the dividend for unlisted equity securities.

**2.8 Guarantee Fund**

The Guarantee Fund is a reserve fund that is mandated by the Credit Union Act, Chapter 314 of the Laws of Belize (Amended 2005) (Revised 2003). At least 10% of the net earnings of the Credit Union must be added to the fund at the end of each fiscal year. The Guarantee Fund cannot be distributed to members.

**2.9 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. They are a portion of equity not available for distributions to members.

**2.10 Leasing**

A lease is an agreement in which the lessor grants the lessee the right to use an asset for an agreed upon period of time in return to a payment or series of payments. A finance lease is a lease that transfers substantially all the risk and rewards incidental to ownership of the leased asset to the lessee, where title may or may not eventually be transferred. An operating lease is a lease other than a financing lease.

Operating leases:

The total payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

## 2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)

### 2.10 Leasing (continued)

Finance leases:

In the event that the Credit Union is a lessee in a financing lease, the leased asset is recorded to property and equipment and the related lease obligation is recorded as a liability on the statement of financial position. The amount recorded is the lower of the fair value of the leased asset and the minimum lease payments.

### 2.11 FINANCIAL RISK MANAGEMENT

By its nature the Credit Union's activities are principally related to the use of financial instruments. The Credit Union accepts cash as deposits and purchase of shares from customers and seeks to earn above average interest margins by investing these funds in high quality assets. The Credit Union seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher interest rates whilst maintaining sufficient liquidity to meet all claims that may fall due.

The Credit Union is also exposed to fraud risks, market risks, cash flow risks, and interest rate risks. The Credit Union's risk management program seeks to minimize potential adverse effects on the overall financial performance. Risk management is executed through policies approved by the Board of Directors and are executed by management who identify and evaluate risks and establish procedures to minimize risks.

Credit risk:

The Credit Union takes on exposure to credit risk which is the risk that a counterpart will be unable to pay amounts in full when due. Management structures its credit risk by placing limits on the amount of credit extended in relation to one borrower or group. This is monitored on a revolving basis and subject to annual review. Limits are also regulated by Credit Union Act Chapter 34 of the Laws of Belize (Revised 2003).

The Credit Union's risk management policies are designed to achieve a balance between risk and return and minimize potential adverse effects of its' financial performance. The Credit Union therefore identifies and analyses these risks, designs internal controls to set appropriate limits, and to monitor these limits through reliable and up to date information systems and reports.

Exposure to credit risk is managed through regular analysis of the borrowers ability to repay, current exposure to individual customers and the likelihood of default and the recovery ratio on any defaulted obligation. Exposure is also managed in part by obtaining marketable collateral, personal guarantees and authority for salary deductions for instalment payments.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)**

**2.11 FINANCIAL RISK MANAGEMENT (continued)**

Market risk/interest rate risk:

The Credit Union is exposed to market risk, which is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in the market prices. Market risk for the Credit Union arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Credit Union's Board of Directors sets limits on the amount of risk that may be accepted, which is monitored on a daily basis and reviewed by the Board monthly.

The Credit Union takes on interest rate risk in that it pays interest on deposits and that fluctuations in interest rates may affect its capacity to on-lend at competitive rates. The Credit Union manages this risk by maintaining an adequate interest rate spread between interest paid and interest received.

The Credit Union takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Liquidity risk:

Liquidity risk is the risk that the Credit Union is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The Credit Union manages this risk by closely monitoring customer payments, setting credit limits and by obtaining credit facilities from other sources to ensure cash availability. The Credit Union also maintains highly liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

Fraud risk:

The Credit Union is exposed to fraud risks from customers as well as employees. The Credit Union seeks to minimize these risks by internal controls, authorizations for payments, checks and balances as well as requiring valid identification documents.

**3. CARRYING VALUE AND FAIR VALUE OF SELECTED FINANCIAL INSTRUMENTS**

Management has not observed any material differences between the carrying value of financial instruments and the fair value. Fair value are computed based on quoted prices for similar instruments and directly observable market inputs with the exception of unlisted securities. Fair value of unlisted securities has been determined using other inputs such as expected future cash flows or the audited net asset value since market information and comparable sales information is not available.

# FINANCIAL STATEMENTS

ST. JOHN'S CREDIT UNION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

4. INVESTMENTS	2017	2016
<b>Investments consist of the following:</b>		
<u>Debt instruments (measured at amortized cost):</u>		
Belize Electricity Limited Series 2 rolled over to series 7 debentures with interest rate of 9.5% per annum payable quarterly, maturity date of 31st March 2021.	-	160,000
Belize Electricity Limited Series 7 debentures with interest rate of 6.5% per annum payable quarterly, maturity date of 31st July 2022.	2,850,000	2,850,000
Belize Electricity Limited Series 7 debentures with interest rate of 10% per annum payable quarterly, maturity date of 30th September 2027.	2,035,000	1,875,000
Term deposits for terms greater than 90 days ending by April 2017 held with Atlantic Bank Limited; with interest accruing at 1.75% - 3.65% per annum.	1,790,000	1,790,000
Government of Belize Treasury Notes with interest rate of 6% per annum payable by half-yearly installments, maturity date of 10th December 2017.	500,000	500,000
Term deposit for terms greater than 90 days ending January 2018 held with Blue Creek Credit Union Limited; with interest accruing at 3.50% per annum.	500,000	-
Accrued interest on debt instruments	19,014	16,782
	<u>7,694,014</u>	<u>7,191,782</u>
<u>Unlisted securities (measured at fair value):</u>		
Investment in Belize Credit Union League Limited - 50 redeemable preferred shares	50,000	50,000
Investment in Belize Telemedia Limited - 200,000 common shares (less than 1%)	1,000,000	1,000,000
	<u>1,050,000</u>	<u>1,050,000</u>
Total investments	<u>8,744,014</u>	<u>8,241,782</u>



NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

<b>5. LOANS RECEIVABLE</b>	2017	2016
Loans receivable consist of the following:		
Total loans before provision for loan losses	<u>61,480,316</u>	<u>53,546,750</u>
The movements in the loan loss provision for the year are as follows:		
At the beginning of the year	1,919,691	1,592,639
Provision for the year (note 19)	1,099,004	417,118
Write offs - net of collections	<u>(602,908)</u>	<u>(90,066)</u>
At the end of the year	<u>2,415,787</u>	<u>1,919,691</u>
Net loans receivable	<u><u>59,064,529</u></u>	<u><u>51,627,059</u></u>

Collateral is held on loans in order to minimize the Credit Union's exposure to credit risk. Collateral includes lands, buildings, and equipment.

Total value of loans which do not have collateral by the Credit Union	<u>1,265,982</u>	<u>1,178,778</u>
Percentage of loan portfolio of loans which do not have collateral	2%	2%

**6. OTHER RECEIVABLES AND PREPAYMENTS**

Other receivables and prepayment consist of the following:

Employee loans	-	2,233
HBL ATM/POS Project (see below)	50,000	50,000
Other receivables	269,889	51,182
Prepayments	<u>35,554</u>	<u>30,676</u>
	<u><u>355,443</u></u>	<u><u>134,091</u></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 31st March 2017.

# FINANCIAL STATEMENTS

ST. JOHN'S CREDIT UNION LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS 31ST MARCH 2017

All amounts expressed in Belize dollars

### 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

2017	Land, driveway, buildings & Leasehold improvements	Furniture & fixtures	Motor vehicle, computer equipment & accessories	Total
Cost:				
At 31st March 2016	2,544,008	376,258	1,286,837	4,207,103
Additions	208,406	50,733	290,723	549,862
Disposals	-	-	(32,750)	(32,750)
Transfers (out)	(55,904)	-	-	(55,904)
At 31st March 2017	<u>2,696,510</u>	<u>426,991</u>	<u>1,544,810</u>	<u>4,668,311</u>
Accumulated Depreciation:				
At 31st March 2016	338,044	244,185	866,752	1,448,981
Additions	69,529	26,001	140,476	236,006
At 31st March 2017	<u>407,573</u>	<u>270,186</u>	<u>1,007,228</u>	<u>1,684,987</u>
<b>Net Book Value at 31st March 2017</b>	<b><u>2,288,937</u></b>	<b><u>156,805</u></b>	<b><u>537,582</u></b>	<b><u>2,983,324</u></b>
<b>Net Book Value at 31st March 2016</b>	<b><u>2,205,964</u></b>	<b><u>132,073</u></b>	<b><u>420,085</u></b>	<b><u>2,758,122</u></b>

### 8. INVESTMENT PROPERTY

Investment property consists of the following:

2017		Land & building
Cost:		
At 31st March 2016		365,000
Additions		-
At 31st March 2017		<u>365,000</u>
Accumulated Depreciation:		
At 31st March 2016		57,186
Additions		5,597
At 31st March 2017		<u>62,783</u>
<b>Net Book Value at 31st March 2017</b>		<b><u>302,217</u></b>
<b>Net Book Value at 31st March 2016</b>		<b><u>307,814</u></b>

During the year ended 31st March 2016 all investment property generated rental income.

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

<b>9. MEMBERS' DEPOSITS</b>	2017	2016
Members' deposits consist of the following:		
Regular deposits	4,031,204	3,553,251
Term deposits	15,274,481	18,055,745
	<u>19,305,685</u>	<u>21,608,996</u>

<b>10. NON-MANDATORY SHARES</b>		
Movement in non mandatory shares is as follows:		
Balance at the beginning of the year	44,432,637	36,979,099
Net increase in shares	6,000,033	7,453,538
Balance at the end of the year	<u>50,432,670</u>	<u>44,432,637</u>

Central Bank of Belize Regulations require that members' share accounts are divided into mandatory and non-mandatory shares. Mandatory shares are reflected in equity; non-mandatory shares are reflected as current liabilities.

<b>11. ACCOUNTS PAYABLE AND ACCRUALS</b>		
Accounts payable consist of the following:		
Belize Credit Union Assurance Services	45,203	36,170
Other	19,872	34,028
	<u>65,075</u>	<u>70,198</u>

<b>12. PENSION FUND LIABILITY</b>		
Pension liabilities consist of the following:		
Balance at the beginning of the year	414,781	340,394
Employee contributions for the year	34,576	33,854
Employer contributions for the year	34,576	33,854
Income earned	26,539	8,500
Withdrawals	(47,030)	(1,821)
	<u>463,443</u>	<u>414,781</u>

At 31st March, the pension fund was represented by:

Bank balance (due from SJCUC)	200,314	156,037
Investments - Atlantic Bank Limited term	40,000	40,000
Investments - Belize Electricity Limited Series 7 debentures	10,000	10,000
Loan receivable	0	(205)
SJCUC - fixed deposit held by SJCUC for the Pension Fund	213,128	208,949
	<u>463,443</u>	<u>414,781</u>

The pension fund bank balance is not completely restricted and segregated to specific bank accounts. The due from SJCUC (bank balance) constitutes pension funds included in the operating funds of SJCUC.

# FINANCIAL STATEMENTS

ST. JOHN'S CREDIT UNION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

<b>13. OTHER LIABILITIES</b>	2017	2016
Other liabilities consist of the following:		
Beneficiary payable	149,884	222,957
HBL payable (ATM Settlement)	114,405	32,023
	<u>264,289</u>	<u>254,980</u>
<b>14. BURIAL SCHEME PAYABLE</b>		
Balance at the beginning of the year	416,358	364,600
Plus: Net increase for year	115,398	51,758
Balance at end of the year	<u>531,756</u>	<u>416,358</u>

The Burial Scheme is a death benefit of \$5,000 which will be paid to plan member's selected dependant based on their years of membership in the plan. The obligation has been estimated without actuarial information and therefore the Credit Union has accrued for total benefits payable should all eligible members to collect the death benefit in the following year.

## 15. BORROWINGS

Borrowings consist of the following:

### Social Investment Fund

#### Agreement #1

Social Investment Fund interest-free loan of \$100,000 for a period of 25 years. Loan is to be used for on-lending to eligible borrowers for housing construction or improvement in accordance with agreement dated 19th September 2005.

11,212	11,212
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#### Agreement #2

Social Investment Fund interest-free loan of \$100,000 for a period of 25 years. Loan is to be used for on-lending to eligible borrowers for housing construction or improvement in accordance with agreement dated 28th December 2006.

<u>100,000</u>	<u>100,000</u>
<u>111,212</u>	<u>111,212</u>

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

<b>16. INTEREST ON MEMBERS' LOANS</b>	2017	2016
<u>Interest income</u>		
Interest Income - personal and business loans	4,426,755	3,656,583
Interest Income - residential mortgage loans	1,688,750	1,708,071
	<u>6,115,505</u>	<u>5,364,654</u>
<u>Interest expense</u>		
Members' deposits	<u>430,833</u>	<u>595,324</u>
Net interest income	<u>5,684,672</u>	<u>4,769,330</u>
<b>17. FEE AND COMMISSION INCOME</b>		
<u>Fee and commission income</u>		
Credit related fees and commissions	283,364	296,538
Other	7,973	7,756
	<u>291,337</u>	<u>304,294</u>
<b>18. OTHER OPERATING INCOME</b>		
Other operating income consists of the following:		
Investment income	516,912	594,367
Rental income	26,580	30,480
Loan write off recoveries	-	149,350
Other income	155,344	88,881
	<u>698,836</u>	<u>863,078</u>
<b>19. PROVISION FOR LOSSES</b>		
Provision for losses consists of the following:		
Provision for loan loss reserve (note 5)	<u>1,099,004</u>	<u>417,118</u>

# FINANCIAL STATEMENTS

ST. JOHN'S CREDIT UNION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

## 20. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense consists of the following:

	2017	2016
Advertising	144,720	146,709
Annual general meeting	60,259	78,158
Bank service charges	14,445	13,507
BCUAS Insurance	491,684	466,667
Christmas expense	42,438	44,581
Committee meetings	11,892	8,929
Credit Union Week	8,785	14,267
Delinquency expenses	124	9,797
Depreciation expense	241,603	199,757
Donations	9,255	16,883
Education expense	28,888	19,652
General insurance expense	29,947	34,564
Office stationery	116,582	87,330
Other expense	99,787	131,048
Pension expense	37,805	34,354
Professional fees	19,575	24,602
Property taxes	7,522	923
Rental expense	28,940	37,769
Repairs & maintenance	155,701	107,903
Security expense	235,149	215,453
Salaries, wages and allowance	1,073,952	976,221
Social security expense	29,751	27,967
Software system maintenance	87,016	71,202
Supervision fees	12,000	12,000
Travel and subsistence	64,683	49,300
Uniform expense	11,934	13,065
Utilities	175,045	168,518
	<u>3,239,484</u>	<u>3,011,126</u>

## 21. TAXATION

As a credit union licensed under the Credit Union Act, the Union is exempted from taxes on profits, gains, interest and dividends earned.

## 22. KEY MANAGEMENT COMPENSATION

Key management compensation	<u>384,916</u>	<u>337,577</u>
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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2017

All amounts expressed in Belize dollars

	2017	2016
<b>23. RELATED PARTY TRANSACTIONS</b>		
<p>The Board of Directors and management have loan balances with the Credit Union which are included in the loans receivable balance on the statement of Financial position. These loans total the following as of the year end:</p>		
<u>Assets held at year-end with related parties</u>		
<i>Officers' loans receivable</i>	<u>1,553,698</u>	<u>538,514</u>
<u>Liabilities held at year-end with related parties</u>		
<i>Officers' deposits and shares</i>	<u>1,131,286</u>	<u>283,198</u>
<u>Transactions with related parties throughout the year are as follows:</u>		
<i>Officers' allowances paid</i>	<u>17,338</u>	<u>17,081</u>
<i>Interest income earned from related parties</i>	<u>60,438</u>	<u>38,642</u>

# THE BENEFITS OF SAVING

## THE BENEFITS OF *safe saving ... smart borrowing*

	SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4
Years to Repay/Save	1 Year	2 Years	2 Years	2 Years
Monthly CU Deduction	\$200.00	\$200.00	\$250.00	\$250.00
<b>Loan Summary</b>				
Loan Amount	\$2,000.00	\$3,000.00	\$3,000.00	\$0.00
Mthly Loan Pymt	\$177.70	\$141.22	\$141.22	\$0.00
Total Loan Pymt	\$2,132.40	\$3,389.28	\$3,389.28	\$0.00
Tot. Interest	\$132.40	\$389.28	\$389.28	\$0.00
Eff. Annual Int. Rate	6.62%	6.49%	6.49%	n/a
<b>Savings Summary</b>				
Monthly Savings	\$22.30	\$58.78	\$108.78	\$250.00
Shares at Start	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
Total New Savings	\$267.60	\$1,410.72	\$2,610.72	\$6,000.00
Estimated Dividends	\$40.01	\$114.32	\$150.32	\$252.00
<b>Total Savings:</b>	<b>\$1,507.61</b>	<b>\$2,725.04</b>	<b>\$3,961.04</b>	<b>\$7,452.00</b>
<b>Increase in Savings:</b>	<b>26%</b>	<b>127%</b>	<b>230%</b>	<b>521%</b>

NB: Analysis uses 1% per month Interest on reducing balance and estimated dividends of 3% annually

Scenario 1: Member borrows \$2,000 for 1 year and commits \$200 monthly, \$22.30 goes to Savings

Scenario 2: Member borrows \$3,000 for 2 years and commits \$200 monthly, \$58.78 goes to Savings

Scenario 3: Member borrows \$3,000 for 2 years and commits \$250 monthly, \$108.78 goes to Savings

Scenario 4: Member commits \$250 monthly with no loan, amount go straight into Share Savings







# CENTRAL BANK OF BELIZE

# **NOTICE**

The Central Bank of Belize, in accordance with

Section 81 of the Banks and Financial

Institutions Act, in an effort to

ensure proper customer due

diligence, requires that customers

conducting certain transactions at a bank

or financial institution be identified

by name, address, government-issued

identification (passport, ID card) and other relevant information.

**Customers may also be required to verify the source of all their funds.**

All customers are subject to these requirements.



By Order of the  
**Governor**  
**Central Bank of Belize**



# St. John's

**CREDIT UNION LTD.**

*safe saving ... smart borrowing*

## VISION STATEMENT

*St. John's Credit Union Ltd: The premiere membership driven, socially conscious financial institution delivering quality services.*



## MISSION STATEMENT

*To be the most effective and efficient credit union, utilizing our human resources, assets, and technology to provide the best services and optimum returns to members while improving the socio-economic conditions in our community.*



# InstaCredit

# Back to School

**JUNE 1 - AUGUST 31, 2017**



**St. John's**  
CREDIT UNION LTD.

- HASSLE FREE
- NO GIMMICKS
- NO HIDDEN FEES
- NO HIDDEN TERMS & CONDITIONS
- NO COLLATERAL

## YOU WILL NEED...

- SOCIAL SECURITY CARD
- JOB LETTER
- UTILITY BILL
- RECENT PAY SLIPS

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