

72ND

ANNUAL GENERAL MEETING



STUDENT LOANS



**LICU
STAR
SAVERS**



LIVESTOCK LOANS



**MICRO, SMALL AND MEDUM
ENTERPRISES LOANS**



**SUGARCANE REPLANTING
(SCRP) LOANS**



LICU HERE FOR YOU - FOR ALL YOUR BUSINESS AND PERSONAL NEEDS!!

AGENDA

1. MEETING CALLED TO ORDER BY PRESIDENT

2. NATIONAL ANTHEM

3. OPENING PRAYER

(See inside back cover) – One Minute Silence

4. WELCOME REMARKS

5. MINUTES

- a. Confirmation of Minutes of the 70th Annual General Meeting (2018-2019)
(71st AGM 2019-2020 was not held due to COVID-19 restrictions)
- b. Business Arising from the Minutes of the Last Meeting

6. REPORTS

- a. Board of Directors
- b. Treasurer's
- c. Credit Committee
- d. Supervisory Committee

7. DISCUSSION AND ACCEPTANCE OF REPORTS

8. DECLARATION OF DIVIDENDS

9. ELECTION OF OFFICERS

- a. Board of Directors
- b. Supervisory Committee
- c. Credit Committee

10. OTHER BUSINESS

11. NEW BUSINESS

- a. Confirmation of External Auditor

12. ADJOURNMENT OF BUSINESS MEETING

13. REFRESHMENTS AND PRIZES

**BOARD OF DIRECTORS
2020 - 2021**



**Belarmino Esquivel
Interim President**



**David Constanza
Interim Vice President**



**Manuel Polanco
Secretary**



**Cindy Castillo
Treasurer**



**Teresita Miranda
Assistant Secretary**

BOARD OF DIRECTORS REPORT 2020 - 2021

We extend a warm welcome to our esteemed membership to our 72nd Annual General Meeting.

I am sure that we can all readily agree that the fiscal year 2020 -2021 was one of the most challenging years for Belize and for the entire world. The COVID-19 pandemic is still creating havoc in our lives after an entire year; however, we are seeing a very slow progression in economic activity as the business environment adapts to our new economic landscape.

The pandemic has forced us to move into more local production and consumption, which allowed some to remain somewhat stable in the agricultural sector. Additionally, our fellow Belizeans were forced out of the comfort of the age-old way of doing business and the technological era was thrust upon us. We are now doing far more business on-line at a personal and professional level and we see the potential and opportunity for much more growth. 2020 has shown that we are resilient, creative and innovative and we have risen to the occasion as we continued to work together as a membership and as a community.

We are grateful to our numerous members who proved to be responsible and advised the office of your challenges in a timely manner allowing us the opportunity to work along with you to make the best decisions on how to withstand the loss of revenue or employment, affecting your capacity to repay. We were able to dialogue and offer suitable options that benefitted both LICU and the members. We were able to assist our members who had diligently saved for uncertain times and were able to tap into their savings to remain up to date and even access funds for unexpected expenses and needs.

Savings has proved to be one of the most efficient ways in which we can have personal and collective stability, growth and peace of mind. Let us rebuild our nest eggs, as there may be unexpected challenges yet to come. If we prepare from now, we will once again remain stable and flourishing in any climate because of our strong foundation of saving regularly, borrowing prudently and repaying promptly.

We are excited to share the various reports to update you on the many achievements and challenges that we had during the past fiscal year despite the many challenges.

SERVICES

LICU continued to offer its services through the onset of the pandemic by working remotely when the circumstances demanded the closure of the office. The online services, the mobile banking and the depository bin services were important tools that assisted us in maintaining our basic services operational at all times. Many of us were brought into the technological era with online and mobile banking which have proven to be quick, efficient and safe channels to do our business.

SERVICES AND BENEFITS

NEW SERVICE WITH ATLANTIC BANK INSURANCE

We make every effort to offer a wide cadre of services and benefits to fit the needs of our membership. We are now offering the service to access insurance coverage for our members through Atlantic Insurance under LICU as the policyholder.

Our members have always had the option to choose where they will access their insurance coverages; we now have two-in house options, being RF&G and Atlantic Insurance, for convenience and ease of access as an added service.

NEW SHARED SERVICES NETWORK (SSN) VIA THE NATIONAL PAYMENT SYSTEM

We are also very excited to share that LICU along with four of our sister credit unions have come together to incorporate the Shared Services Network (SSN), a subsidiary company under the Belize Credit Union League, to join the National Payment System (NPS) with the Central Bank of Belize.

The NPS is an automated transfer system and central securities depository, which are used to facilitate non-cash transactions.

The BCUL and all participating credit unions are currently ensuring that all requirements are being met in compliance with the Central Bank of Belize, which will allow us the option to be able to do inter-banking and inter-credit unions transactions with ease, in a timely manner and in a secure network. We will keep you updated on the developments of this exciting new partnership that will bring additional services to you.

DEPOSITORY BIN SERVICES 24/7

The Depository Bin service is a quick, easy and safe way to make your payments and deposits at a time of your convenience. As with all services either in person, via the ATM and Deposit Bin and online, members are kindly reminded that all protocols and requirements apply including the requirement to have the account/s updated.

We encourage all members to make use of this quick, easy and safe service to make your payments at the time of your choice without having to wait in line. The form is user friendly and all payments are processed the following working day.

BILL PAYMENT SERVICES

We continue to offer the bill payment services over the counter and are hopeful that with integration into the National Payment System we will be able to do so via our online and mobile platforms.

We are pleased to share that many of our members are making use of this service and now execute all their payments with one stop. LICU also gains a small commission that contributes to our overall income and returns.

SHARETEC SYSTEM – CORE BANKING CONVERSION

We migrated to Sharetec in August 2019 and we have seen many benefits under this new system. We have been able to automate many processes to remain compliant with our policies and regulations in a timelier manner.

We were able to easily assist our membership remotely with easy access to the system. Our migration came with the immediate use of the mobile banking, which has now been enhanced, and is far easier to enroll and use. We invite all members to make use of this enhanced tool to check your accounts, make loan payments or transfer funds from your deposit to your other accounts or to other members' accounts.

THE GROUP TERM LIFE FUND – MEMBERSHIP SCHEME

The Membership Scheme – Sunrise to Sunset Fund has been assisting the beneficiaries of our members-owners since 2006 and has assisted 685 entire families as at March 31, 2021.

We are sure that this fund has made a significant impact in the lives of the beneficiaries in their time of need and we remain committed to supporting our members and their families throughout their lifetime and thereafter through this fund. The assistance provided for this past year totaled \$277,000.00 as follows:

1	Lincoln Casey	2,000.00	53	Amir Coba	4,000.00
2	Ezequiel Lara	2,000.00	54	Nicomedes Vera	2,000.00
3	Adolfo Wicab	2,000.00	55	Reyna Lsabel Leiva	4,000.00
4	Dexter Richard Belisle	2,000.00	56	Ofelia Aldana	2,000.00
5	Elena Bobadilla	2,000.00	57	Evenilson Uh	4,000.00
6	Joseph Winford Bowden	2,000.00	58	Marie Torres	2,000.00
7	Taciano Sanchez	2,000.00	59	Edilberto Gideon	2,000.00
8	Jose A. Quinionez	4,000.00	60	Inosentes Sabido	2,000.00
9	Jevon Jared Ingram Oliva	4,000.00	61	Gaspar Navarro	4,000.00
10	Candida Grant	2,000.00	62	Arcelia Leiva	4,000.00
11	Jacob Peters	2,000.00	63	Jerome Michael Bermudez	4,000.00

12	Florencio Puck	2,000.00	64	Marcos Sanic	2,000.00
13	Ruperto Herrera	2,000.00	65	Rafael Cal	2,000.00
14	Alfonso Vidal Garcia	4,000.00	66	Maria Elisa Rivera	4,000.00
15	Leocadia Carrillo	2,000.00	67	Maria Martinez	4,000.00
16	Paul Bradley	4,000.00	68	Belilo Santos	4,000.00
17	Pedro Pek	2,000.00	69	Lawrence King	4,000.00
18	Marjorie Ramnarace	2,000.00	70	Virgilio Chuck	4,000.00
19	Nicolasa Queme	2,000.00	71	Benedicto Mauri Novelo	2,000.00
20	Esperanza Guerra	4,000.00	72	Julian Patt	4,000.00
21	Nicholasa Novelo	4,000.00	73	Bartolome Chi	2,000.00
22	Onorio Cansino	2,000.00	74	Valeria Santos	2,000.00
23	Sira Y. Longsworth	2,000.00	75	Marina Castillo	2,000.00
24	Teodora Castillo	4,000.00	76	Martin HipolitoTuyu	4,000.00
25	Edita Avila	4,000.00	77	Shawn Bainton	4,000.00
26	Zenovia Tzul	4,000.00	78	Consepcion Magana	2,000.00
27	Joseph Humes	2,000.00	79	William Stamp	2,000.00
28	Felicita Sosa	2,000.00	80	Santos Menjivar	2,000.00
29	Elia Turner	2,000.00	81	Victoria Gongora	1,000.00
30	Juan Blanco	2,000.00	82	Jesus Roberto Yam	4,000.00
31	Gloria Gaboural	2,000.00	83	Victoria Hernandez	4,000.00
32	Nancy Huezo	2,000.00	84	Baletin Torrez	2,000.00
33	Roberto Polanco	2,000.00	85	Gilbert Caliz	4,000.00
34	Leonora Margaret Stephen	2,000.00	86	Mordant Tillett	2,000.00
35	Edwardo Pott	2,000.00	87	Ana Maria Chan	4,000.00
36	Domingo Carrillo	2,000.00	88	Ofelia Amantina Gutierrez	2,000.00
37	Leonard Hemsley	4,000.00	89	Leandro Osorio	2,000.00
38	Hipolito Blanco	4,000.00	90	Jose Divas	2,000.00
39	Santiago Logan	2,000.00	91	Teresita Ayala	4,000.00
40	Teodocio Chi	4,000.00	92	Sisto William Garcia	4,000.00
41	Jorgianne Ack	4,000.00	93	Estefana Abelia Sanchez	2,000.00
42	Rita Carmita Westby	2,000.00	94	Olegario Castillo	2,000.00
43	Teresita Cruz	4,000.00	95	Joaquin Sanchez	2,000.00
44	Magin Chulim	2,000.00	96	Lucio Andres Balam	2,000.00
45	Eulalia Modesta Gongora	4,000.00	97	Severo Cardenas	2,000.00
46	Elvis Sabido	4,000.00	98	Claudio Tech	2,000.00
47	Aaron Alexander Thompson	2,000.00	99	Reyna Isabel Acosta	2,000.00
48	Tomas Garcia	2,000.00	100	Juan Dominguez	2,000.00
49	Edilberto Patt	2,000.00	101	Pedro Zapata	2,000.00
50	Francisco Coye	4,000.00	102	Humberto Santos	2,000.00
51	Mercedes Cab	2,000.00		GRAND TOTAL	277,000.00
52	Maximo Flores	2,000.00			

This past year the fund grew by \$97,836.00 after paying one hundred and two (102) benefits with a total of two hundred and seventy-seven thousand dollars (\$277,000.00) in comparison to sixty-five (67) benefits paid out for last year. The fund balance stood at \$1,817,966.50 (Note 13) as at March 31, 2021.

The fund saw an overall increase in death claims with many due to COVID-19 related deaths. We are currently reviewing the coverage and parameters of this fund to ensure that it is sustainable. If necessary, amendments will be made to the terms of coverage for viability.

SAVINGS AND LOANS MEMBERSHIP SCHEME

The pandemic has caused undue loss of life and health and impacted our daily lives. We saw many of our members passing away from all stages of life due to COVID-19 and related health issues. We urge everyone to keep the protocols as it may mean the difference between life and death. Let us do our part now in remaining safe so that we can all continue to enjoy the blessings of our family, our friends and our lives.

LICU continued with its support to our grieving families through the Membership Scheme where 120 families benefitted, compared to 26 families last year. The total benefits paid amounted to \$528,740.37 compared to \$118,038.90, which was a significant increase in benefits greatly due to COVID-19.

This fund grew minimally by \$40,090.00 compared to last year's growth of \$472,395.93. The fund has a balance of \$1,977,663.00 (Note 14) after eleven (11) years as captured in the audited financial statement.

We have been able to assist with both funds at the times of greatest need by fully absorbing all costs to support you. This can only be possible if we continue to be responsible in our saving habits and punctual with our repayments. This fund is also under review for sustainability and may have amended terms in coverage.

ALLIANCES/PARTNERSHIP/NETWORKING

RF&G INSURANCE

LICU continues enjoying its partnership with RF&G in offering the option for insurance coverage to our esteemed members. The members who do choose to insure with RF&G enjoy the automatic 15% discount on their housing insurances. Last year this discount resulted in total earnings of \$17,667.62. This was comparative to the earning of last fiscal year of \$17,458.40.

We also earned \$10,011.65 (Note 17) as commission for the premiums as compared to \$9,911.15 for last year. As with all revenues, these contribute to our annual surplus, which is then made available as services, benefits and/or dividends and rebates.

We are fast approaching the hurricane season and encourage everyone to secure their properties especially in these uncertain times of climate change due to global warming.

LICU STAR SAVERS PROGRAM

Our Star Savers Program has remained stagnant during the last fiscal year as our staff has not been able to perform any outreach programs due to the restrictions of COVID-19. We know that the virtual presentations made thus far have been well received at all levels, especially the students. We are anxious to once again be able to visit the schools in our program and to finally be able to implement it at other schools.

STUDENT LOAN PROGRAM WITH BELIZE NATURAL ENERGY CHARITABLE TRUST (BNECT)

LICU and BNECT have enjoyed a stable and mutually beneficial business relationship and with our joint efforts we have been able to assist 284 deserving students and, by extension, their families with a total loan value of \$1,654,366.76. It is very encouraging to report that 151 of these responsible students along with their parents and guarantors have repaid their BNET loans with a total value of \$1,271,649.71. This is very encouraging as this allows the fund to become available to other deserving students to be able to access these funds.

We also note however with concern that we have 27 of these students not living up to their expected repayment terms. This will negatively affect them in that we are not able to continue disbursing funds for ongoing studies once the account is in arrears. The lack of responsibility will also negatively affect their credit history and the possibility of accessing higher loans.

The epidemic also greatly affected the educational sector and students on a whole. We understand that those graduating this year will have an even more challenging task in finding employment as unemployment increased drastically due to closure of many businesses or the greatly reduced business and subsequent income.

We are a very resourceful and talented people and we need to look at creative ways to bounce back in an already established business or by embarking on potentially good business ideas.

EXTERNAL FUNDING

LICU was able to successfully repay all our external debt as of last year March 31, 2020 and continue to remain externally debt free this fiscal year as well.

However, LICU has chosen to continue offering both the Sugar Cane Replanting Program (at the same 6% interest) and Social Entrepreneurship Program loans with LICU's funds in their relevant sectors as we believe that they both contribute to the growth of our community and our country.

EMPOWERMENT FUND (EF)

The Empowerment Fund which is supported by BNECT fund as a guarantor for income generating loans geared at stimulating diversification remains a viable option for entrepreneurs to access funding.

We see that there is a lot of potential in numerous areas; however, there seems to be a resistance to venture into new areas. We are rich in natural resources and we have academic and technical expertise that can rival those in the Caribbean and abroad. Let us be role models for the new generation by being innovative and expanding our comfort zone by challenging the current markets. There are new agricultural products, technology, creative arts etc. as viable business options that can contribute to a healthier GDP, reducing importation and stimulating economic growth.

ECOMICRO 2020

LICU has embarked in two important projects with EcoMicro being:

- Improving Livestock Sector Productivity and Climate Resilience in Belize
- The adaptation of technologies and green methodologies that will build climate resilience and improve overall productivity for the agriculture and fisheries sectors

These two projects are financed by IDB (Inter-American Development Bank) and share the same goal, to build the resilience to Climate Change of the Livestock, Agriculture and Fisheries sectors.

The objective of the project is to equip LICU with the necessary tools and information to assist our members in the Livestock, Agriculture and Fisheries sectors. The guidance and financing given would assist our farmers to adapt to changing climate conditions, reduce their vulnerability to physical climate risks, and improve their overall productivity.

Presently, the project is at a stage whereby the tools are already being designed and trialed. Climate Change is here to stay, thus mitigation and adaptation to Climate Change is the only way to succeed, and with the assistance of this project, LICU commits to continue working hand in hand with our members to grow and become climate resilient.

EDUCATION AND TRAINING

Scholarship recipient(s) 2020-2024

The Education Committee, comprised of members of the Board of Directors, Supervisory Committee and Credit Committee, were excited to review the applications received for our Prosperity Vision Scholarship that has been offered since 2004.

COVID-19 once again presented an additional challenge as our students were not in school, there was no PSE and the additional documentations were not readily available. Our amended criteria

since 2019 allowed us to be able to get the necessary information to make the best decision within the resources available.

For the last fiscal year that will cover the years 2020-2024, we received 25 applications. The successful four (4) applicants were as follows:



The recipients this year brings us to 42 awarded scholarships of \$4,000.00 during their four (4) years of study, with disbursements of \$1,000.00 annually, to assist them once they meet the requirements.

We invite all students who want to pursue their education at the high school of their choice and have a need to apply for our scholarships this year. We believe that education is the key to success and are pleased to be able to continue empowering our young members through education.

STAFF DEVELOPMENT

STAFF AND VOLUNTEERS TRAINING & DEVELOPMENT

Our employees are integral to the ongoing success of the Credit Union, and we are seeking new ways to help encourage and optimize their performance to meet the needs of our members. We strive to empower our staff and volunteers despite the challenges faced with the COVID-19 pandemic by taking advantage of the technological resources to participate in trainings and development activities.

Below are some of the training sessions and Webinars which the staff participated in:

- Webinar on Livestock Sustainability facilitated by CATIE (Centro Agronómico Tropical de Investigación y Enseñanza) on June 2020
- Farmer Field School Methodology facilitated by CATIE (Centro Agronómico Tropical de Investigación y Enseñanza) on June 2020
- Workshop on Social Media facilitated by RF&G Insurance on October 2020.
- Annual AML-CFT Training facilitated by AML specialist and freelance consultant Candice Itza on November 2020.
- Webinar on Green Micro Finance in Central America and Dominica Republic facilitated by REDCAMIF-ONU on November 2020
- Workshop on Legal Implications and considerations in insurance business virtually facilitated by the Insurance Institute of Belize on November 2020.
- Customer Service & Sales Tips Part I and Part II facilitated by the Belize Credit Union League (BCUL) on November and December 2020.
- EcoMicro Technological Tour hosted by DAI on January 2021.
- Property Valuation Training facilitated by Mario Edward Cruz, Draftsman and Property Appraiser on March 2021.
- AML training on Business Accountants and High Risks for the Belmopan Branch staff on March 2021.
- Live Firing Training for in-house Security Guards (both Orange Walk and Belmopan)

The LICU staff also participated In-House Trainings on AML/CFT, Frontline and Operations, Insurance and Legal matters.

The Board of Directors participated in the revision and development of the Loan Policy, Covid-19 Manual, Employee Handbook, Operations Manual, Accounting Manual and AML/CFT Policy.



The LICU Board President and General Manager continue to attend monthly Belize Credit Union League (BCUL) Board Meeting for general credit union matters to find ways to improve the services provided to the members.



HUMAN RESOURCE COMPLEMENT

The Board of Directors extends a heartfelt thank you to the staff for their commitment, professionalism, and solidarity to keep our Credit Union operating during the COVID-19 pandemic to provide an essential service in both our Orange Walk Headquarters and Belmopan Branch. The work of each staff is truly commendable and is appreciated as we thank you for your strong work ethics and personal integrity demonstrated to our valued members of the LICU family.

This fiscal year, the staff was complemented with five staff for the Orange Walk Headquarter and five staff for the Belmopan Branch as follows:

- | | |
|---------------------|---------------|
| 1. Ismea Noralez | July 2020 |
| 2. Reina Choc | August 2020 |
| 3. Elluz Castaneda | October 2020 |
| 4. Enir Ramos | October 2020 |
| 5. Francisco Magana | November 2020 |
| 6. Adrian Armstrong | February 2021 |
| 7. Cristian Padilla | February 2021 |
| 8. Yaneidi Pech | February 2021 |
| 9. Teresita Chun | February 2021 |
| 10. Christine Marin | March 2021 |

The necessary due diligence was carried out in order to recruit staff who are capable, prepared, committed and have a high level of integrity in order to safeguard the investments of members while providing an efficient service to our members. All the new recruits underwent a thorough two weeks' induction program that included both theoretical and hands on training. This allowed the staff to integrate themselves efficiently into their position in order to continue providing excellent services to our members.

COMPLIANCE AND REGULATION

As we look back at the past fiscal year, we at La Inmaculada Credit Union Ltd. (LICU) have overcome several of the adversities brought by the recent pandemic to our beloved credit union. The reduction in member face-to-face interaction caused a slowdown in information gathering

activities, but our dedicated staff maintained an ongoing contact strategy, which has led to increased member satisfaction at all levels.

In the Anti-Money Laundering and Counter financing of Terrorism (AML-CFT) arena, our institution has remained compliant at all fronts ensuring that we balance regulation and great relationship building with our valued members. This was only possible through persistent member contacts with our members via alternate channels such as emails, whats app and local courtesy calls.

Internally, we have managed to continue our training initiatives as we managed to complete our first virtual annual compliance training in November 2020. Over 43 participants were able to review the universal AML-CFT requirements as outlined in our credit union's compliance program. This past year we also welcomed and provided New Hire Compliance Orientation training to 10 new employees. Today, these new hires have been trained in their new roles and form part of our new and reenergized organization.

To improved operational efficiencies, LICU has updated its LICU AML-CFT Policy and its Membership Terms and Conditions. Consequently, all employees have been oriented with the changes at our credit union as this highlights our transparency standards to protect our general membership.

We at LICU remain committed to a robust compliance program by implementing safe and sound banking practices. This will maintain our credit union with the financial stability that our members so much deserve.

DELINQUENCY

We have been having a constant struggle to control delinquency as we continuously review all accounts to ensure that their information is accurate and up to date.

The staff complement had to be increased due to the number of persons in arrears which was also affected by COVID-19. Most of our members affected by the pandemic were responsible to make timely arrangements and managed to remain up to date. Unfortunately, many members that were in arrears way before the pandemic and had made no effort to repay felt entitled to not honoring their payments. The staff has been diligently calling, writing, texting and contacting these members through all means possible as every single dollar that remains uncollected translates into higher costs, less income, less dividends, less rebates, fewer benefits and less funds available for those that borrow and repay responsibly.

It is very disappointing to report that some members under recovery are rude and disrespectful to our staff when they are following the procedures for the funds that are in arrears. It is important to note that our Terms and Conditions that was included in our 71st Annual General Meeting book made available virtually now governs the manner in which we are expected to conduct business. This applies to the entire membership as it has been advised publicly and is available at our website.

Our staff remains courteous, professional and knowledgeable of our policies and options and you as members are expected to also be courteous and respectful at all times. The Terms and Conditions have embedded the basic right of expecting to be treated with fairness and respect, and, if this is not abided by you the member, the staff has the option to respectfully end the dialogue until a later time when temperaments are at the expected level.

We have been able to recover a significant amount of loans in arrears and currently have about 20 cases for recovery at the Supreme Court. We will also continue to vigorously pursue recovery at the Magistrate Court and encourage all members to honor their payments to avoid further challenges with the court.

As mentioned above, the added costs of recovery increase our expenses unnecessarily and we need to recover these additional costs. We are currently reviewing the late fees for them to be more equitable with the additional costs as it is not fair for our responsible members to be absorbing these expenses. We believe in equity and the more costs you are adding to the credit union, fees will be applied accordingly.

BELMOPAN BRANCH

Our Belmopan Branch continues to meet the needs of almost 5,000 members and we are eager to expand our numerous services and benefits to other potential members.

We are excited as we start another fiscal year with a young, vibrant and professional staff that is committed to improving our attention to our members, providing relevant information in a timely manner. We are also making every effort in gathering all the relevant data to have a comprehensive profile of every one of you, our members, to best guide you in the products and services that will facilitate you in achieving financial and social stability.

Our loan portfolio stands at a little over \$10 million dollars. Our lending process has been enhanced to ensure that you receive the adequate amount of funds for your current needs and still allow you enough surplus to be able to meet your daily needs.

The Belmopan staff has committed to growing its membership to positively impact the city and its surrounding areas.

SUPREME COURT UPDATE

LICU issued a press release on Thursday, 11th March 2021 stating that Madam Justice Arana, Acting Chief Justice of Belize, delivered her decision in Claim Nos. 735 of 2015 and Claim 538 of 2015 between LICU and the former General Manager, Mrs. Yolanda L. Gomez.

Madam Justice Arana found that Mrs. Gomez is liable for each and every allegation made by LICU in relation to her mismanagement of the credit union, and Mrs. Gomez has been ordered to pay LICU BZ\$436,906.34 in damages and additional legal costs to be determined for loss suffered by LICU under her management. Madam Justice Arana also determined that LICU did not wrongfully

terminate Mrs. Gomez, and is not liable to make any payment to her, whether in damages or legal costs.

We thank the past and current directors and officers who were a part of this decision process in putting your interests above their own self-preservation and pursuing this matter legally. This was only one of the many decisions made in re-engineering the processes and staff complement at LICU.

LICU has chosen to hold everyone accountable as we realize that we, the volunteers and staff, are stewards of not only of your money, but more importantly your trust. We have set a higher standard and we commit to continue working with integrity, accountability and transparency to ensure that we remain the best option for financial and social prosperity for our current membership and for anyone who wants to join our stable and prominent LICU family.

CONCLUSION

We must give all honor and glory to God for protecting us and guiding us through 2020. LICU has been able to admirably remain strong, solvent, and vibrant thanks to the efforts of so many. My fellow Directors and I have put in countless hours of dialogue, review, discussion and networking to be able to remain fully compliant with all regulations, with fiduciary and health requirements, while offering continuous service throughout the pandemic. We only closed our offices for the necessary sanitization processes as many of our dedicated staff were affected by COVID-19.

We thank our members for being patient and compliant with all regulations as this allowed us to remain open to continue serving you. The staff had to adapt to moving to non-face to face communication and made use of technology to find a safe option to gathering our information for the credit process especially. Our staff is anxious to see the restrictions lifted as soon as it is safe to once again be able to visit you in the schools, the communities and your homes. We have missed being a part of your daily lives and we are hopeful that this coming year will once again give us the privilege to visit your communities.

The Board continues to evaluate our policies and we are currently reviewing our policies yearly and have implemented additional policies to guide our staff. We can confidently state that we are making prudent decisions by using verifiable and up to date information to stream line all aspects of the credit union. The timely and judicious actions have resulted in an impressive growth of over 97% in net surplus even amidst the pandemic and financial crisis. Wise investments were made and controlling of expenses from top to bottom has resulted in a further decrease in expenses, which were already well controlled in the previous five years.

As was expected and experienced throughout the world, delinquency also presented an additional challenge. The Central Bank of Belize implemented forbearance measures to mitigate the impact of loan loss provisioning by extending the periods for the allocation. This forbearance has been extended to December 31, 2021 during which time we will continue working with our members who show interest in repaying the funds that have been made available to them. We have made various Board approved changes to be able to facilitate our members to remain in good standing.

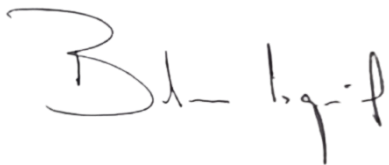
We will also continue to pursue recovery from those members that have shown no interest nor willingness to repay as it is unfair for the majority to be repaying whilst others choose to use the funds and not repay. We currently have over 17 lodged cases at the Supreme Court with various others soon to be completed. We have also assigned specific staff to follow up with all the Magistrate Court cases to recover those funds that represent your hard-earned investment.

If we look at the financials we can see how much benefits and services we have been able to provide and we are further encouraged to continue recovering on those loans in arrears to be able to maximize your returns and add even more benefits and services for you.

Our audited financial statements for 2020-2021 show a net surplus of \$3,731,515.00, a commendable growth of 97.3% in net surplus. The Board approved that almost \$800,000.00 be allocated to Net Institutional Capital, Disaster Fund and a new Contingency Fund to strengthen our capital base for sustainability and stability. The Board is thereby recommending that with the remaining net surplus, we declare a 5% dividend and an impressive 12% rebate.

As has been established, members in good standing and that have their accounts fully updated can withdraw their dividends and rebate within the next 60 days with a one-day notice to allow us to assist you efficiently.

For and on behalf of the Board of Directors,



Belarmino Esquivel
Interim President

Board of Directors

- | | | |
|--------------------|---|---------------------|
| Belarmino Esquivel | - | President |
| David Constanza | - | Vice-President |
| Manuel Polanco | - | Secretary |
| Teresita Miranda | - | Assistant Secretary |
| Cindy Castillo | - | Treasurer |





LICU-Your Road to Financial Prosperity!!!

Treasurer’s Report
April 1st 2020 to March 31st 2021

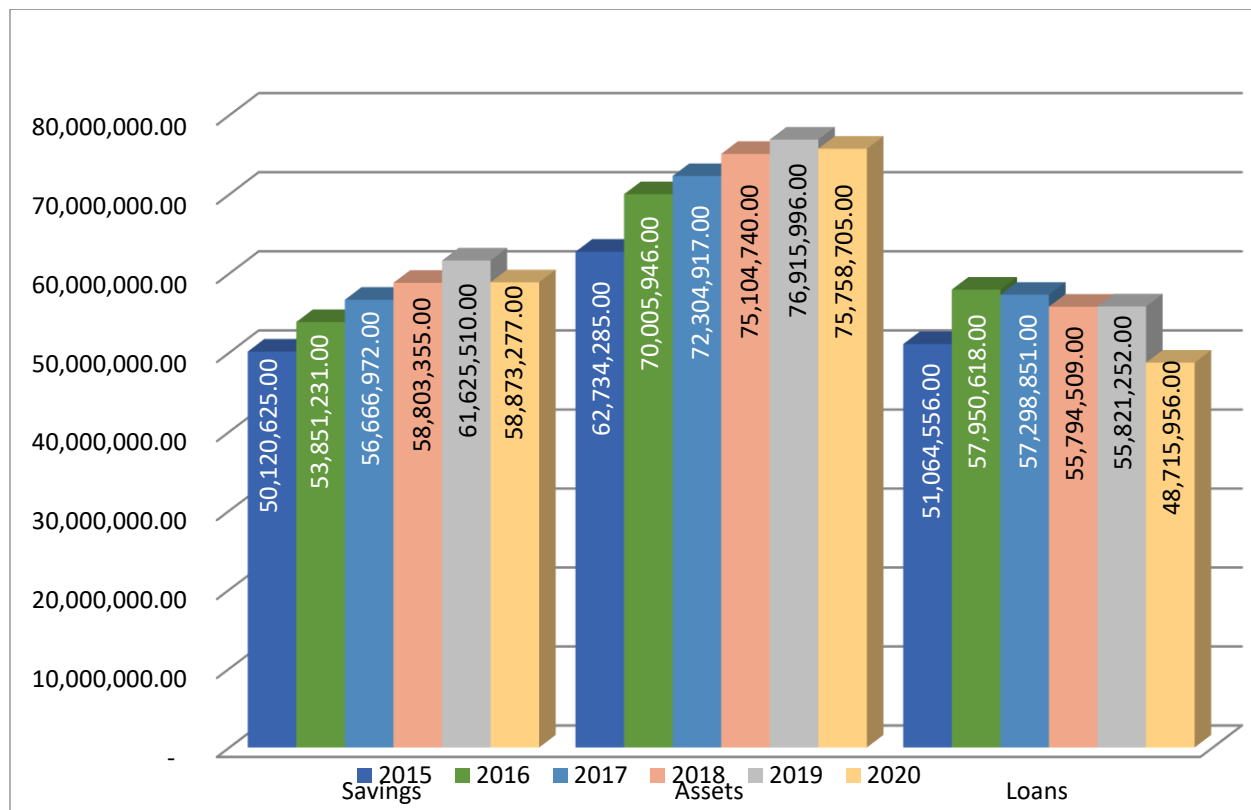
We are sure that everyone can attest to the fact that 2020-2021 was a year like no other. Even though the year was an extremely challenging one, we were still able to remain accessible, stable and sustainable.

The entire financial sector felt the impact of COVID-19 and it affected our growth in shares and loans; however, we were able to remain sustainable through timely investments, cost cutting measures and minimal fee increases in our services to cover the significant operational costs.

For a quick overview of the past fiscal year, we can show the following results:

- ❖ Savings decreased by \$2,752,233.00 or -4.47%
- ❖ Assets decreased by \$1,157,291.00 or -1.50%
- ❖ Loans decreased by \$7,105,296.00 or -12.73%

The following table shows our trend for the past six (6) years:



I am sure that most of you will be concerned about the decreases especially in the loan portfolio, therefore it is imperative for us to expound on them individually as per below:

- The decrease in savings was mostly due to members using their shares to clear off loans that were in arrears, about to fall in arrears, or even for performing loans, all due to the uncertainty of what the pandemic would bring in the next few months.
- The savings are the capital of LICU therefore the decrease in savings automatically translated into a similar decrease in capital.
- The decrease in loans was also due mostly to the pandemic as many of our members lost their full employment, partial earnings or their business decreased in sales and income due to the mandatory quarantines and general loss of economic activity. The Credit Committee will report that we processed about 50% in value and number of loans in comparison to last fiscal year contributing to the overall decrease of 12.73%.

Nevertheless, we were still able to declare a higher dividend and rebate than in the previous fiscal year as a result of our combined efforts in good governance and your patronage as responsible members.

LICU – ALWAYS WORKING FOR YOU!!

It is important for us to highlight that dividends and rebate are only two of the numerous benefits that you enjoy by being a member of the LICU family.

Kindly see the tables below that quantify how much has been reinvested in your accounts, your families and by extension, our community.

Year	Dividends/Rebates	Statutory Reserve	Special Reserve Fund	GRAND TOTAL
2015-2016	\$ 831,556.00			
2016-2017	\$ 1,843,630.00	\$ 797,364.00		
2017-2018	\$ 2,038,436.35	\$ 623,280.00	\$ 151,346.87	
2018-2019	\$ 2,766,072.32			
2019-2020	\$ 1,876,946.35	\$ 175,040.61	\$ 627,696.00	
2020-2021	*\$ 3,731,515.00			
TOTAL	\$ 13,088,156.02	\$ 1,595,684.61	\$ 779,042.87	\$ 15,462,883.50

*This figure represents the surplus for the fiscal year 2020-2021, yet to be distributed.

Year	Sunrise to Sunset #	Sunrise to Sunset \$	Membership Coverage #	Membership Coverage \$	GRAND TOTAL
2015-2016	62	\$ 186,000.00	82	\$ 422,131.89	
2016-2017	52	\$ 156,000.00	82	\$ 265,182.81	
2017-2018	65	\$ 182,000.00	81	\$ 315,037.20	
2018-2019	75	\$ 220,000.00	81	\$ 460,598.60	
2019-2020	68	\$ 202,000.00	27	\$ 146,469.81	
2020-2021	102	\$ 277,000.00	120	\$ 528,740.37	
TOTAL	424	\$ 1,223,000.00	473	\$ 2,138,160.68	\$ 3,361,160.68

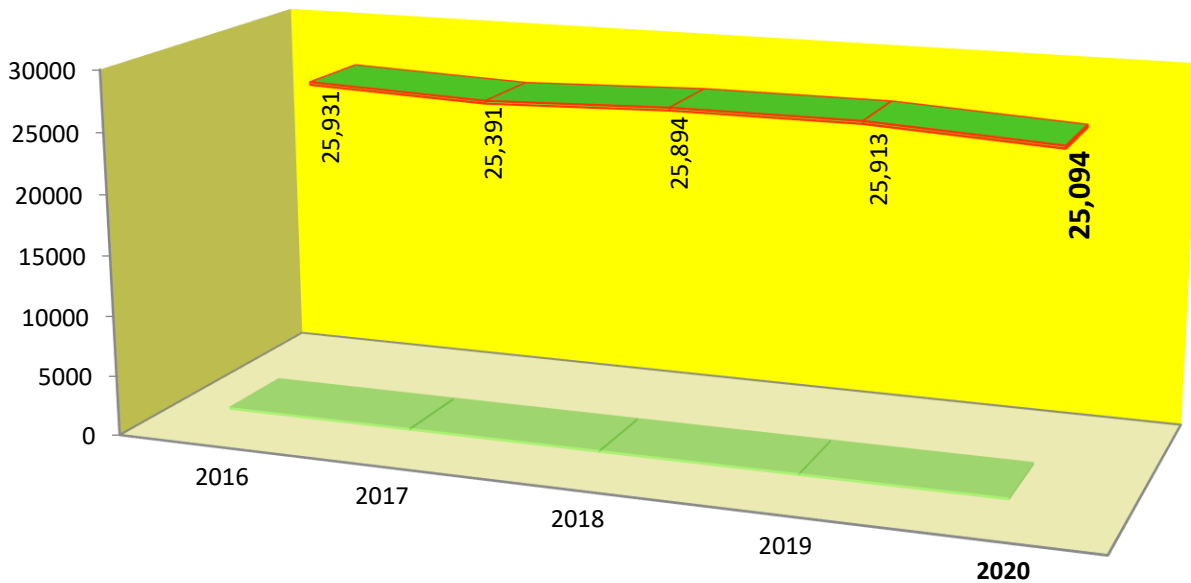
We can also proudly say that we remain fully compliant with our Net Institutional Capital and Loan Loss Provisioning, as we have done for the last six years as per the allocations made as per the first table above. Even though there is a forbearance on loan loss provisioning, we have set a fund aside from this current year's surplus as a contingency for the next fiscal year as we want to remain in compliance, as the increased net surplus does allow us to be able to do so comfortably without unduly affecting your dividends and rebates. This is already an excellent start for the next fiscal year, as we will not have to be incurring additional costs for the results of this fiscal year's provisioning, if needed.

This year we opened 512 accounts between our main and branch office. As at March 31, 2021 our membership stood at 25,094 as compared to 25,913 in 2020. We continue to review all accounts to classify them correctly to have the most up to date information, as it is futile to be reporting higher figures with accounts that are below the minimum of \$10.00. We also sadly had an increased number of deceased members that contributed to the overall decrease in membership.

Additionally, some members are not able or sometimes willing to comply with the AML requirements and choose to close their accounts. We are mandated to be in full compliance and make every effort to assist our members however, certain criteria must be met to remain as a member. Some members were also lured by slightly lower interest rates and by the other financial institutions prompting them to close their accounts with us. Unfortunately, some members did choose to forego all their many benefits with us as can be appreciated in the tables above, that collectively represent \$18,824,044.18 in returns and benefits within the last 6 years.

We clearly explain our benefits and services to all members so that they weigh their options and we encourage them to see how beneficial it is to join us. We welcome those who wish to join us and thank those that have made the wisest decisions and remain with us as we keep growing stronger, more accessible and more profitable!!

Membership



Conclusion

The volunteer Directors, Officers, Management and Staff in collaboration with you, our thousands of members, have clearly shown within this past year and the past six years that when honest, hardworking, accountable and responsible persons unite for a common cause, the results can be nothing less than success. It goes beyond words to express our heartfelt gratitude to God and to each and every one of us who have made and will continue to make LICU a success story. We remain firm in our conviction that the decisions made are to benefit you and to improve your access, your convenience and your net worth. We look forward to another year of even more developments as we join the National Payment System and embrace technology to expand our reach to serve many more.

Respectfully,



Cindy Castillo
Treasurer

**CREDIT COMMITTEE
2020-2021**



**Marcia Tun
Chairperson**



**Javier E. Moreno
Officer**



**Suzannie Cajun
Secretary**

Credit Committee Report
April 1st 2020 to March 31st 2021

INTRODUCTION

This past fiscal year has been one of much uncertainty and unprecedented challenges. The Covid-19 Pandemic has, in addition to having claimed millions of lives globally, including those lost in our country Belize, changed our ways we conduct our daily lives and activities as well as greatly affected all sectors of our economy. Financial Institutions have been negatively impacted as many of its customers had their incomes reduced or, in extreme cases, completely lost their source of income.

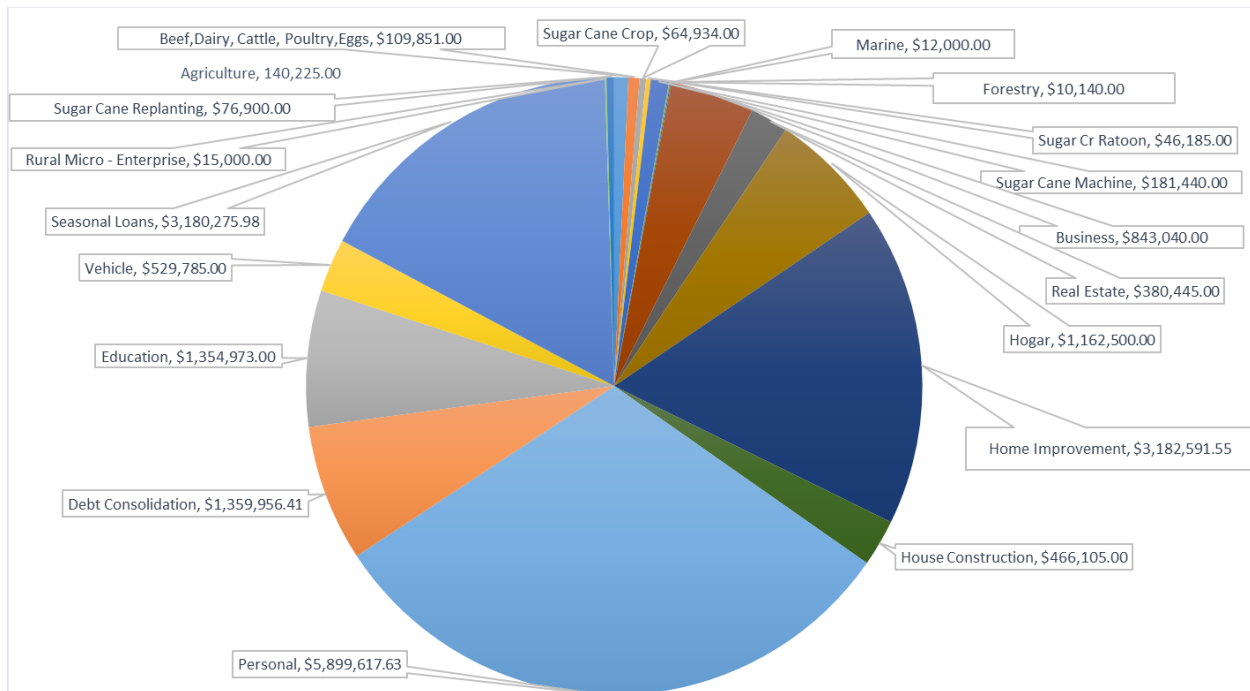
During this past year, your Credit Committee kept performing its duties and responsibilities as entrusted by its member/owners in order to ensure the credit process continues. Since the start of the pandemic, the Central Bank of Belize directed to all financial institutions Forbearance measures to be taken for those affected by the Covid-19 Pandemic. Our committee will continue to ensure these measures are followed.

LOAN PORTFOLIO

This past fiscal year April 1, 2020 to March 31, 2021, our Orange Walk Branch disbursed 2,059 loans with a total value of \$14,700,774.04 while our Belmopan Branch disbursed 630 loans with a total value of \$4,315,190.53. A total of 2,689 loans was granted to our members and a total value of \$19,015,964.57 was recorded.

Compared to the previous year's fiscal period, our Orange Walk Branch recorded a decrease of 2,128 loans and a decrease of \$14,068,098.58 in value or 51% decrease. Our Belmopan Branch recorded a decrease of 752 loans and a decrease of \$4,528,518.57 in value or 49% decrease. Our overall decrease in number of loans granted was 2,880 loans and an overall decrease in value of loans was \$18,596,617.15 or 49.4% decrease.

LICU CONSOLIDATED LOAN PORTFOLIO BY LOAN PURPOSE - FISCAL 2020/2021



LOANS DISBURSED BY BRANCH

Branch	No. of Loans Disbursed	Amount Disbursed
Belmopan	630	\$4,315,190.53
Orange Walk	2059	\$14,700,774.04
TOTAL	2689	\$19,015,964.57

DELINQUENCY

We thank and applaud our responsible members who maintained an excellent payment record on their loans despite the many challenges they have been facing. We understand the financial hardships many have been going through, especially due to the present Covid-19 Pandemic situation. We advise members who have been affected due to loss of income or reduction of income, to visit their respective branches to inform and to receive advice on possible options for their existing loans in arrears.

At the ending of this past fiscal year, on March 31, 2021, our delinquency rate stood at 14.06% of the total Loan Portfolio. The number of loans in arrears totaled 1,105 loans. The total principal value of loans in arrears amounted to \$6,850,018.60.

Over this past fiscal year, 143 loans were written off. The total value of these loans amounted to \$1,159,986.36.

These were loans that had been in the delinquent books for a long period of time and needed to be actioned in this manner as per Central Bank's recommendation. We must mention, however, that recovery efforts are continuous; hence, a total value of \$91,051.56 has been recovered from these written off loans.

The Credit Committee will continue to ensure these recovery efforts are continuous and that the loan portfolio, moving forward, consists of good performing loans. This past fiscal, we engaged in the modification and recommendation of an internal document to assist in the credit process and credit decision-making. We also maintained our constant visits, especially at the main branch, conducting reviews, vetting loans and making recommendations.

CONCLUSION

Although the Covid-19 Pandemic impacted negatively our economy, we are proud that LICU remains standing strong and focused in assisting its membership to rise from the many challenging situations presented.

We acknowledge this pandemic is still ongoing and that the challenges remain. Your Credit Committee commits to continue working arduously for the benefit of all its members.

We thank all our members for their continuous support. We thank the staff and management for their commitment and dedication. We thank our Almighty God for all His blessings and guidance.

Respectfully yours,



Marcia S. Tun (Mrs.)
Chairperson

Credit Committee

Marcia S. Tun - Chairperson
Suzannie Cajun - Secretary
Javier E. Moreno - Officer

**SUPERVISORY COMMITTEE
2020-2021**



**Lisa Carballo
Chairperson**



**Dorita Herrarte
Secretary**



**Leandro Osgalla
Officer**

SUPERVISORY COMMITTEE REPORT

1 April 2020– 31 March 2021

Presented to the membership of La Inmaculada Credit Union Limited (LICU) on this 72nd Annual General Meeting.

Pursuant to the Credit Union Act of the Laws of Belize, your Supervisory Committee examined the financial statements at LICU and the related reports for the fiscal year ended 31 March 2021. In our opinion, the reports present fairly, in all material respects, the financial position of LICU.

We take this opportunity to remind you that your Supervisory Committee is responsible for examining the controls and systems at La Inmaculada Credit Union Ltd. The Internal Auditor is also key to ensuring our role becomes functional and effective. Mr. Emir Vega serving as our full time Internal Auditor concentrates on identifying, testing and providing recommendations to strengthening the internal control processes within the organization.

During this fiscal year, the Supervisory Committee has performed the following tasks:

1. Conducted cash counts and vault checks at both branches to ensure security and accountability of our assets.
2. Collaborated with the Central Bank of Belize to ensure compliance with requirements and recommendations made during their visits.
3. Engaged in ongoing discussion, planning and implementation of audit plans along with the Internal Auditor.
4. Provided quarterly recommendations on procedures for a more organized testing of major risk areas: members loans, cash and cash equivalent, expenses and anti-money laundering.
5. Reviewed minutes of Board of Directors meetings to ensure proper guidance.
6. Participated in training sessions to discuss our Policies and Roles and responsibilities.
7. Revised and signed the Audit Charter.
8. Conducted monthly financial statements reviews to be presented to the Board.
9. Engaged management and the accounting department in discussions for areas to improve.
10. Conducted a minimum of two working sessions per month, amidst the COVID19 pandemic restrictions, to discuss, plan and prepare reports as is required by our function.

Having examined and conducted these tasks we conclude that efforts have been made to ensure compliance and accountability to you, our member owners. We assure you that the Credit Union continues to make great strides in becoming more efficient and productive. This Supervisory Committee is once more willing to continue improving and ensuring transparency, accountability, and improved controls.

CLOSING REMARKS

The Supervisory Committee offers its appreciation to the Members of LICU for the opportunity to serve this past year. We must mention our gratitude to our General Manager for her endless support and to the staff for their continued collaboration in assisting us in fulfilling our roles and responsibilities as the Supervisory Committee. You are encouraged to continue saving and believing that LICU is your Financial Institution. In order for us to become more effective as the Supervisory Committee, we ask you to reach out to us with concerns and suggestions. We want to continuously hear from you, so please feel free to contact us at any of the following email addresses:

lisacarballo@licubelize.org
doritaherrarte@licubelize.org
leandroosgalla@licubelize.org

Your input and contribution is valuable and necessary to us. We thank the Almighty as He continues to bless this financial institution in so many ways.

Respectfully,



Ms. Lisa Carballo	–	Chair
Ms. Dorita Herrarte	–	Secretary
Mr. Leandro Osgalla	–	Officer

Independent auditor's report to the Board of Directors and Members of La Inmaculada Credit Union Limited

Qualified Opinion

We have audited the accompanying financial statements of La Inmaculada Credit Union Limited which comprise of the statement of financial position as at 31 March 2021 and the statements of comprehensive income, of changes in equity and of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of La Inmaculada Credit Union Limited as of 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the financial reporting provisions of the Credit Unions Act Chapter 314 of the Substantive Laws of Belize.

Basis for Qualified Opinion

The Credit Union complies with the CUA Requirement No. 1/2013 and No. 2/2013 as issued by the regulator/registrar of credit unions, the Central Bank of Belize, with regards to provisioning for loan losses. The Credit Union's information system does not provide sufficient data to measure impairment loss based on IFRS 9. As such, we were unable to obtain sufficient audit evidence to assess whether the loan loss provision would be materially different from the IFRS 9, Expected Credit Losses (ECL) model.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 27 which states that the spread of COVID-19 has impacted many local and international economies and disrupted businesses for an indefinite period. Measures taken to counteract the pandemic have resulted in an economic slowdown worldwide. The extent of the impact of the COVID-19 pandemic on the operating and financial position of La Inmaculada Credit Union Limited will depend on certain developments, including the duration and spread of the pandemic and the impact on its operations, all of which are uncertain and cannot be predicted at this point.

Responsibility of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we:

- (i) exercise professional judgement and maintain professional skepticism throughout the audit.
- (ii) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (iii) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- (iv) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (v) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we should conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- (vi) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (vii) obtain sufficient audit evidence regarding the financial information of the Credit Union to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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

BDO Belize LLP

BDO Belize LLP

29 June 2021

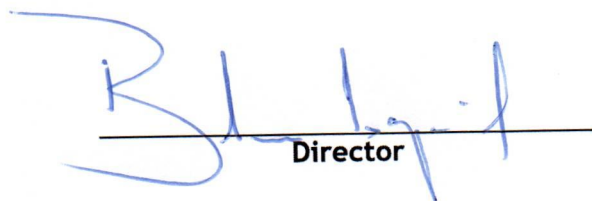
La Inmaculada Credit Union Limited**Statement of financial position**

As at 31 March

(In Belize Dollars)

Assets	Note	2021	2020
Cash and cash equivalents		17,995,536	10,928,024
Interest bearing deposits	4	587,349	1,576,713
Investments	5	8,807,400	9,781,555
Members' loans receivable	6	48,715,956	55,821,252
Less: loan loss provisions	6	(3,583,509)	(4,420,366)
Other receivables and prepayments	7	710,646	617,967
Property and equipment	8	2,525,327	2,610,851
Total assets		75,758,705	76,915,996
Liabilities			
Members' deposits	9	7,330,590	8,203,472
Shares - non-mandatory	10	51,291,747	53,162,108
Accounts payable and accruals	11	477,999	843,546
Mortgage insurance escrow payable	12	74,224	173,063
Membership scheme - Sunrise to Sunset fund	13	1,817,966	1,720,130
Membership scheme - Life savings and loan protection	14	1,977,663	1,937,573
Total liabilities		62,970,189	66,039,892
Net assets		12,788,516	10,876,104
Members' equity			
Shares - mandatory		250,940	259,930
Revaluation reserves		77,376	77,376
Special reserves		779,043	779,043
Guaranty fund		7,868,790	7,868,790
Undivided earnings		3,812,367	1,890,965
Total members' equity		12,788,516	10,876,104

The financial statements were approved and authorized for issue by the Board of Directors on 30 June 2021.



Director

Director

The notes are an integral part of these financial statements.

Income	Note	2021	2020
Interest income:			
Interest income	16	6,686,859	6,550,909
Less: interest expense	16	<u>(16,927)</u>	<u>(23,488)</u>
Net interest income		6,669,932	6,527,421
Fee and commission income	17	642,568	907,645
Other operating income	18	<u>247,712</u>	<u>90,460</u>
Operating income		7,560,212	7,525,526
Provision for losses	19	(331,273)	(1,041,740)
Other operating expenses	20	<u>(3,497,424)</u>	<u>(4,592,821)</u>
Net income for the year		<u><u>3,731,515</u></u>	<u><u>1,890,965</u></u>

The notes are an integral part of these financial statements.

	Shares - mandatory	Revaluation reserves	Special reserves	Guaranty fund (other reserves)	Undivided earnings	Total members' equity
At 1 April 2019	258,940	77,376	151,347	7,693,750	3,568,808	11,750,221
Net increase in shares	990	-	-	-	-	990
Transfers	-	-	627,696	175,040	(802,736)	-
Dividend and rebate paid	-	-	-	-	(2,766,072)	(2,766,072)
Net income for the year	-	-	-	-	1,890,965	1,890,965
At 31 March 2020	259,930	77,376	779,043	7,868,790	1,890,965	10,876,104
	Shares - mandatory	Revaluation reserves	Special reserves	Guaranty fund (other reserves)	Undivided earnings	Total members' equity
At 1 April 2020	259,930	77,376	779,043	7,868,790	1,890,965	10,876,104
Net decrease in shares	(8,990)	-	-	-	-	(8,990)
Dividend and rebate paid	-	-	-	-	(1,876,947)	(1,876,947)
Dividend reversals	-	-	-	-	66,834	66,834
Net income for the year	-	-	-	-	3,731,515	3,731,515
At 31 March 2021	250,940	77,376	779,043	7,868,790	3,812,367	12,788,516

Central Bank of Belize Regulations require that member share accounts are divided into mandatory and non-mandatory shares. Mandatory shares are reflected in equity; non mandatory shares are reflected as liabilities. The Credit Union requires each member to own two mandatory shares of \$5 per share. Total mandatory shares issued as of 31 March 2021 were 25,094 (2020 - 25,993).

	Notes	2021	2020
Cash flow from operating activities:			
Net income for the year		3,731,515	1,890,965
Adjustments for items not affecting operating cash:			
Depreciation expense	8	183,551	171,139
Loss on disposal	20	-	7,351
Provision for loan losses	6	331,273	1,041,740
Write off of loans receivable (net)	6	(1,168,130)	(233,413)
Operating profit before working capital changes		3,078,209	2,877,782
Changes in working capital			
Decrease/(increase) in members' loans receivable	6	7,105,296	(26,743)
(Increase)/decrease in other receivables and prepayments	7	(92,679)	368,486
Decrease in inventory		-	1,606
(Decrease)/increase in members' deposits	9	(872,882)	957,502
(Decrease)/increase in non-mandatory shares	10	(1,870,361)	1,863,663
(Decrease)/increase in accounts payable and accruals	11	(365,547)	342,913
(Decrease) in mortgage escrow payable	12	(98,839)	(46,591)
Increase in member scheme - Sunrise to Sunset liability	13	97,836	184,960
(Decrease) in severance payable	15	-	(455,452)
Increase in membership scheme - LS and LP	14	40,090	443,965
Net cash provided by operating activities		7,021,123	6,512,091
Cash flow from investing activities:			
Decrease/(increase) in interest bearing deposits	4	989,364	(30,599)
Decrease/(increase) in investments	5	974,155	(4,983,326)
Purchases of property and equipment	8	(98,027)	(865,972)
Net cash provided by/(used in) investing activities		1,865,492	(5,879,897)
Cash flow from financing activities:			
(Decrease)/increase in shares - members (mandatory)		(8,990)	990
Dividends paid		(1,876,947)	(2,766,072)
Dividend reversals		66,834	-
(Decrease) in borrowings		-	(605,587)
Net cash (used in) financing activities		(1,819,103)	(3,370,669)
Net increase/(decrease) in cash and cash equivalents		7,067,512	(2,738,475)
Cash and cash equivalents at the beginning of the year		10,928,024	13,666,499
Cash and cash equivalents at the end of year		17,995,536	10,928,024

The notes are an integral part of these financial statements.

1. General information

La Inmaculada Credit Union Limited (the “Credit Union”) was incorporated on 5 June 1949 under and by virtue of the Credit Union Act, Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011. The Credit Union currently has 25,094 (2020 - 25,993) members.

The Credit Union operates from its principal office situated at No. 5 Park Street, Orange Walk Town, Belize. Branch offices are located in Belmopan, Cayo District. As at 31 March 2021, the Credit Union employed 54 (2020 - 53) 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.

2. Summary of significant accounting policies, judgements and estimates

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 and the Substantive Laws of Belize with the exception of:

(1) Provisioning for loan losses is guided by the Credit Union Act Requirement No. 1/2013 and No. 2/2013 issued by the regulator/registrar, the Central Bank of Belize, instead of the Expected Credit Loss model in accordance with IFRS 9.

Basis of preparation

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

The Credit Union also complies with the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011 as reflected in its policies below.

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.

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.

2. Summary of significant accounting policies, judgements and estimates (continued)

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:

Investment impairment	Note 2 Note 3 Note 5
Fair value of financial instruments	Note 2 Note 3
Allowance for loan losses	Note 2 Note 6
Severance payable	Note 2 Note 15
Other provisions	Note 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

The Credit Union has classified all investments as **held to maturity**. These are securities which are held with the positive intention of holding them to maturity and are stated at amortized cost less provisions made for any permanent diminution in value. Amortized cost is calculated by taking into account any premium or discounts on acquisition over the period of maturity using the effective interest rate method.

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.

2. Summary of significant accounting policies, judgements and estimates (continued)

Financial instruments - recognition and measurement (continued)

Investments (continued)

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. 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), Chapter 314, revised Edition 2011, 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.

Provision for loan losses

As required by the Credit Unions Act (CUA), Chapter 314, Revised Edition 2011, 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), Chapter 314, Revised Edition 2011, 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.

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, Chapter 314, Revised Edition 2011, 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.

2. Summary of significant accounting policies, judgements and estimates (continued)

Financial instruments - recognition and measurement (continued)

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' term deposits

Members' term deposits are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate 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 may require a one-month notice period to 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.

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.

Loan interest income

Interest income on loans receivable is recognized in the statement of comprehensive income on an accrual basis.

2. Summary of significant accounting policies, judgements and estimates (continued)

Financial instruments - recognition and measurement (continued)

Investment interest income

Investment interest income is recognized on the accrual basis 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.

De-recognition of financial assets and 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.

Rental income

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

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. Summary of significant accounting policies, judgements and estimates (continued)

Employee benefit obligations

Termination benefit - severance

The Credit Union has recognized 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.

Termination benefit - pension

The Credit Union had a defined contribution plan for all permanent employees. The pension plan was financially separate from the Credit Union and was funded by contributions from both employees and the Credit Union at a matched fixed rate of 5% of monthly salary. The Credit Union's contributions to the defined contribution plan were expensed monthly. For fiscal 2020, pension costs amounted to \$87,571 and all amounts were paid to employees. In fiscal 2021, the Credit Union is in process of registering a new defined contribution pension plan for all permanent employees.

Property and equipment

Property and equipment includes land, building, motor vehicles, furniture, fixtures, computer equipment, generator, 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 straight line method at the following rates:

Building	40 years
Furniture and fixtures	20 years
Office, computer, and other equipment	5, 10 and 20 years
Motor vehicle	10 years

Land is not amortized as the useful life cannot be estimated. Property is not amortized until it is available for use.

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. Summary of significant accounting policies, judgements and estimates (continued)

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.

Guaranty Fund

The Guaranty Fund is a reserve mandated by the Credit Union Act, Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011. The Credit Union transfers at least 10% of its surplus prior to any dividend declaration to a statutory reserve, which is to be accumulated until it reaches 10% of total assets and should not be used for any other purpose except upon liquidation of the Credit Union.

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.

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. Summary of significant accounting policies, judgements and estimates (continued)

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 314 of the Substantive Laws of Belize, Revised Edition 2011.

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 borrower's 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.

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.

2. Summary of significant accounting policies, judgements and estimates (continued)

Financial risk management (continued)

Market risk/interest rate risk (continued)

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.

Adoption of standards

The Credit Union adopts newly issued International Financial Reporting Standards in the year stipulated for adoption to the extent they are relevant to its operations. The Credit Union may adopt a standard early if early adoption is permitted. The effect of adoption, if material, is disclosed in the financial statements.

Subsequent events

The Credit Union evaluates subsequent events for recognition and disclosure through 29 June 2021, which is the date the financial statements were available to be issued.

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 future cash flows or the audited net assets value since market information and comparable sales information is not available.

4. Interest bearing deposits

	2021	2020
Term deposit held with Belize Bank Limited with term of 12 months ending 10 May. Deposits are unsecured and interest is receivable at 2% per annum.	-	303,404
Term deposit held with Belize Bank Limited with term of 6 months ending 13 September. Deposits are unsecured and interest is receivable at 0.84% per annum.	-	167,098
Term deposit held with Heritage Bank Limited with term of 6 months ending 11 February. Deposits are unsecured and interest is receivable at 0.5% per annum.	-	541,781
Interest bearing deposit account held with Holy Redeemer Credit Union Limited with interest rate of 4% per annum payable quarterly.	587,217	564,304
Shares account at Holy Redeemer Credit Union Limited with dividend rate ranging from 3.5% to 6% per annum.	132	126
Total interest bearing deposits	<u>587,349</u>	<u>1,576,713</u>

5. Investments

	2021	2020
<i>Held to Maturity:</i>		
One \$4,000,000 GOB Treasury note (Issue No.30/2020) maturing 3 April 2025 with interest at 4.50% is payable upon maturity.	4,000,000	-
Three \$996,769 GOB Treasury Bills with certificates No. 32068, 32069, and 32070, and one \$4,983,847 GOB Treasury Bill with certificate No. 32059 (Issue No. 1/2020) all matured 08 April 2020 with interest at 1.30%. The bills were acquired at a premium of \$25,845 which was recognized upon maturity.	-	7,974,155
Belize Electricity Limited Series 7 debentures with interest rate of 6% per annum payable quarterly, maturity date of 31 March 2028.	484,300	484,300
Belize Electricity Limited Series 5 debentures with interest rate of 7% per annum payable quarterly, maturity date of 31 December 2024.	550,000	550,000
Belize Electricity Limited Series 6 debentures with interest rate of 6.5% per annum payable quarterly, maturity date of 31 December 2030.	773,100	773,100
Belize Electricity Limited Series 8 debentures with interest rate of 6% per annum payable quarterly, maturity date of 30 June 2032.	3,000,000	-
	<u>8,807,400</u>	<u>9,781,555</u>

6. Members' loans receivable-net

	2021	2020
Total members' loans before allowance for loan losses	48,715,956	55,821,252
Allowance for loan losses	(3,583,509)	(4,420,366)
	45,132,447	51,400,886

Allowance for loan losses

	2021	2020
At beginning of the year	4,420,366	3,612,039
Additions (note 19)	331,273	1,041,740
Write offs - net of collections	(1,168,130)	(233,413)
At end of the year	3,583,509	4,420,366

Maturity of loans

Loans to members, not including accrued interest, mature as follows:

	2021	2020
Under 1 year	8,951,085	2,181,027
1 to 2 years	5,140,200	5,510,011
2 to 3 years	7,517,530	8,266,375
3 to 4 years	7,976,074	9,556,949
Over 4 years	19,131,067	30,306,890
	48,715,956	55,821,252

Loans past due but not impaired

A loan is considered past due when the borrower has not made a payment by the contractual due date. The table below shows the carrying value of loans at 31 March that are past due but not classified as impaired because they are either i) less than 90 days past due, or ii) fully secured and collection efforts are reasonably expected to result in repayment.

	30-59 days \$	60-89 days \$	90 days and greater \$	Total \$
March 31 2021				
Members' receivable	1,132,993	136,268	2,421,006	3,690,267
March 31 2020				
Members' receivable	1,435,422	899,886	2,228,101	4,563,409

7. Other receivables and prepayments

	2021	2020
Accrued interest receivable	375,690	309,020
HBL ATM/POS Project (see below)	50,000	50,000
National Payment System	167,000	133,600
Member's legal fees receivable	64,942	49,196
Prepayment - Sharetech	42,664	53,078
Other prepayments and receivables	10,350	23,073
	<u>710,646</u>	<u>617,967</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 investment is classified as other receivables and prepayment at 31 March 2021.

8. Property and equipment

	Land and building	Furniture and fixtures	Motor vehicle	Office, computer and other equipment	Total
Cost					
At 1 April 2020	1,425,812	386,528	250,746	1,520,648	3,583,734
Additions	26,839	53,006	-	18,182	98,027
At 31 March 2021	<u>1,452,651</u>	<u>439,534</u>	<u>250,746</u>	<u>1,538,830</u>	<u>3,681,761</u>
Accumulated depreciation					
At 1 April 2020	317,444	122,141	30,553	502,745	972,883
Charge for the year	25,477	20,363	25,074	112,637	183,551
At 31 March 2021	<u>342,921</u>	<u>142,504</u>	<u>55,627</u>	<u>615,382</u>	<u>1,156,434</u>
Net Book Value					
At 31 March 2021	<u>1,109,730</u>	<u>297,030</u>	<u>195,119</u>	<u>923,448</u>	<u>2,525,327</u>
At 31 March 2020	<u>1,108,368</u>	<u>264,387</u>	<u>220,193</u>	<u>1,017,903</u>	<u>2,610,851</u>

9. Members' deposits

	2021	2020
Regular deposits	6,929,855	7,330,163
Term deposits	400,735	873,309
	<u>7,330,590</u>	<u>8,203,472</u>

Members' deposits mature in less than one year.

10. Non-mandatory shares

	2021	2020
At beginning of the year	53,162,108	51,298,445
Net (decrease)/increase in shares	(1,870,361)	1,863,663
At end of the year	<u>51,291,747</u>	<u>53,162,108</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.

11. Accounts payable and accruals

	2021	2020
HBL payable (ATM Settlement)	18,511	263,609
Members' mortgage legal fees payable	50,700	71,539
Other accounts payable and accruals	366,342	477,649
Social Security payable	16,571	10,874
Other professional fees payable	25,875	19,875
	<u>477,999</u>	<u>843,546</u>

12. Mortgage insurance escrow payable

	2021	2020
Mortgage insurance escrow payable	<u>74,224</u>	<u>173,063</u>

Members are expected to insure their loan amount in excess of the Credit Union's automatic loan protection of \$40,000 as protection against any unknown risk. Consequently, the Credit Union assists members by collecting their monthly insurance premiums to cover the amount payable on renewal of the policy. Members' insurance premiums are recorded as a liability until payment is made at renewal.

13. Membership scheme - Sunrise to Sunset Fund

At the annual General Meeting held on 27 May 2006, a motion was approved by the members to create an insurance scheme. Consequently, the "Group Term Fund" was initiated whereby members make a monthly contribution of two dollars. The contributions are invested as directed by the Board of Directors. Beneficiaries are awarded a one-time funeral benefit of \$4,000 and can be as initially indicated or subsequently selected by the member.

	2021	2020
At beginning of the year	1,720,130	1,535,170
Increase for the year	374,836	386,960
Claims paid	(277,000)	(202,000)
At end of the year	<u>1,817,966</u>	<u>1,720,130</u>

14. Membership Scheme - Life savings and loan protection

The Board of Directors made a decision to implement an in-house Membership Scheme for Savings and Loan protection with an opening balance of \$57,129 allocated from undivided earnings approved by the Board as of January 2011. This fund offers protection to members for their combined shares and deposits up to a maximum of \$8,000 with set percentages tiered by age and for loans up to a maximum of \$40,000. The cost of the coverage is borne by the Credit Union at 0.55 cents per thousand on the total insurable balance.

	2021	2020
At beginning of the year	1,937,573	1,493,608
Net increase for the year	568,830	590,435
Claims paid	(528,740)	(146,470)
At end of the year	<u>1,977,663</u>	<u>1,937,573</u>

The Credit Union obtained an actuarial valuation of its Sunrise to Sunset Scheme and Life Savings & Loan Protection Scheme on 10 July 2018 which stated that the recorded policy liabilities represent a reasonable provision based on the application of actuarial techniques to the available data.

15. Severance payable

	2021	2020
At the beginning of the year	-	455,452
Additions	-	207,635
Payments	-	(663,087)
At end of year	<u>-</u>	<u>-</u>

During fiscal 2020, severance accrued was paid off to employees.

16. Interest income/(expense)

	2021	2020
<i>Interest income</i>		
Personal and business loans	6,128,778	6,266,692
Fixed deposits and investments	558,081	284,217
	<u>6,686,859</u>	<u>6,550,909</u>
<i>Interest expense</i>		
Members' deposits	(16,927)	(23,488)
Net interest income	<u>6,669,932</u>	<u>6,527,421</u>

17. Fee and commission income

	2021	2020
Service charges	307,992	631,596
Credit related fees	254,009	266,138
Commissions	10,012	9,911
Other	70,555	-
	<u>642,568</u>	<u>907,645</u>

18. Other operating income

	2021	2020
Sale of books and covers	-	4,003
Rental income	-	2,275
Commission	98,814	-
Other	148,898	84,182
	<u>247,712</u>	<u>90,460</u>

19. Provision for losses

	2021	2020
Provision for loan losses (note 6)	331,273	1,041,740

20. Other operating expenses

	2021	2020
Advertisement and promotion	23,994	83,194
Audit fees	42,211	30,267
ATM	19,947	11,773
Bank charges	28,923	31,618
Cash difference	500	433
Credit union week	8,324	7,411
LS/LP Premium expense	568,607	590,435
Depreciation	183,551	171,139
Donations	3,942	15,613
Education	19,756	21,350
Equipment maintenance	179,972	195,024
General maintenance	80,471	76,479
General meeting	21,516	66,891
Insurance	72,988	77,819
Insurance buildings	6,250	12,500
Legal fees	15,442	108,070
Loan interest	-	12,722
Loss on disposal	-	7,351
Other	11,993	52,151
Property tax	1,569	1,569
Rent expense	36,000	35,750
Registration fee	1,000	1,000
Security service	18,308	36,044
Severance expense	-	207,635
Social activities	8,828	21,649
Social security	58,575	56,566
Staff costs	1,867,044	2,384,393
Stationaries, supplies and postage	47,540	43,158
Strategic planning expense	842	39,031
Telephone	56,507	57,812
Travel and subsistence	31,337	36,422
Utilities	65,577	75,645
Vehicle maintenance	15,910	23,907
	<u>3,497,424</u>	<u>4,592,821</u>

21. Taxation

The Credit Union is licensed under the Credit Union Act, Chapter 314 of the Substantive laws of Belize, Revised Edition 2011 and is exempt from taxes on profits, gains, interest and dividends earned.

22. Key management compensation

	2021	2020
Key management compensation	308,536	453,076

23. Related party transactions

At 31 March, the Board of Directors and management have the following transactions and outstanding balances with the Credit Union which are included in members' loans receivable, deposits and shares respectively in the statement of financial position:

	2021	2020
Loans receivable:		
Officers' loans	132,515	162,779
Employees' loans	472,135	303,742
	<u>604,650</u>	<u>466,521</u>
Deposits:		
Officers' deposits	134,412	154,183
Employees' deposits	358,820	323,799
	<u>493,232</u>	<u>477,982</u>
Shares:		
Officers' shares	97,886	119,743
Employees' shares	310,960	212,770
	<u>408,846</u>	<u>332,513</u>
Transactions with related parties:		
Officers' allowance paid	131,275	110,081
Interest income earned from related parties	48,743	58,581
	<u>180,018</u>	<u>168,662</u>

24. Lease commitment

The Credit Union leases a building at \$3,000 per month under an annual operating lease agreement which is renewable by written notice 2 months before the lease expires. The lease is for annual periods ending 30 April and has been extended for another year ending 30 April 2021.

The future minimum lease payments under the operating lease are as follows:

Due in next fiscal year	36,000
Due between one and five years	<u>3,000</u>
	<u><u>39,000</u></u>

25. Contingent liabilities

Legal matters

In the ordinary course of business, the Credit Union is subject to legal actions.

The following litigation matters that existed at 31 March 2020 were consolidated and a decision handed down by the Court on the 11th March 2021 and the Judgment Order perfected on 20 May 2021.

(i) Supreme Court Claim No. 538 of 2015: Yolanda Gomez vs La Inmaculada Credit Union Limited and the Registrar of Credit Unions (the Governor of the Central Bank).

(ii) Supreme Court Claim No. 723 of 2015: La Inmaculada Credit Union vs Yolanda Gomez.

Claim 538 was dismissed and judgment was in favour of La Inmaculada Credit Union in Claim No. 723 of 2015. Ms Gomez is to pay \$436,906.34 for loss sustained as well as costs. The decision is subject to appeal.

26. Future changes in accounting policies

The Credit Union has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Credit Union:

(i) IFRS 17, Insurance Contracts, was issued in May 2017 and replaces IFRS 4, Insurance Contracts. The new standard established the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. It is effective for the annual period commencing 1 April 2021, with early adoption permitted only in conjunction with IFRS 15 and IFRS 9. The Credit Union is assessing the impact of the standard.

27. COVID-19 effect

Since March 2020, the spread of COVID-19 has impacted many local and international economies and disrupted businesses for an indefinite period. Measures taken to counteract the pandemic have resulted in an economic slowdown worldwide. The extent of the impact of the COVID-19 pandemic on the operating and financial position of La Inmaculada Credit Union Limited will depend on certain developments, including the duration and spread of the pandemic and the impact on its operations, all of which are uncertain and cannot be predicted at this point.

Current Directors and Officers and their remaining terms in office as at March 31, 2021:

Board of Directors:

Interim President	Belarmino Esquivel	Vacancy
Interim Vice President	David Constanza	Vacancy
Secretary	Manuel Polanco	One (1) year more
Assistant Secretary	Teresita Miranda	One (1) year more
Treasurer	Cindy Castillo	Vacancy

Supervisory Committee:

Chair	Lisa Carrillo	Vacancy
Secretary	Dorita Herrarte	Vacancy
Officer	Leandro Osgalla	Vacancy (Interim)

Credit Committee:

Chair	Marcia Tun	Vacancy
Officer	Javier Moreno	Vacancy
Secretary	Suzannie Cajun	Vacancy (Interim)

CREDIT UNION PRAYER

Peace Prayer for St. Francis of Assisi

**Lord make me an Instrument of your 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
where there sadness, joy**

**O Divine Teacher, 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**

AMEN