# LA INMACULADA CREDIT UNION LIMITED

# 69TH Annual General Meeting

MUFFLES COLLEGE HIGH SCHOOL AUDITORIUM

JULY 1, 2018
















# Affordable Available Accessible Financial Services

LA INMACULADA CREDIT UNION LTD.
BELIZE, C.A.






**1% Monthly on the Reducing Balance**

## LA INMACULADA CREDIT UNION LTD.



# GET IN "GEAR FOR THE NEW SCHOOL YEAR"

LA INMACULADA CREDIT UNION LTD.
BELIZE, C.A.

**Shares/Savings**
BUILD YOUR CHILD'S WEALTH WITH SMALL, FREQUENT DEPOSITS.

NO FEES FOR ACCOUNTS.

**Back to School LOANS**
PREPARE YOUR CHILD FOR THE ENTIRE SCHOOL YEAR WITH OUR LOW-INTEREST LOANS

**BNECT Student Loans**
LOANS UP TO $10,000.00 FOR TUITION AND OTHER SCHOOL FEES.

PAY ONLY INTEREST WHILE STUDYING.

INTEREST AS LOW AS 1% Monthly on the Reducing Balance
Actual Percent rate of 6.5 - 7.5%



5 PARK STREET, ORANGE WALK TOWN, 322-2358 OR 322-0483 OR
2 FOREST DRIVE, CITY OF BELMOPAN, 822-3018

*Your Road to Financial Prosperity!*

LICU@BTL.NET
WWW.LICU.ORG

# 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 67th and 68th Annual General Meeting
b. Business arising from the Minutes of the Last Meeting

**6. 2017-2018 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. Supervisory Committee

**10. OTHER BUSINESS**

**11. NEW BUSINESS**

a. Confirmation of External Auditor
b. Resolution – Amendments to By-Laws

**12. ADJOURNMENT OF BUSINESS MEETING**

**13. REFRESHMENTS AND PRIZES**

LA INMACULADA LICU CREDIT UNION LTD. BELIZE, C.A.

# MINUTES OF THE 67th and 68th CONSOLIDATED ANNUAL GENERAL MEETINGS of the LA INMACULADA CREDIT UNION LIMITED

**Held at the Muffles College Auditorium, Orange Walk Town on Saturday July 22, 2017**

## OPENING AND PRELIMINARIES

## CALL TO ORDER

The meeting was called to order by the President, Ms. Ena Martinez, at 10:02 a.m. The opening prayer was led by Fr. Arturo Orosco. The National Anthem was led by Ms. Jamie Castillo, while the welcome address was given in English by Mr. Javier Moreno, and in Spanish by Mr. Manuel Polanco.



The minutes for the 66th Annual General Meeting were accepted as presented on a motion by Mr. Belizario Carballo, and seconded by Mr. Arturo Sosa.

## 2015 – 2016 Reports

## Board of Directors' Report:

## SERVICES

### The Group Term Life Fund – Membership Scheme (From Sunrise to Sunset)

As at March 31, 2016, this initiative has assisted 294 families with a value of $186,000.00. For this particular year in review, the fund grew by $131,782.00 after paying sixty two (62) benefits, in comparison to forty seven (47) paid out the year before. The total assistance provided for the year in review was $186,000.00.




### Savings and Loans Membership Scheme

One of the many benefits offered by LICU is that of coverage on savings depending on the age a member saves up to a maximum of $8,000.00. This coverage is extended to all loans up to $40,000.00 once the loan is in good standing and

up to date with payments. The fund grew by $67,080.00 and has a balance of $824,324.00 after six years of existence.

## ALLIANCE /PARTNERSHIP/NETWORKING

### RF & G Insurance

Our alliance as agents of RF & G allows our members who require insurance to be able to access it at the point of processing their loan with their 15% automatic discount. This feature resulted in a total discount of $10,045.68 that was passed as savings to our members.

### EU – LICU Small Scale Enterprise in Development and tourism II (SSEDAT II)

Our project final report and audited financial statements were submitted to the National Authorizing Office (NAO) for the transfer of the final payment amount of EURO 29,241.72. This final payment would have marked the end of all financial obligations from the EU to LICU and vice versa.

### Sugar Cane Replanting Program (SCRP)

As at March 31, 2016, LICU had managed to approve and disburse 78 loans for the replanting of 267.5 acres of sugar cane for a total value of $400,899.86. These loans are repayable over a period of five (5) years with a one year grace period on principal payments.

### Belize Rural Finance Program (BRFP)

During the course of the financial year, this outreach program, in its majority, facilitated the inclusion of some 1,837 new members from the rural areas into the credit union movement. Of these, ninety nine (99) members qualified as direct beneficiaries of the rural finance program. To date, the BRFP has directly supported and benefitted 1,047 rural members, mobilizing some $114,378.00 in savings and some $708,753.00 in loans.

### Rural Credit Fund (RCF)

For the 2015 – 2016 financial year, this fund financed 207 small family projects for a total loan value of $892,927.72.

### LICU Star Saver's Program

In November 2015, LICU launched the LICU Star Saver's Program in eleven (11) primary schools in the Orange Walk District. As at March 2016, 426 students had enrolled in the program with a total of $19,678.00.



**Taiwan ICDF Papaya Project**

The project concluded on September 30, 2015 after LICU served notice to Taiwan ICDF of its intention to terminate the contract in March 2015, six (6) months prior to the intended termination date. This was as a result of the Taiwanese Mission downsizing its operations in Belize and the Government of Belize's decision to discontinue support for the promotion of the papaya industry among small farm holders as a viable diversification alternative.

As at March 31, 2016, only the loan approved for the Orange Walk Papaya Growers Group (OWPGG) is outstanding and all efforts are being made by both LICU and Taiwan ICDF to seek the best possible options out of this challenging situation.

**Social Entrepreneurship Program (SEP)**

On March 2016, LICU signed two (2) contracts with local consultants for the provision of the last two training modules under the Technical Cooperation Agreement between LICU and the Inter-American Development Bank (IDB). LICU received a US $750,000.00 line of credit for on-lending to micro-entrepreneurs. As at March 31, 2016, 866 members had received some type of small business loan for the financing of non-traditional economic activities in business. Due to the excess liquidity in our financial system, US$250,000.00 was forfeited.

**Empowerment Fund (EF)**

On July 2014, The Belize Natural Energy Charitable Trust (BNECT) and LICU signed a Share Investment Agreement with a value of BZ $750,000.00 for the establishment of an Empowerment Fund.

**Student Loan Program with Belize Natural Energy Charitable Trust (BNECT)**

LICU and BNECT have been able to assist 200 deserving students of which fifty three (53) have fully repaid their loans.

**Secure Debit Network – NETWORK ONE**

The partnership created under Network One has resulted in numerous benefits for thousands of credit unionists and customers of Heritage Bank. The ATMs under the network offer the opportunity to access cash countrywide at twenty five (25) ATMs and three hundred (300) POS stations.



**Credit Union Week 2015**

On International Credit Union day, Thursday, October 15, 2015, LICU had a grand open day at its parking facility where enterprising members displayed their products and services.

**EDUCATION AND TRAINING**

**Scholarship Recipients 2015 – 2019**

The recipients for the year 2014 – 2015 were Amee Hernandez from Bishop Martin High School, Perla Yasmin Martinez from Escuela Secundaria Tecnica Mexico, and Kevin Garcia from Muffles College High School.

**Staff Development**

Vacancies were advertised for the posts of cashier, network administrator, loans monitoring officer, credit advisor and accountant for the Orange Walk Main Office, and two (2) cashiers and an officer in charge for the Belmopan branch. Ms. Ana McLaughlin was also hired. The new recruits underwent a thorough and educational induction into LICU with an intense three (3) day theoretical orientation.

**Belmopan Branch**

The membership stood at 3,709 members with $3.5 million in shares and an asset base of $7.7 million. Delinquency is prominent, but efforts are being made to curb and contain it.

**Conclusion**

A dividend of 2% was recommended. Members were informed that they could withdraw their dividend if they so desired.

**Treasurer's Report**

Savings increased by $5.39M or 12%. Assets increased by $6.47M or 11.5%. Loans increased by $4.8M or 10%. Membership grew by 2,187 members. This represents a 9.6% growth. As a result of compliance with International Financial Reporting Standards (IFRS), the Membership Fund and the Burial Fund were reclassified as liability instead of equity. This affected our returns since $245,620.00 was allocated as Severance Payable. Additionally, Loan Loss Provisioning increased by $742,846 from $64,870.00 to $807,716.00.



Baker Tilly Hulse conducted auditing exercises. Their report presentation was different than the ones presented in previous years. They present expenses in an accrual basis as opposed to the previously modified cash basis system. Because of this, three audits were expensed instead of the usual one audit. This accumulation of three audits resulted in an additional extraordinary increase of $75,994.00. A Special General Meeting was called on August 23, 2015.

There was also a decrease in income as a result of reducing interest rates on the BEL Debentures as three series were recalled and reissued at a lower interest rate. Interest rates on our Fixed Deposits also decreased and are now below 2%.

**Delinquency**

Delinquency increased drastically. It was found that, in previous years, follow up on all delinquent loans was not being carried out according to protocol and that some members were being exempted from the usual process due to familial or friendly ties with some staff members. Information regarding these accounts was purposefully manipulated so that these delinquent loans would remain undetected. These loans were tagged manually. This caused the delinquency rate to reach almost 8% by March 31, 2016.

In early 2016 it was noted that some transactions had been posted in error into the wrong accounts instead of the cash account. Additionally some entries that had been posted in cash were duplicated. When the corrections were made, the cash position in the system increased drastically and showed a large difference between the book balance and the actual cash on hand.

**Credit Committee's Report**

As at March 31, 2016, the overall loan portfolio stood at $51,064,992.68, an increase of $5,622,297 or 13% over the previous year. The total value of loans disbursed during the fiscal year 2015/2016 stood at $29,177,878.78.

**Supervisory Committee's Report**

The Committee reported that Bank Reconciliations were prepared in a timely manner and were properly verified and approved and all reconciling items were accounted for. They were also satisfied with the existence of all bank statements for the savings amounts reflected in the financial statements. They also reported that the accounts reviewed were up to date and that the policies were adhered to.

The Committee recalled passbooks for some members to test shares balances, and deposit and loans balances against the balances on our records. All those members had their passbooks updated.



## Discussion of Reports

Mr. Angel Lopez expressed discontentment with the 2% dividend declared. However, he also expressed that he understood well why this happened. He agreed that this was as a direct result of the loan loss allocation of $742,846.00. He also expressed that all possible measures should be taken to recover all monies owed to LICU.

The General Manager commented that the Board had acted prudently in approving the 2% dividend. She also emphasized the fact that LICU was in full compliance with the net institutional capital and the loan loss relocation.

Ms. Amira Perrera asked about the over $800,000.00 that was reported missing.

The General Manager explained that this was something that could be affixed to a number of factors including the fact that there were numerous poor internal controls and processes inherited from the previous management system. She went on to explain that there is an ongoing investigation by the police and the auditors. She also said that during the extensive review, corrections made in certain accounts contributed largely to the noted difference. She explained that numerous efforts are being made to investigate this serious concern. She added that as per our continued commitment to accountability and transparency, with new management, anybody found guilty will be dealt with swiftly and justly.

Ms. Cindy Castillo added that none of the audits that have so far been conducted has shown any manipulation of the system or of any wrongdoing in this issue.

Mr. Belizario Carballo expressed that it was sad to hear what had happened at LICU. He said the members were lucky to have received a 2% dividend since he thought no dividend would be declared. He moved that the reports be accepted as presented. Mr. Misael Perez seconded the motion.

Ms. Ena Martinez, President, declared a 2% dividend.



# 2016 – 2017 Reports

## Board of Directors' Report

## SERVICES

### The Group Term Life Fund

The fund grew by $192,620.00 after paying $156,000.00 in benefits to the families of 51 members who passed away during the past year. As at March 31, 2017, this fund had a total balance of $1,174,204.00.

### Savings and Loans Membership Scheme

This fund grew by $285,355.00. It now has a balance of $1,109,679.00 after seven years since its inception.

## ALLIANCE/PARTNERSHIP/NETWORKING

### RF&G Insurance

Members continued to receive the 15% discount on insurance requirements resulting in a total discount of $8,987.16.

### Sugar Cane Replanting Program (SCRP)

The Development Finance Corporation (DFC) has further reduced the interest rate on this loan facility from 3% per annum on drawn-down balances to 1%. The program will continue up to March 31, 2018. As at March 31, 2017, the program had approved $485,377.17 for replanting loans and $288,019.24 for ratoon maintenance.

### Belize Rural Finance Program (BRFP)

This program came to an end in October 2016. All equipment and assets provided to LICU were officially transferred to ensure sustainability of the program.

### Rural Credit Fund (RCF)

During the period 2016-2017, the RCF financed a total of 76 small loans for a total value of $383,380.45. In total, from 2013, the RCF has managed to finance a total of 590 small household projects for a total fund mobilization of $2.49M and benefitted an estimated 2,605 beneficiaries.



**LICU Star Savers Program**

Challenges within LICU in 2016, mostly with human resources, forced a scale-down of this outreach program. However, it will once again be resumed with the start of the new school year in August-September of 2017.

**Taiwan CDF Papaya Project**

50% of the previously recorded interest earned on all loans under this program were expensed. This was done because the interest was being reported as income for LICU instead of the agreed 50/50 with Taiwan ICDF. In 2016, half of the interest earned on the short term deposits with a value of $4,095.00 had to be additionally expensed for the same reason.

**Social Entrepreneurship Program (SEP)**

The Technical Cooperation component of this project was completed in June 2016 with the final training sessions in Credit Analysis and Evaluation, and Land and Property valuation.

**Empowerment Fund**

The original agreement had allowed a maximum loan size of $100,000.00. However, this was reduced to $20,000.00 to allow greater access by interested members. To date, total loans value stood at $200,000.00 and a loan balance of $105,227.50.

**Student Loan Program with Belize Natural Energy Charitable Trust (BNECT)**

As at March 31, 2017, LICU and BNECT assisted 222 students for a total loan value of $1,253,982.00.

**Secure Debit Network – Network One**

The network offers the opportunity to access cash countrywide at twenty five ATM's and over 300 Point of Sale stations.

**Credit Union Week 2016**

Credit Union Week was celebrated from October 17 to October 23, 2016 with International Credit Union Day being celebrated on October 20, 2016. A Thanksgiving Mass was celebrated on Sunday, October 23, 2016 at La Inmaculada Church. Groceries were also donated to the St. Vincent De Paul Society as a part of the Sharing and Caring Drive.



## EDUCATION AND TRAINING

### Scholarship Recipients 2016 – 2020

The recipients for this year's scholarships went to Aurora Novelo from Orange Walk Technical High School, Darwin Botes from Muffles College, and Misael Marcel Bacab from Orange Walk Technical High School.

### Staff Development

The two final training sessions that were pending under the SEP Technical Component were completed.

The front line staff attended a training session entitled "Know Your Money" delivered by the Central Bank of Belize. LICU also participated in a series of training sessions organized by the Belize Credit Union League.

Ms. Danita Young and Mr. Ramon Pelayo were hired as Public Relations Officer and Administration Manager respectively.

## BELMOPAN BRANCH

A gradual shift from a predominance of personal loans to more loans in the productive and education sectors took place. Delinquency is still a challenge.

### Conclusion

A dividend of 4% for the year 2016 -2017 was recommended. Members were informed that they could withdraw their dividends if they so desired.

## Treasurer's Report

### April 1, 2016 – March 31, 2017

As at March 31, 2017, assets, the loan portfolio, and surplus increased even after absorbing a loan loss provisioning of almost two million dollars. Savings increased by $3.73M or 7.4% while assets increased by $7.27M or 11.6%. The loans portfolio also increased by $6.89M or 13.5%.

Delinquency increased throughout the year. It was also noted that the information system had not been tagging all delinquent loans for an extended



and unquantified period of time, resulting in a sudden surge of previously unreported delinquent loan accounts.

**Credit Committee's Report**

The loan portfolio as at March 31, 2017 stood at $57,950,618.00, a marked increase of $6,859,691.15 or 13% over the year before. The total dollar value of loans approved during $33,577,021.56 as compared to $29,177,878.78 in 2015-2016 an increase of 15%.

Delinquency stood at 13.18% or $7.63M.

**Supervisory Committee's Report**

The committee reviewed the periodic financial statements, income and expenses and cash flows of the Credit Union. These reviews found that they present fairly, in all material respects, the financial position of LICU.

Areas of reporting, cash management, expenditure controls and cost decreases, prudent management of resources and assets were among the several areas of vast improvement.

The committee examined and noted positive, gradual and much needed improvements in cash management, control, and handling with the introduction and implementation of excellent processes and controls.

The committee also tested the credit card for proper and authorized usage in accordance with Policies and Procedures for corporate credit card usage.

An Internal Auditor and a Compliance Officer will be hired and they will report directly to the Supervisory Committee.

## Discussion of Reports

Mr. Misael Perez queried about rebates and it was shared that it is something the Board had considered, but because of the low dividend given the year before, the Board thought it was a better idea to compensate all members with the best possible return in dividends.

Mr. Alvin Tillett moved that the reports be accepted. This was seconded by Ms. Aviceli Nah.

Ms. Ena Martinez, president, declared a 4% dividend.



**Raffles**

A few raffles were conducted. The winners were as follows:

| Prize | Ticket No. | Winner |
|---|---|---|
| Slow Cooker | 649128 | Elodia Blanco |
| Blender/Food Processor | 649448 | Gabriela Novelo |
| 36" Tower Fan | 649161 | Francisco Tillett |
| Toaster Oven | 513023 | Shanyl Tasher |
| $150. Gift Certificate (American Fashion) | 513023 | Noemi Ramirez |
| $200. Gift Certificate (People's Store) | 649614 | Alma Alonzo |
| $220. Gift Certificate (A & R) | 649301 | Shantel Arcurio |

**Future Plans for LICU**

Ms. Teresita Miranda and Mr. David Constanza presented to the members the future plans for LICU. Ms. Miranda presented in English, while Mr. Constanza presented in Spanish. The plans included immediate address of the issue of long lines when doing business at the main office, an educational campaign to encourage members to embrace technology which includes more usage of the ATM, and providing online banking. On the long term, the complete renovation and expansion of our main office was promised.

Other promises included the restructuring of the organization by reviewing current posts and creating new ones such as the internal auditor. The Board also promised to improve and expand the institution's educational and social outreach programs.

**Election of Officers**

Election of officers was conducted by Ms. Corine Fuller from the Belize Credit Union League. For the year 2016, Ms. Ena Martinez, Ms. Teresita Miranda and Mr. Manuel Polanco were nominated by the nominating committee to serve for another term as Board Directors. There were no other nominations for the floor, so they were duly elected on a motion by Mr. Belizario Carballo and seconded by Mr. Misael Perez.

For the year 2017, Mr. Belarmino Esquivel, Mr. David Constanza, Ms. Cindy Castillo and Mr. Oscar Gutierrez were nominated by the nominating committee to serve for another term as Board Directors. There were no other nominations from the floor, so they were duly elected on a motion by Mr. Alvin Tillett and seconded by Mr. Roman Canul.




For the year 2017, Ms. Lisa Carrillo was elected to serve as a Supervisory Committee Officer to replace Ms. Ana McLaughlin. There was no other

nomination from the floor, so she was duly elected on a motion by Mr. Emmanuel Martinez and seconded by Ms. Melina Carballo.

For the year 2017, Mr. Carlos Contreras, Mr. Javier Moreno and Ms. Marcia Tun were nominated by the nominating committee to serve as officers in the Credit Committee. There were no other nominations from the floor, so they were duly elected on a motion by Mr. Alberto Balam and seconded by Ms. Marie Young.

**Other Matters**

Mr. Emmanuel Martinez inquired about the court case. He was informed that the case had started on February 13, 2017. On February 14, 2017, both parties were sent to mediation by the magistrate. The case would resume on September 25 and 26, 2017.

**New Business**

**Confirmation of External Auditor**

Ms. Ena Martinez recommended the offices of Baker Tilly Hulse to be the auditors for LICU for another year. Mr. Hulse accepted the recommendation. The membership also agreed by a show of hands.

Ms. Martinez spoke of the possibility of joining the Belize Credit Union League soon. To this, Ms. Arcelia Leiva expressed that the members were not informed that LICU did not belong to the League. Mr. Belizario Carballo said that this was an issue that was brought up two years ago, and he made a motion saying that LICU become a member of the League. Ms. Belinda Chan seconded the motion. The membership agreed by a show of hands.

Mr. Rafael Dominguez, manager of SFXCU addressed the membership and spoke of the benefits of being a member of the Credit Union League.

**Adjournment**

The meeting was adjourned at 1:48 p.m. on a motion by Evaristo Blanco. This was seconded by Mr. Rafael Novelo.

While food and refreshments were served, raffles were conducted. The winners were as follows:



| Prize | Ticket No. | Winner |
|---|---|---|
| Tool Kit | 649010 | Fernanda Magaña |
| Beach Cruiser Bicycle | 513109 | Noelia Lopez |
| 7” Tablet | 513012 | Norely Rosado |
| Microwave Oven | 649390 | Margarito Marin |
| Washing Machine | 513022 | Vianey Tasher |
| B.B.Q. Grill | 513048 | Erika Ortega |
| Stove | 649415 | Romaldo Cal |
| Weedeater | 649255 | Sandra Caliz |
| Bed | 649233 | Gilbert Bernard |
| Led Smart TV | 649536 | Melany Stevens |
| Refrigerator | 513142 | Henry Magaña |
| Shares or Cash | 513041 | Maria Bobadilla |
| “ “ | 649375 | Aurelio Coy |
| “ “ | 649222 | Manuel Soliz |
| “ “ | 513113 | Denaide Novelo |
| “ “ | 649389 | Jaiany Benavidez |
| “ “ | 513067 | Tomasita Acosta |
| “ “ | 649346 | Eugenia teck |
| “ “ | 513024 | Rose Marie Young |
| “ “ | 649125 | Carl Tillett |
| “ “ | 513077 | Trishia Jones |
| “ “ | 513025 | Rose Marie Young |
| “ “ | 513103 | Aurelia Coy |
| “ “ | 513198 | Nori Campos |
| “ “ | 513018 | Marcel Rosado |
| “ “ | 649446 | Antonio Leiva |
| “ “ | 649009 | Rosita Rosado |
| “ “ | 649576 | Micaela Mai |
| “ “ | 513115 | Camila Cal |
| “ “ | 513052 | Delcy Gonzalez |
| “ “ | 513149 | Emil Lopez |

**Children’s Fun Corner Winners ($10.00 Shares)**

Juliane Campos
Alberto Balam
Aylin Gonzalez
Eneida Cocom
Aldair Ramirez
Eliazar Aguirre
Wennson McLaughlin
Abraham Balam
Dethsy Gonzalez
Marelly Rosado

Respectfully Submitted,

Manuel Polanco
Secretary



**BOARD OF DIRECTORS**
**2017 - 2018**



**Ena A. Martinez**
**President**



**Belarmino Esquivel**
**Vice President**



**Manuel Polanco**
**Secretary**



**Oscar Gutiérrez**
**Assistant Secretary**



**Cindy Castillo**
**Treasurer**



**Teresita Miranda**
**Director**



**David Constanza**
**Director**

**BOARD OF DIRECTORS REPORT 2017-2018**

It is with great honor and pride that the Board of Directors welcomes our esteemed members-owners to our 69th Annual General Meeting.

We have had the privilege to be at the helm of this reputable institution, especially during the last three (3) years, where we have diligently worked to streamline, enhance and improve internal and external controls and processes to ensure that every single action taken has been done with accountability and transparency. We can proudly say that the management and staff have been working in unified collaboration in making the necessary changes to now be able to say that we are extremely confident of our current state of affairs that will be thoroughly discussed during this meeting.

I encourage you to continue actively participating in the activities hosted by your credit union as they are all geared to educate you, empower you and inform you. This is our largest meeting activity and we are very pleased to have you here. This shows your interest in your credit union and our collaborative efforts are necessary to make the best decisions. We also conduct numerous other outreach efforts both in the urban and rural areas and your participation is important to achieve the expected results.

We have had numerous positive changes and these have been made possible by working hand in hand with your volunteer Directors, Officers, Management and Staff, regulators, sister credit unions, BCUL, and numerous nonprofit organizations and government organizations. It has also been made possible largely by the constant efforts of the committed staff. We truly believe that we are currently in the best position with our professional staff element to meet and exceed your expectations. I would like to commend the staff, as showcased below, for the excellent job during this past fiscal year and look forward to assisting them in their personal and professional growth which in turns benefits you, our membership, as well.

**MAIN BRANCH STAFF (ORANGE WALK)**



**BELMOPAN BRANCH STAFF**



*Teamwork is at the Heart of Great Achievement!*

## SERVICES



### 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 410 families as at March 31, 2018.

The total assistance provided for this past year totaled $182,000.00 as follows:

| | | | | | |
|---|---|---|---|---|---|
| 1 | Florencia Vasquez | 1,000.00 | 34 | Marlene Wright | 4,000.00 |
| 2 | Florencia Vasquez | 1,000.00 | 35 | Epifania Sierra | 2,000.00 |
| 3 | Hulbert Kerr | 2,000.00 | 36 | Bernardino Magana | 2,000.00 |
| 4 | Maria del Transito Garcia | 4,000.00 | 37 | Maria e. Moguel | 1,000.00 |
| 5 | Miguel Soliz | 2,000.00 | 38 | Maria E. Moguel | 1,000.00 |
| 6 | Elvira Bacab | 2,000.00 | 39 | Maria Garcia | 4,000.00 |
| 7 | Esolina Leiva | 4,000.00 | 40 | Luciana Romalda Basto | 2,000.00 |
| 8 | Jose Moralez | 2,000.00 | 41 | Gregoria Blanco | 2,000.00 |
| 9 | Alma Mendez | 4,000.00 | 42 | Oswald E. Lopez | 2,000.00 |
| 10 | Marva Valerio | 4,000.00 | 43 | Preston Coleman | 2,000.00 |
| 11 | Adibnely Sunan | 4,000.00 | 44 | Richared Canti | 4,000.00 |
| 12 | Michael Kerr | 4,000.00 | 45 | Tomas Cawich | 4,000.00 |
| 13 | Reymundo A. Balam | 2,000.00 | 46 | Myra Ramirez | 4,000.00 |
| 14 | Pascual Mesh | 2,000.00 | 47 | Placido Cal | 2,000.00 |
| 15 | Liborio Pech | 2,000.00 | 48 | Brauli Pech | 4,000.00 |
| 16 | Maria M. Agustin | 1,000.00 | 49 | Cornelia Tillett | 2,000.00 |
| 17 | Maria M. Agustin | 1,000.00 | 50 | Emilia Juchim | 4,000.00 |
| 18 | Maria Tillett | 4,000.00 | 51 | Leocadio O. carballo | 2,000.00 |
| 19 | Alberto Cawich | 4,000.00 | 52 | Marisol Melhado | 4,000.00 |
| 20 | Lesby Martinez | 2,000.00 | 53 | Armando Grajalez Jr. | 4,000.00 |
| 21 | Dolores Novelo | 2,000.00 | 54 | Melicio Guemez | 2,000.00 |
| 22 | Agustina Chable | 2,000.00 | 55 | Florencia Zetina | 4,000.00 |
| 23 | Daniel Sosa | 4,000.00 | 56 | Teofila Tillett | 2,000.00 |
| 24 | Delia Vargas | 4,000.00 | 57 | Dorla August | 4,000.00 |
| 25 | An V. Gonzalez | 2,000.00 | 58 | Herculano Tuz | 4,000.00 |
| 26 | Consuelo Garrido | 2,000.00 | 59 | Roberto Castillo | 2,000.00 |
| 27 | Floyd Sutherland | 4,000.00 | 60 | Mariana Herbert | 2,000.00 |
| 28 | Helidoro Medina | 2,000.00 | 61 | Estela Wicab | 4,000.00 |
| 29 | Joaquin Villamil | 4,000.00 | 62 | Daniel Perez | 2,000.00 |
| 30 | Marcos Flores Sr. | 4,000.00 | 63 | Donatilo Bustillos | 2,000.00 |
| 31 | Eugenio H. Duran | 2,000.00 | 64 | Francisca Carrillo | 2,000.00 |
| 32 | Agustina Tuz | 4,000.00 | 65 | Elton Petzold | 4,000.00 |
| 33 | Anselmo Ek | 4,000.00 | | | 182,000.00 |

This past year the fund grew by $191,129.24 after paying sixty five (65) benefits, in comparison to fifty one (51) paid out for last year. The fund balance stood at $1,365,333.24 as at March 31, 2018.

This benefit is one that has made a huge difference in the lives of the beneficiaries of our members as most of the time death is unexpected and brings along with it immediate expenses in addition to the emotional pain after such a momentous loss. The assistance that this fund has provided to so many families is immeasurable and no other institution offers this much needed assistance. We hope that those that have benefitted from this fund share how appreciated it is during their time of need so that their family and friends can join us and also enjoy this benefit.

**Savings and Loans Membership Scheme**

As valued members-owners of your credit union you are entitled to enjoy numerous benefits by being affiliated to us. One of those benefits is the coverage on your savings depending on the age you save up to a maximum of $8,000.00. This coverage is also extended to all loans up to $40,000.00 once you are in good standing and up to date with your payments. This coverage is automatic and free of charge which results in unnoticed savings as our members do not have to pay for additional external protection once it is within the automatic coverage range.



Benefits paid as additional funds to beneficiaries on top of members' savings.



Additionally, Free Loans Coverage protects the assets acquired by your loans converting them to inheritance.

This fund grew by $259,599.88 and has a balance of $1,369,278.88 after eight (8) years as captured in the audited financial statement.

This is also another benefit that has provided many families with unexpected benefits, as when the member passes up to $40,000.00 of the loan is fully repaid based on this coverage alone. As a result, beneficiaries do not inherit the burden of having to make additional payments to these loans and can stay with the assets that their loved one left them without fear of foreclosure or repossession.

It is very important to highlight these FREE coverages that demonstrates that we take care of our members during and after their lifetime. LICU has been able to make a significant positive difference in the lives of numerous members and beneficiaries in their time of most need. Let us share these benefits with everyone so that they can also rest at ease at all times.

## ALLIANCES/PARTNERSHIP/NETWORKING

### RF&G Insurance

This year once again three (3) of our staff attended a session on the implementation of building insurance for credit risk mitigation. We continued offering our members the 15% discount on insurance requirements resulting in a total discount of $9,575.26 from coverages processed via our LICU office.

It is important to note that these discounts were once also given on vehicle insurances but now only apply to house insurance.

Members are informed that there will be a minimal increase of 5% on house insurance premiums as a result of the devastating loss in the Caribbean during the year's overly active hurricane season. This is a small increase after many years of remaining stable. The escrow amounts being deducted monthly will be adjusted accordingly.

We take this opportunity to encourage our members to safeguard their homes and investments as best as possible as life is full of unexpected and uncontrollable events that can cause us unnecessary loss.

### Caribbean Confederation of Credit Unions (CCCU) Convention 2017 - Varadero Cuba




The 60th Annual International CCCU Convention was held in Varadero, Cuba from June 16 – 21, 2017 under the theme "Co-operatives: re-shaping Caribbean Sustainable Development". It was an honor and a privilege for our President, Ms. Ena Martinez, Directors- Belarmino Esquivel and Cindy Rosado and our Chair from our Credit Committee, Carlos Contreras to represent us in the 6 days of interactive workshops, which commenced with the CEO's round table followed by the business sessions. These were mostly geared towards enhancing executive insight, leadership skills, sustainable development, environmental trends affecting our region, bridging generational divide and overall credit union development through social media. Other important issues discussed were the impact of de-risking, operational excellence and competitiveness. A highlight was a stirring and inspiring speech from Hon. Dr. Ralph Gonsalves, the Prime Minister of Saint Vincent and the Grenadines.



It is noteworthy that currently there are no co-operatives in Cuba and it is hoped that with this first time exposure to the cooperative movement that it can be adapted as it is an excellent vehicle that could bring positive change, equality and unified growth for the less fortunate.

**Sugar Cane Replanting Programme (SCRP)**

As mentioned in the previous year's report, LICU like all other participants of the SCRP had until October 2016 to drawdown credit funds for this program. LICU accessed a total of $1,500,000.00, of which $800,000.00 has been repaid and a current balance of $700,000.00 remains.

For the fiscal year 2017-2018, LICU had managed to approve and disburse 30 loans under the replanting function, which translates to a total value of $194,300.00 in loans. Loans for replanting continue to be repayable over a period of five (5) years with a one year grace period on principal payments.

Under the ratoon maintenance component (repayable in one crop), we managed to provide credit to 21 qualifying farmers for a total value of $87,650.00 in loans.

Total funds approved and disbursed for SCRP since the inception of the program in the year 2014 total $1,063,346.93 as at March 31, 2018.




**Rural Credit Fund (RCF)**

Even after the termination of the Belize Rural Finance Program (BRFP), the RCF continues to create opportunities for our members of the rural communities to formalize and grow their wealth. The BRFP specifically targeted and incentivized lower-income households in the rural areas encouraging residents to join the Credit Unions and in doing so created the opportunity for them to build better livelihoods for themselves. The RCF is the last standing product of the BRFP that continues to provide convenient and affordable access to Small Business and Agriculture loans to our esteemed members-owners, and continues welcoming new members to join us. For the 2017-2018 financial year, this fund financed 31 loans totaling a value of $183,375.15.




**LICU Star Savers Program**

Our outreach activities to our current and potential young members continued with a renewed focus particularly in the last half of the fiscal year with excellent results as it well received and supported. This is evident in the statistics showing that we continue to serve 13 schools with a total of 653 students that have saved a commendable cumulative amount of $47,636.70. This is indeed showing that we are empowering our young savers for a secure start in an uncertain life.

**Social Entrepreneurship Programme (SEP)**




We have the Social Entrepreneurship Programme loan facility available for all our visionary and brave entrepreneurs that need funds to move their business forward. We know that we have many talented business persons who have creativity and untapped potential and we invite them to come and inquire on loans for innovative purposes to allow them to earn an extra income while fulfilling their achievable dreams. This program is made available through a loan facility obtained from IDB/MIF.

**Empowerment Fund (EF)**

The Empowerment Fund has the same core objective as the SEP programme as it also provides loan facilities for enterprising business persons who have the faith and confidence to put their time and effort to bring to fruition their business venture. We know that our economy is driven by the small business men and women and we want to offer our unwavering support through financial access and guidance.

**Resilience in the Americas Young Entrepreneurs Program (RITA-YAP)**




In 2016, La Inmaculada Credit Union Limited (LICU) and the Belize Red Cross Society joined efforts with the objective of establishing a revolving loan facility with the purpose of empowering young Belizean entrepreneurs of specific target communities. The Belize Red Cross Society created a guarantee fund of BZD$20,000.00 with LICU, which opened the doors for numerous interested and qualifying participants of specific target areas to receive small business loans that would assist them in generating new

incomes for their households. In most cases, the applicants were new members or first time borrowers that would otherwise have a more difficult time receiving loans over their shares limit. Nonetheless, thanks to the RITA-YAP project, not only was the application process guided and easier, but applicants also underwent mandatory Small Business Development Training Sessions with the Small Business Development Center (SBDC) of Belize to assist them in improving their business and financial management skills. Applicants we required to deliver a business plan presentation to our project and loan approval panel, which the very proficient employees of SBDC gracefully assisted with.



The combination of the Belize Red Cross' humanitarian outreach, the financial expertise of LICU, and the business development competency of SBDC proved to be a most worthy collaboration as it gave us the opportunity to further fulfil our mantra of "helping people to help themselves" at a more hands-on level. The result was supervised business credit facility that was targeted to residents of the San Victor Village in Corozal in the District, and residents from the Trial Farm, San Antonio Rio Hondo Villages in Orange Walk, as well as a few from the Orange Walk Town. A total of eleven (11) applicants from the mentioned areas participated in this project and a total of $19,000.00 from the funds was granted in loans for their investments.

**Sarteneja Alternative Livelihoods Microloans Program (SALMP)**



Similar to the RITA-YAP initiative, another targeted guarantee fund, revolving credit loan facility was established through the collaboration of the Sarteneja Fishermen Association (SFA) and LICU. In response to the obvious global decline of marine resources and the critical need to reduce pressures on the fishing industry for future sustainability, the SFA approached LICU with the interest of developing a loan project targeting the wives of the fishermen in their community. The overall purpose of the program is to increase the resilience and capacity of community members for income diversification away from high risk, high reliance on marine resources. Consequently, LICU extended the partnership to the Small Business Development Center, who once again gracefully assisted the women's group formed from the project with business development and management sessions.





With initial funding of the Global Environment Facility Small Grants Program (GEF SGP), the SFA established the Sarteneja Fishermen Association Microloans Program (SALMP) Guarantee Fund of BZD$14,000.00. This fund has assisted 14 women from the Community of Sarteneja with loans that have helped them to start-up and strengthen their homebased businesses.

**Sugar Fest 2017**



We proudly displayed our services and benefits at the Sugar Fest 2017 and were once again well received by many. Our booth had a flurry of activity and games all day long as our friendly and professional staff were opening accounts, providing impromptu consultations, sharing information on all our loan products, expounding on our numerous benefits such as the free coverage on loans and shares, our burial grant and our outreach efforts to many. We were also very pleased to answer any queries or concerns as the only way we can serve you better is by knowing what your needs are. We take advantage of all opportunities offered to remain in contact with our valued members' owners to keep evolving to meet your changing needs.

**Secure Debit Network– NETWORK ONE**

Network one has now become an integral part of our members' services as many access their funds throughout the country at the numerous ATM's and Points of Sale. To date, this network offers the opportunity to access cash countrywide at 45 ATMs and over 350 Point Of Sale stations.

We encourage our members to make maximum use of our ATM as our members can also transfer funds from their deposit to their shares and can make payments to their regular loans at our ATM. Additionally, there is no cost for the use of our ATM.

**Student Loan Program with Belize Natural Energy Charitable Trust (BNECT)**




As at March 31, 2017 LICU and BNECT had been able to assist 242 deserving students for a total loan value of $1,250,885.63. We are pleased to also share that 92 of these responsible students along with their parents have completed repaid their BNECT loans with a total value of $458,751.00. This is now serving as a credit history to be able to access additional loans as they move into adulthood and the formal workforce. We are proud to be a small contributory factor in their sucesses.

We continue to encourage all students who are currently under this program to ensure that they remain up to date with their accounts to allow this revolving fund to assist many more students.

We also encourage all students who are graduating who may not have the blessing of obtaining an employment that they consider all the options for loan access for venturing into their own business. We know that our economy is heavily dependent on our small entrepreneurs and we have the resources, the skill and the desire to help you achieve your dreams.

**Credit Union Week 2017**



We celebrated Credit Union Week from October 15 to 22, 2017 under the theme: "Dreams Thrive Here" to celebrate our triumphs and successes, and continue to promote our services and our accomplishments.
On Thursday, October 19, International Credit Union Day was commemorated with a few of Orange Walk's primary and secondary school students at our Parking Lot with an exciting Open Day to develop their community consciousness and participation by visiting the booths of The Belize Road Safety Project, The Orange Walk Police Department, Youth for the Future and The Department of the Environment, just to name a few.



On Friday, October 20, our members who conducted their regular transactions received a small token of appreciation.

On Saturday, October 21 most of our staff participated in the Belize Credit Union League Convention 2017, where they were fortunate to listen to various speeches and trainings in technology and customer service, among various other very important subjects that affect our Credit Unions.



On Sunday, October 22, 2017 we had a beautiful service in thanks giving for keeping us safe and guiding us to be prudent, responsible members which results in continued benefits and returns yearly to our membership and our community.

And as always we culminated our Credit Union Week Activities with the charitable sharing of boxes of groceries and other household items to a few of our less fortunate community members. The funds for this effort is resourced by members' donations and staff monetary donations, which is matched by LICU. This year we managed to prepare and distribute over 30 boxes of groceries and donated a gift certificate from The People's Store to the St. Peters Anglican Children's Feeding Program.









## EDUCATION AND TRAINING

### Scholarship recipient(s) 2018-2022

This year we once again received applications for our annual scholarship program. 18 applications were received for the year 2018-2022 and the Education Committee set to work with the utmost objectivity to award these scholarships to the most deserving students. We are pleased to announce that this year we have decided to award the following students with scholarships to attend their respective schools of choice:



**Neideline Chan**
Muffles College High School



**Israel Novelo**
Belize High School of Agriculture



**Lorennie Leon**
O.W. Technical High School



**Aldair Hobb**
Muffles College High School

We encourage our current scholarship recipients to continue doing their best to excel to the best of their potential and to show their development as mature and responsible citizens by being active and productive members of the community so that others may enjoy the privilege that they now enjoy.

### Staff Development

### Staff & Volunteers Training & Development

The LICU Board, Committees, Management and Staff participated in a series of trainings throughout this past fiscal year.

In April 2017, the BOD President, a Committee Member and the General Manager attended a training in how to 'Conduct Meetings and Preside Over Elections. This was then followed by a 'Know Your Money' training attended by the General Manager, Operations Managers and Cashiers and an Anti-Money Laundering and Counter Terrorism Financing (AML/CFT) Training attended by the General Manager and Officer-in-Charge (Belmopan).

Various staff then had the opportunity to attend training in: National Cyber Security (April 2017), MSME Risk & Opportunity Analysis (May 2017), and Disaster Preparedness (June 2017). As part of the Belize Credit Union League (BCUL) Annual Convention, in October 2017, Credit & Operations Staff attended work shop in: Financial Technology & Digital Banking, The Use of Digital Customer, and The Front Line is the Bottom Line.



LICU's Credit Staff then participated in a Property Valuation Training and Securities Training in November 2017. This was then followed by a training in Adobe Photoshop and MIF/IDB Training attended by the Marketing and Projects representatives respectively.





In February 2018, ALL LICU Board Committees, Management & Staff met with representatives from BCUL for a training in the Loan Policy. This was then followed by a training for Human Resources (February 2018) and by a Credit training, for all Credit Staff, and for representatives from the LICU Board and Officers, in March 2018.



During the fiscal year, there was a continuation of a series of in-house training sessions on Enhanced Public Relations and Superior Customer Service as part of a commitment to improve member experience at all levels of contact.

LICU then ended the fiscal year training period by participating in a continuous series of training sessions, through participation with BCUL, on credit union compliance with Anti-Money Laundering and Counter Terrorism Financing laws and reporting. This was attended by representatives from the Board, Committees, Management and Staff of LICU in March 2018.

**Human Resource Complement**

LICU's core staff has once more strived to maintain and excel in the quality of service delivered to our members at both Orange Walk Headquarters and at the Belmopan Branch Office. In this fiscal year, the staff was initially complemented, from September 2017 to November, 2017, as follows:

1. Cristian Sorto – Orange Walk
2. Faviola Tejada – Orange Walk
3. Efrain Hope – Orange Walk
4. Elugardo Gutierrez – Orange Walk
5. Luis Gutierrez – Orange Walk
6. René Ku – Orange Walk

At the latter part of the 2017 fiscal year, the staff was set to be further complemented in early April 2018 (early in the upcoming new fiscal year), after interviews were conducted in Mid-March 2018, as follows:

1. Mardo Urbina – Orange Walk
2. Kristen Vellos – Belmopan
3. Jenny Chi – Belmopan
4. Miguel Landaverde – Belmopan
5. Shanice Flowers – Belmopan
6. Daniel Arias – Belmopan

As has now become customary, the new recruits underwent a thorough and educational induction into LICU with an intense three (3) day theoretical orientation and then hands on training for the next two weeks. This newly implemented training process has proven to be a success as they are able to quickly and efficiently integrate themselves into the work flow.

## BELMOPAN BRANCH



As the Belmopan Branch continues to operate since it opened its doors in October 2013, we have faced many challenges and have made every effort to overcome them as we aim to provide you with the excellent, efficient and professional services that you deserve.

The past fiscal year has been a significant one for Belmopan as there was a major effort made in controlling delinquency and strengthening the branch in all aspects especially with the appointment of the recent Officer in Charge, Mrs. Danita Young, in June 2016. Since then the branch has managed to improve operationally and statistically. There was enhanced monitoring and support from the main office especially in the latter half of the last fiscal year and we were able to see a noteworthy decrease in delinquency. Our staff has been diligently following up on

those members who are behind in payments, either by choice or by unexpected circumstances, to ensure that all members live up to their commitment and repay the outstanding funds that were given in good faith. However, this still remains as our number one challenge. Nevertheless, now with a full complement of a total of 11 staff, we are confident this will be better controlled and in time, reduced significantly. It is unfair for some members to choose not to make their due payments which cause significant losses to all of us as members. We urge everyone to prompt your family and friends to be responsible in keeping up with their commitments as this will allow us to be able to assist in future times of need as your character and integrity are paramount when we assess loan approvals.

In addition, enhanced due diligence is being done to ensure that we make a thorough review of our members capacity to repay to ensure that we approve the best loans for a healthy portfolio. Whilst this should have been a practice from the onset, now that best practices are being applied, some members are having issues with complying even though the benefits will be enjoyed by everyone.

Our membership currently stands at 4764 and with our upcoming outreach and marketing efforts we are gearing towards an increase in our membership and our portfolio. In addition to the new staff, we have also hired a MicroFinance Field Officer to assist with increasing both our loan and membership portfolio, while at the same time reducing the delinquency rate. Our focus will be to target the neighboring villages with our outreach program as we now have a designated MicroFinance Field Officer.

As the branch continues to grow and improve, we remain positive in our efforts and we know that with the continued support of our loyal and committed members along with your professional and diligent team, we can accomplish our goals and targets to continue meeting the growing needs of our membership.

**CONCLUSION**

LICU remains as one of the foremost financial institutions and has shown commendable resilience and strength in rising above numerous challenges. We have proven that we have a committed and loyal membership that recognizes that all our efforts and initiatives are all made to improve our services and benefits. We can see how our Sunrise to Sunset Burial Fund has assisted numerous grieving families in their time of most need, we have witnessed the immense relief when loans are being covered when a loved one passes away, we have been pleased to match your hard earned shares but sad to see that it is being used to pay off bills at other financial institutions that do not offer our free benefits. We have seen our entrepreneurs of all ages benefit from training and we have seen our positive impact in reaching out to the rural areas. Our heart is really filled with gratitude to God the most high for allowing us to be good stewards and assist in securing and multiplying your investments.

We know that you are all expectantly awaiting the declaration of dividends. Firstly, we want to highlight that as a result of our combined efforts in living up to our responsibilities and commitments in managing prudently and in you saving continuously and repaying promptly, we remain fully compliant with our required Net Institutional Capital and Loan Loss Reserve for the

third year. It is therefore with great pleasure that we declare a 4% dividends and a 2% rebate for the fiscal year 2017-2018.

We know that this result is only possible with your unwavering and constant support hence you are once again able to enjoy the fruits of your returns by withdrawing your declared dividends. We would encourage you to consider this carefully and only withdraw if necessary as it is a welcomed increase in your investments which will in turn yield recurring returns in the years to come.

For and on behalf of the Board of Directors,



Ena Martinez
President

**Board of Directors**

| | | |
|---|---|---|
| Ena Martinez | - | President |
| Teresita Miranda | - | Vice-President |
| Manuel Polanco | - | Secretary |
| Oscar Gutierrez Jr. | - | Assistant Secretary |
| Cindy Castillo | - | Treasurer |
| Belarmino Esquivel | - | Director |
| David Constanza | - | Director |

**Treasurer's Report**

**April 1st 2017 to March 31st 2018**

LICU has been a formidable force in grooming, establishing, and propelling many micro and small businesses into a higher level of productivity and returns with training and support. We have also been able to assist the lives of many in accessing loans for education, housing and consumer loans by guiding them and advising them in borrowing exactly how much they need to be able to repay easily and conveniently. We are very concerned when we see our long standing members migrating to other financial institutions that do not offer them the additional free benefits that they enjoy with us. We have the lowest fees, we have coverage in loans up to $40,000.00 and we match your savings up to a maximum of $8,000.00 simply because we exist to serve you. We also assist in your funeral benefits to alleviate your families after you are not here.

Our efforts continue to yield results as can be appreciated below:

- Savings increased by $2.81M or 5%
- Assets increased by $3.37M or 5%
- Loans decreased by $.65M or -1%.

The following table shows our growth trend for the past five years:




We have seen a conservative yet steady increase during the most challenging three years in our history including a drastic increase in our reporting of delinquent loans and the required Loan Loss Provisioning. Our members can now see that we are consistent with our recovery efforts and are now foreclosing on some properties, taking members to both the Magistrate Court and Supreme Court. We firmly believe that everyone who has enjoyed the proceeds from these loans are required

to repay as it is our members funds that are used. We know that if we all prompt each other to live up to payments, we can all enjoy even higher dividends and better services.
We were also pleased to see that our membership once more showed an increase as we welcomed another 1,103 members that will also enjoy the numerous benefits and services that we offer. As of March 31, 2017 our membership stands at 27,034, representing a 4% growth as can be seen on the following chart:




We would like to share that we are carrying out an intensive review of our membership as we noted that there were many accounts brought into our system that need to be removed. We will also remove all accounts that are below our mandatory shares and place them in an escrow account that will be available when the members activate their account. This will reduce our membership but it will be a more accurate count. As you can see we are ensuring that we are verifying all information but it is time consuming and is being done in order of priority. Thankfully this is one the last exercises that are being done to ensure total accountability and veracity in all our information.

Your volunteer Directors, Officers, Management and Staff continue making all efforts to ensure that we formulate, implement and monitor every aspect of our day with one aim – to serve you in a timely manner, efficiently, courteously, and in a clean and welcoming environment because you are the ultimate owners and deserve our very best efforts, services and benefits.

We are also more than pleased to inform you that we have purchased our Deposit Bin and we have requested permission for construction to host it beside our ATM. You will now have six (6) options to make payments to your loans or increase your shares. You can access and transfer your funds:

1. Over the counter at both Orange Walk Town and Belmopan City
2. Via our ATM in Orange Walk
3. Via our Cheque Deposit Box in Orange Walk Town
4. Via our Online Banking website **www.licu.org**
5. Via our Belize Bank Accounts or Heritage Accounts
6. Via our External Deposit Box (coming soon in Orange Walk Town)

Another service that was implemented since October 2017 is the offering of additional cashiering services on our second floor in the busy days during the end of months. We have seen that this has drastically reduced our lines and our members are able to conduct their business in a timelier manner and in the cool comfort of our offices.

**Belmopan Branch**
We have been working consistently on long term changes for your benefit at our Belmopan Branch. The connectivity was causing delays in accessing our information and we have made various changes since January 2018 to see how we can improve the speed of our connectivity.

We are also having weekly visits from our Orange Walk office to offer support in all required areas so that all our members can conduct their business seamlessly regardless of where they access our services.

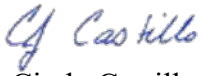
**Conclusion**
We can confidently say that our achievements for the past three years (3) cannot only be quantified by our financial performance, which is very commendable as we have managed to declare incremental dividends whilst becoming compliant with institutional capital and provisioning since 2016, but also by the numerous controls, processes and enhanced due diligence that have been implemented. We have also made enormous strides in areas of internal controls and processes that have proven to be effective. The numerous changes include having a Compliance Officer and an Internal Auditor that have brought an added level of control and scrutiny to ensure that protocols are adhered to at all times. The Board, the Credit Committee and the Supervisory Committee can now execute their duties in a more accountable and certifiable manner.

We must also mention that we have seen turnover in our staff for various reasons. Some have had to leave us for personal reasons and others have had to leave because of breaches in protocol. One of the best lessons learnt has been to ensure that our staff has the integrity and commitment to you, our valued members, and have the interest of our institution as their priority.

We know that there have been many changes but they have all been done to safeguard your interests and investments. We are also ensuring that we are fully compliant with all regulatory requirements with identification and verification, and while it may seem a bit cumbersome at first, it is essential for us to be in compliance and also assists us in having all accurate and required information to make more informed decisions.

It is necessary to give a great big THANK YOU to all our members/owners who have remained steadfast in their commitment to saving prudently, borrowing wisely and repaying promptly. We will continue to transform LICU into a formidable institution that will become the preferred financial institution because we will continue providing the best services and returns with equality, democracy, accountability and inclusiveness.

Respectfully,



Cindy Castillo
Treasurer

**CREDIT COMMITTEE**
**2017-2018**



**Carlos Contreras**
**Chairperson**



**Marcia Tun**
**Secretary**



**Javier E. Moreno**
**Officer**

**Credit Committee Report**
**April 1st 2017 to March 31st 2018**

## INTRODUCTION

As your Credit Committee we are happy to report on the status of our Loans Portfolio and delinquency for the past fiscal year. We are also pleased to report that the Board of Directors approved our enhanced Loan Policy which is now being implemented and used to guide us in approving loans in the most objective and equitable manner. Additionally, during the past year we underwent training under the leadership of the Credit Union League. This training has equipped us further to better serve you. We must mention that we are mindful that our legal and fiduciary responsibility is to ensure that you get the best financial service within your means.

## LOAN PORTFOLIO

During the past year we approved a total of 6,759 loans with a total value of $37,041,483.23. Our Loan portfolio for fiscal year ending March 2018 now stands at $57,298,851. As can be seen in the accompanying chart (see below), the top five loan purposes for this past year were: Improvement and Repairs - $5,603,630.93; Business - $4,692,907.66; Education - $4,200,108.26; Medical - $4,101,828.41 and Other/Personal - $3,022,211.65.

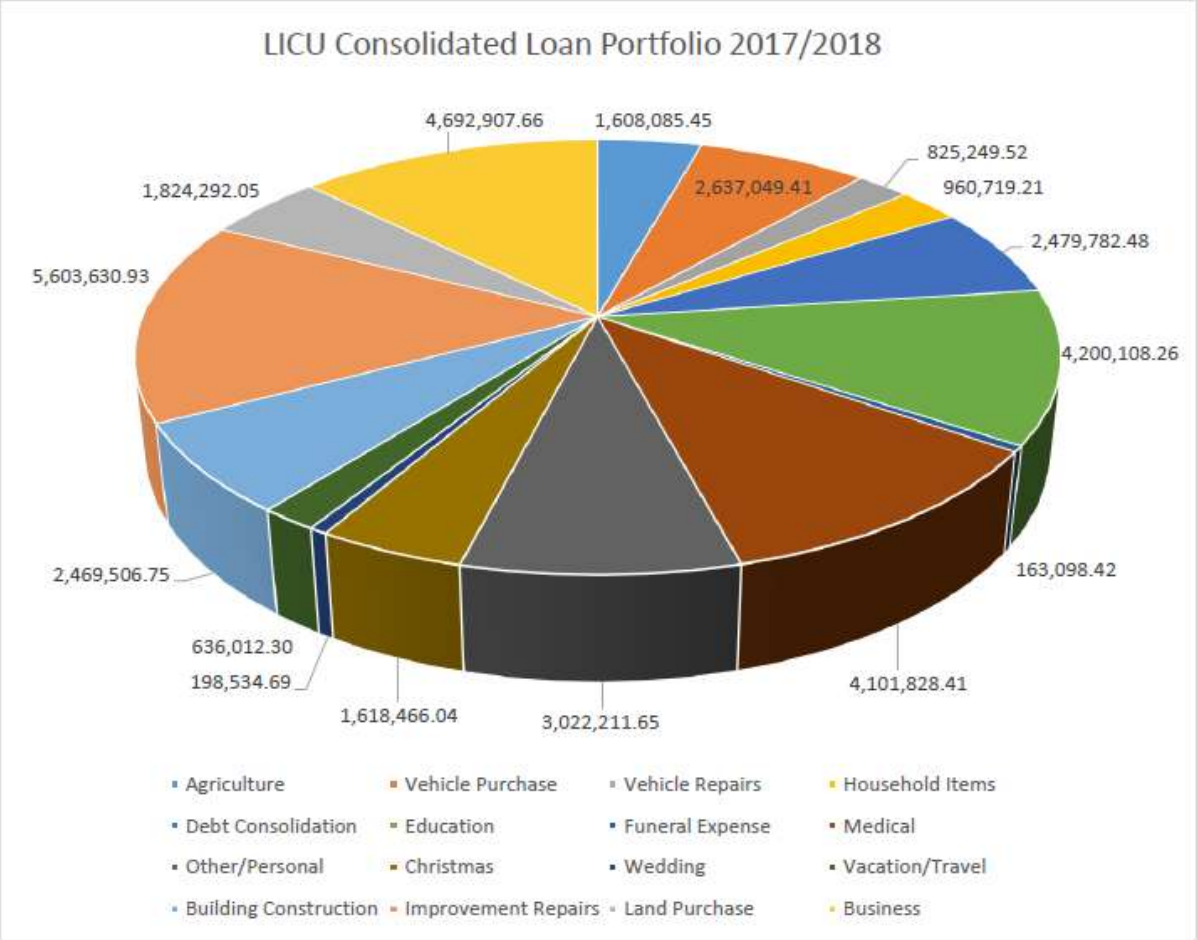


Table I depicting Loans Issued by Purpose (see below)

| Purpose | 2017/2018 |
|---|---|
| Agriculture | 1,608,085.45 |
| Vehicle Purchase | 2,637,049.41 |
| Vehicle Repairs | 825,249.52 |
| Household Items | 960,719.21 |
| Debt Consolidation | 2,479,782.48 |
| Education | 4,200,108.26 |
| Funeral Expense | 163,098.42 |
| Medical | 4,101,828.41 |
| Other/Personal | 3,022,211.65 |
| Christmas | 1,618,466.04 |
| Wedding | 198,534.69 |
| Vacation/Travel | 636,012.30 |
| Building Construction | 2,469,506.75 |
| Improvement Repairs | 5,603,630.93 |
| Land Purchase | 1,824,292.05 |
| Business | 4,692,907.66 |
| Loan Total-Disbursed | 37,041,483.23 |

Table II Summary of Loans by Branch

| Loans Disbursed by Branch 2017/2018 | | |
|---|---|---|
| **Branch** | **# of Loans Disbursed** | **Amount Disbursed** |
| Belmopan | 1,619 | 9,749,903.53 |
| Orange Walk | 5,140 | 27,291,579.70 |
| **Total** | 6,759 | 37,041,483.23 |

**DELINQUENCY**

We congratulate all of our members who have been paying their loans on time. This is essential for the financial stability of our credit union. During this past year we have been studying the risks associated with the loans in an effort to identify proper measures to minimize and halt delinquency.

For fiscal year ending March 2018, our delinquency stood at 15.4 %. This is reflected in a total of 2,048 loans with a combined value of $8,823,629.56. We urge all those members who are delinquent to make every effort to pay on time as agreed. If you are experiencing financial difficulties, please visit our office and our Loans Monitoring Officers will be able to assist you with proper and possible alternatives.

# L I C U


LA INMACULADA
CREDIT UNION LTD.










LICU
FREE






Sunday domingo
Monday lunes
Tuesday martes
Wednesday
Thursday jueves
Friday viernes
Saturday






















Women
EMPOWERMENT







## CONCLUSION

As we review this past year, we are grateful and satisfied to have had the opportunity to serve you in the best way possible with your interest as our number one priority. Whilst we faced some challenges, it indeed has been rewarding to see how our members benefit and reap from their financial sacrifices and investments. Saving at LICU is like planting for your future so as to have a successful harvest down the road. LICU is a cooperative family that embraces all its members from young to old and without a doubt your road to financial prosperity. Let's all do our part to secure a paved road.

We thank our Management and Staff for their dedication, attention and courteous service to you our members/owners. Most importantly, we thank our God Almighty for all His Blessings during this past year and ask for His continuous guidance in this coming year!

Respectfully Yours,



Carlos Contreras
Chairperson

**Credit Committee**

| | | |
|---|---|---|
| Carlos Contreras | - | Chairperson |
| Marcia Tun | - | Secretary |
| Javier E. Moreno | - | Officer |

**SUPERVISORY COMMITTEE**
**2017-2018**



**Isael Cajun**
**Chairperson**



**Lisa Carrillo**
**Secretary**



**Dorita Herrarte**
**Officer**

**SUPERVISORY COMMITTEE REPORT**
**1 April 2017 – 31 March 2018**

## INTRODUCTION

Presented to the membership of La Inmaculada Credit Union Limited (LICU) on this 69th 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 2018. The supervisory committee is responsible for examining the controls and systems at La Inmaculada Credit Union Ltd. LICU's management is responsible for the preparation, presentation, and accuracy of the financial reports contained in this Annual Report.

## FINANCIAL STATEMENTS

We reviewed the periodic financial statements, which essentially presented the performance of the Credit Union during the fiscal period 2017-2018. The information in the financial statements therefore must be accurate and complete; and should present fairly the financial position of the Credit Union. Our reviews of the statements of financial position, income and expenses, and cash flows, found that they present fairly, in all material respects, the financial position of the Credit Union.

This past fiscal year, the Credit Union continued on its trend of improving the management of the financial institution. Areas of improvement included reporting, cash management, credit monitoring, expenditure controls and cost decreases, resulting from strengthened management, restructuring of the overall team, and capacity building in key areas such as credit management/loan policy, Anti-Money Laundering, and roles and responsibilities of directors, officers etc.

## CASH CONTROLS

The supervisory committee is very pleased to have examined and confirmed the existence and completeness of cash as of the 31 March 2018 for both the Headquarters and Belmopan Branch. We have monitored controls on cash management during the year and we are satisfied that controls in place are functioning effectively. In addition, bank accounts are properly reconciled and bank reconciliations are up-to-date.

Your supervisory committee is committed in further improving internal controls over cash management.

## COST AND EXPENDITURE

The supervisory committee is pleased with management's prudent management of assets and resources in an effort to curtail on expenditure. Not only was operational expenditure reduced this past fiscal year for a third consecutive year, but expenditure was properly approved for recording

in expenses. Payment vouchers were tested for validity and proper authorization of expenditure transactions.

In addition, we tested the credit card for proper and authorized usage, in accordance with Policies and Procedures for corporate credit card usage. The supervisory committee is satisfied with the level the procedures and processes followed for authorized usage and recording of company expenditure.

## DELINQUENCY

The Supervisory Committee is satisfied that provisioning for delinquency is accurately recognized in our books and delinquent accounts are rigorously pursued. We verified members' balances by contacting members directly. The supervisory committee encourages members to actively participate in this procedure to ensure that the records accurately reflects shares, deposits, and loan balances. In addition, we encourage members to regularly update their passbooks at the credit union Headquarters and Belmopan office.

## STRENGTHENING OF CONTROLS

During the course of the fiscal year, the Supervisory Committee led the process of recruiting and implementation of functions for an Internal Auditor and a Compliance Officer. Your Supervisory Committee has been working with the Internal Auditor and Compliance Officer to address issues noted.

Based on the reports from the Internal Auditor, improvements are being made for the adherence and strengthening of internal controls throughout the institution. Based on the reports from the Compliance Officer, great strides have been made in complying with Anti-Money Laundering/Combating of Financing Terrorism Act and the Financial Intelligence Unit Act. However, we take this opportunity to request membership's assistance in the updating of members' account information and also providing necessary documentation and information when performing transactions at the Credit Union.

## 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 in our efforts 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. 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,



Isael Cajun
Chairperson

**Supervisory Committee**

Mr. Isael Cajun – Chairman
Ms. Lisa Carrillo – Secretary
Ms. Dorita Herrarte – Officer

# LA INMACULADA CREDIT UNION LIMITED

FINANCIAL STATEMENTS

31ST MARCH 2018

LA INMACULADA CREDIT UNION LIMITED

FINANCIAL STATEMENTS
31ST MARCH 2018

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# REPORT OF THE INDEPENDENT AUDITOR 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 the statement of financial position as at 31st March 2018 and the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and 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 at 31st March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

*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 the provisioning for loan losses. The Credit Union's information system and industry data in Belize does not provide sufficient data to be able to approximate the impairment losses 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 (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of La Inmaculada Credit Union Limited in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Belize, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. This matter was addressed in the context of our audit of the financial report, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

- Valuation of insurance liabilities

  Per Credit Union's policy, the Sunrise to Sunset Scheme is a death benefit insurance for all members who have a share balance of at least $100 and have a minimum of one-year membership. Actuarial report dated 30th October 2017 concluded the pricing of the product was profitable and no change was necessary. The Credit Union collects $24 per person per year for this insurance scheme. Management operates the scheme on cash basis accounting (the liability is reported as net of collections and payments during the year) and consequently has not estimated the future policyholders' liabilities/obligation of the Credit Union. However, the Credit Union is in the process of obtaining an actuarial estimate of future policyholders liabilities.

  Per Credit Union's policy, the Life Savings and Loan Protection Insurance Scheme is a protection to members at the time of an incapacitating injury or at the time of death. The combined shares and deposits up to a maximum of $8,000 (or $16,000) is paid to each member; and for loans up to a maximum of $40,000. The cost to the Credit Union for this membership scheme is .55 cents per thousand on total insurable balance. Management operates the scheme on a cash basis accounting (the monthly expense is recorded as a liability from which benefits paid out are reduced) based on its own estimate of .55 cents per thousand of the insured portion. Actuarial report dated 30th October 2017 concluded the pricing of the product to be inadequate; there needs to be a substantial increase in the premium. Management has not estimated the future policyholder liabilities of the Credit Union. However, the Credit Union is in the process of obtaining an actuarial estimate of future policyholders liabilities.

*Responsibility of Management and the Directors for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), 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 ability of the Credit Union to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Credit Union's 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 is 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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.

- 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 Credit Union's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Credit Union to express an opinion on the financial statement. We are responsible for the direction, supervision and

performance of the Credit Union audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Report on Other Legal and Regulatory Requirements*

In our opinion, the financial statements present fairly, in all material respects, the financial position of La Inmaculada Credit Union Limited as at 31st March 2018 and of its financial performance and cash flows for the year then ended in compliance with the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011.

The engagement partner on the audit resulting in this independent auditor's report is Mark C. Hulse.

Baker Tilly Hulse
Chartered Accountant
27th June 2018

Belize City,
Belize, C.A.

STATEMENT OF FINANCIAL POSITION
31ST MARCH 2018

All amounts expressed in Belize dollars

| | Notes | 2018 | Restated 2017 |
|---|---|---|---|
| Assets: | | | |
| Cash and cash equivalents | 2, 3 | 12,979,045 | 9,481,888 |
| Investments | 2, 3, 4 | 4,369,229 | 4,329,148 |
| Inventory | 2, 5 | 3,965 | 237 |
| Members' loans receivable | 2, 6 | 57,298,851 | 57,950,618 |
| Less: loan loss provisions | 2, 6 | (4,308,299) | (3,401,226) |
| Other receivables and prepayments | 2, 7 | 1,505,692 | 88,989 |
| Property and equipment | 2, 8 | 1,529,485 | 1,555,774 |
| Total assets | | 73,377,967 | 70,005,428 |
| Liabilities: | | | |
| Members' deposits | 2, 9 | 6,677,539 | 6,092,836 |
| Shares - non-mandatory | 2, 10 | 49,855,218 | 48,452,760 |
| Accounts payable and accruals | 2, 11 | 420,846 | 1,540,013 |
| Mortgage insurance escrow payable | 2, 12 | 178,082 | 138,227 |
| Membership scheme - Sunrise to Sunset fund | 2, 13 | 1,365,333 | 1,174,204 |
| Membership scheme - Life savings and loan protection | 2, 14 | 1,369,279 | 1,109,679 |
| Long term debt | 2, 15 | 1,433,056 | 2,097,083 |
| Severance payable | 2, 16 | 266,384 | 254,743 |
| Total liabilities | | 61,565,737 | 60,859,545 |
| NET ASSETS | | 11,812,230 | 9,145,883 |
| Members' equity (page 8): | | | |
| Shares - mandatory | 2 | 134,215 | 129,205 |
| Revaluation reserves | 2 | 77,376 | 77,376 |
| Guaranty fund | 2 | 7,072,618 | 7,070,470 |
| Undivided earnings | | 4,528,021 | 1,868,832 |
| MEMBERS' EQUITY | | 11,812,230 | 9,145,883 |

Approved on behalf of the Board

_____ Director _____ Director

Auditor's report pages 1 - 4.

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31ST MARCH 2018

All amounts expressed in Belize dollars

| | Notes | 2018 | Restated 2017 |
|---|---|---|---|
| INCOME: | | | |
| Interest income: | | | |
| Interest income | 2, 17 | 8,371,204 | 6,599,770 |
| Less: Interest expense | 2, 17 | (26,688) | (26,626) |
| NET INTEREST INCOME | | 8,344,516 | 6,573,144 |
| Fee and commission income | 2, 18 | 879,763 | 967,401 |
| Other operating income | 2, 19 | 54,539 | 70,761 |
| OPERATING INCOME | | 9,278,818 | 7,611,306 |
| Provision for losses | 2, 20 | (1,226,255) | (1,915,389) |
| Other operating expenses | 2, 21 | (3,547,596) | (3,221,759) |
| NET INCOME FOR THE YEAR | | 4,504,967 | 2,474,158 |

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31ST MARCH 2018

All amounts expressed in Belize dollars

| | 2018 | Restated 2017 |
|---|---|---|
| **SHARES - MANDATORY** | | |
| Balance at the beginning of the year | 129,205 | 119,305 |
| Net increase in shares | 5,010 | 9,900 |
| | 134,215 | 129,205 |

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 current liabilities. The Credit Union require each member to own one mandatory share of $5 per share. Total mandatory shares issued as of 31st March 2018 was 26,843 shares (2017 - 25,841 shares).

| | | |
|---|---|---|
| **UNDIVIDED EARNINGS** | | |
| Balance at the beginning of the year | 1,868,832 | 1,016,722 |
| Net income for the year (page 7) | 4,504,967 | 2,474,158 |
| Add: Prior period adjustments | - | 7,468 |
| Less: Transfer to guaranty fund - entrance fee | (2,148) | (3,596) |
| Less: Transfer to guaranty fund | - | (794,364) |
| Less: Dividend paid | (1,843,630) | (831,556) |
| Balance at the end of the year | 4,528,021 | 1,868,832 |
| **REVALUATION RESERVE** | | |
| The revaluation reserve constitutes surplus arising from the revaluation of fixed assets in 2003. | 77,376 | 77,376 |
| Balance at the beginning and end of the year | 77,376 | 77,376 |
| **OTHER RESERVES** | | |
| Guaranty fund | | |
| Balance at the beginning of the year | 7,070,470 | 6,272,510 |
| Transfers from undivided earnings | - | 794,364 |
| Transfers from undivided earnings - entrance fee | 2,148 | 3,596 |
| Balance at the end of the year | 7,072,618 | 7,070,470 |
| **TOTAL MEMBERS' EQUITY** | 11,812,230 | 9,145,883 |

STATEMENT OF CASH FLOWS
YEAR ENDED 31ST MARCH 2018

All amounts expressed in Belize dollars

| | Notes | 2018 | Restated 2017 |
|---|---|---|---|
| **Cash flow from operating activities:** | | | |
| Net income for the year (page 6) | | 4,504,967 | 2,474,158 |
| Adjustments for items not affecting operating cash: | | | |
| Depreciation expense | | 103,621 | 96,452 |
| Loss on disposal | | 2,820 | - |
| Prior period errors | | - | 7,468 |
| Provision for loan losses | | 1,226,255 | 1,915,389 |
| Write off of loans receivable (net) | | (319,182) | - |
| Operating profit before working capital changes | | 5,518,481 | 4,493,467 |
| Changes in working capital - add / (deduct) | | | |
| Decrease / (increase) in members loans receivable | | 651,767 | (6,886,062) |
| (Increase) / decrease in other receivables and prepayments | | (1,416,703) | 64,072 |
| (Increase) / decrease in inventory | | (3,728) | 2,471 |
| Increase in members' deposits | | 584,703 | 807,441 |
| Increase in non-mandatory shares | | 1,402,458 | 3,736,835 |
| (Decrease) / increase in accounts payable and accruals | | (1,119,167) | 890,883 |
| Increase in mortgage escrow payable | | 39,855 | 41,947 |
| Increase in member scheme - Sunrise to Sunset liability | | 191,129 | 192,620 |
| Increase / (decrease) in severance payable | | 11,641 | (13,845) |
| Increase in membership scheme - LS and LP | | 259,600 | 285,355 |
| Net cash provided by operating activities | | 6,120,036 | 3,615,184 |
| **Cash flow from investing activities:** | | | |
| (Increase) in fixed deposits | | (40,081) | (59,803) |
| Proceeds from sale of property and equipment | | 5,700 | - |
| Purchase of property, furniture and equipment | | (85,851) | (96,678) |
| Net cash (used in) investing activities | | (120,232) | (156,481) |
| **Cash flow from financing activities:** | | | |
| Increase in shares - members (mandatory) | | 5,010 | 9,900 |
| Dividends paid | | (1,843,630) | (831,556) |
| (Decrease) in borrowings | | (664,027) | (330,063) |
| Net cash flow (used by) financing activities | | (2,502,647) | (1,151,719) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 3,497,157 | 2,306,984 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR | | 9,481,889 | 7,174,905 |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR | | 12,979,046 | 9,481,889 |

The notes on pages 9 - 28 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2018

All amounts expressed in Belize dollars

## 1. GENERAL INFORMATION

La Inmaculada Credit Union Limited (the "Credit Union") was incorporated on 5th June 1949 under and by virtue of the Credit Union Act, Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011. LICU currently has 26,843 (2017 - 25,841) 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 City, Cayo District. As At 31st March 2018, the Credit Union employed 44 employees.

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

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

The Credit Union also complies with the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011 as reflected in its policies in Note 2.

'2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS

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

### 2.1 General

Use of estimates and assumptions:

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

- continues

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2018

All amounts expressed in Belize dollars

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

2.1 **General** (continued)

Use of estimates and assumptions (continued):

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

Significant judgements:

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

| | |
|---|---|
| Investment impairment | Note 2.3<br>Note 3<br>Note 5 |
| Fair value of financial instruments | Note 2.3<br>Note 3 |
| Allowance for credit losses | Note 2.3<br>Note 6 |
| Severance payable | Note 2.4<br>Note 12 |
| Other provisions | Note 2.7 |

Basis of Preparation:

| | |
|---|---|
| IAS 1 | Presentation of Financial Statements |
| IAS 7 | Statement of Cash Flows |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors |
| IAS 9 | Financial Instruments: Recognition and Measurement |
| IAS 10 | Events After the Reporting Period |
| IAS 16 | Property, Plant and Equipment |
| IAS 17 | Leases |
| IAS 18 | Revenue |
| IAS 19 | Employee Benefits (2011) |
| IAS 21 | The Effects of Changes in Foreign Exchange Rates |
| IAS 24 | Related Party Disclosures |
| IAS 26 | Accounting and Reporting by Retirement Benefit Plans |
| IAS 32 | Financial Instruments: Presentation |
| IAS 36 | Impairment of Assets |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets |
| IFRS 4 | Insurance Contracts |
| IFRS 7 | Financial Instruments: Disclosures |
| IFRS 9 | Financial Instruments |
| IFRS 13 | Fair Value Measurement |

- continues

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

2.2 **Financial instruments - recognition and measurement**

Cash and cash equivalents:

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

Investments:

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

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

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

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

Loans receivable:

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Loans are initially recognized at fair value which is represented by the cash advanced to members. Loans are subsequently measured at principal outstanding, net of unearned interest, less provision made for impairment. Provisions for impairment (loan loss reserve) is built based on the Credit Unions Act (CUA), Chapter 314, revised Edition 2011, Requirment 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.

- continues

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2018

All amounts expressed in Belize dollars

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

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

Provision for loan losses:

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.

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 method.

Shares:

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

Non-mandatory shares are additional shares held by members of the credit union. These can be withdrawn at any time and may be used as collateral for loans by members. These are reflected as current liabilities on the statement of financial position.

Accounts payable:

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

- continues

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

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

Determination of fair value:

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

Borrowings:

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

Interest:

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

Loan application/processing/review fee revenue:

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

Offsetting financial assets and financial liabilities:

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

Derecognition of financial assets & liabilities:

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

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

- continues

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

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

Rental income:

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

2.3 **Translation of foreign currencies**

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

2.4 **Employee benefit obligations**

Termination benefit - severance:

The Credit Union has recognised termination benefits in accordance with the labour laws of Belize which states that employees with at least five years or more of continuous employment are entitled to a minimum of one week's pay for each year of service prior to May 2011 and two week's pay for each year of service subsequently.

Termination benefit - pension:

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

The Credit Union's contributions to the defined contribution plan are expensed on a monthly basis. The Credit Union's contribution and employees contribution are recorded as members deposits on a monthly basis.

2.5 **Property and equipment**

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

Property and equipment are carried at cost and are depreciated using the straight line method at the following rates:

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

- continues

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

2.5 **Property and equipment** (continued)

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

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

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

2.6 **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.

2.7 **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 fund consists of at least 10% of the yearly net earnings of the Credit Union. The Guaranty Fund cannot be distributed to members

2.8 **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 the 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.

- continues

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

2.8 **Leasing** (continued)

Operating leases (continued):

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.

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

- continues

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

### 2.9 FINANCIAL RISK MANAGEMENT (continued)

Market risk/interest rate risk:

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

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

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

Liquidity risk:

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

Fraud risk:

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

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

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

| | 2018 | 2017 |
|---|---|---|
| **4. INVESTMENTS** | | |
| Investments consist of the following: | | |
| Debt instruments (measured at amortized cost): | | |
| Belize Electricity Limited Series 2 debentures with interest rate of 9.5% per annum payable quarterly, maturity date of 31st March 2021. | 75,000 | 75,000 |
| Belize Electricity Limited Series 4 debentures with interest rate of 10% per annum payable quarterly, maturity date of 30th September 2027. | 409,300 | 409,300 |
| Belize Electricity Limited Series 5 debentures with interest rate of 7% per annum payable quarterly, maturity date of 31st 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 31st December 2030. | 773,100 | 773,100 |
| Term deposit held by Belize Bank Limited with term of 12 months ending 10th May 2016. Deposits are unsecured and interest is receivable at 2% per annum. | 293,345 | 288,442 |
| Term deposit held by Belize Bank Limited with term of 6 months ending 13th September 2016. Deposits are unsecured and interest is receivable at 0.84% per annum. | 163,723 | 163,723 |
| Term deposit held by Scotiabank Belize Limited with term of 2 years ending 4th April 2016. Deposits are unsecured and interest is receivable at 2% per annum. | 1,010,997 | 1,009,602 |
| Term deposit held by Heritage Bank Limited with term of 6 months ending 11th September 2016. Deposits are unsecured and interest is receivable at 2% per annum. | 536,193 | 533,558 |
| Interest bearing deposit account held by Holy Redeemer Credit Union Limited with interest rate of 5% per annum payable quarterly. | 521,125 | 500,791 |
| Shares account at Holy Redeemer Credit Union Limited with dividend rate of 5% per annum. | 124 | 124 |
| Interest receivable on debenture investments | 36,322 | 25,508 |
| Total investments | 4,369,229 | 4,329,148 |

NOTES TO THE FINANCIAL STATEMENTS
31ST MARCH 2018

All amounts expressed in Belize dollars

| | 2018 | 2017 |
|---|---|---|
| **5. INVENTORY:** | | |
| Inventory consist of the following: | | |
| Passbooks and covers | 3,965 | 237 |
| **6. LOANS RECEIVABLE** | | |
| Loans receivable consist of the following: | | |
| Total loans before provision for loan losses | 57,298,851 | 57,950,618 |
| The movements in the loan loss provision for the year are as follows: | | |
| At the beginning of the year | 3,401,226 | 1,485,837 |
| Provision for the year | 1,226,255 | 1,915,389 |
| Write offs - net of collections | (319,182) | - |
| At the end of the year | 4,308,299 | 3,401,226 |
| Net loans receivable | 52,990,552 | 54,549,392 |
| **7. OTHER RECEIVABLES AND PREPAYMENTS** | | |
| Other receivables and prepayment consist of the following: | | |
| Accrued interest receivable | 1,414,054 | - |
| HBL ATM/POS Project (see below) | 50,000 | 50,000 |
| Member's legal fees receivable | 31,660 | 29,876 |
| Prepayments and other receivables | 9,978 | 9,113 |
| | 1,505,692 | 88,989 |

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 intial investment is classified as other receivables and prepayment at 31st March 2018.

## 8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| 2018 | Land, and building | Furniture & fixtures | Motor vehicle, generator, computer equipment & accessories | Total |
|---|---|---|---|---|
| Cost: | | | | |
| At 31st March 2017 | 1,345,994 | 315,740 | 605,290 | 2,267,024 |
| Additions | 4,037 | 43,555 | 38,259 | 85,851 |
| Disposals | - | - | (12,167) | (12,167) |
| At 31st March 2018 | 1,350,031 | 359,295 | 631,382 | 2,340,708 |
| Accumulated Depreciation: | | | | |
| At 31st March 2017 | 245,970 | 84,662 | 380,618 | 711,249 |
| Additions | 22,884 | 6,901 | 73,836 | 103,621 |
| Disposals | - | - | (3,647) | (3,647) |
| At 31st March 2018 | 268,854 | 91,563 | 450,807 | 811,223 |
| **Net Book Value at 31st March 2018** | **1,081,177** | **267,732** | **180,576** | **1,529,485** |
| **Net Book Value at 31st March 2017** | **1,100,024** | **231,078** | **224,673** | **1,555,774** |

## 9. MEMBERS' DEPOSITS

Members' deposits consist of the following:

| | 2018 | 2017 |
|---|---|---|
| Regular deposits | 5,791,406 | 5,176,260 |
| Term deposits | 886,133 | 916,576 |
| | 6,677,539 | 6,092,836 |

## 10. NON-MANDATORY SHARES

Movement in non mandatory shares is as follows:

| | | |
|---|---|---|
| Balance at the beginning of the year | 48,452,760 | 44,715,925 |
| Net increase in shares | 1,402,458 | 3,736,835 |
| Balance at the end of the year | 49,855,218 | 48,452,760 |

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

Accounts payable and accruals consist of the following:

| | 2018 | 2017 |
|---|---|---|
| HBL payable (ATM Settlement) | 125,907 | 1,120,693 |
| Taiwan ICDF Interest fees payable | - | 4,095 |
| Accrued Interest - SCRP | 7,625 | 7,625 |
| Members' mortgage legal fees payable | 158,042 | 264,400 |
| Other accounts payable and accruals | 92,293 | 112,177 |
| Employee payable | - | 8,488 |
| Social Security payable | 4,979 | 4,850 |
| Other professional fees payable | 32,000 | 17,685 |
| | 420,846 | 1,540,013 |

## 12. MORTGAGE INSURANCE ESCROW PAYABLE

Mortgage insurance escrow payable consist of the following:

| | | |
|---|---|---|
| Mortgage insurance escrow payable | 178,082 | 138,227 |

Members are expected to insure their loans for any loan over LICU's authomatic loan protection of $40,000 in order for the member to be protected against any exposed risk. Consequently, LICU assists members by collecting the monthly insurance premium to ensure their payments are made upon the renewal of their policy. Members insurance premiums are recorded as a payable until payment are made at renewal.

## 13. MEMBERSHIP SCHEME - SUNRISE TO SUNSET FUND

At the Annual General Meeting held on the 27th of May 2006, a motion was approved by the membership to create an insurance scheme. Consequently, the "Group Term Fund" was initiated whereby members make a monthly contribution of two dollars. The funds of this Membership Scheme are invested according to directives from the Board of Directors. Beneficiaries are awarded a one time funeral benefit of $4,000. Beneficiaries of these cliams can be the same as those initally indicated for the Sunrise to Sunset Scheme or as otherwise stated by member.

| | | |
|---|---|---|
| Balance at the beginning of the year | 1,174,204 | 981,584 |
| Plus: Increase for year | 390,310 | 348,774 |
| Less: Claims paid | (199,181) | (156,154) |
| Balance at end of the year | 1,365,333 | 1,174,204 |

| | 2018 | 2017 |
|---|---|---|

## 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 for the membership for combined shares and deposits up to a mximum 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 .55 cents per thousand on total insurable balance.

| | | |
|---|---|---|
| Balance at the beginning of the year | 1,109,679 | 824,324 |
| Plus: Net increase for year | 574,637 | 550,538 |
| Less: Claims paid | (315,037) | (265,183) |
| Balance at end of the year | 1,369,279 | 1,109,679 |

## 15. BORROWINGS

Borrowings consist of the following:

Social Entrepreneurship Program (SEP)

| | | |
|---|---|---|
| In March 2013, a loan of $1,500,000 was issued under the Social Entrepreneurship Program with a semi-annual interest rate of LIBOR of 180 days plus 3.5%. Interest only for two years. Thereafter, semi-annual installments of $111,111 inclusive of interest. Only $1,000,000 has been disbursed to LICU at 31st March 2016. The loan will mature on 5th March 2020. | 545,556 | 659,583 |

Rural Credit Fund (RCF)

| | | |
|---|---|---|
| In March 2013, a loan of $1,000,000 was issued under the Rural Credit Fund with an annual interest rate of 3.75%. Interest only for three years. Thereafter, annual installments of $62,500 inclusive of interest. Only $500,000 have been disbursed to LICU by 31st March 2016. The loan will mature on 31st March 31 2021. | 187,500 | 437,500 |

- continues

| | 2018 | 2017 |
|---|---|---|
| **15. BORROWINGS** (continued) | | |
| Sugar Cane Replanting Program (SCRP) | | |
| In December 2013, a loan of $2,000,000 was issued under the Sugar Cane Replanting Program with an annual interest rate of 3%. Interest only for two years. Thereafter, annual installments of $500,000 inclusive of interest. Only $500,000 have been disbursed to LICU at 31st March 2016. The loan will mature on 30th September 2020. | 700,000 | 1,000,000 |
| Total Borrowing | 1,433,056 | 2,097,083 |

Repayment of borrowings

| | | |
|---|---|---|
| Within 1 Year | 709,722 | 757,222 |
| 2 - 5 Years | 1,767,778 | 1,324,861 |
| More than 5 Years | - | - |

Loan covenants:

The Sugar Cane Replanting Program (SCRP), the Rural Credit Fund (RCF) and the Social Entrepreneurship Program (SEP) loan agreements require La Inmaculada Credit Union Limited to submit an audited financial statement no less than 30 days after the Credit Union's year end. The Credit Union has requested an extension and was granted the extension to submit financials once it has been completed.

**16. SEVERANCE PAYABLE**

Severance payable consists of the following:

| | | |
|---|---|---|
| Severance payable at beginning of year | 254,743 | 268,588 |
| Additions during the year | 72,660 | 24,413 |
| Payments during the year | (61,019) | (38,258) |
| Severance payable at end of year | 266,384 | 254,743 |

**17. INTEREST ON MEMBERS' LOANS**

Interest income

| | | |
|---|---|---|
| Interest Income - personal and business loans | 8,209,676 | 6,422,082 |
| Interest Income - fixed deposits and BEL debentures | 161,528 | 177,688 |
| | 8,371,204 | 6,599,770 |

- continues

| 17. INTEREST ON MEMBERS' LOANS (continued) | 2018 | 2017 |
|---|---|---|
| Interest expense | | |
| Members' deposits | 26,688 | 26,626 |
| Net interest income | 8,344,516 | 6,573,144 |

## 18. FEE AND COMMISSION INCOME

| Fee and commission income | | |
|---|---|---|
| Service Charge | 594,892 | 766,689 |
| Credit related fees | 278,488 | 194,323 |
| Commissions | 6,383 | 6,389 |
| | 879,763 | 967,401 |

## 19. OTHER OPERATING INCOME

Other operating income consists of the following:

| | | |
|---|---|---|
| Other income | 36,908 | 51,863 |
| Sale of books and covers | 7,871 | 11,198 |
| Rental income | 9,760 | 7,700 |
| | 54,539 | 70,761 |

## 20. PROVISION FOR LOSSES

Provision for losses consists of the following:

| | | |
|---|---|---|
| Provision for loan loss reserve (note 6) | 1,226,255 | 1,915,389 |

## 21. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense consists of the following:

| | | |
|---|---|---|
| Advertisement and promotion | 49,065 | 47,385 |
| Allowances | 30,939 | 57,165 |
| Audit fees | 52,926 | 39,529 |
| ATM | 5,933 | 24,706 |
| Bank charges | 28,179 | 33,301 |
| Bond expense | - | 11,250 |
| Cash difference | (157) | 1,840 |
| Credit union week | 3,394 | 2,724 |
| LS/LP Premium expense | 574,638 | 489,211 |

- continues

## 21. GENERAL AND ADMINISTRATIVE EXPENSE (continued)

| | 2018 | 2017 |
|---|---|---|
| Delegates expense | - | 50 |
| Depreciation | 103,621 | 97,112 |
| Donations | 4,536 | 4,954 |
| Education | 60,493 | 111,846 |
| Equipment maintenance | 61,484 | 84,891 |
| General maintenance | 72,512 | 67,433 |
| General meeting | 79,541 | 67,219 |
| Insurance | 65,679 | 59,195 |
| Insurance buildings | 8,078 | 8,078 |
| Loan interest | 40,320 | 96,752 |
| Loss on disposal | 2,818 | 512 |
| Other | 53,823 | 71,347 |
| Property tax | 1,059 | 3,766 |
| Rent expense | 36,000 | 36,000 |
| Registration fee | 1,000 | 1,000 |
| Security service | 16,710 | 121,911 |
| Severance expense | 73,100 | 31,570 |
| Social activities | 17,316 | 127 |
| Social security | 38,279 | 34,708 |
| Staff costs | 1,812,041 | 1,402,297 |
| Stationeries, supplies and postage | 50,060 | 49,068 |
| Telephone | 57,427 | 62,225 |
| Travel and subsistence | 43,239 | 27,868 |
| Utilities | 60,126 | 57,196 |
| Vehicle maintenance | 43,417 | 36,200 |
| | 3,547,596 | 3,240,436 |

## 22. TAXATION

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

## 23. KEY MANAGEMENT COMPENSATION

| | | |
|---|---|---|
| Key management compensation | 324,207 | 310,981 |

## 24. RELATED PARTY TRANSACTIONS

| | 2018 | 2017 |
|---|---|---|
| The Board of Directors and management have loan balances with the Credit Union which are included in the loans receivable balance on the statement of Financial position. These loans total the following as of the year end: | | |
| Assets held at year-end with related parties | | |
| *Officers' loans receivable* | 213,383 | 443,855 |
| *Employees' loans receivable* | 549,820 | 551,439 |
| | 763,203 | 995,293 |
| Liabilities held at year-end with related parties | | |
| *Officers' deposits* | 123,544 | 187,928 |
| *Employees' deposits* | 268,314 | 226,961 |
| | 391,858 | 414,889 |
| Transactions with related parties throughout the year are as follows: | | |
| *Officers' allowances paid* | 72,400 | 43,960 |
| *Interest income earned from related parties* | 114,094 | 119,254 |
| | 186,494 | 163,214 |

## 25. LEASE COMMITMENT

The Credit Union leases a building from Ms. Majorie Ramnarace under an operating lease agreement. The lease agreement is for two years ending 1st May 2019. Lease payments have a fixed component of $3,000 per month.

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

| | |
|---|---|
| Due in next fiscal year | 36,000 |
| | 36,000 |

## 26. CONTINGENT LIABILITIES

### Legal Matters

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

The attorney's - at- law and the management of LICU is of the view that the outcome of the following litigation matters, which existed at 31st March 2018, would not have a material adverse effect on its financial position:

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 Limited vs. Yolanda Gomez.

In the matter of the claim brought against LICU and the Governor of the Central Bank, the Board of Directors of LICU remain of the firm view that the case is without merit, and it will vigorously contest that claim. It is expected that judgement in the 2 claims will be delivered by the end of this year 2018.

| | 2018 | 2017 |
|---|---|---|

## 27. RECLASSIFICATION

Depreciation expense - Security systems

The 2017, financial statements have been restated to reclassify depreciation expense for security systems which is now categorized under motor vehicle, generator, computer equipment and accessories. The depreciation expense was previously categorized under furniture & fixtures. The impact of the restatement is presented below. There is no effect in 2018.

| | Effect on 2017 |
|---|---|
| Increase in accumulated depreciation - furniture & fixture | 8,553 |
| Decrease in accum dep security systems (categorized motor vehicle, generator, computer equipment and accessories) | (8,553) |

## 28. PRIOR PERIOD ERRORS

Dividends paid

The 2017, financial statements have been restated to reflect dividends paid after the year-end date. There is no effect on 2018.

| | |
|---|---|
| Increase in non-mandatory shares | (831,556) |
| Decrease in retained earnings | 831,556 |

Dividends paid in error

The 2016, financial statements have been restated to reclassify the reversal of the dividends paid in error. There is no effect on 2018.

| | |
|---|---|
| Increase in non-mandatory shares | (4,091) |
| Decrease in retained earnings | 4,091 |

Dividends paid in error

The 2017, financial statements have been restated to reclassify the reversal of the dividends paid in error. There is no effect on 2018.

| | |
|---|---|
| Increase in non-mandatory shares | (3,895) |
| Decrease in retained earnings | 3,895 |

- continues

| | 2018 | 2017 |
|---|---|---|

**28. PRIOR PERIOD ERRORS** (continued)

Audit adjustment wrongly posted

The 2017, financial statements have been restated to reclassify the reversal of the other income audit adjustment recorded as a debit balance. There is no effect on 2018.

| | |
|---|---|
| Increase in retained earnings | (518) |
| Decrease in accounts receivables - payroll clearing | 518 |

**Current Directors and Officers and their remaining terms in office as at March 31, 2018:**

**Board of Directors:**

| | | |
|---|---|---|
| President | Ena Martinez | One (1) years more |
| Vice President | Belarmino Esquivel | Two (2) years more |
| Secretary | Manuel Polanco | One (1) years more |
| Assistant Secretary | David Constanza | Two (2) years more |
| Treasurer | Cindy Castillo | Two (2) years more |
| Director | Teresita Miranda | One (1) years more |
| Director | Oscar Gutierrez | Two (2) years more |

**Supervisory Committee:**

| | | |
|---|---|---|
| Chair | Isael Cajun | Vacancy |
| Secretary | Lisa Carrillo | Two (2) years more |
| Officer | Dorita Herrarte | Interim Officer – Two (2) years more |

**Credit Committee:**

| | | |
|---|---|---|
| Chair | Carlos Contreras | Two (2) years more |
| Secretary | Marcia Tun | Two (2) years more |
| Officer | Javier E. Moreno | Two (2) years more |

# Credit Union Prayer

## Peace Prayer of St. Francis of Assisi

Lord, make me an Instrument of your peace:

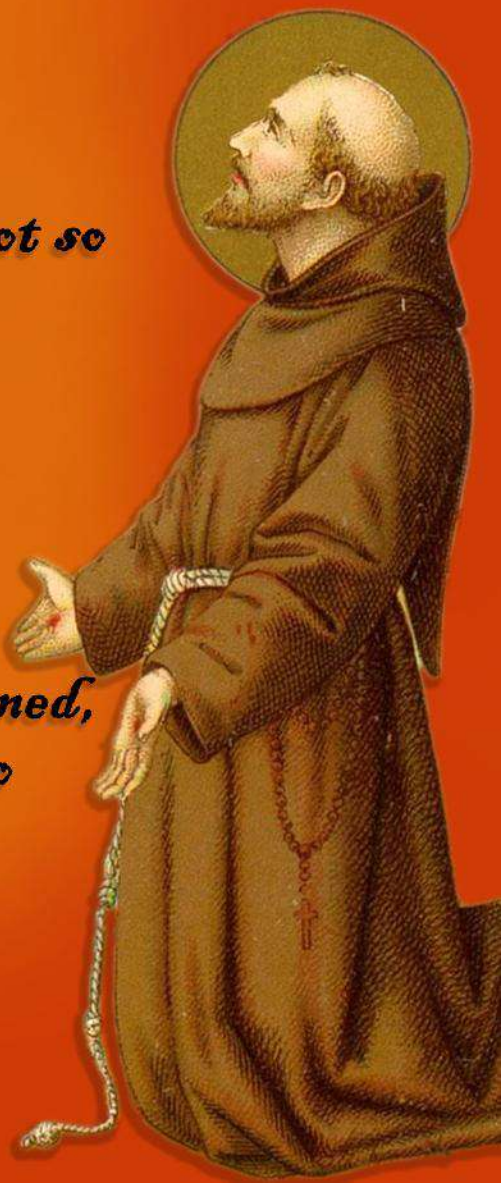
where there is hatred, let me sow love
where there is injury, pardon
where there is doubt, faith
where there is despair, hope
where there is darkness, light
and where there is sadness, joy

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.



*Your Road to Financial Prosperity!*



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