



HOLY REDEEMER
CREDIT UNION LIMITED

2018
ANNUAL REPORT

74 *Years of Service!*

Board of Directors



FRED SMITH
(PRESIDENT)
SERVING SINCE 1987



JANE USHER
SERVING SINCE 1952



OSCAR RIVEROLL
SERVING SINCE 1998



WENDY CASTILLO
SERVING SINCE 2015



ALBERT VAUGHAN
SERVING SINCE 2015



ELIZABETH ZABANEH
SERVING SINCE 2015

Credit Committee



MARION MARSDEN
(CHAIRPERSON)
SERVING SINCE 1978



ELEANOR GILLETT
SERVING SINCE 2008



CAROL BABB
SERVING SINCE 2007

Supervisory Committee



ALICE LEAL
(CHAIRPERSON)
SERVING SINCE 2016



ENGLEBERT PERERA
SERVING SINCE 2017



WARREN COYE
SERVING SINCE 2017

Annual General Meeting Business Agenda

1. **MEETING CALLED TO ORDER BY PRESIDENT**
2. **OPENING PRAYER** (See inside back cover of booklet)
3. **ROLL CALL** (Member-owners in attendance)
4. **APPROVAL OF MINUTES** (Annual General Meeting 2017)
 - a. Matters arising from Minutes
 - b. Confirmation of Minutes
5. **REPORTS**
 - a. Board of Directors
 - b. Credit Committee
 - c. Treasurer's Report (Balance Sheet with Accounts)
 - d. Burial Scheme Program Report
 - e. Supervisory Committee
6. **DISCUSSION AND ACCEPTANCE OF REPORTS**
(Declaration of Dividends and Rebates)
7. **CHAIRPERSON'S REMARKS**
8. **ELECTION OF OFFICERS:**

Board of Directors	-	1 Vacancy
Credit Committee	-	1 Vacancy
Supervisory Committee	-	3 Vacancies
9. **NEW BUSINESS**
 - a. Confirmation of External Auditors
10. **ADJOURNMENT OF BUSINESS MEETING**
 - a. HRCU Special AGM Raffle (\$30 thousand in prizes)



Saturday, April 28, 2018 - SCA Multipurpose Mercy Center
2:00 p.m. Sharp



MINUTES OF HOLY REDEEMER CREDIT UNION LIMITED 73rd ANNUAL GENERAL MEETING

**Held on Saturday, April 29, 2017
SCA Multipurpose Mercy Center
Belize City**

Present

Mr. Fred Smith	- President, Board of Directors
Mr. Oscar Riveroll	- Vice-President, Board of Directors
Dr. Jane Usher	- Director Emeritus, Treasurer, Board of Directors
Mrs. Wendy Castillo	- Secretary, Board of Director
Mr. Albert Vaughan	- Director, Board of Directors
Ms. Marion Marsden	- Chairperson, Credit Committee
Dr. Carol Babb	- Member, Credit Committee

Absent with apology

Mrs. Elizabeth Zabaneh	- Director, Board of Directors
Ms. Eleanor Gillett	- Secretary, Credit Committee
Mr. Reynaldo Burgos	- Chairperson, Supervisory Committee
Mr. Marnix Perez	- Secretary, Supervisory Committee
Mrs. Alice Leal	- Member, Supervisory Committee

Member-owners in attendance: 2,119 (final count)

Mistress of Ceremonies (MC): Dr. Carol Babb

Minutes Taker: Ms. Beverly McCoy

Call to order of 2017 Annual General Meeting

On Saturday April 29, 2017 at approximately 2:10 p.m. MC Dr. Carol Babb called on President Mr. Fred Smith, who declared the 73rd Annual General Meeting (AGM) open.

Committee member Ms. Marion Marsden led the assembly in the recitation of the Peace Prayer of St. Francis of Assisi "Lord Make Me An Instrument Of Thy Peace". Shortly after, a moment of silence was observed for all those member-owners who passed during the course of the year.

Approval of Minutes – 2016 Annual General Meeting

The MC asked member-owners to review the minutes of last year's AGM for any corrections. As there were no corrections, the proposed minutes were accepted on a motion by **Mrs. Cleopatra Thompson** which was seconded by **Ms. Ruth Esquivel**. The MC then called on the president to present the Board of Directors' Report. Before doing so he welcomed and thanked all sister credit unions, board and committee members, and the entire membership for their presence at the AGM.



Presentation of Reports

Board of Directors Report

The president, Mr. Fred Smith, presented to member-owners the board of director's (BOD) report for the Financial Year April 1, 2016 to March 31, 2017.

President Smith reported yet another year of growth for HRCU, where many Belizeans found it to be a safe place to save their monies, during the difficult times. While the credit union grew with new member-owners, some fell by the wayside due to delinquent loans, leaving the Credit Union with the task to put aside monies from its profit to service these loans annually. Further instructions from the regulator now require these loans to be removed from the active loans portfolio. However, the delinquency department is working tirelessly to locate these delinquent borrowers that were entrusted with hard earned savings of other member-owners, to enforce repayment.

Delinquent borrowers were advised to visit the credit union to work out an amicable loan renegotiation agreement, to avoid the possibility of finding themselves in court or their names published in the newspaper. The Central Bank, along with the endorsement of other lending institutions including HRCU, is establishing a Credit Reporting Bureau which will defray problematic borrowers from owing all over the place.

On a positive note, the President reported growth in the gross income of HRCU despite limited investment opportunities over the past year. He stated that the board decision to invest, for the first time, in some Treasury Notes totaling \$12 Million was successful and they further anticipate investing in the utility companies, if guaranteed by the government. HRCU's membership of 53,759 member-owners has made tremendous impact and contribution to the development of the Belizean economy.

President Smith reiterated yet another growing problem that the credit union faces, stating that he believes many members are cajoled into paying off and moving their loans to other lending institution that offer them more attractive repayment rates. These same members, knowing the benefits they get from HRCU, then leave their saving accounts with the credit union in hopes of benefitting yet again from the attractive dividend payout. What members fail to realize is that the good paying loans are the best source of interest income for the sustainability of the credit union. He stated that effective immediately any member-owner loan that is paid off by any financial institution must factor in the saving portion of their loan pay-off.

He then referred member-owners to the audited financial statements on pages 26 to 35 of the AGM booklet as the following operating and financial highlights were noted:-

- Total assets of \$566.0 million; a 5.4% increase over 2016
- Fixed Deposit Investments: \$129.0 million, earning 1.7% per annum
- Total savings of \$464.1 million; a 5.3% growth over last year
- Total net profits: \$24.8 million;
- Total loans of \$326.8 million which is 57.7% of assets
- The year ended with a total of 52,759 member-owners



The president indicated that \$21.4 million of the net profits will be distributed back to member-owners in dividends and rebates. The board recommends dividend payout of four percent (4%) and loan interest rebates increase to twenty-five percent (25%) for their approval.

Just before concluding, President Smith informed all present that the BOD is investigating the possibility of paying a higher interest rate to those senior citizens who depend on interest income for their survival. They are also considering new deposits from member-owners at a lesser interest rate comparable to what other financial institutions are offering, due to the excess liquidity within the country's banking system.

He concluded by saying how truly blessed HRCU had been and asked the Almighty Father to continue showering his blessings over the membership going into its 74th year and to protect our beloved country Belize.

Credit Committee Report

The MC then called on Ms. Marion Marsden, chairperson of the credit committee, who has been serving the credit union for over 39 years, to present the Credit Committee Report for the Financial Year April 1, 2016 to March 31, 2017.

Ms. Marsden welcomed all and expressed profound gratitude to the committee for its hard work and dedication, having met 47 times during the past year. At these weekly meetings the committee reviewed and considered loan applications to ensure compliance with HRCU's Policy and Procedures.

She asked member-owners to refer to the detailed breakdown and graphs of loan categories as shown on pages 16 & 17 of the booklet which highlighted the following: -

- A total of 20,331 loans were approved amounting to \$80.5 million.
- Total loan portfolio increased by 4% from \$314.1 million in 2016 to \$326.8 million in 2017
- Dollar value of loans issued to member-owners:-
 - Housing Loans (largest sector) was \$24.2 million, and is 30.1% of the loans portfolio
 - Commerce Loans decreased marginally and was valued at \$18.2 million
 - The next largest category being for vehicle purchase and repairs amounted to \$8.2 million

She took the opportunity to remind member-owners of the various services they benefit from at HRCU, including the 24 hours ATM and depository services, checking account, on-line services, free parking and the convenience of extended office hours for those working members. The BOD, Committees, and Management of HRCU are very cognizant of the need to constantly upgrade the services to meet its member-owner needs.

In addressing delinquency, she stated that as of March 31, 2017 delinquency stood at 14.7% which is higher than last year's 13.8%. This negative effect on the credit union forces them to fully provide, from its profit, for these delinquent amounts. She advised borrowers that they cannot commit their



entire income to repaying back a loan because this is what eventually leads to becoming delinquent borrowers. Although a growing number of members seem to borrow frequently throughout the year, the greatest concern from the credit committee, when approving a loan, is the borrower's ability to repay that loan.

Members were advised that once they allowed their account to fall into delinquency, it becomes difficult to keep their account on track. The delinquent loan then goes to the Recovery Department and ends up in foreclosure proceedings. In an effort to assist these delinquent borrowers, they were asked to come in to speak with a Credit Control Officer for advice on how to deal with this serious problem.

The following recommendations were made to member-owners when applying for a loan:-

- In general, it is advisable that a member has an established savings record for a period of time, before applying for a loan
- The total loan amount should bear a reasonable relationship to the value of a member's share, the security being offered and previous repayment record or credit history
- Accounts in arrears will not normally be considered for further loans unless the arrears are cleared

Before concluding, she reminded members of the commitment of three young women whose investment of \$0.75, each contributing \$0.25, started what is now the Holy Redeemer Credit Union. She pleaded with member-owners not to ruin the dream and goals of those women, but to let that dream build on as she quoted a famous saying "Coming together is a beginning; keeping together is progress; working together is a success"

In concluding, she thanked God for his guidance and graces; and she thanked the committee members along with the staffers for their continued help and courtesies during the year. She then thanked the member-owners for allowing committee members to serve them for yet another successful year of business, as they look forward to an even better one ahead. Finally, she reiterated the credit union motto of "saving regularly, borrowing wisely, but most importantly, repaying promptly and as pledged".

General Manager/Treasurer Report

The MC then called on Dr. Jane to present the General Manager/Treasurer's Report and thanked her for 65 years of commitment and dedication to HRCU's success. Acknowledging that Dr. Jane will turn a centenarian within the year, the audience responded with a standing ovation.

Dr. Jane, in her opening remarks welcomed all devoted member-owners to the beautiful SCA Multipurpose Mercy Center, stating that in celebrating HRCU's 73rd AGM, that they have listened to members' concern about the acoustics of the past venue. Although the present venue is a little smaller, tents and projection screens have been erected outside to accommodate everyone.



She then proceeded to welcome the delegates from the other sister credit unions and thanked them for their support in being a part of the wider credit union movement that strives to bring a better way of life for those faithful credit union member-owners.

Before proceeding to deliver her report, she directed member-owners to the inner cover of the AGM booklet, noting the loss of the last of the three ladies who pooled monies together to start HRCU. Miss Carmen Anita Canton will be sadly missed; it was through her effort that all are here today to enjoy a better life.

Dr. Jane then proceeded to summarize both the balance sheet and the income and expense statement; she directed member-owners to page 19 of their booklet for highlighted details and to pages 24-35 for the audited financial statements.

Assets grew by \$29.0 million (5.4%) to a total of \$566.0 million; savings increased by \$27.8 million (6.3%) to a total of \$464.1 million. Financial investments increased to \$152.9 million due mainly to new investments in GOB Treasury Notes and the Blue Creek Credit Union. Liquidity remained at an all time high of \$112.9 million, and member owners were encouraged to utilize the loan services of HRCU where interest rates are most affordable. Net property, plant and equipment increased due to upgrades of buildings and parking lots, and computer equipment. Allowance for loan losses was set aside for doubtful loans, and a total of \$2.8 million was provided for as opposed to \$3.5 million last year covering all other operating expenses. HRCU will return a total of \$21.4 million in the form of dividends and loan interest rebate, a slight decrease under last year's \$22.6 million.

In summarizing the income and expenses analysis for the past year, Dr. Jane reported that interest collected on loans amounted to \$34.9 million or 88.9% of total income, which was a slight increase over 2016. Interest on fixed deposits amounted to \$2.4 million or 6.2% of total income compared to \$3.3 million last year. She made further comparison to 2011, when the credit union was earning close to \$9.0 million in interest from fixed deposits; and it is for this reason that the BOD is considering converting some of the fixed deposit funds into a housing development to provide for more affordable housing for member-owners. This first of a kind venture for HRCU will become a reality shortly in the Ladyville and Sandhill area.

Although dividends earned on the BWS shares increased from \$75,000.00 to \$112,500.00, interest earned on BEL debentures decreased from \$685,000.00 to \$510,000.00 due to rate cuts, but dividends on BEL shares increased from \$10,918.80 to \$29,116.80 with the payment of an extraordinary dividend. Additional income also came from the SCA Mercy Bond, League Building investment, Network One, Combined Treasury Notes, and the new Burial Scheme Commission. Expenses increased overall by just short of \$400,000.00 due mainly to increased salaries for additional staffers, additional premiums for HRCU coverage benefits; and new expenses associated with the upkeep of the branch office. Other line item expenses remained within budget and this resulted in an income to expense ratio of 36.75%.

In concluding, she reiterated that due to the efficiency of the directors and management that a total of \$21.4 million is being refunded to member-owners in the form of dividends and loan interest rebate.



This year HRCU is rewarding those who kept its doors open at both the main office and the branch office – the faithful borrowers.

Burial Scheme Program Report

Dr. Carol Babb then called on Mr. Albert Vaughan, a board director, to present the Burial Scheme Program Report for the Financial Year ended March 31, 2017.

Mr. Vaughan confirmed that the success of the program was not anticipated when HRCU began administering the Funeral Benefit and the Loan Protection & Life Saving Programmes under one umbrella in 2005. The Directors foresight, some 12 years ago, to embark on the Burial Scheme Program continues to thrive and bring much needed assistance to member-owners in time of grief.

He reported that with the nominal monthly cost of \$2.00, member owners' funeral benefit increased from \$4,000 in 2005 to \$5,000 presently at no additional cost increase to them. Similarly, the loan protection coverage has increased from \$60,000 to \$125,000 and the Life savings from \$10,000 to \$25,000; the extended life of the loan from 20 years to 25 years and the insurable age from 75 years to 80 years. Payout over the last six years exceeded what was collected in premiums, but the Burial Scheme Catastrophic fund reserves was established to meet the shortfalls; however, directors and management continue to monitor and analyze the growing increase of claims payout to determine if a small rate increase would be inevitable.

Mr. Vaughan then directed members to examine the report on pages 38-39 in the booklet, which detailed payout for the financial year of over \$1.1 million in funeral benefits (FB) and \$1.9 million for loan protection and life savings. These amounts aided the surviving family members of the 235 member-owners that died during the past year. Of the total deaths, 134 persons were female and 101 were male, with the youngest member being a 16-year-old female child and the eldest being 100 years old female that died from heart related complication. The rampant cause of death continues to be heart-related, cancer and respiratory complications. Twelve member owners lost their lives to violence in the community and 4 persons got the double benefit payment because they died in traffic accidents. Three claims received maximum payout coverage of \$25,000 in life savings and three members received the maximum \$125,000 in loan protection during the year. No member got the maximum combined benefit of \$150,000.

He concluded by advising member-owners that HRCU will continue to provide for them but they must likewise do their part by continuing to maintain a minimum of \$130.00 in their account to be able to pay the annual \$24 on May 1st in order to qualify for the funeral benefit. They MUST also keep their loan payment account up to date to enjoy full benefit coverage.

Supervisory Committee Report

In absence of Mr. Reynaldo Burgos, chairman of the supervisory committee, Mr. Oscar Riveroll, Director on the Board of Directors was called to present the Supervisory Committee Report to member-owners.



He reported that pursuant to the instructions contained in the Credit Unions Act Chapter 314 of the Laws of Belize, the supervisory committee had during the financial year caused to be examined the books and account records by the accounting firm of Grant Thornton International Ltd. Their report is contained in pages 24-35 of the AGM booklet.

He further advised member-owners that the supervisory committee examined on a monthly basis the financial statements and related reports and have obtained all information and explanations that were required.

He concluded by stating that in the opinion of the supervisory committee members, based on the independent external audit and monthly review of the financial statements, the balance sheet, together with the statement of income & expenses and the statement of cash receipts and cash disbursements present fairly the state of the credit union's affairs as at March 31, 2017 and for the year then ended.

Discussion & Acceptance of Reports (Declaration of Dividends)

Dr. Babb then called for the acceptance of the reports, the 4% dividend, and 25% interest rebate payment for member-owners who serviced their loan commitments as promised.

The reports, proposed dividend and interest rebate were accepted on a motion from **Mrs. Paula Frazier Niece** which was seconded by **Ms. Alice Sewell**. The reports were subsequently accepted by the majority by a show of hands.

The floor was then opened for the matters arising from the reports that were read, and several questions and answers followed:-

- 1. Question 1:** What is interest rebate? As explained by Mrs. Babb, interest rebate is the refund of monies to those borrowers that were able to service their loan payment as promised on a timely basis to the Credit Union during the course of last year.
- 2. Question 2:** Since the report stated that there is an increase, why is there a decrease in dividend payout? The Chief Finance Officer (CFO) responded by saying that the purpose of lowering the dividend rate is because of market conditions and trends, the Board made the decision to reward the borrowers by increasing the rebate percentage from 20% to 25% since these borrowers are the ones that have kept the door of the credit union open. Because of the huge influx of savings into the credit union, the Board is looking at other ways of rewarding the senior citizens that rely on these dividend rates for survival.
- 3. Question 3:** Just for clarity, are you saying that if a borrower wants to payoff his/her loan through another financial institution, that this person savings will be factored into the loan payoff? The CFO responded by saying that the credit union is faced with a position where other financial institutions are advising members to borrow from them but to save with the credit union. For the



credit union to grow and thrive member-owners must save and borrow from their credit union. Member-owners must be cognizant of the fact that the credit union's main income earner is from investments and interest earned from the issuing of loans.

4. **Question 4:** What is being done for those persons, such as youths, that are only savers not borrowers? How are they rewarded? It was explained to member-owners that both borrowers and savers are equally important, but it is the borrower that is the key to keeping the credit union alive. The interest earned from these loans are what has kept the credit union doors open, and able to repay a dividend at the end of the year. Eventually when the market conditions improve, the rate of return will be even better, as in the past it went up to as much as 7.75%.
5. **Question 5:** How do we address the delinquency problem? How do we educate people for them to have a proper understanding of the importance of saving, the calculation of interest and understanding what rebate is? What is the credit union doing to encourage entrepreneurship to start investment and nurture them to become successful? Member-owners were advised that despite what the other financial institutions are saying, the 1% per month or 12% per annum when borrowing from HRCU translate into 7.5% effective interest charges. Credit union members benefit tremendously from a variety of services offered by the credit union, including the funeral benefit, the loan protection and life saving benefit, not having to pay loan fees when borrowing and HRCU is in the process of introducing a new low income housing program that will benefit those that access this service.

At the moment the credit union is in the process of embarking on a new special housing program in an effort to create affordable housing for its membership. Mrs. Castillo, Director on the Board, went on to explain that there is a need for public education and that they are looking at different ways of diversifying the credit union investments. She stated that the delinquency problem must be looked at more keenly and she referred members to page 19 where it stated that the delinquency provisioning has lessened over last year figures. Mrs. Castillo went on to explain that the development housing scheme will assist those members with securing a home of their own and if successful, it will be a new investment opportunity for the credit union to channel excess liquidity funds into.

6. **Suggestion:** It was suggested that for those member-owners that are taking their loans to other financial institution, that the credit union institute a penalty fee for those loans that are being moved to other financial institutions. Dr. Babb thanked the member for his suggestion and stated that it will be considered.
7. **Comment:** About a personal matter whereby a guarantor got penalized for the first borrower's delinquent loan. The member was advised to come into the credit union to speak with an officer.
8. **Question 6:** Is it true that the Mayor of Belize City will change Hydes Lane into Mrs. Jane name on her 100th Birthday? Dr. Babb responded that Mrs. Jane is not aware of that, but that it would be a very good recommendation.



Election of Officers

In absence of officials from the Belize Credit Union League, Dr. Carol Babb was asked to conduct the election of officers for HRCU. She started by thanking all those officers that served during the past financial year, and asked those whose term had ended, to kindly step down.

Mr. Fred Smith, stepped down, and she thanked him for his 30 years of time and dedication to HRCU. Before proceeding with the elections, she explained to member-owners the requirements for persons to be nominated to serve on the various committees and the board. As per the provisions of the Statutory Rules and Orders, for each of the three elections, she opened the floor for two (2) minutes for additional nominations by member-owners.

- **Board of Directors:** The term ended for Mr. Fred Smith.

Mr. Smith expressed his willingness to serve again for another term. Since there was no other nomination from the floor, **Ms. Ethel Zuniga Castillo** moved that nomination be closed and **Ms. Sheryl Bedran** seconded the motion. The majority then voted by a show of hands to re-elect Mr. Smith to the board of directors

He accepted and was confirmed to serve as director on the board for the next three (3) years

- **Credit Committee:** The term ended for Ms. Eleanor Gillett.

In absence of Ms. Gillett, a letter was presented which confirmed her interest in serving on the committee. Dr. Babb read the letter aloud and the floor was then opened for any further nominations. Since there was no other nomination from the floor, **Ms. Shaheed Haulze** moved that nomination be closed, and the motion was seconded by **Ms. Gertrude Flowers**. The majority then voted by a show of hands to confirm Ms. Eleanor Gillett to serve for another three-years term on the credit committee.

- **Supervisory Committee:** The term ended for Mr. Reynaldo Burgos, Mr. Marnix Perez, and Mrs. Alice Leal.

In the absence of Mrs. Leal, a letter was presented which confirmed her interest in serving on the committee. Dr. Babb then stated that in order to fill the other available seats, that the nominating committee had nominated both Mr. Englebert Perera and Mr. Warren Coye to serve on its Supervisory Committee and they have accepted the nomination. The floor was then open for two minutes for any further nominations. Since there were none, **Ms. Mona Lisa Tillet** moved that nomination be closed and **Ms. Adelia Young** seconded the motion. The majority of member-owners voted by a show of hands to elect Mrs. Alice Leal, Mr. Englebert Perera and Mr. Warren Coye to serve for one (1) year; they all accepted and were confirmed to the post on the Supervisory Committee.

Following the elections a question from the floor was asked inquiring as to how can member-owners know which positions will be up for election at the next AGM. It was explained to everyone that on the last page of the AGM booklet was listed the officers who served during the past year. On this page



anyone who had after their name (serving one more year), their position would be up for election at the next AGM. It was also pointed out that all supervisory committee members' positions become vacant and hence elections are held each year for that entire committee.

6. New Business

After serving as external auditors since 1998, the audience was asked to give a round of applause and thanked the auditing firm of Grant Thornton for their services. The Board made recommendation to the membership that the auditing firm of Horwath Belize LLP, represented by Ms. Lisa Zayden, be considered and the majority of member-owners, by a show of hands, voted for their appointment as external auditor for the fiscal year April 1, 2017 to March 31, 2018.

7. Adjournment

At 3:49 p.m., with the final count for voting member-owners in attendance at 2,119 the MC called for a motion to adjourn the 73rd Annual General Meeting. The adjournment of the meeting was put forward on a motion from **Ms. Adeline Guerra** which was seconded by **Ms. Indira Cayetano**. After the adjournment, Dr. Babb announced the commencement of the Special AGM Raffle.

8. Other Business (Special AGM Raffle)

There was a grand total of twenty-five \$1,000.00 prizes to be raffled among HRCU member-owners. The first winner of \$1,000.00 was **Ms. Patricia Staines**. The other lucky \$1,000.00 prize winners were:

2. Allesea Alford	10. Dwight Wade	18. Albert Kisling
3. Denise Andrewin	11. Irma Rubio	19. Sharon Vernon
4. Ana Ceron	12. Vanessa Augustine	20. Sharrette Hyde
5. Dean Warrior	13. Radiance McKay	21. Violet Tillet
6. Eleanor Flowers	14. Trecia Welch	22. Teresita Loria
7. Antoniette Castro	15. Andres Velasquez	23. Norma Coote
8. Jason Reneau	16. Bernadette Gordon	24. Geraldine O'Brien
9. Marcella Smith	17. Ibani Mendez	25. Chyla Gill

After drawing the \$5,000.00 grand prize winner who was **Ms. Maura Avila** with ticket #1967, Dr. Carol Babb thanked everyone for attending HRCU's 73rd Annual General Meeting. A special thank you was given to the member-owners that attended and the staff of HRCU.

Submitted by:



Fred Smith, President



Wendy Castillo, Secretary



Board of Directors Report (April 1, 2017 to March 31, 2018)

Fellow member-owners of HRCU:

Once again it is indeed an honor and a privilege to report to you on what your Board of Directors, Committees, Management and Staff of your credit union, have been doing on your behalf during the financial year ended March 31, 2018.

Your Board continues to hold its regular monthly meetings and whenever necessary, hold special meetings to discuss the affairs of your credit union. 2017/2018 has been a very busy year for HRCU. We were able to purchase an additional property on Hydes Lane for the expansion of our headquarters which from the centerfold of your AGM booklet you will see what your HRCU will look like in the near future. The original plan was to look for another location in the City for a branch office. However, with the introduction of modern and innovative technology, whereby member-owners don't even have to come into the office to do their business anymore, your directors decided it best to expand No.1 Hydes Lane. The primary reason for such expansion is to accommodate for additional staff and the much needed space to improve on the old, and to introduce new services, to satisfy the growing demands of our member-owners.

Those of you who happen to pass by Mile 15 on the Philip Goldson Highway will notice the beginning of our affordable housing project which was mentioned at last year's AGM. The project calls for two and three bedroom houses complete with amenities for first time homeowners. Those who qualify must be member-owners of HRCU but most importantly, must be able to meet the monthly loan repayments. This first phase calls for some 100 homes which will be walk-in ready with the comforts of all utilities, including cable installation. The plan is to expand and build more affordable homes for the benefit of our member-owners but we wanted to do it right hence the reason it took so long to get the project underway. In fact, I am proud to reveal to member-owners that we have even earmarked a prime location for a Branch Office to serve member-owners from the surrounding communities of Ladyville, Sandhill, Lords Bank, Los Lagos, Maxboro, Burrell Boom and the many other rural communities in that beautiful area of Belize.

Only recently we acquired a 3-story building in the capital city of Belmopan on the south end of the Ring Road near the Belmopan Comprehensive School. The building is currently being rented by Climate Change and UNDP, hence it will be an earning asset for us, but eventually we are hoping to use a portion of the building or build a separate office on the compound to establish a presence in Belmopan to serve the huge population of member-owners living and working there. Even if in the beginning it is not a full-fledged Branch Office we will install state-of-the-art automated machines to allow member-owners to deposit and withdraw monies from their accounts without having to come to Belize City. It is truly all about technology as I have already mentioned.

Important Operational and Financial Highlights:

- ◆ dollar value of loans issued to member-owners: \$65.1 million



- ◆ number of loans issued to member-owners: 17,796 loans
- ◆ total gross profits: \$39.8 million
- ◆ total net profits: \$26.7 million
- ◆ dollar growth in total assets: \$15.9 million
- ◆ resulting in total assets of \$581.9 million
- ◆ growth in membership: 2,964 "new" member-owners
- ◆ ending the year with a total of 55,661 member-owners (after account closures)

Further details on these impressive highlights are included in the Financial Statements on pages 30 to 44 of this AGM booklet which were audited by BDO Belize LLP and your Credit Committee's Report on pages 16 to 19.

Sadly, we continue to experience decreases in our fixed deposit income as most of our investments are commercial bank fixed deposits on which interest rates continue to plummet. We will see a much more favorable increase on total investment income next year since we invested wisely in Treasury Notes when they were floated by the Central Bank on behalf of the Government of Belize. Loan interest income continues to be our largest income earner. We therefore encourage member-owners to continue to meet their loan repayment obligations. This is not always the case but personnel in our delinquency and recovery department have been working overtime to keep delinquency in check. In fact they have been working overtime on delinquency to the point where we have been in a position to satisfy all provisioning and removal requirements of our regulator, the Central Bank of Belize. At the last Belize Credit Union League's Convention celebrated during Credit Union Week in October 2017, HRCU was given the award for reducing delinquency significantly during 2016/2017. It would therefore be amiss if I, as your president, failed to congratulate all staff members, particularly those working with delinquency, for achieving this important award from the Belize Credit Union League.

Our Upcoming 2018/2019 Year Ahead:

Your Board of Directors continues to reevaluate the needs of our credit union and as always, has plans to improve on its operational efficiency and profitability. As our wise old sage who is now 100 years old, Miss Jane, always reminds us: "it is not only working to curb expenses but, we must increase our income to make member-owners happy".

By the time we meet again on Saturday, April 27, 2019 for our 75th AGM, our new building project should be almost completed, if not already completed as our architect has promised us. This will be cause for a massive celebration and reflection on from whence we came. When anyone stops to consider the power of people coming together for the benefit of each other; people pooling their hard-earned monies together to lend to each other in times of need; people helping people to help themselves financially; this philosophy, our credit union philosophy, is truly remarkable indeed.

In light of the low interest rates being paid by commercial banks on fixed deposits and the discontinuation of paying interest on current accounts which holds millions upon millions of our monies, your Board of Directors will continue to embark on building affordable houses for member-owners. The economies of scale we will enjoy from building HRCU communities will benefit, not only member-owners but, will benefit your credit union as well. This is truly a win win situation for everyone.



HRCU will once again continue to be a good corporate citizen by supporting charitable organizations, sporting associations, and educational institutions. When the call came for help following the devastation caused by Hurricane Irma and Hurricane Maria, together we came up with \$50,000 thousand dollars from our hurricane relief efforts. Last year alone we gave out 809 grants through our Henry Usher Educational Grant Program totaling almost \$400,000 thousand dollars and we aim to continue improving this program to include much more needy member-owners. May I take this opportunity to remind you that you must be a member-owner of HRCU to be able to receive an educational grant. We therefore encourage parents and guardians to ensure that your children are member-owners of HRCU. Financial literacy is of paramount importance and your credit union is the best place to learn about savings at this young age.

We will continue working with our regulator, the Central Bank of Belize, in making sure we are always in compliance with the Laws and with prudent management of our credit union. Utilizing best practices is what has made HRCU the success story it is today.

Those all important returns to our member-owners:

We heard your cries to pay the best possible dividends at last year's AGM and to lower the loan rates even if it would mean foregoing rebate payments, particularly on residential mortgage loans. Therefore, of the net profits of \$26.7 million some \$2.7 million was allocated to Statutory Reserves and other Reserves leaving \$24.0 million dollars of which 100% is being returned to you in the form of dividends and loan interest rebates.

Your Board of Directors is recommending a dividend rate of 5% and loan interest rebates of 15%. In addition, we will be lowering our residential mortgage rate from 12% to 9.75% on the reducing balance. This will allow for a lesser loan repayment upfront for mortgage loans but no rebates. Member-owners who wish to enjoy this benefit will need to visit the office to negotiate these new terms and conditions on their mortgage loans.

Once again we consider it an honor to serve you and together let us continue to grow our credit union by *"saving regularly, borrowing wisely, and repaying promptly"*. May our Heavenly Father continue to Bless HRCU and all our member-owners.

Your Board of Directors:

Fred Smith, CSC/JP, President
Oscar Riveroll, JP, Vice President
Albert Vaughan, JP, Secretary

Jane E.M. Usher, CBE/JP, Treasurer
Wendy Castillo, Director
Elizabeth Zabaneh, OBE/CSC/JP, Director

"Nothing is impossible... the word itself says I'm possible!"

-Audrey Hepburn





**Belmopan Building Investment
(securing a prime location for a future Belmopan Branch)**



**HRCU's affordable housing project underway
(first of many HRCU communities to be built for member-owners)**



Credit Committee Report (April 1, 2017 to March 31, 2018)

Good afternoon member-owners and distinguished guests:

Once again it is with pleasure that the Credit Committee presents its report for 2017/2018 to you our member-owners.

Our family of 3 founding members has grown significantly since 1944, but we've never forgotten our guiding principle of "people helping people", and the belief that together with our unwavering commitment to each other we will continue to be successful.

In 2017/2018, the Credit Committee met 45 times for the year. The total amount of loans disbursed was \$65.1 million for a total loans of 17,196. We provided more than \$15 million in loans for House Repairs and Renovations and over \$14 million for Business Investments. The number of loans issued for both are 2,195 and 711 loans respectfully. Throughout the years these two categories have been the largest demands for loans at HRCU.

For a clearer view and breakdown of the loans portfolio, please turn to page 18 and 19 of your AGM booklet for the category of loans and amounts disbursed during the year.

Despite our overall decrease in loans again this year, our financial strength, we have been able to achieve asset growth because of your loyalty and participation in your Credit Union. Throughout our time as one of the largest credit unions in Belize, HRCU has proudly provided our member-owners with many excellent products and services.

At the time of the loan inquiry, a member makes a promise to pay giving all the information needed to show that he or she can service the loan. Then as the time progresses, the member realizes that the loan becomes a burden for them and decides to stop making the pledge payments and the member becomes delinquent.

Delinquency can trigger a number of unwelcomed situations, from accumulation of interest to adjusting your spending habits and definitely, significant character damage. It will therefore leave you facing high financial costs in your life.

Delinquency can be very destructive and we are working hard at bringing it down. As members-owners you need to own your responsibilities and work with us as we must meet provisioning requirements of the Central Bank when loans are not paid. This is indeed costly for the credit union when we have to take money from our current income to meet these "harsh" provisioning requirements. These are monies that should go the members in the form of dividends and rebates which I am sure most members would prefer. The sad truth is that some members just do not pay their loans on time. Most of them wait for a reminder, but there are others who become so delinquent that you have to continuously call them, send notices, or eventually send "demand" notices. The delinquency at the close of the financial year ended March 31, 2018 was 12.3%. We hope to see this percentage decrease even further in the upcoming financial year.



Your Credit Union wants to work with you and has always worked with you in in the past through difficult times. But you must come in and talk with us. Don't wait until the situation gets out of control. We are here to help you. Sometimes when you allow your loan to become 30-days delinquent then it is harder to catch up because the following month you then have to pay the current and previous months. If you cannot pay one month then it will be even harder for you to keep up payments and this causes you to fall deeper and deeper into delinquency.

While you may assume that you should pay what you can pay when you can, that's not necessarily the case. The last thing you want is to make a payment that is not your pledged payment without first informing your Credit Union. This will not benefit your situation. Always remember this!

We thank you for a successful year and our success is a direct result of your commitment to your Credit Union. Your feedback is highly valued, and helps us focus on the things that matter to you most. Together, we are part of something extraordinary. We are here to be your financial partner, and to help you achieve all your dreams and goals. *"When it is obvious that the goals cannot be reached, don't adjust the goals, adjust the action steps."* As always, we are honored and grateful for your membership.

We thank God for all His many blessings and graces bestowed on our Credit Union, staff, Board of Directors, Committee members and you our member-owners. Thank you for your continued support and for giving us the opportunity to serve.

We thank management and staff for their assistance in providing timely information for our meetings. This is very important when it comes to our decision-making on loans.

I would like to especially thank my credit committee for their perseverance, commitment and determination. *"Money is only a means of exchange. Properly managed it makes fair and good exchanges, but badly managed it leads to financial disaster".*

Thank you all very much and God bless!

For and on behalf of your Credit Committee,

Marion Marsden MBE, JP, Chairperson
Eleanor Gillett JP, Secretary
Dr. Carol Babb JP, Member

***"Alone we can do so little
together we can do so much."***
-Helen Keller



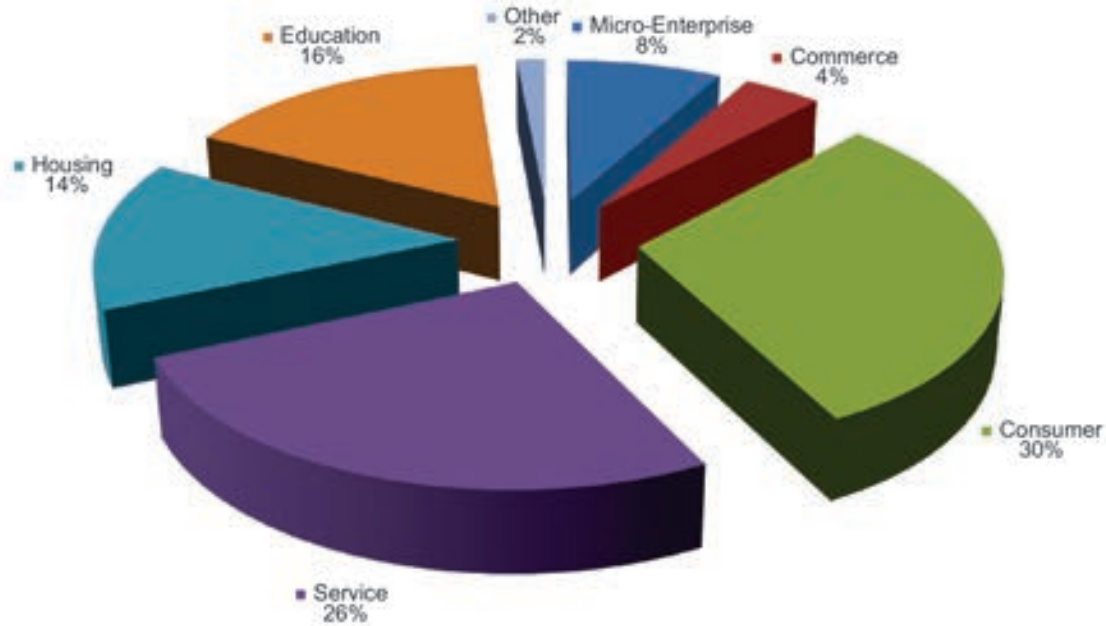
HRCU Loans Disbursed April 1, 2017 - March 31, 2018

PEARLS Codes	Loans by Purpose	AMOUNT TOTALS	AMOUNT %	NUMBERS TOTALS	NUMBERS %
3	Appliance & Household Goods	\$ 1,401,548.10	2.15%	647	3.64%
1	Boat Purchase & Repairs	\$ 731,464.47	1.12%	48	0.27%
4	Christmas Expenses	\$ 1,365,929.15	2.10%	978	5.50%
4	Dental & Medical	\$ 3,290,232.01	5.05%	1,672	9.40%
6	Education (All Levels)	\$ 5,484,423.94	8.42%	2,845	15.99%
4	Funeral Expenses	\$ 279,664.64	0.43%	161	0.90%
4	Government Taxes & Insurance	\$ 850,207.90	1.31%	278	1.56%
5	House Repairs & Renovations	\$ 15,480,464.89	23.76%	2,195	12.33%
2	Investment (Business)	\$ 14,651,586.69	22.49%	711	4.00%
1	Fishing & Farming	\$ 46,531.64	0.07%	12	0.07%
7	Consolidation of Debts	\$ 2,366,935.25	3.63%	257	1.44%
5	Legal Fees	\$ 475,637.21	0.73%	70	0.39%
3	Miscellaneous Expenses	\$ 565,699.96	0.87%	216	1.21%
5	Homes & Housing Starts	\$ 271,467.02	0.42%	34	0.19%
1	Outboard Engine & Repairs	\$ 48,516.00	0.07%	7	0.04%
3	Personal Expenses	\$ 4,055,562.56	6.23%	4,552	25.58%
5	Land Purchase	\$ 4,783,091.38	7.34%	208	1.17%
2	Investment (Real Estate)	\$ 203,752.00	0.31%	10	0.06%
3	Sporting Equipment	\$ 780.00	0.00%	2	0.01%
4	Travel & Vacation	\$ 1,586,935.76	2.44%	602	3.38%
4	Utility Bills	\$ 490,041.78	0.75%	874	4.91%
1	Vehicle & Vehicle Repairs	\$ 6,451,564.10	9.90%	1,356	7.62%
4	Wedding Expenses	\$ 266,305.59	0.41%	61	0.34%
	GRAND TOTALS	\$ 65,148,342.04	100.00%	17,796	100.00%
(PEARLS Categories)					
1	Micro-Enterprise	\$ 7,278,076.21	11.17%	1,423	8.00%
2	Commerce	\$ 14,855,338.69	22.80%	721	4.05%
3	Consumer	\$ 6,023,590.62	9.25%	5,417	30.44%
4	Service	\$ 8,129,316.83	12.48%	4,626	25.99%
5	Housing	\$ 21,010,660.50	32.25%	2,507	14.09%
6	Education	\$ 5,484,423.94	8.42%	2,845	15.99%
7	Other	\$ 2,366,935.25	3.63%	257	1.44%
	GRAND TOTALS	\$ 65,148,342.04	100.00%	17,796	100.00%

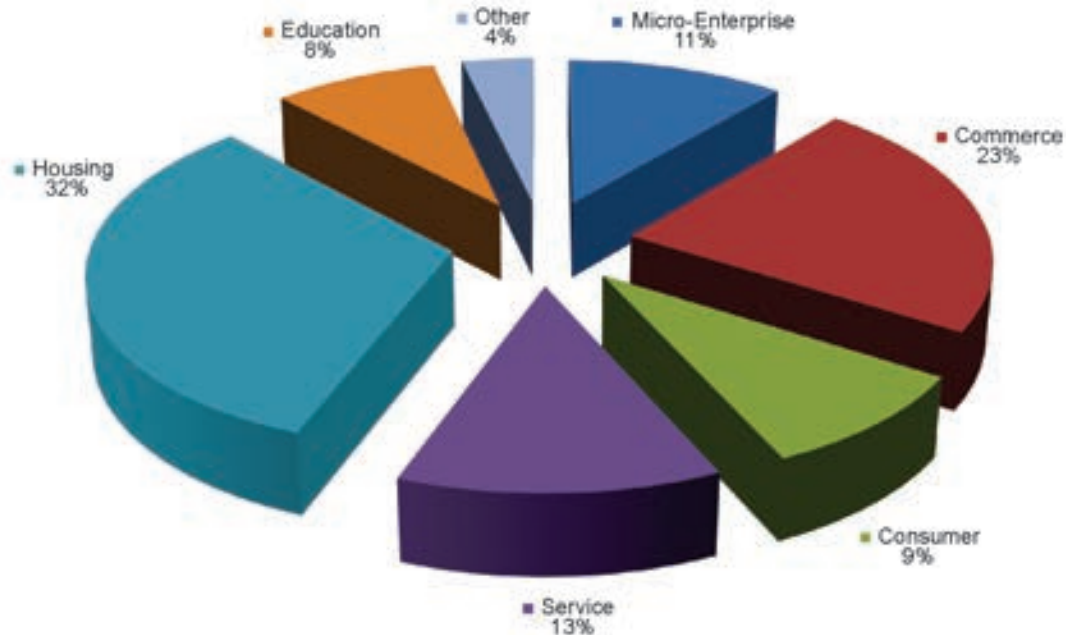
*"Beware of little expenses. A small leak will sink a great ship".
- Benjamin Franklin*



Loans by Numbers (PEARLS Categories)



Loans by \$ Amount (PEARLS Categories)



General Manager/Treasurer's Report: (April 1, 2017 to March 31, 2018)

Dear faithful & loyal member-owners of HRCU:

The final day of the Garifuna Settlement Celebration long weekend, November 20th, I had a serious fall and as a result I am still at home recuperating. As I continue to get stronger with each passing day, of course, I am in touch with the office and as part of my therapy I am allowed to do work from home. It is so heartwarming to see how much our credit union is growing as member-owners continue to **"save regularly, borrow wisely, and repay promptly and as promised"**. This is indeed one of our core principles which has kept HRCU at the forefront both nationally and regionally.

I am happy to report that we have taken in some 2,964 member-owners during this past year, 482 at our branch office in Independence Village. Growth is extremely important so we must continue to encourage our family, friends, co-workers, everyone who we are in contact with, to become a member-owner of HRCU. There are so many benefits that all our member-owner's enjoy besides attractive dividends and rebates. Please refer to Page 50 of this AGM booklet to read for yourself what member-owners enjoy access to.

Our president has given you the good news for member-owners who have mortgage loans with HRCU. They will be able to enjoy a lower mortgage interest rate of 9.75% once the mortgage is a registered one. This will definitely mean savings up front due to a lesser loan repayment schedule and for those who choose to continue with the same repayment schedule, it would mean that they will be paying off their loans much, much faster. I have worked on Page 22 what these savings will be under this very attractive interest rate.

During the financial year under review we had several trainings for our hard-working staff, particularly in anti-money laundering which is a requirement of the Central Bank. Some staff had training in customer service, disaster preparedness, governance, risk management, property appraisal, and many other topics that prepares our staff to give member-owners the best possible service. In addition, we strongly encourage all staff to continue their educational training after work hours. I am proud to mention that we had four who recently completed their Bachelor's Degree from the University of Belize and four more will be graduating next month. Once they have completed their Bachelor's Degree we do refund them a portion of the fees as an incentive to encourage them. At HRCU we insist on having the best trained staff to look after member-owners interests.

As our assets grow we continue to remain under the watchful eyes of both our internal and external auditors, our Supervisory Committee and our regulator, the Central Bank of Belize. From our financials I have once again done an analysis of our Balance Sheet and our Income and Expenses which appear on page 21 of this AGM booklet. This analysis is to help you to better understand the movements in these reports.

In closing yet another successful chapter of HRCU, chapter 74, my sincerest wish, going forward, is that HRCU remains a leader among leaders of the Credit Union Movement.

Dr. Jane E.M. Usher, CBE/JP, General Manager/Treasurer



Balance Sheet Analysis:

- growth in assets totaled \$15.9 million or 2.8% allowing us to reach \$581.9 million; growth in savings (all types) totaled \$11.6 million or 2.5% for a total of \$475.7 million
- loans reduced by \$8.7 million for a total of \$285.9 million owed by 10,542 borrowers. Our loan portfolio now makes up 49.1% of our total assets
- investments increased with the additional \$30 million investment in Treasury Notes. We now have the Belmopan Building for rental income and our Affordable Housing Project which will eventually be converted to loans upon the transfer to member-owners who qualify.
- our cash & cash equivalents (our real liquidity) remains at \$99.5 million much lower than last year's \$112.9 million. We must encourage member-owners to utilize the loan services of HRCU where the interest costs are the most affordable, particularly now on mortgage loans at 9.75%
- increases in "net" property, plant & equipment are due mostly to building & parking lot upgrades, additional land purchases, and purchases in computer, furniture, and related equipment
- Allowance for Loan Losses is what we MUST set aside for doubtful loans. This year we had to set aside \$1.9 million (2017 - \$2.8 million and 2016 - \$3.4 million). Please know that we remain fully provided for "all" doubtful loans as per Central Bank's regulations. At this moment in time we are over provided to accommodate a list of mortgage loans that Central Bank wants us to remove to Recovery and commence foreclosure procedures on these delinquent member-owners.
- total Equity after the distribution of surpluses for 2018 is \$106.3 million.

Income and Expense Analysis:

- Interest on Loans amounted to \$34.7 million or 87.1% of total income, a slight decrease over 2017; Interest on Fixed Deposits amounted to \$1.9 million or 4.7% of total income (\$2.4 million - 2017; \$3.4 million - 2016). In 2011 we were earning almost \$9.0 million from Fixed Deposits. Current account interest declined from \$219 thousand last year to \$63 thousand this year due to the commercial banks paying next-to-nothing to hold our monies.
- all other income accounts remained more or less the same as last year except for three (3) new investments of Belmopan City Bonds, additional Treasury Notes, and the Belmopan Building. On the Belmopan Building we are only reporting three (3) months rental since the property was only purchased in December 2017; on the Treasury Notes only one (1) semi-annual interest payment was received due to when the Notes were purchased; and on the City Bonds, only one (1) semi-annual interest payment was received. Next year these new sources of income will all increase.
- expenses decreased overall by \$1.9 million as opposed to the increase of \$400 thousand in 2017. Contributing factors were having to provide less for delinquent loans and the decline in interest costs due to lowering the interest rate on Special Deposits. We also added a new line item of expense in connection with the Belmopan Building. Expenses will be basically for the upkeep of the building.
- most other line items of income and expenses came in at budgeted figures or a little over or under what was estimated. Advertising & Marketing is up due to infomercials we are working on; Bank Charges increased due to new fees imposed; and, AML/CFT Compliance Expenses more than doubled because of staff training and also attending Compliance Aid Conference and FATCA and CRS Conferences and Workshops since we must report to foreign authorities.
- as a result of all this our income to expense ratio was 32.95% and after removing Interest Costs and Provisioning Costs it takes about \$.20 cents out of each income dollar to run both offices. This is truly remarkable during these times of escalating inflation. Congratulations to our staff.



HRCU Reduced Mortgage Loan Rate

(from 12.00% to 9.75% on the reducing balance)

Mortgage Loan Amount @ 12.00%	15-year repayment (180 months)	20-year repayment (240 months)	25-year repayment (300 months)
\$ 25,000.00	\$ 300.64	\$ 275.55	\$ 263.45
\$ 50,000.00	\$ 601.29	\$ 551.10	\$ 526.89
\$ 75,000.00	\$ 901.93	\$ 826.65	\$ 790.34
\$ 100,000.00	\$ 1,202.58	\$ 1,102.20	\$ 1,053.79
\$ 125,000.00	\$ 1,503.22	\$ 1,377.75	\$ 1,317.23

Mortgage Loan Amount @ 9.75%	15-year repayment (180 months)	20-year repayment (240 months)	25-year repayment (300 months)
\$ 25,000.00	\$ 265.50	\$ 237.45	\$ 222.96
\$ 50,000.00	\$ 530.99	\$ 474.90	\$ 445.92
\$ 75,000.00	\$ 796.49	\$ 712.36	\$ 668.88
\$ 100,000.00	\$ 1,061.98	\$ 949.81	\$ 891.84
\$ 125,000.00	\$ 1,327.48	\$ 1,187.26	\$ 1,114.80

Member-owners with mortgage loans must come into the office to sign up for the reduced rate and there must be a registered mortgage with HRCU.

Member-owners will benefit up front from this reduced mortgage loan rate therefore no "rebates" will be paid on these loans.

Please note that if you switch to the new mortgage loan rate of 9.75% and you keep the same payment, you will pay off your loan ten years earlier than you would have under the old mortgage loan rate of 12.00%.

It is important to note that under all of the above samples, if you were to die before you finish paying off the loan, your loan balance will be paid off from the loan protection (LP) coverage all our member-owners currently enjoy. And this comes at NO additional cost to member-owners!

HRCU firmly believes that your debt must die with you! (Up to \$125 thousand)

And don't forget...HRCU charges no loan processing fees; no late or early payment fees; no hidden charges; no fees or fines whatsoever!





HRCU's entire staff attending training in Customer Service & Public Relations which was followed by a staff meeting with management.



Although we all work tirelessly on delinquency throughout the year, we were commended by the League for the credit union which lowered its Delinquency rate by the most in 2016/2017. Staff of our Delinquency Department poses with the award which was given during the League's Annual Convention.



Independence Branch Highlights

	March 31, 2018	March 31, 2017	March 31, 2016
MEMBERSHIP			
# of males	2,038	1,722	1,459
# of females	2,104	1,781	1,475
# of organizations	36	35	34
Total Membership	4,178	3,538	2,968
# of members under Age 50	2,987	2,514	2,118
# of members Age 50 and over	1,155	989	816
SHARES/SAVINGS			
Total received	\$ 8,271,174.51	\$ 7,160,679.33	\$ 7,382,454.68
Total withdrawn	\$ 9,960,872.26	\$ 7,987,560.27	\$ 4,317,657.23
Total shares/savings	\$ 26,428,377.28	\$ 24,877,771.89	\$ 19,902,656.88
Average shares/savings	\$ 6,325.60	\$ 7,031.59	\$ 6,705.75
LOANS			
Total issued	\$ 5,228,307.06	\$ 5,561,674.50	\$ 6,870,746.11
Total repaid	\$ 3,925,899.74	\$ 4,017,855.45	\$ 4,960,545.68
Total interest collected	\$ 1,981,953.07	\$ 1,624,396.10	\$ 1,535,536.76
# of borrowers	910	787	627
Total loans outstanding	\$ 20,770,158.41	\$ 16,045,502.11	\$ 10,939,851.03
Average loans	\$ 22,824.35	\$ 20,388.19	\$ 17,447.93
INCOME & EXPENSE			
Income	\$ 1,989,250.57	\$ 1,633,192.11	\$ 525,036.30
Expense	\$ 488,743.86	\$ 490,012.10	\$ 126,289.80
Net Profit/(Loss)	\$ 1,500,506.71	\$ 1,143,180.01	\$ 398,746.50
BURIAL SCHEME PROGRAM			
FB claim benefits paid	\$ 85,000.00	\$ 65,000.00	\$ 50,000.00
# of member-owners	18	13	10
LP/LS claim benefits paid	\$ 121,650.51	\$ 48,745.16	\$ 181,602.73
# of member-owners	18	16	8
HENRY "EAGLES" USHER GRANTS AWARDED			
# of Tertiary School grants	8	7	5
# of Secondary School grants	34	30	25
# of Primary School grants	18	15	18
Total grants awarded	60	52	48
Dollar value of grants	\$ 42,000.00	\$ 24,400.00	\$ 21,400.00

***"It is easier to build strong children
than to repair broken men."***

-Frederick Douglass



It's a centennial celebration for
Jane Ellen Mary Price-Usher
(Miss Jane)



Wednesday, September 5, 1917 to Tuesday, September 5, 2017 – 100 years!!

100 YEARS OLD
AND STILL SERVING THE PEOPLE!!!!

THE NEW FACE OF HRCU IN 2019/2020 TO BETTER SERVE YOU!



Independent auditor's report to the Board of Directors and Members of Holy Redeemer Credit Union Limited

Opinion

We have audited the accompanying financial statements of Holy Redeemer Credit Union Limited, which comprise of the statement of financial position as at 31 March 2018 and the statement of income and expenses, statement of cash receipts and cash disbursements and statement of changes in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Holy Redeemer Credit Union Limited as at 31 March 2018, and of its financial performance for the year then ended in accordance with the modified cash basis of accounting and financial reporting provisions of the Credit Unions Act Chapter 314 of the Substantive Laws of Belize.

Basis for opinion

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

Basis of Accounting

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

Other matters

The financial statements of Holy Redeemer Credit Union Limited for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those statements dated 12 April 2017.

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process of Holy Redeemer Credit Union Limited.



Auditor's responsibilities for the audit of the financial statements

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

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

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

BDO Belize LLP

BDO Belize LLP

11 April 2018



Statement of income and expenses-modified cash basis

Year ended 31 March

(In Belize Dollars)

	2018	2017
Income:		
Burial scheme commission	480,000	480,000
Dividends from BCUL shares	6,000	12,000
Dividends from BEL shares	21,110	29,117
Dividends from BWSL shares	112,500	112,500
Interest from BEL debentures	510,000	510,000
Interest from Belmopan City bonds	68,736	-
Interest from fixed deposits	1,864,391	2,440,399
Interest from Treasury notes	1,399,633	29,738
Interest from members' loans	34,662,265	34,896,008
Interest from SCA Mercy bonds	81,250	81,250
Interest on current accounts	62,765	219,208
Loan mortgage fees	365,956	348,104
Other income	161,129	93,540
Total income	39,795,735	39,251,864
Operating expenses:		
Advertising and marketing	51,571	37,654
AML/CFT compliance expense	81,375	34,476
Auditing and supervision fees	56,473	60,744
Bad debt provision	1,950,000	2,835,000
Bank interest and charges	31,287	22,180
Cash shortage	1,563	1,629
Collection charges	73,784	76,550
Committee expense	34,703	30,518
Coverage premiums	2,420,595	2,380,868
Depreciation	592,119	595,312
Fidelity bond coverage	19,800	23,600
Generator/UPS/AC maintenance	67,943	65,409
Insurance-building and equipment	38,900	26,810
Interest expense-deposits/PCA	3,003,553	3,605,863
Loan mortgage expense	53,697	45,430
Office expense	114,412	107,833
Postage and stamps	7,306	8,203
Property taxes	47,239	55,392
Rent expense (DR Center)	81,000	74,250
Security services	387,418	380,689
Social security expense	46,256	42,810
Software systems support	87,640	83,743
Staff salaries and other benefits	3,351,885	3,369,576
Stationery and supplies expense	147,532	162,136
Upkeep of office	61,735	56,565
Utilities - electricity	139,701	138,942
- telephone	91,144	96,985
- water	5,943	5,923
Total operating expenses	13,046,574	14,425,090
Surplus	26,749,161	24,826,774

The notes are an integral part of these financial statements.



Holy Redeemer Credit Union Limited

Statement of cash receipts and cash disbursements

Year ended 31 March

(In Belize Dollars)

	2018	2017
Cash Receipts:		
ATM income	12,331	8,509
BCUL dividend	6,000	12,000
BCUL insurance commission	5,294	3,492
BEL dividend	21,110	29,117
BEL interest	510,000	510,000
Belmopan City bonds interest	68,736	-
Burial Scheme Commission	480,000	480,000
BWSL dividend	112,500	112,500
Cash overage	1,173	1,864
Contingency and special reserves	1,357	1,093
Entrance fees	736	602
Education funds (Refunds)	3,963	54,789
Heritage/CU income	6,663	7,622
Interest on authorized LOC	64,871	55,351
Interest on current account	62,765	219,208
Interest on fixed deposits	1,864,391	2,440,399
Interest on GOB treasury notes	1,442,490	292,500
Interest on loans	34,662,265	34,896,008
Loan loss recovery	318,147	458,895
Loan mortgage fees	365,956	348,104
Loans repaid	71,689,835	66,259,655
Members' deposits/Shares/PCA received	218,324,927	186,447,501
Other income	3,926	4,263
PCA authorized LOC	301,986	273,658
PCA income	10,859	4,888
Rental income (Belmopan property)	48,220	-
Sale of passbook	7,791	7,551
SCA Mercy bond interest	81,250	81,250
Total receipts	330,479,542	293,010,819
Beginning cash and cash equivalents	112,948,620	109,830,121
	443,428,162	402,840,940

The notes are an integral part of these financial statements.



Statement of cash receipts and cash disbursements

Year ended 31 March

(In Belize Dollars)

	2018	2017
Cash Disbursements:		
Advertising and marketing	51,571	37,654
ATM/computer and accessories	120,805	113,398
AML/CFT Compliance expenses	81,375	34,476
Auditing and supervision fees	56,473	60,744
Bank interest and charges	31,287	22,180
Belize Credit Union League dues	182,429	177,793
BCUL/Ameya NPS CU switch	130,118	-
Belmopan Building investment	4,267,036	-
Belmopan City bonds	1,500,000	-
Building construction/renovations	60,834	404,373
Cash shortage	1,563	1,629
Collection charges	73,784	76,550
Committee and upkeep expenses	96,438	87,083
Coverage premiums	2,420,595	2,380,868
Education fund	869,079	896,773
Reserve burial scheme catastrophic	250,000	300,000
Fidelity bond coverage	19,800	23,600
Fixed deposits purchased	112	2,000,000
Furniture and fixtures	11,480	-
Generator/UPS/AC maintenance	67,943	65,409
HRCU affordable housing project	1,675,099	-
Insurance and property taxes	86,139	82,202
Interest expense-PCA	116,168	127,225
Interest expense-special/term deposits	2,887,385	3,478,638
Interest on GOB treasury notes-accrued	-	242,014
Land purchased	1,053,190	147,481
Loans issued	65,148,344	80,541,250
Loan mortgage expense	53,697	45,430
Members deposits/shares/PCA withdrawn	227,782,034	180,942,235
Office expense- Belmopan building	6,553	-
Office expense and postage	115,165	116,036
PCA Authorized LOC	376,329	735,469
Rent expense	81,000	74,250
Security services	387,418	380,689
Social security expense	46,256	42,810
Software system support	87,640	83,743
Staff salaries and other benefits	3,351,885	3,369,576
Stationery and supplies	136,803	140,676
Treasury notes purchased	30,000,000	12,418,216
Utilities	236,788	241,850
Total disbursements	<u>343,920,615</u>	<u>289,892,320</u>
Ending cash and cash equivalents	<u>99,507,547</u>	<u>112,948,620</u>
	<u>443,428,162</u>	<u>402,840,940</u>

The notes are an integral part of these financial statements.



Holy Redeemer Credit Union Limited

Statement of cash receipts and cash disbursements

Year ended 31 March

(In Belize Dollars)

	Burial scheme catastrophe reserve	Contingency and special reserve	Education fund	Guaranty fund	Statutory reserve	Undistributed surplus	Total
At 1 April 2017	\$7,225,242	\$10,565,931	\$1,477,912	\$23,394	\$56,599,047	\$21,425,507	\$97,317,033
Transfers:							
League dues	-	210,052	-	-	-	-	210,052
Entrance fees	-	-	-	736	-	-	736
Other adjustments	-	1,357	3,963	-	-	-	5,320
Fund uses:							
Dues: Belize Credit Union League	-	(182,429)	-	-	-	-	(182,429)
Dividends and rebates	-	-	-	-	-	(21,425,507)	(21,425,507)
Donations, AGM, and related expenses	-	-	(869,079)	-	-	-	(869,079)
Other adjustments	(250,000)	-	-	-	-	-	(250,000)
Surplus	533,643	-	533,643	-	1,600,929	24,080,946	26,749,161
At 31 March 2018	7,508,885	10,594,911	1,146,439	24,130	58,199,976	24,080,946	101,555,287



The notes are an integral part of these financial statements.

Notes to the financial statements

Year ended 31 March 2018

(In Belize Dollars)

1. General information

Holy Redeemer Credit Union Limited ("HRCU") was incorporated in 1944 under the Credit Unions Act Chapter 314 of the Substantive Laws of Belize. The main objects of a credit union are to promote thrift among its members, to receive savings of its members either as payment on shares or as deposits, and to make loans to members exclusively for provident or productive purposes. HRCU currently has 55,661 (2017-53,759) members. HRCU is supervised by the Registrar of Credit Unions. As per the Credit Unions Act, the Registrar of Credit Unions is the Governor of the Central Bank of Belize.

The registered office is located at Hodapp House, 1 Hyde's Lane, Belize City.

2. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared from the records maintained in the accounting system of HRCU. HRCU uses a modified cash basis of accounting. On this basis, revenues are recorded when received and expenses recorded when paid while other transactions are recorded as detailed below.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets and liabilities.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to estimates include the collectability of members' loans receivable, depreciation of fixed assets and the carrying values of financial instruments. Actual results could differ significantly from those estimates.

Currency translation

The reporting and functional currency used by HRCU is the Belize dollar. Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Transactions in United States currency and balances at the balance sheet date have been converted to Belize currency at the official rate of US\$1.00 equals Bz\$2.00. Currency translation gains and losses are reflected in the statement of income and expenses.



Holy Redeemer Credit Union Limited**Notes to the financial statements**

Year ended 31 March 2018

*(In Belize Dollars)***2. Summary of significant accounting policies (continued)****Investments in financial instruments**

HRCU invests in financial instruments consisting of public sector equity interests that management considers to be high-grade and low-risk; in debt securities issued by the public sector and other credit-worthy institutions; in term deposits held with financial institutions with high credit histories and in high-quality real estate for generating rental income and/or capital appreciation.

HRCU accounts for its financial instruments under the cost method net of any impairment that is considered a permanent decline in the recorded amount of the investment. Income from these financial instruments is recognized when received.

Financial instruments are tested for impairment annually using valuation criteria that are prudent in the absence of a ready market for the instruments. In the opinion of management, the estimated fair value of HRCU's financial instruments is not less than their carrying amounts.

Loans receivable from members are carried at amortized cost using the effective interest method less impairment provision that is considered prudent after recognizing the estimated realizable value of existing collateral. HRCU uses a methodology for measuring the allowance for loan losses that complies with that mandated by the Regulator. The allowance for loan losses is treated as a contra-asset account in accordance with the Credit Unions Act (CUA) Requirement No.2 of 2013 and is funded by charges to income as a provision expense for recognizing impairment of loans that have been adversely classified or charged off.

Cash and cash equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with maturities of three months or less.

Financial assets are derecognized when the right to receive cash flows from the financial assets has expired.

Investment properties

HRCU classifies a property held to earn rentals and/or for capital appreciation as an investment property. Investment properties are measured initially at cost, including transaction costs, less subsequent depreciation and impairment.

While land is not depreciated, all other investment properties are depreciated based on the respective asset's estimated useful life using the straight-line method. Estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.



Notes to the financial statements

Year ended 31 March 2018

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Stationery and supplies

Significant expenditures for supplies and stationery are recorded as prepayments and charged to expenses as the supplies are being used. Use of the supplies is analyzed on a regular basis and charges to expenses are increased when necessary.

Other receivable

Other receivable includes line of credit offered on PCA accounts.

Property and equipment

Property and equipment are carried at cost and, with the exception of land, are depreciated on the straight-line basis over their estimated useful lives which, for the major classes of assets, are as follows:

Buildings	20 years
Furniture, fixtures and equipment	10 years
Computer and accessories	5 years
Generator and UPS	5 years

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

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

Members' shares

Under the Credit Unions Act, members' shares in the credit union represent members' capital.



Notes to the financial statements

Year ended 31 March 2018

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Statutory reserve

In accordance with the Credit Unions Act, HRCU transfers at least 10% of its surplus prior to any dividend declaration to a statutory reserve, which is to be accumulated until it reaches 10% of total assets and should not be used for any other purpose except upon liquidation of the Credit Union.

Other reserves

HRCU on an annual basis transfers a percentage of its surplus before any dividend declaration to an education fund and a catastrophic reserve as determined by the Board of Directors, currently 2.0% (2017 - 1.0%). The education fund is reduced by donation expenses for sporting, education and charitable purposes and by annual general meeting expenses. It is also used for expenses incurred due to directors, committees, and staff training and other relevant expenses approved by the Board of Directors.

HRCU on an annual basis may transfer a percentage of its surplus before any dividend declaration to a contingency and special reserve as determined by the Board of Directors, currently nil (2017 - nil). The contingency and special reserve is also increased by members' annual dues and by the remaining undistributed surplus from any previous year after the payment of all dividends. Reductions are made to the contingency and special reserve for any purpose authorized by the Board of Directors. HRCU utilizes a guaranty fund to set aside \$0.25 of new members' entrance fees.

Income and expense recognition

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

Dividends and rebates

Dividends not exceeding 8% are declared annually on members' shares/savings balances. These dividends are credited to the members' shares/savings accounts along with interest rebates given to members who qualify each year. Dividends and rebates, which are recommended by the Board of Directors and approved at the Annual General Meeting, are thereafter paid out of prior year undistributed surplus.

Taxation

As a registered credit union in Belize, HRCU is exempt from taxes on receipts assessed under the Income and Business Tax Act.



Notes to the financial statements

Year ended 31 March 2018

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial risk management

Financial instruments which potentially subject HRCU to concentrations of credit risk principally consist of cash, cash equivalents, deposits with banks and loans to members. HRCU places its cash, cash equivalents, including interest-bearing deposits with banks only with financial institutions with an acceptable credit rating.

Credit risk related to members' loans is evaluated on a regular basis to ensure that concentrations of credit exposure do not result in unacceptable levels of risk. Credit limits, ongoing credit evaluations, and account-monitoring procedures are utilized to minimize the risk of loss.

Subsequent events

HRCU evaluates subsequent events for recognition and disclosure through 12 April 2018, which is the date the financial statements were available to be issued.

3. Debentures

	2018	2017
Series 7 unsecured debentures issued by Belize Electricity Limited (BEL) maturing 31 March 2028 with annual interest at 6% payable quarterly. The debentures are callable by BEL on or after 30 April 2008 by giving 30-60 days written notice and by HRCU by giving 12 months written notice.	5,000,000	5,000,000
Series 5 unsecured BEL debentures maturing 31 December 2024 with annual interest at 7% payable quarterly. The debentures are callable by BEL on or after 31 December 2016 and by HRCU on or after 31 December 2018.	3,000,000	3,000,000
	<u>8,000,000</u>	<u>8,000,000</u>



Holy Redeemer Credit Union Limited

Notes to the financial statements

Year ended 31 March 2018

(In Belize Dollars)

4. Bonds

	2018	2017
Series 2 unsecured Mercy Bonds issued by St. Catherine Academy (SCA) maturing 1 August 2039 with annual interest at 5.25% payable semi-annually on 1 March and 1 September until 1 August 2024 and at 5.5% thereafter.	500,000	500,000
Series 3 unsecured SCA Mercy Bonds maturing 1 August 2039 with annual interest at 5.5% payable semi-annually on 1 March and 1 September until 1 August 2034 and at 6% thereafter.	1,000,000	1,000,000
Series 1 Tranche 7 Belmopan City Council Bonds maturing 1 February 2025 with annual interest at 5.75% payable semi-annually on 1 February and 1 August.	485,000	-
Series 1 Tranche 8 Belmopan City Council Bonds maturing 1 February 2026 with annual interest at 6% payable semi-annually on 1 February and 1 August.	50,000	-
Series 1 Tranche 9 Belmopan City Council Bonds maturing 1 February 2027 with annual interest at 6.25% payable semi-annually on 1 February and 1 August.	550,000	-
Series 1 Tranche 10 Belmopan City Council Bonds maturing 1 February 2028 with annual interest at 6.50% payable semi-annually on 1 February and 1 August.	415,000	-
	3,000,000	1,500,000

5. Treasury notes

	2018	2017
\$6,000,000 GOB Treasury Note (Issue No. 20/2016) maturing 13 July 2023 with annual interest at 4.5% payable semi-annually on 13 January and 13 July. The note was acquired at a premium of \$181,594 which is amortized over the life of the note.	6,146,803	6,170,226
\$6,000,000 GOB Treasury Note (Issue No. 21/2016) maturing 13 July 2026 with annual interest at 5.25% payable semi-annually on 13 January and 13 July. The note was acquired at a premium of \$236,622 which is amortized over the life of the note.	6,207,808	6,227,242
\$30,000,000 Floating Rate Treasury Note (Issue No. FRNS 5/2017) maturing 19 May 2027 with interest at 5% + IR payable semi-annually on 19 May and 19 November.	30,000,000	-
	42,354,611	12,397,468



Notes to the financial statements

Year ended 31 March 2018

(In Belize Dollars)

6. Other investments

	2018	2017
72,792 ordinary shares at \$2.00 par in Belize Electricity Limited.	172,881	172,881
1,000,000 shares at \$1.50 par in Belize Water Services Limited.	1,500,000	1,500,000
300 redeemable preference shares at \$1,000 par in the Belize Credit Union League Limited.	300,000	300,000
Subscription for ownership interest in Heritage/Credit Unions ATM/POS initiative called Network One.	50,000	50,000
Subscription for ownership interest in BCUL/Ameya CU Switch	130,118	-
	<u>2,152,999</u>	<u>2,022,881</u>

7. Members' loans receivable-net

	2018	2017
Mortgage loans	156,756,454	164,378,999
Personal and business loans	157,380,854	162,433,672
	<u>314,137,308</u>	<u>326,812,671</u>
Allowance for loan losses	(28,182,379)	(32,047,752)
	<u>285,954,929</u>	<u>294,764,919</u>

Movements in the allowance for loan losses:

At 1 April	(32,047,752)	(30,309,282)
Add backs	(318,147)	(458,895)
Additional provision for the year	(1,950,000)	(2,835,000)
Write-offs	6,133,520	1,555,425
At 31 March	<u>(28,182,379)</u>	<u>(32,047,752)</u>

Write-offs represent the charge off of adversely classified loan balances that are approved on a monthly basis by the Board of Directors. However, collection efforts are still made in respect of these accounts.



Holy Redeemer Credit Union Limited

Notes to the financial statements

Year ended 31 March 2018

(In Belize Dollars)

8. Property and equipment

Cost	Land	Buildings	ATM computer & accessories	Furniture, fixtures and equipment	Generator and UPS	Total
At 1 April 2017	1,243,651	6,985,246	2,676,682	443,275	432,286	11,781,140
Additions	1,053,190	60,834	120,805	11,480	-	1,246,309
At 31 March 2018	2,296,841	7,046,080	2,797,487	454,755	432,286	13,027,449
Depreciation						
At 1 April 2017	-	4,126,151	2,165,339	351,144	313,057	6,955,691
Additions	-	349,262	197,342	13,195	32,320	592,119
At 31 March 2018	-	4,475,413	2,362,681	364,339	345,377	7,547,810
Net Book Value						
At 31 March 2018	2,296,841	2,570,667	434,806	90,416	86,909	5,479,639
At 31 March 2017	1,243,651	2,859,095	511,343	92,131	119,229	4,825,449

9. Investment property

The investment properties at 31 March are as follows:

	2018	2017
Commercial building in Belmopan	4,267,036	-
Real estate subdivision development-in-progress	1,675,099	-
	<u>5,942,135</u>	<u>-</u>

Rental income earned from investment properties in year ended 31 March 2018 was \$48,220 (nil in 2017).

10. Members' deposits, savings and PCA

	2018	2017
Certificates of deposit	1,475,000	1,475,000
Demand deposits	56,408,244	59,915,502
Savings deposits	414,711,309	399,291,469
PCA	3,068,651	3,399,372
	<u>475,663,204</u>	<u>464,081,343</u>

At 31 March, the maturity distribution of certificates of deposit of \$0.1 million or more are as follows:



Notes to the financial statements

Year ended 31 March 2018

(In Belize Dollars)

10. Members' deposits, savings and PCA (continued)

	2018	2017
3 months or less	-	-
Over 3 and to 6 months	-	-
Over 6 and to 12 months	1,475,000	1,475,000
Over 12 months	-	-
Deposits less than \$0.1 million	-	-
	1,475,000	1,475,000

11. Burial scheme program

Benefits under the Burial Scheme Program comprise both the Funeral Benefits and the Loan Protection & Life Savings coverage.

On 1 January 2005, HRCU initiated the Funeral Benefits Burial Scheme whereby members make an annual contribution of \$24.00. In order for a member to qualify under the scheme, the member must maintain \$100.00 in their account at all times and must have a minimum of \$130.00 in his/her account to cover the annual premium of \$24.00 on May 1, each year. On 1 May 2011, the funeral benefit was increased from \$4,000 to \$5,000 at no additional cost to members, as approved by the Board of Directors.

On 1 June 2005, HRCU also initiated the Loan Protection & Life Savings Scheme, the costs of which are borne by HRCU. Premiums are determined using a flat rate of \$0.50 per \$1,000 on both qualifying loans and savings up to the coverage maximum. Coverage becomes effective immediately upon the member joining HRCU. The scheme offers protection of savings up to a maximum of \$25,000 with set percentages tiered by age and loan protection up to a maximum of \$125,000. Effective 1 May 2014, the Board of Directors approved an extension of the loan protection coverage from age 75 to age 80.

12. Distribution of surplus

	2018	2017
Burial scheme catastrophic reserve	533,643	248,267
Education fund	533,643	248,267
Statutory reserve	1,600,929	2,904,733
Undistributed surplus	24,080,946	21,425,507
	26,749,161	24,826,774

During the year ended 31 March 2018, \$1,589,057 (2017 - \$2,900,870) or 5.96% of the surplus was necessary to meet the prescribed Statutory Reserve requirement of 10% of assets. The Board of Directors approved an allocation of \$1,600,928 (2017 - \$2,904,733) or 6% of the surplus. See also note 2.

During the year ended 31 March 2018, undistributed surplus of nil (2017 - \$10,740) was allocated to the Contingency and Special Reserve.



Holy Redeemer Credit Union Limited**Notes to the financial statements**

Year ended 31 March 2018

*(In Belize Dollars)***13. Fair value of financial instruments**

Fair value is the exchange price receivable for an asset or payable for transferring a liability in the most advantageous market for the asset or liability in an arms-length transaction between market participants on the measurement date. In the absence of a ready market for its financial instruments, HRCU develops its fair value estimates by using significant, reliable inputs that market participants would reasonably be expected to use in pricing an asset or liability.

The amounts reported in the statement of financial position for cash and cash equivalents, including interest-bearing deposits with banks, approximate fair value due to the short-term maturity of these instruments.

The carrying amounts of loans due from members, net of allowances, are estimated to approximate fair value based on their respective interest rates, repayment terms, collateral consideration and regular monitoring.

The fair value of members' deposit liabilities reflects fair values based on rates offered by other financial institutions for deposits of similar maturities.

HRCU's investments in debt securities are considered investment grade securities issued by credit-worthy institutions. Their carrying amounts approximate fair value based on comparable interest rates and maturity terms offered by banks with acceptable credit ratings.

Investment property was acquired at a price based on a professional appraisal. Its net carrying amount and commercial lease rental arrangement reflect fair value.

In the opinion of management, all other financial instruments reflect current market conditions and their fair value is not expected to differ significantly from amounts they are recorded at.



Burial Scheme Program Report (April 1, 2017 to March 31, 2018)

HRCU's Burial Scheme Program encompasses both the Funeral Benefit and the Loan Protection & Life Savings Benefits. The "birth" of this program back in 2005 was the foresight of our Board of Directors and today our members-owners continue to enjoy all the benefits offered from both – one at no cost to them and the other at a very small premium. We have continued to increase the benefits over the years but this year everything will remain the same – NO increase in coverage limits but also NO increase in the cost for the Funeral Benefit.

As mentioned last year, the benefits paid to member-owners in Funeral benefits for the last six years have exceeded what we collected in premiums – and again this past year was no different. We needed an additional 250,000.00 dollars to cover the 244 claims submitted throughout the year. Back in 2005, the Funeral Benefit was introduced at a nominal monthly cost of \$2.00 with a Benefit of \$4,000.00 at the time of death. To date, we have raised the Benefit by 20% **at no added cost to the member.** We were able to cover these shortfalls from a Burial Scheme Catastrophic Reserve Fund we had established in the event there were ever excessively high numbers of deaths in any given year. Your directors and management have once more decided against raising the small premium of \$2.00 monthly at this time. However, we will closely monitor this current year 2018/2019 to see if we can continue to cover the shortfall without any added cost to the member-owner or maybe even look at increasing the Benefit received for a reasonable adjustment to the annual premium of \$24.00.

The Loan Protection & Life Savings coverage is provided **free** of cost to all member-owners. We set aside monthly premiums to cover the claims paid out each month. In 2016/2017 there were only TWO months that exceeded the premiums set aside, but this past year, there were SIX months where premiums paid out exceeded what was set aside. Member-owners are now increasing the amounts borrowed so the individual benefits paid out under the Loan Protection have increased over the years. (The table shows the increase in loans paid OVER \$10,000.00).

Year	Total # of LP claims	Total # <\$10,000	Total \$\$ for loans <\$10,000
2005/2006	30	9	\$314,024.46
2010/2011	42	18	\$596,724.45
2015/2016	57	28	\$1,064,950.32
2017/2018	68	32	\$1,191,073.80

In the reports presented on pages 46 and 47 of your AGM booklet you will note that we paid out almost \$1.2 million dollars in Funeral Benefits to a total of 244 member-owners (6 more females than males). The youngest recipient was a 20 year old male and the oldest was a 101 year old female. The Loan Protection Coverage was paid to 68 member-owners and the Life Savings Coverage to 244 of whom almost 200 were over 50 years old. The main causes of death continue to be heart-related, cancer, and respiratory complications. We lost 11 of our member-owners to the violence in our community (murder), and 3 of our male member-owners got the double benefit on their shares as they lost their lives in traffic accidents. Most of our deceased members were retirees and housewives. TWO claims got the maximum coverage of \$125,000.00 in Loan Protection and THREE the maximum in Life Savings coverage. But no member got the maximum combined benefit of \$150,000.00.

HRCU continues to do its part as we strive to provide the best for both HRCU and its member-owners. BUT you must do yours too! Remember that you must maintain \$130.00 in your account to be able to pay the **annual cost** of \$24.00 on May 1st and a minimum of \$100.00 at **ALL TIMES** in the account. And you **MUST** keep your account up-to-date with loan payments to enjoy full coverage benefits.



FUNERAL BENEFIT PAID SUMMARY REPORT

April 1, 2017 to March 31, 2018

AGE GROUP	FB PAID MALE	FB PAID FEMALE	AMOUNT TOTAL	%	\$ DOLLAR \$ VALUE PAID	%
UNDER 21	1	1	2	0.82%	\$ 10,000.00	0.84%
21 - 25	0	0	0	0.00%	-	0.00%
26 - 30	3	2	5	2.05%	\$ 25,000.00	2.11%
31 - 35	2	1	3	1.23%	\$ 15,000.00	1.27%
36 - 40	4	2	6	2.46%	\$ 30,000.00	2.53%
41 - 45	1	5	6	2.46%	\$ 30,000.00	2.53%
46 - 50	4	9	13	5.33%	\$ 65,000.00	5.49%
51 - 55	6	4	10	4.10%	\$ 50,000.00	4.22%
56 - 60	9	12	21	8.61%	\$ 105,000.00	8.86%
61 - 65	15	8	23	9.43%	\$ 107,500.00	9.08%
66 - 69	14	9	23	9.43%	\$ 107,500.00	9.08%
70 - 74	10	13	23	9.43%	\$ 109,500.00	9.24%
75 - 79	14	10	24	9.84%	\$ 117,500.00	9.92%
80 - 84	17	13	30	12.30%	\$ 142,500.00	12.03%
85 & OVER	19	36	55	22.54%	\$ 270,000.00	22.79%
TOTALS:	119	125	244	100.00%	\$ 1,184,500.00	100.00%
UNDER 21	1	1	2	0.82%	\$ 10,000.00	0.84%
21 - 49	14	19	33	13.52%	\$ 165,000.00	13.93%
50 - 69	44	33	77	31.56%	\$ 370,000.00	31.24%
70 & OVER	60	72	132	54.10%	\$ 639,500.00	53.99%
TOTALS:	119	125	244	100.00%	\$ 1,184,500.00	100.00%
AGE OF YOUNGEST CLAIM PAID:	20				\$ 5,000.00	
AGE OF OLDEST CLAIM PAID:	101				\$ 5,000.00	
CLAIMS PAID AT 50%:	14				\$ 35,000.00	

*You learn more from failure than from success
Don't let it stop you. Failure builds character!
-Unknown*



LP/LS BENEFIT PAID SUMMARY REPORT

April 1, 2017 to March 31, 2018

AGE GROUP	MALE	FEMALE	AMOUNT TOTAL	LS PAID	LP PAID	TOTAL LP/LS	%
UNDER 21	1	2	3	\$ 1,477.63	\$ -	\$ 1,477.63	0.07%
21 - 25	2	0	2	\$ 1,733.61	\$ 807.38	\$ 2,540.99	0.12%
26 - 30	2	3	5	\$ 8,357.63	\$ 14,061.71	\$ 22,419.34	1.10%
31 - 35	2	1	3	\$ 10,156.12	\$ 8,521.26	\$ 18,677.38	0.91%
36 - 40	7	2	9	\$ 27,053.34	\$ 68,080.29	\$ 95,133.63	4.65%
41 - 45	6	5	11	\$ 46,925.25	\$ 95,945.62	\$ 142,870.87	6.98%
46 - 49	5	10	15	\$ 87,094.48	\$ 190,301.84	\$ 277,396.32	13.56%
50 - 54	6	5	11	\$ 62,927.47	\$ 232,711.97	\$ 295,639.44	14.45%
55 - 59	10	7	17	\$ 44,547.42	\$ 98,872.67	\$ 143,420.09	7.01%
60 - 64	16	12	28	\$ 93,029.80	\$ 132,419.23	\$ 225,449.03	11.02%
65 - 69	21	13	34	\$ 144,883.49	\$ 351,709.17	\$ 496,592.66	24.27%
70 - 74	12	15	27	\$ 107,160.91	\$ 78,093.85	\$ 185,254.76	9.05%
75 - 79	12	8	20	\$ 21,179.76	\$ 14,529.26	\$ 35,709.02	1.75%
80 - 84	13	10	23	\$ 55,390.52	\$ -	\$ 55,390.52	2.71%
85 & OVER	12	24	36	\$ 48,060.24	\$ -	\$ 48,060.24	2.35%
TOTALS:	127	117	244	\$ 759,977.67	\$ 1,286,054.25	\$ 2,046,031.92	100.00%

UNDER 21	1	2	3	\$ 1,477.63	\$ -	\$ 1,477.63	0.07%
21 - 49	24	21	45	\$ 181,320.43	\$ 377,718.10	\$ 559,038.53	27.32%
50 - 69	53	37	90	\$ 345,388.18	\$ 815,713.04	\$ 1,161,101.22	56.75%
70 & OVER	49	57	106	\$ 231,791.43	\$ 92,623.11	\$ 324,414.54	15.86%
TOTALS:	127	117	244	\$ 759,977.67	\$ 1,286,054.25	\$ 2,046,031.92	100.00%

	AGE	TOTAL	LS	LP
AGE OF YOUNGEST CLAIM PAID:	18	\$ 622.83	\$ 622.83	\$ -
AGE OF OLDEST CLAIM PAID:	101	\$ 494.04	\$ 494.04	\$ -
AVERAGE BENEFITS PAID: (# OF LP BENEFITS PAID)	68	\$ 8,439.87	\$ 3,114.66	\$ 18,912.56
LARGEST BENEFIT PAID:		\$ 125,074.00	\$ 25,000.00	\$ 125,000.00
SMALLEST BENEFIT PAID:		\$ 252.29	\$ 5.88	\$ 21.71

# OF DEATHS BY ACCIDENT:	3	# OF DEATHS FROM HIV-AIDS:	5
# OF DEATHS BY MURDER:	11	# OF DEATHS FROM CANCER:	48
# OF PERMANENT DISABILITY	2	# OF DEATHS FROM CARDIOVASCULAR:	67
# OF DEATHS FROM RESPIRATORY:		32	

*Magic is believing in yourself.
If you can do that, you can make anything happen!
Johann Wolfgang Von Goethe*



Understanding HRCU's Burial Scheme Program Benefits

LOAN PROTECTION (LP):	Loans are covered up to \$125,000.00 (including six months interest)
LIFE SAVINGS (LS):	Life savings are covered up to \$25,000.00
	MONEY SAVED FROM:
	Birth and under 6 Months of age 25%
	6 Months and under 55Years 100%
	55 and under 60Years 75%
	60 and under 65 Years 50%
	65 and under 70 Years 25%
FUNERAL BENEFITS (FB):	Maximum of \$5,000.00 (Coverage effective date 01/01/2016)

Benefits under Loan Protection cease on the member's 80th Birthday; even though the Loan may have been made before the member's 80th Birthday, all balances owing on that day cease to enjoy benefits.

Money saved after the 70th birthday received no coverage Benefits, but will receive the declared yearly dividend; however the money saved before, continues to receive coverage Benefits if not withdrawn. For example: money saved before the 55th birthday will receive 100% coverage even if the member is 70 years or over at time of death.

Loan receive regular benefits, up to \$125,000.00, but savings get double if death is by accident. For example, if a member has \$100.00 in savings and dies by accident, the beneficiary will receive \$300.00. Your \$100.00 plus \$200.00 from HRCU.

Loans are covered for a period of 25 years only.

Total and Permanent Disability claims up to age 60.

Bad Debt Waiver: member-owners yields right to a portion or all of FB benefit due to non-payment of loan. FB benefit will be applied to delinquent loan & interest not paid by LP benefit. Therefore any remaining balance will go to member-owner's stated beneficiary.

If beneficiary has a delinquent loan, benefits will be applied first to that delinquent loan.



Comprensión de los Beneficios de HRCU

PROTECCIÓN DE PRÉSTAMOS:	Préstamos son protegidos por el Aseguro hasta la cantidad de \$125,000.00 Dolares. (Incluyendo interés de seis meses)
AHORROS DE VIDA:	Ahorros de Vida son cubiertos hasta \$25,000.00 dolares.
DINERO AHORRADO DESDE:	
Nacimiento hasta los 6 meses	25%
6 meses y antes de los 55 años	100%
55 años y antes de los 60 años	75%
60 años y antes de los 65 años	50%
65 años y antes de los 70 años	25%
BENEFICIO FUNERARIO:	Máximo de \$5,000.00 (Fecha efectiva de cobertura: 01/01/2016)

Beneficios bajo la Protección de Préstamos terminan al cumplir el miembro los 80 años de edad; aunque el préstamo fuera hecho antes de los 80 cumpleaños del miembro, todo préstamo con un saldo deja de gozar los beneficios de protección de HRCU ese mismo día.

Todo dinero ahorrado despues de los 70 cumpleaños no recibirá ningun Beneficio de Protección, pero si recibirá el dividendo declarado anualmente. Sin embargo, ahorros despositados antes de los 70 años continúan recibiendo los Beneficios de Protección si no son retirados. Por ejemplo, dinero ahorrado antes de cumplir los 55 años goza 100% de protección, aunque el miembro tenga 70 años o más al momento de su fallecimiento.

Préstamos gozan de beneficios regulares, hasta un máximo de \$125,000.00 dolares, pero los beneficios de ahorros se duplican si la muerte del deudor ocurre en un accidente. Por ejemplo, si un miembro tiene un ahorro de \$100.00 y muere en accidente, el beneficiario recibirá \$300.00. Los \$100.00 de ahorros y \$200.00 de HRCU.

Préstamos gozan de protección solo por un periodo de 25 años.

Reclamos de incapacidad permanente hasta 60 años.

Renuncia de Derecho: un miembro-dueño con préstamo en delincuencia cede todo derecho a los beneficios del plan de protección para costos de servicios fúnebres. El valor equivalente de tal beneficio será aplicado contra saldos en delincuencia de préstamos e intereses no cancelados por los beneficios del plan de protección a préstamos. Cualquier saldo restante será aplicado a favor del beneficiario declarado de antemano por el miembro-dueño.

Si el beneficiario tiene un préstamo en delincuencia, los beneficios serán aplicados contra tal préstamo antes de que cualquier beneficio sea pagado al beneficiario.





Supervisory Committee Report

(April 1, 2017 to March 31, 2018)

To the Members of Holy Redeemer Credit Union Limited:

Pursuant to instructions contained in the Credit Union Act, Chapter 314 of the Laws of Belize, we have during the financial year ended March 31, 2018 caused to be examined the books and records of the Holy Redeemer Credit Union Limited. We report that Holy Redeemer Credit Union Limited has provided for the independent external audit of such books of accounts and records by the accounting firm of BDO Belize LLP whose report is contained in this Annual Report from page 30 through page 44.

We further advise that we reviewed on a monthly basis the financial statements and related reports of Holy Redeemer Credit Union Limited and we have obtained all information and explanations we have required.

In our opinion, based on the independent external audit and monthly review of the financial statements of Holy Redeemer Credit Union Limited, the Balance Sheet, together with the Statement of Income & Expenses and the Statement of Cash Receipts and Cash Disbursements present fairly the state of the Credit Union's affairs as at March 31, 2018 and for the year then ended.

Respectfully submitted

April 16, 2018

Alice Leal - Chairperson
Englebert Perera - Secretary
Warren Coye - Member

PEARLS

Protection

Effective Financial Structure

Asset Quality

Rates of return and costs

Liquidity and

Signs of Growth

PEARLS is a financial performance monitoring system designed to offer management guidance for credit unions

PEARLS is a set of financial ratios or indicators that help standardize terminology between credit unions.

PEARLS is primarily a management tool for credit unions. It should not be confused with prudential accounting standards.



These are the officers who served you during the past year

(April 1, 2017 to March 31, 2018)

BOARD OF DIRECTORS

PRESIDENT: FRED SMITH, CSC/JP (serving two more years)
 VICE PRESIDENT: OSCAR R. RIVEROL, JP (serving one more year)
 TREASURER: JANE E. M. USHER, CBE/JP (Director Emeritus)
 SECRETARY: WENDY CASTILLO (term ends today)
 DIRECTOR: ALBERT VAUGHAN (serving one more year)
 DIRECTOR: ELIZABETH ZABANEH, OBE/CSC/JP (serving one more year)

CREDIT COMMITTEE:

CHAIRPERSON: MARION MARSDEN, MBE/JP (term ends today)
 CAROL BABB, JP (serving one more year)
 ELEANOR GILLETT, JP (serving two more years)

SUPERVISORY COMMITTEE:

CHAIRPERSON: ALICE LEAL
 WARREN COYE
 ENGLEBERT PERERA

(This Committee is elected yearly by the members present at the Annual General Meeting)



NETWORKONE
 ...a secure
ATM and POS network

- Holy Redeemer Credit Union Ltd.
- St. Francis Xavier Credit Union Ltd.
- St. John's Credit Union Ltd.
- St. Martin's Credit Union Ltd.
- Toledo Teacher's Credit Union Ltd.
- La Inmaculada Credit Union Ltd.
- Heritage Bank Limited




In order to invoke God's blessings on our gathering today, let us together please pray for PEACE in our world.



***PEACE PRAYER
OF
ST FRANCIS OF ASSISI***

*Lord, make me an instrument
of Thy peace:
Where there is hatred,
let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
And where there is sadness, joy.
O divine Master, Grant that
I may not so much seek to be
consoled as to console,
To be understood as to understand,
To be loved as to love.
For it is in giving that we receive,
It is in pardoning that
we are pardoned,
And it is in dying that
we are born to eternal life.*

Amen

Holy Redeemer Credit Union Limited 

Jane Usher Building



HOLY REDEEMER CREDIT UNION LIMITED
1 Hydes Lane, P.O. Box 544
Belize City, Belize, Central America
Tel: (501) 224-4320 or 224-5644
Fax: (501) 223-0738
Email manager@hrcubelize.org

HOLY REDEEMER CREDIT UNION LIMITED
Cor. Fadden Avenue & Mango Street
Independence, Mango Creek
Stann Creek District
Tel: (501) 523-2593 or 523-2594
Email mcmanager@hrcubelize.org

Website: www.hrcubelize.org