



HOLY REDEEMER CREDIT UNION LIMITED



75 *Years of Service!*
2019
ANNUAL REPORT

Farewell "Miss Jane" - you served us with distinction!



*Hon. Dr. Jane Ellen Mary
Usher nee Price CBE, JP(s)*

September 5, 1917 - December 12, 2018



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 2018)
 - a. Matters arising from Minutes
 - b. Confirmation of Minutes
5. **REPORTS**
 - a. Board of Directors
 - b. Credit Committee
 - c. Manager'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	-	3 Vacancies
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 27, 2019 - Belize Civic Center
2:00 p.m. Sharp



MINUTES OF HOLY REDEEMER CREDIT UNION LIMITED 74th ANNUAL GENERAL MEETING

Held on Saturday, 28th April 2018
SCA Multipurpose Mercy Center
Belize City

Present

- | | |
|----------------------|--------------------------------------|
| Mr. Fred Smith | - President, Board of Directors |
| Mr. Oscar Riveroll | - Vice-President, 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 |
| Ms. Eleanor Gillett | - Member, Credit Committee |
| Mrs. Alice Leal | - Chairperson, Supervisory Committee |
| Mr. Warren Coye | - Member, Supervisory Committee |
| Mr. Englebert Perera | - Member, Supervisory Committee |

Absent with apology

- | | |
|------------------------|----------------------------------------------------|
| Dr. Jane Usher | - Director Emeritus, Treasurer, Board of Directors |
| Mrs. Elizabeth Zabaneh | - Director, Board of Directors |

Member-owners in attendance: 2,573 (final count)
 Mistress of Ceremonies (MC): Dr. Carol Babb
 Minutes Taker: Ms. Beverly McCoy

1. Call to order of 2018 Annual General Meeting

On Saturday April 28, 2018 at approximately 2:14 p.m. MC Dr. Carol Babb called on President Mr. Fred Smith, who declared the 74th Annual General Meeting (AGM) open.

2. Opening Prayer

The MC then 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.



3. Roll Call

Mrs. Babb, member of the Credit Committee, gave a special welcome to all invited guests from sister credit unions (CUs) countrywide, including Blue Creek Credit Union, St. John's Credit Union, La Inmaculada Credit Union and the Belize Credit Union League (BCUL). A special welcome was also extended to the external auditors, the Board of Directors and committee members, staffers and the member-owners of HRCU as she thanked everyone for attending the 74th Annual General Meeting.

4. Approval of Minutes – 2017 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 **Ms. Elena Gabourel** which was seconded by **Ms. Indira Cayetano**. 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, staff and the entire general membership for their presence at the AGM.

5. 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 1st 2017 to March 31st 2018.

President Smith reported yet another busy and successful year at HRCU. He said the board saw it fit to add to the existing headquarters to cater for staff to adequately satisfy the needs of the growing membership. In view of this, another property was purchased on Hyde's Lane, and plans to expand the existing building are well underway.

Another expansion project was at Mile 15 on the Phillip Goldson Highway, where construction has started on the first set of 100 houses comprising of two and three bedrooms residences with amenities. The plan is to build more affordable homes that would benefit HRCU member-owners, thereby improving their lives. He reported that another prime location has been earmarked for a new branch office that would service the residents in the surrounding communities of Ladyville, Sandhill, Lords Bank, Los Lagos, Maxboro and Burrell Boom.

A third commercial property was recently acquired in the capital city of Belmopan. The building is rented to the Caribbean Community Climate Change Centre and the UNDP for their offices. This property is in a prime location and is an income earning asset; however it will eventually be used as an HRCU branch office to serve the many member-owners that reside and work in Belmopan. It is anticipated that in the initial phase of making HRCU's presence known in Belmopan, a state of the art automated system will be installed, allowing member-owners to deposit and withdraw monies from their accounts.



With respect to HRCU's operational and financial performance, the President referred member-owners to the audited financial statements on pages 28-44 of the AGM booklet and highlighted the following:-

- Loans grew by \$65.1 Million (to a total of \$314.1 Million) loaned out to 17,796 member-owners.
- Total gross profits stood at \$39.8 Million, with a net profit of \$26.7 Million at the close of the financial year March 31st, 2018.
- Assets grew by \$15.9 Million resulting in total assets of \$581.9 Million.
- Membership grew by 2,964 during the year, which now takes HRCU's total member-owners count to at 55,661

Needless to say, the decline in investment opportunities continued to plague not only HRCU but the entire Belize economy. The overall decrease in fixed deposit income plummeted as interest rates at the commercial banks declined even more. However, investments in the Government Treasury Notes will yield a favorable return in the coming year.

President Smith highlighted the efforts of the Delinquency Department and its personnel in working diligently to recover monies owed to the credit union by delinquent borrowers. This effort did not go unnoticed, as at last year's Belize Credit Union League Annual Convention, HRCU was awarded for its effort in reducing its delinquency significantly during the 2016/2017 period. He took great pleasure in recognizing the efforts of those staff members that worked late hours and on weekends to curb the overall delinquency rate.

The president reiterated a most famous quote from Mrs. Jane, reminding members that “it is not only working to curb expenses but, we must increase our income to make member-owners happy”. In keeping with this philosophy the Board of Directors continues to reevaluate the needs of the credit union members to find ways to improve its operational efficiency and profitability.

April 2019 is expected to be a momentous occasion as construction to expand the new headquarters will be almost completed and a big celebration is anticipated then. This will no doubt be an occasion to celebrate and reflect on how far HRCU has come over the past years. In keeping with the good corporate governance HRCU continues to give back to the community. Last year 809 grants totaling almost \$400,000 was given through the Henry Usher Educational Grant Program. Charitable organizations, sporting associations and educational institutions are among the many that benefit from the various community outreaches that HRCU engage in.

President Smith continued to encourage parents and guardians to ensure that their children become member-owners of HRCU; reinforcing that teaching of financial literacy at a young age helps children to become good savers.

He said that HRCU will continue to maintain a working partnership with the Central Bank, its regulator, by making sure that the credit union is always in compliance with the laws by utilizing



best practices. With that said, he stated that from the net profit of \$26.7 Million, \$2.7 Million will be allocated to the Statutory Reserves and the remaining \$24.0 Million will be distributed back to member-owners in dividends and rebates. The board recommends dividend payout of five percent (5%) and loan interest rebate of fifteen percent (15%) for member-owners' approval. In addition, member-owners will also benefit from the most recent decision to lower the residential mortgage rate from 12% to 9.75% on the reducing balance. Although this will come with lesser upfront loan repayment there will be no rebate on the interest paid on these mortgages.

In concluding, he invited members to visit HRCU and find out more about how to renegotiate their mortgage repayment at the lower rate, and reminded them to continue “saving regularly, borrowing wisely and repaying promptly”. He then asked the Almighty Father to continue showering His blessings over HRCU and its membership.

Credit Committee Report

The MC then called on Ms. Marion Marsden, chairperson of the credit committee, to present the Credit Committee Report for the Financial Year April 1, 2017 to March 31, 2018.

Ms. Marsden welcomed all and articulated deep gratitude to the member-owners that entrusted their confidence in the Credit Committee members. She stated that the committee met 45 times during the past year, and worked diligently to review and consider loan applications, in order to guarantee compliance with the credit union's Policy and Procedures.

Despite the overall decrease in loans during the past year, the financial strength and asset growth of the credit union remain intact, thanks to the loyalty of HRCU's member-owners. She directed member-owners to refer to the detailed breakdown and graphs of loan categories shown on pages 18 & 19 of the booklet which highlighted the following: -

- A total of 17,796 loans was approved amounting to \$65.1 Million.
- Total loan portfolio decreased by 3% from \$326.8 Million in 2017 to \$314.1 Million in 2018
- Dollar value of loans issued to member-owners consisted of the following:-
 - Housing Loans, inclusive of repairs and renovations (largest sector) was \$15.4 Million, and represent 23.76% of the loans portfolio
 - The second largest category being Business Investments amounts to over \$14.0 Million
 - The third largest category was for vehicle purchase and repairs and amounts to \$6.4 Million

She went on to discuss the destructive impact that delinquency has on the credit union and its overall membership by stating that as of March 31st 2018 delinquency stood at 12.3% which is less than last year's 14.7%. The credit union has worked very hard to bring down this delinquency rate. Delinquency comes about when a member decides to borrow a loan, he/she makes a pledge to make monthly payment toward that loan, and when difficulty comes along and repayment to the credit union ceases, the account goes into arrears. Delinquency can trigger a variety of unwelcomed



situations, from accumulation of unpaid interest to adjusting of individuals spending habits and definitely significant character damage to the member-owner.

Member-owners were advised to own up to their responsibility and work with the credit union in making adequate arrangements to settle their arrears, since it is difficult to catch up with delinquent payments. In addition, unpaid loan balances have to be provisioned for from the credit union's profit, which reduces monies that could have been redistributed back to members in the form of dividends and rebates.

Members were informed that their feedback is highly valued and helps HRCU to focus on the things that matter most to them. Chairlady Marsden stated that member owners must realize that they are a part of something extraordinary and as their financial partner, it is HRCU's responsibility to help to make their dreams come true. She quoted that “when it is obvious that the goals cannot be reached, don't adjust the goals, adjust the action steps”.

In concluding, she thanked the Almighty Father for his blessings and graces bestowed on HRCU; and she thanked the management and staff for their assistance in preparing timely information for their meetings. Finally, she expressed gratitude to her committee members and the general membership for allowing her committee to serve for yet another successful year in the history of HRCU.

General Manager/Treasurer Report

The MC then called on Mr. Francis Usher, manager, to deliver the General Manager/Treasurer's Report on behalf of Mrs. Jane, who was absent from the meeting. He started out by saying how disheartened Ms. Jane was for not making the AGM, but reminded all that she was there in spirit, and that she sent her well wishes to all invited guests and member-owners present. The audience responded in a resounding applause and a standing ovation in her honor.

Mr. Usher, went on to state that Mrs. Jane had a terrible fall last November 19th weekend and she was home recuperating. He thanked all those who continue to offer prayers, well wishes and support to her during these difficult times. HRCU has welcomed 2,964 new member-owners over the past financial year; of this figure 483 members are from the Independence Branch office. Existing member owners were asked to urge their family members, friends, coworkers and everyone they come in contact with to join a credit union today.

He then proceeded to welcome the delegates from the other sister credit unions countrywide and thanked them for being a part of the wider credit union movement which strives to bring a better way of life for faithful credit union member-owners.

Mr. Usher then directed member-owners to page 50 of the AGM booklet, where the many benefits that member-owners enjoy were detailed, inclusive of the dividends and rebates paid. He reiterated the lower mortgage rate of 9.75% that registered mortgage holders can now enjoy. He advised that these borrowers will enjoy upfront savings with lower monthly payments, and for those persons that



may want to remain with the same monthly payment amount, it means repayment of the loan would be completed even faster. He stated that page 22 of the booklet has a schedule which shows the payment difference between the old and the new borrowing rates for mortgages.

HRCU aims to have the best trained personnel, and over the past year, staff members, board and committee members attended many trainings and capacity building workshops. These trainings included customer service, disaster preparedness, anti-money laundering, governance, risk management, property appraisal and many other topics that guarantee that member owners will receive the best possible service from staff members. HRCU strongly encourages its employees to pursue higher education; he was happy to report that four employees completed their Bachelor's Degree and another four would complete theirs in the upcoming month. As customary, once they have completed their degree the credit union refunds them a portion of the fees as an incentive to encourage them.

Under the watchful eyes of the internal and external auditors, the Supervisory Committee and the Central Bank of Belize, HRCU is closing yet another successful chapter of business. In condensing both the balance sheet and the income and expense statement, member-owners were guided to page 21 of their booklet for details which highlighted the following:-

Balance Sheet Analysis

- Assets grew by \$15.9 Million (2.8%) to a total of \$581.9 Million
- Savings increased by \$11.6 Million (2.5%) to a total of \$475.7 Million.
- Members' loans reduced by \$8.7 Million for a total of \$285.9 Million;
- The loans portfolio makes up 49.1% of total assets.
- Financial investments in GOB Treasury Notes increased by \$30 Million.
- Liquidity remained high at \$99.5 Million but much lower than last year's \$112.9 Million: member-owners were encouraged to utilize the loan services of HRCU where interest rates are most affordable, particularly at the mortgage loans rate of 9.75%.
- Allowance for loan losses was set aside for doubtful loans, and this year a total of \$1.9 Million was provided for as opposed to \$2.8 Million in 2017 and \$3.4 Million in 2016
- Total equity after the distribution of surpluses for 2018 is \$106.3 Million

Income and Expense Analysis

- Interest collected on loans amounted to \$34.7 Million or 87.1% of total income, which was a slight decrease from 2017. Interest earned on fixed deposits amounted to \$1.9 Million or 4.7% of total income compared to \$2.4 Million last year and \$3.4 Million in 2016.
- Current account interest declined from \$219 thousand last year to \$63 thousand this year, due to the lower rates from the commercial banks.
- All other income accounts remained more or less the same over the past year except from three new investments namely the Belmopan City bonds, additional Treasure Notes and the



Belmopan Building

- Expenses decreased overall by \$1.9 Million as opposed to the \$400 thousand in 2017. This was a result of having to provide less for the delinquent loans and the decline in interest costs due to lowering the interest rate on special deposits.
- A new expense line item was added to cover costs associated with the Belmopan Building. Other expenses that increased over the period include Advertising and Marketing, Bank Charges and AML/CFT, FATCA and CRS Compliance expenses, which doubled because of staff training at various conferences on compliance.

In concluding, he reiterated that after removing interest costs and provisioning costs, that it now takes \$0.20 out of each income dollar to run both offices. He congratulated the efficiency of the staff in keeping the expenses at a minimal in these times of escalating inflation.

Burial Scheme Program Report

Dr. Carol Babb then called on Director Albert Vaughan, to present the Burial Scheme Program Report for the Financial Year ended March 31, 2018.

Mr. Vaughan stated that the burial scheme program encompasses both Funeral Benefit (FB) and the Loan Protection & Life Savings (LP/LS) Benefits. Since inception in 2005, the Burial Scheme Program continues to prosper 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' benefit from a \$5,000 funeral benefit. Benefits also include the loan protection coverage of up to \$125,000 and the life savings benefit of up to \$25,000; with the extended life of the loan coverage up to 25 years and the insurable age range up to 80 years. Payout over the years has exceeded what was collected in premiums, but the Burial Scheme Catastrophic fund reserves was established to meet any shortfalls; however, directors and management continue to monitor and analyze the trend in claims payout to ascertain if a reasonable adjusted rate would be necessary.

Director Vaughan then directed members to examine the report on pages 46-47 in the booklet, which report payout for the financial year of over \$1.2 Million in funeral benefits (FB) to 244 member-owners. The loan protection and life savings payout totaled \$2.04 Million. Of those deceased numbers 127 were female and 117 were male, with the youngest recipient being a 20 year old male and the oldest a 101 year old female. The widespread cause of death continues to be heart-related, cancer and respiratory complications. Noteworthy was that most of the deceased members were retirees and housewives. Eleven member owners lost their lives to violence in the community and 3 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 two members received the maximum \$125,000 in loan protection during the year; no member got the maximum combined benefit of \$150,000.

In concluding he stated that as HRCU strives to provide the best for its member-owners, he advised



them to continue 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. To enjoy full benefit coverage, member-owners loan account MUST be current.

Supervisory Committee Report

The MC then called on Mrs. Alice Leal, Chairlady of the Supervisory Committee, to deliver the Supervisory Committee Report to member-owners for the period ended March 31, 2018.

She 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 BDO Belize LLP. Their report is contained in pages 30-44 of the AGM booklet.

She further advised member-owners that the Supervisory Committee scrutinized on a monthly basis the financial statements and related reports and have obtained all information and explanations that were required.

She 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 31st, 2018 and for the year then ended.

6. Discussion & Acceptance of Reports (Declaration of Dividends)

Dr. Babb then called for the acceptance of the reports, the 5% dividend, and 15% 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 **Ms. Pamela McCord** which was seconded by **Ms. Adelaida Guerra**. The reports were subsequently accepted by the majority by a show of hands.

7. Chairperson's remarks

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

- **Question 1:** Member owner asked a question about her account and she was advised to come into the credit union to deal with the situation personally.
- **Question 2:** A member owner asked when the credit card service will become available at HRCU. The MC responded by saying that this is being worked on for the future.



8. Election of Officers

The MC then called on Mrs. Corine Robinson Fuller, Executive Director of the Belize Credit Union League, to conduct the elections. Mrs. Fuller started off by congratulating HRCU on yet another successful year of business and she applauded the membership for their part in building the credit union. Based on the recommendations of the nominating committee, the five officers that are up for re-election have been nominated to serve once again. She thanked all those officers that served during the past financial year, and asked those whose term had ended, to kindly step down.

Mrs. Fuller thanked all those persons on the board of directors and the committee for their time and dedication in serving the credit union. 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 of Directors. 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 Mrs. Wendy Castillo.

Mrs. Castillo confirmed her willingness to serve again for another term. Since there was no other nomination from the floor, **Ms. Lynn Smith** moved that nomination be closed and **Mr. John Bailey** seconded the motion. The majority then voted by a show of hands to re-elect Mrs. Castillo to the board of directors for another 3 years.

She accepted and was confirmed to serve as director on the Board of Directors for the next three (3) years.

- ▶ **Credit Committee:** The term ended for Ms. Marion Marsden.

Ms. Marsden confirmed her willingness to serve again for another term. Since there was no other nomination from the floor, **Ms. Maura Itza** moved that nomination be closed, and the motion was seconded by **Ms. Teresita Moody**. The majority then voted by a show of hands to confirm Ms. Marion Marsden to serve for another three-year term on the Credit Committee.

- ▶ **Supervisory Committee:** The term ended for Mrs. Alice Leal, Mr. Warren Coye and Mr. Englebert Perera.

Mrs. Fuller informed all that the normal term for the Supervisory Committee is one year however recommendations are being made for the term to be extended to three years. All members confirmed their willingness to serve again for another term. Since there was no other nomination from the floor, **Ms. Bernadette Coleman** moved that nominations be closed and **Mr. Marion Gabourel** seconded the motion. The majority of member-owners voted by a show of hands to elect Mrs. Alice Leal, Mr. Englebert Perrera and Mr. Warren Coye; they all accepted and were confirmed to the post on the Supervisory Committee.



9. New Business

The MC then called for the confirmation and re-appointment of BDO Belize LLP as external auditors for the fiscal year 2018/2019. The majority of members by show of hands was in favor and supported this reappointment.

10. Adjournment

At 3:44 p.m., with the final count for voting member-owners in attendance at 2,573 the MC called for a motion to adjourn the 74th Annual General Meeting. The adjournment of the meeting was put forward on a motion from **Mr. Daland Jones** and **seconded by Mr. Godoy Stamp**. After the adjournment, Dr. Babb announced the commencement of the 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. Erica Murray**. The other lucky \$1,000.00 prize winners were:

2.	Laura Mortis	10.	Sebastian Choc	18.	John Bernard
3.	Hidie Tesucum	11.	Marilyn Garvin	19.	Marcella Parks
4.	Yvonne Miller	12.	Cindy Gordon	20.	Shanice Middleton
5.	Evelyn Ramirez	13.	Derla Vernan	21.	Daisy Vernon
6.	Carla Jimenez	14.	Simon Castillo	22.	Shantel Reneau
7.	Wallace Harris	15.	Janice Flores	23.	Kimberley Casanova
8.	Rudy Broaster	16.	Katherine Hemsley	24.	Wilbert Swaso
9.	Maveline Woodeye	17.	Ana Simmons	25.	Raymond Marin

After drawing the \$5,000.00 grand prize winner who was **Mr. Ervin Cano**, Dr. Babb thanked everyone for attending HRCU's 74th 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



Oscar Riveroll, Secretary



Board of Directors



FRED SMITH
(PRESIDENT)
SERVING SINCE 1987



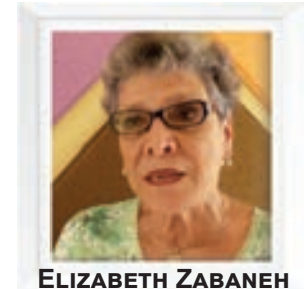
OSCAR RIVEROLL
SERVING SINCE 1998



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



Board of Directors Report

(April 1, 2018 to March 31, 2019)

Fellow member-owners of HRCU:

Today we gather to celebrate our 75th anniversary. This is truly an extraordinary milestone and I invite you to look over closely the centerfold of this AGM booklet which tells us that story. We truly came from humble beginnings when one ponders on the fact that HRCU came into being with three ladies saving twenty-five cents each. Our early pioneers, back in 1944, would never have believed that HRCU would have been among the leaders of the Movement and among the largest credit unions in the Caribbean. Congratulations to everyone who made this possible!

This past financial year, April 1, 2018 to March 31, 2019, was another successful one for HRCU. However, it was also a very sad year for us as we lost our credit union's icon, Miss Jane, who passed away on the feast day of our Lady of Guadalupe, December 12, 2018. She passed early in the morning, peacefully among family who were by her bedside. She will be sadly missed by all but the outpouring of support received from credit union members, the entire Nation of Belize, and her Caribbean credit union family helped to ease the pain of seeing her go. Miss Jane served us with utmost distinction. She has now gone on to her just eternal reward that He alone has prepared for those who loved and served Him, and by extension His people.

Our new building is very much underway and making good progress as has been reported to the Board. If weather conditions permit, I am told that the building should be completed by early 2020 which will be a little behind our original target date. This new expansion will bring much more office space for both staff and member-owners which will no doubt help to improve our services to all of you. We do remain thankful to Bishop Larry for allowing the use of the school's play yard for parking purposes which helps to alleviate the problems of parking since much of the existing parking space was needed to store building materials and supplies.

I am happy to report that our affordable housing project in Sandhill Village will be named after HRCU's pillars, Henry and Jane Usher. We had a competition among the staff, directors, and committee members and the winning selection was "Eagle JEM Estate". Eagle after Mr. Henry, a nickname given to him for his outstanding athletic abilities, and JEM, the name Mr. Henry endearingly called Miss Jane from the initials of her name Jane Ellen Mary (JEM). We are all pleased with how the project is moving along. On Saturday April 13, 2019, we had a very successful open-house for all those member-owners who are interested in owning one of the two or three bedroom houses. For your information we have already acquired additional acres of land in the same location for expansion of the housing project. We want to be able to help as many member-owners as possible, who qualify and can afford to meet the monthly payments, to own their homes.

On Sunday, March 17, 2019, the entire staff, directors, and committee members traveled to Independence Village where our branch office is located to attend a very important and special membership meeting with member-owners in the south. The meeting was a huge success where we were able to listen to the concerns of member-owners and dialogue with them what was happening with their credit union. During the meeting member-owners re-elected Mrs. Elizabeth Zabaneh to serve on the Board of Directors for another three-year term. As per our HRCU Bylaws, Mrs. Zabaneh will once again represent member-



owners from the south on our Board of Directors.

Moving on to our important Operational and Financial Highlights. It gives me greatest pleasure to share the following information with member-owners:

- dollar value of loans issued to member-owners: \$115.3 million
- number of loans issued to member-owners: 17,526 loans
- total gross profits: \$39.7 million total net profits: \$26.0 million
- dollar growth in total assets: \$27.4 million
- resulting in total assets of: \$609.3 million
- growth in membership: 3,455 "new" member-owners
- ending the year with a total of: 58,143 member-owners (after account closures)

For additional details on these highlights please refer to our 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.

As per directives from our regulator, Central Bank, we continue to close out delinquent loans from our active loan portfolio which affects our growth and our net profits since we must write off these loans as an expense against current year profits. This is extremely sad as removing delinquent loans to Recovery causes member-owners to lose all their wonderful benefits at HRCU. This is a requirement of the Central Bank and there is nothing we can do about it.

On a more positive note HRCU's continues to be a very good corporate citizen throughout the entire country by giving back to schools, churches, sporting and charitable organizations, and to other worthy projects which we feel will benefit our communities. Our signature, flagship program, our Henry "Eagle" Usher Educational Grant Program last year alone gave out over 1,000 grants totaling over \$400,000 dollars. At HRCU we consider financial literacy of utmost importance hence the reason we must play an integral part in educating our children.

Despite the fact that we have lowered our mortgage interest rate to 9.75% on the reducing balance, we were still able to make sufficient net profits to give back to member-owners a 5% dividend and a 6% on loan interest rebates for those loans that are being paid as promised.

Once again it has been a distinct pleasure to serve you our member-owners and in honor of Miss Jane and to keep her legacy alive let us always remember to: **"save regularly, borrow wisely, and repay promptly and as promised"**. God's continued richest Blessings on our HRCU.

Your Board of Directors:

Fred Smith, CSC/JP, President
Wendy Castillo, Vice-President
Oscar Riveroll, JP, Secretary

Elizabeth Zabaneh, OBE/CSC/JP, Treasurer
Albert Vaughan, JP, Director





Affordable housing for HRCU member-owners at Eagle JEM Estate



HRCU's building expansion well underway at #1 Hydes Lane



Credit Committee Report (April 1, 2018 to March 31, 2019)

Good afternoon member–owners and distinguished guests:

It is always a distinct honor to serve you and on my behalf and on the behalf of our committee we report to you our activities for the year in review.

Every Wednesday we met and as seen in our report in the 12-month period ending March 31, 2019, 17,526 loans were issued totaling \$115,252,291.93. Loans repaid was \$118,554,269.88. You will see that the greater part of assets are loans and once strong and healthy, our credit union remains strong and can continue to fulfill the needs of our members.

This year the figures and numbers are much higher over previous years due to members taking advantage of the reduced interest rate of 9.75% for mortgage loans.....whenever we switch to the reduced rate a new loan has to be issued to pay off the old loan hence the figures and numbers increase!! So far, up to March 31, 2019, a total of \$49,769,760.63 has been transferred to enjoy the benefit of the lower interest rate for mortgages!

From the table and graphs prepared for you on pages 18 and 19 you will see that Business Investments form the largest part of the loans granted totaling almost \$34 million. House Repairs and Renovations followed closely with \$33.4 million.

It continues to be of concern that some members still do not accept their responsibilities to ensure that their payments are made and on time. In some cases despite the numerous reminders they fail to meet their obligations. Members must note that these nonpayment or reduced payment causes delinquency and your credit union must meet provisioning requirements of the Central Bank for these delinquent loans. This of course has an impact on our loan portfolio and remember what we lend is from loan repayments and savings of members-owners.

Why do members feel obligated to loan sharks rather than to their Credit Union? Many members while still owing their Credit Union turn to pawn shops or loan sharks as they put it. What they do not look at is that the rate for these services is much, much higher and is only for a quick fix or temporary assistance. It does not eliminate the problem and often time members still come back to the Credit Union to pay off those same bad decisions made when it becomes a burden to them. Why not come to your Credit Union first?

What does delinquency of credit mean? It means you have late payments, you missed your monthly payments, irregular payments, or perhaps you paid less than you promised. Delinquency affects your character and relationship with your Credit Union negatively and we are trying our very best to reduce it. It limits funds for future lending, affects dividend payments and rebates and limits ability to develop the services your credit union has to offer. Delinquency



affects your overall standing among Credit Unions. It affects all of us. At the close of the financial year ended March 31, 2019 our delinquency ratio was 11.9%.

Fellow members do not make a loan unless you know you have the repayment capacity to honor that loan. Study your situation and make a loan which you know you can afford to service within the term specified. If you need help come and talk with us. A Commitment should never be overlooked or neglected. Let us renew and commit ourselves to pay on time and save more regularly thereby gaining additional security hence more borrowing power. Please avoid being a delinquent.

As members-owners you have contributed to HRCU's success and are encouraged to take advantage of all the services your credit union has to offer. We work to put the needs of our members at the center of every decision we make. This commitment to providing value and enhancing member experiences is just one of the ways we make a difference. We give members the tools to reach their financial goals and we make it easy for members to access their money. So members-owners let us all do our part by borrowing wisely and repaying promptly and on time.

Today we thank God for all the blessings He has bestowed upon our Credit Union and each of us and ask Him to continue to guide and strengthen us to meet all our needs. We thank Him for allowing the Board, committees, management and staff to work together for the betterment of your Credit Union and you the members.

The Credit Committee wishes to express appreciation for the support of Management, staff and members. Special thanks to the staff of the Loans Department for their continued assistance and co-operation. We are grateful for the confidence you the members have shown in us and look forward to serving you in 2019/2020.

As Chairperson of the Credit Committee, I would also like to take this opportunity to thank our credit committee members for their support, valued time and efforts to our credit union. It was indeed a pleasure for us serving you for the past year. Thank you and God bless!

For and on behalf of your Credit Committee:

Marion Marsden MBE, J.P - Chairperson
Eleanor Gillett J.P - Secretary
Carol Babb J.P- Member

***“Money speaks only one language...
If you save me today, I will save you tomorrow”***



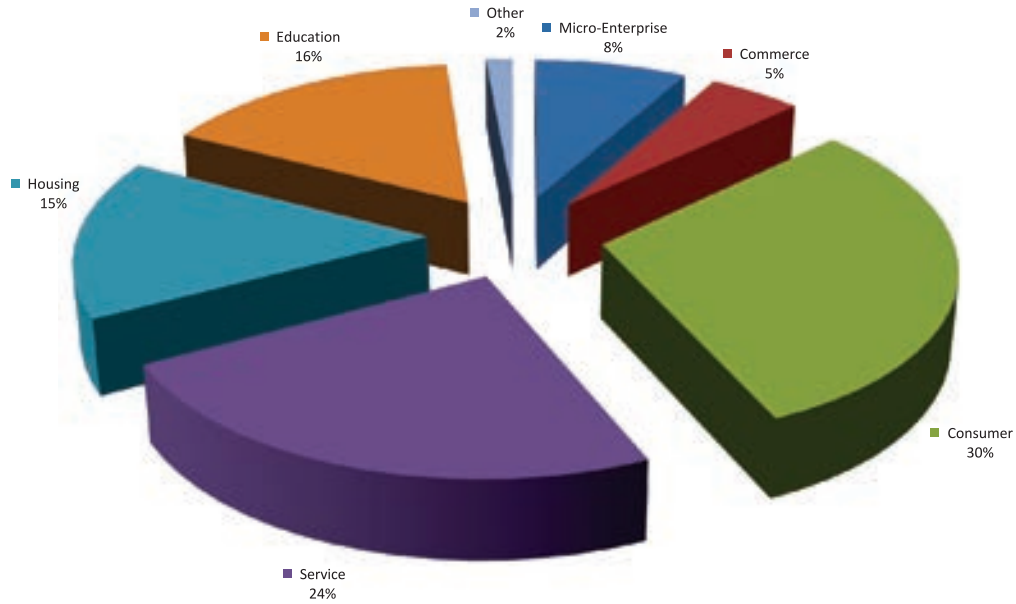
HRCU Loans Disbursed April 1, 2018 - March 31, 2019

PEARLS Codes	Loans by Purpose	AMOUNT TOTALS	AMOUNT %	NUMBERS TOTALS	NUMBERS %
3	Appliance & Household Goods	\$ 1,718,475.47	1.49%	761	4.34%
1	Boat Purchase & Repairs	\$ 131,238.34	0.11%	21	0.12%
4	Christmas Expenses	\$ 1,300,886.72	1.13%	935	5.33%
4	Dental & Medical	\$ 3,147,051.40	2.73%	1,554	8.87%
6	Education (All Levels)	\$ 6,599,520.28	5.73%	2,808	16.02%
4	Funeral Expenses	\$ 328,067.25	0.28%	130	0.74%
4	Government Taxes & Insurance	\$ 643,645.45	0.56%	283	1.61%
5	House Repairs & Renovations	\$ 33,417,793.35	29.00%	2,377	13.56%
2	Investment (Business)	\$ 33,958,690.01	29.46%	861	4.91%
1	Fishing & Farming	\$ 113,954.12	0.10%	20	0.11%
7	Consolidation of Debts	\$ 9,133,286.46	7.92%	248	1.42%
5	Legal Fees	\$ 200,940.21	0.17%	75	0.43%
3	Miscellaneous Expenses	\$ 988,516.13	0.86%	438	2.50%
5	Homes & Housing Starts	\$ 2,155,486.32	1.87%	60	0.34%
1	Outboard Engine & Repairs	\$ 173,261.70	0.15%	15	0.09%
3	Personal Expenses	\$ 6,599,751.68	5.73%	4,116	23.49%
5	Land Purchase	\$ 4,804,505.24	4.17%	184	1.05%
2	Investment (Real Estate)	\$ 34,000.00	0.03%	3	0.02%
3	Sporting Equipment	\$ 8,918.10	0.01%	5	0.03%
4	Travel & Vacation	\$ 1,365,403.33	1.18%	462	2.64%
4	Utility Bills	\$ 712,598.91	0.62%	742	4.23%
1	Vehicle & Vehicle Repairs	\$ 7,382,417.28	6.41%	1,368	7.81%
4	Wedding Expenses	\$ 333,884.18	0.29%	60	0.34%
	GRAND TOTALS	<u>\$ 115,252,291.93</u>	<u>100.00%</u>	<u>17,526</u>	<u>100.00%</u>
	(PEARLS Categories)				
1	Micro-Enterprise	\$ 7,800,871.44	6.77%	1,424	8.13%
2	Commerce	\$ 33,992,690.01	29.49%	864	4.93%
3	Consumer	\$ 7,662,521.00	6.65%	5,320	30.35%
4	Service	\$ 7,831,537.24	6.80%	4,166	23.77%
5	Housing	\$ 40,578,725.12	35.21%	2,696	15.38%
6	Education	\$ 6,599,520.28	5.73%	2,808	16.02%
7	Other	\$ 10,786,426.84	9.36%	248	1.42%
	GRAND TOTALS	<u>\$ 115,252,291.93</u>	<u>100.00%</u>	<u>17,526</u>	<u>100.00%</u>

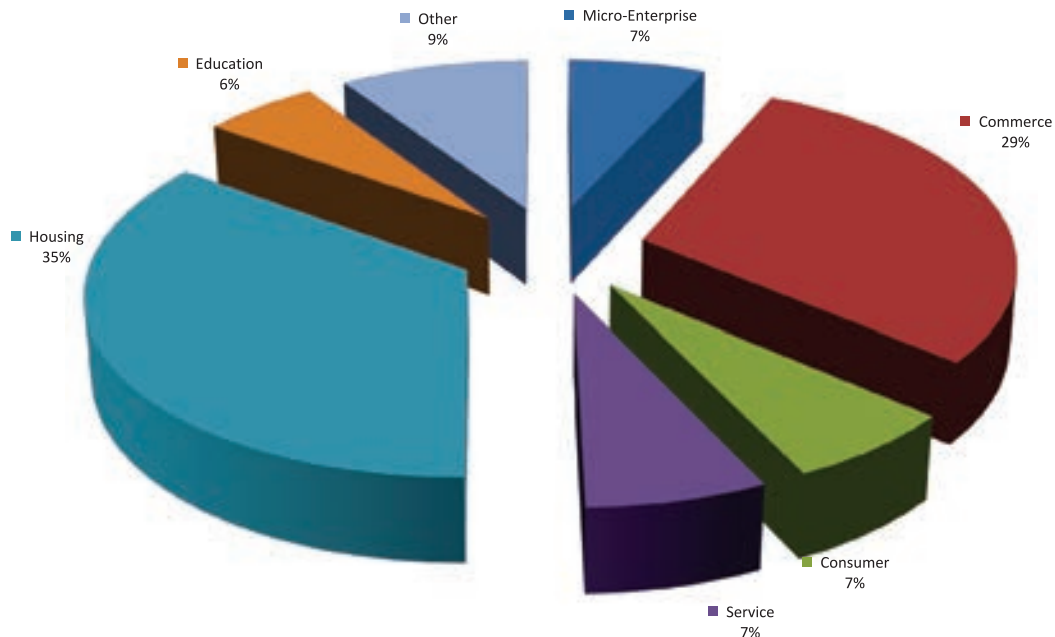
"Hard times don't create heroes. It is during the hard times when the 'hero' within us is revealed". - Unknown



Loans by Numbers (PEARLS Categories)



Loans by \$ Amount (PEARLS Categories)



Manager's Report:
(April 1, 2018 to March 31, 2019)

Dear faithful & loyal member-owners of HRCU:

As manager I take pride in ensuring that everything is running smoothly and that our operations remain within the constraints of the Laws that govern HRCU. We must ensure that we abide by our policies and procedures that our Board of Directors have adopted as a guide for management and staff to follow.

Our staff complement now stands at 55 strong. We will be hiring additional staff to help us continue to carry out efficient and effective services for all of our member-owners. With additional space for both staff and member-owners when our new building expansion is completed, we will be able to maintain our goal of better serving you. Service has always been our number one priority at HRCU.

We continue to train all our staff so that they can continue to excel in their particular areas of operations. Last August 2018, while on a visit to help us update our policies and procedures, an expert from the Jamaica Cooperative Credit Union League did a special training in Anti Money Laundering and the Counter Financing of Terrorism (AML/CFT). We also had five of our staff members undergo extensive training in AML/CFT and they were all successful in their final examination at the end of the course making them all Anti Money Laundering Certified Associates (AMLCA). Congratulations to all of them.

We continue to lobby with the League and our sister credit unions to ensure that credit unions are allowed to become a part of the National Payment System (NPS). The League is in negotiations with the Central Bank to obtain the necessary license to act as an operator in the NPS. For this reason credit unions have created a company, Shared Services Network (SSN), and we have been testing with Ameya Infovision, a software provider out of India, who stands ready to hook us up to the NPS.

These are exciting times for our Credit Union Movement. As we work together to bring the best possible service to all of you we continue to keep in mind what the founder of our credit union movement, Fr. Marion Ganey, always reminded us: *"when you become masters of your own destiny only then will you become free people"*.

In closing yet another successful year at HRCU, I have taken the opportunity to analyze our Balance Sheet and our Income and Expenses which appears on page 21 of this AGM booklet. You will notice that we have experienced growth in certain areas and there has been slight declines in other areas. However, our overall experience has been a good one at HRCU having now completed our 75th Anniversary which means 75 years of serving our member-owners. We can all remain proud because without your input HRCU might not have been the success story that it is today. We do invite everyone to please visit the office to update your account profile. If you are not yet a member-owner of HRCU we do encourage you to join this august body of *"people helping people to help themselves financially"*. This is exactly what HRCU has been doing for the past 75 years!

Francis H Usher, OBE/CSC/JP, Manager



Balance Sheet Analysis:

- growth in assets totaled \$27.4 million or 4.7% allowing us to reach \$609.3 million; growth in savings (all types) totaled \$26.7 million or 5.6% for a total of \$507.1 million.
- growth in loans totaled \$1.8 million or 0.6%, owed by 10,374 borrowers. Our loan portfolio now makes up 51.0% of our total assets.
- investments increased by \$15 million, additional investments in Fixed Deposits. This now brings our investments in Fixed Deposits to \$144.0 million.
- our cash & cash equivalents (our real liquidity) remains at \$106.9 million, much higher than last year's \$99.5 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 our new building project, 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 \$2.6 million (2018 - \$2.0 million and 2017 - \$2.8 million). We remain fully provided for "all" doubtful loans as per Central Bank's regulations. We have now removed all the loans from our active loan portfolio which Central Bank insisted we had to do as per CUA Requirements. We do anticipate another list from them so we strongly encouraging everyone to bring their accounts up to date so we are not forced to close your accounts and you lose all your excellent benefits.
- total Equity after the distribution of surpluses for 2019 continues to remain well above \$100 million.

Income and Expense Analysis:

- Interest on Loans amounted to \$33.5 million or 84.4% of total income, less than last year due to member-owners taking advantage of the lower mortgage rate of 9.75%
- Interest on Fixed Deposits amounted to \$1.8 million or 4.6% of total income (\$1.9 million - 2018; \$2.4 million - 2017). Current Account Interest remained at around \$63 thousand which continues to indicate that commercial banks are paying next-to-nothing to hold our monies.
- Interest on Treasury Notes increased from \$1.4 million last year to \$2.4 million this year. This is because last year we only received six months interest on one of the Treasury Notes due to the timing of the investment.
- Rental income from our Belmopan building investment increased from \$48.2 thousand last year to \$267.7 thousand this year since last year we only collected three months rent due to the timing of the purchase of the building.
- expenses increased overall by \$657 thousand due to providing more for delinquent loans; slight increase in salaries; and, security services to keep you safe meanwhile you conduct your business.
- we also added two new line items of expense; one for the rental of parking space to accommodate parking during the new building construction and the other for depreciation of the Belmopan building. Our buildings are now being depreciated at 2.5% as opposed to 5% in previous years.
- most other line items of expenses came in at budgeted figures or a little over or under what was estimated, the overages being as a result of increased membership hence increased activity.
- as a result of all this our income to expense ratio was 34.51% and after removing Interest Costs and Provisioning Costs it takes about \$.21 cents out of each income dollar to run both our main office and our branch office in Independence Village, Stann Creek District. This is remarkable and we owe it to the guidance of our Board and Committees and our hard-working staff!



The power of saving at HRCU

"watch your \$money\$ grow"

(at current Dividend rate of 5%)

monthly savings	after 5 years (60 months)	after 10 years (120 months)	after 15 years (180 months)	after 20 years (240 months)	after 25 years (300 months)
\$ 5.00	\$ 339.14	\$ 771.97	\$ 1,324.38	\$ 2,029.42	\$ 2,929.25
\$ 25.00	\$ 1,695.68	\$ 3,859.84	\$ 6,621.92	\$ 10,147.11	\$ 14,646.25
\$ 50.00	\$ 3,391.36	\$ 7,719.68	\$ 13,243.84	\$ 20,294.23	\$ 29,292.51
\$ 75.00	\$ 5,087.03	\$ 11,579.52	\$ 19,865.77	\$ 30,441.34	\$ 43,938.76
\$ 100.00	\$ 6,782.71	\$ 15,439.36	\$ 26,487.69	\$ 40,588.46	\$ 58,585.01
\$ 150.00	\$ 10,174.07	\$ 23,159.04	\$ 39,731.53	\$ 60,882.69	\$ 87,877.52
\$ 200.00	\$ 13,565.42	\$ 30,878.73	\$ 52,975.37	\$ 81,176.92	\$ 117,170.03
\$ 250.00	\$ 16,956.78	\$ 38,598.41	\$ 66,219.22	\$ 101,471.15	\$ 146,462.53
\$ 300.00	\$ 20,348.14	\$ 46,318.09	\$ 79,463.06	\$ 121,765.38	\$ 176,755.04
\$ 400.00	\$ 27,130.85	\$ 61,757.45	\$ 105,950.75	\$ 162,353.83	\$ 234,340.06
\$ 500.00	\$ 33,913.56	\$ 77,196.82	\$ 132,438.43	\$ 202,942.29	\$ 292,925.07

monthly savings	after 30 years (360 months)	after 35 years (420 months)	after 40 years (480 months)	after 45 years (540 months)	after 50 years (600 months)
\$ 5.00	\$ 4,077.68	\$ 5,543.41	\$ 7,414.09	\$ 9,801.60	\$ 12,848.73
\$ 25.00	\$ 20,388.42	\$ 27,717.04	\$ 37,070.43	\$ 49,007.99	\$ 64,243.67
\$ 50.00	\$ 40,776.84	\$ 55,434.09	\$ 74,140.86	\$ 98,015.97	\$ 128,487.33
\$ 75.00	\$ 61,165.26	\$ 83,151.13	\$ 111,211.29	\$ 147,023.96	\$ 192,731.00
\$ 100.00	\$ 81,553.69	\$ 110,868.18	\$ 148,281.72	\$ 196,031.94	\$ 256,974.66
\$ 150.00	\$ 122,330.53	\$ 166,302.27	\$ 222,422.58	\$ 294,047.91	\$ 385,462.00
\$ 200.00	\$ 163,107.37	\$ 221,736.35	\$ 296,563.45	\$ 392,063.88	\$ 513,949.33
\$ 250.00	\$ 203,884.21	\$ 277,170.44	\$ 370,704.31	\$ 490,079.85	\$ 642,436.66
\$ 300.00	\$ 244,661.06	\$ 332,604.53	\$ 444,845.17	\$ 588,095.82	\$ 770,923.99
\$ 400.00	\$ 326,214.74	\$ 443,472.71	\$ 593,126.89	\$ 784,127.77	\$ 1,027,898.66
\$ 500.00	\$ 407,768.43	\$ 554,340.89	\$ 741,408.61	\$ 980,159.71	\$ 1,284,873.32

Saving towards your retirement

"Building your Nestegg"

or simply saving towards a specific goal such as: bicycle, boat, vehicle, vacation, education, furniture, house...



THE CREDIT UNION DIFFERENCE

....especially HRCU's difference!!

Credit Unions exist to serve their member-owners where member-owners....

- own their credit union and are a “name” and not just an “account number”
- enjoy equal voting rights at AGM's where they choose their leaders
- receive earnings in the form of dividends at the end of the financial year
- pay low interest rates on loans and pay no loan processing fees or charges
- earn loan interest rebates making the effective loan interest rate even lower
- are not charged any fees for “early repayment” or “late repayment” on loans
- enjoy attractive interest on savings, deposits, and checking accounts
- have direct access to their accounts via our ATMs and our network of ATMs
- have online access to their accounts at www.hrcubelize.org
- are encouraged to build up their savings for that “rainy day” while repaying loans
- are educated on how to improve their savings and borrowing habits
- receive FREE life savings and loan protection with disability coverage benefits
- participate in affordable funeral benefit coverage
- have access to our affordable housing project where they can qualify to own their homes at Eagle JEM Estate...an HRCU community
- benefit from discounted premiums on property and motor insurance when purchased through their credit union
- form part of the worldwide movement being affiliated through a league of credit unions – the Belize Credit Union League (BCUL), the Caribbean Confederation of Credit Unions (CCCU), and the World Council of Credit Unions (WOCCU)

So.....why not join a credit union today.....HRCU welcomes you!!



Independence Branch Highlights

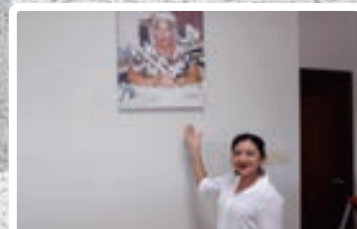
	March 31,2019	March 31, 2018	March 31, 2017
MEMBERSHIP			
# of males	2,599	2,038	1,722
# of females	2,499	2,104	1,781
# of organizations	37	36	35
Total Membership	5,135	4,178	3,538
# of members under Age 50	3,780	2,987	2,514
# of members Age 50 and over	1,318	1,155	989
SHARES/SAVINGS			
Total received	\$ 12,433,294.01	\$ 8,271,174.51	\$ 7,160,679.33
Total withdrawn	\$ 10,884,929.99	\$ 9,960,872.26	\$ 7,987,560.27
Total shares/savings	\$ 27,914,258.51	\$ 26,428,377.28	\$ 24,877,771.89
Average shares/savings	\$ 5,436.08	\$ 6,325.60	\$ 7,031.59
LOANS			
Total issued	\$ 6,754,314.62	\$ 5,228,307.06	\$ 5,561,674.50
Total repaid	\$ 5,745,525.07	\$ 3,925,899.74	\$ 4,017,855.45
Total interest collected	\$ 2,405,321.20	\$ 1,981,953.07	\$ 1,624,396.10
# of borrowers	981	910	787
Total loans outstanding	\$ 22,527,184.33	\$ 20,770,158.41	\$ 16,045,502.11
Average loans	22,963.49	22,824.35	20,388.19
INCOME & EXPENSE			
Income	\$ 2,417,974.70	\$ 1,989,250.57	\$ 1,633,192.11
Expense	\$ 495,705.21	\$ 488,743.86	\$ 490,012.10
Net Profit/(Loss)	\$ 1,922,269.49	\$ 1,500,506.71	\$ 1,143,180.01
BURIAL SCHEME PROGRAM			
FB claim benefits paid	\$ 60,000.00	\$ 85,000.00	\$ 65,000.00
# of member-owners	12	18	13
LP/LS claim benefits paid	\$ 137,341.67	\$ 121,650.51	\$ 48,745.16
# of member-owners	14	18	16
HENRY "EAGLE" USHER GRANTS AWARDED			
# of Tertiary School grants	20		7
# of Secondary School grants	42	34	30
# of Primary School grants	34	18	15
Total grants awarded	96	60	52
Dollar value of grants	\$ 37,000.00	\$ 28,000.00	\$ 24,400.00

"We must accept finite disappointment, but never lose infinite hope."

...Martin Luther King Jr.



Independence Branch Membership Meeting



Sunday March 17, 2019

Looking Back at 75 YEARS

May 1944



Carmen Canton



Hazel Anderson



June Bolton

*3 Ladies
\$0.75 cents*

April 1954



*452 members
\$67.1 thousand*

March 1994

50th Anniversary



*23,316 members
\$60.1 million*

March 2004



*35,965 members
\$205.2 million*

March 2009

75th Anniversary



*58,143 members
\$609.3 million*



*Let us keep Miss Jane's
"Saving Regularly, Borrowing Wisely, and"*

YEARS of HRCU's History

March 1962



*2,659 members
\$484.1 thousand*

March 1969

25th Anniversary



*4,970 members
\$1.5 million*

March 2019

50th Anniversary



*33,000 members
\$1.3 million*

The Future



This is up to us!

Our Legacy alive by...

and Repaying Promptly and as Promised”.





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35A Regent Street
Belize City, Belize
P.O. Box 756

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 2019 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 2019, and of its financial performance for the year then ended in accordance with the modified cash basis of accounting described in Note 2 to the financial statements, and the 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.

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.

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
10 April 2019



Holy Redeemer Credit Union Limited

Statement of financial position-modified cash basis

As at 31 March

(In Belize Dollars)

Assets	<u>Notes</u>	2019	2018
Cash and cash equivalents		106,895,735	99,507,547
Debentures	3	8,000,000	8,000,000
Bonds	4	3,000,000	3,000,000
Fixed deposits		144,000,112	129,000,112
Treasury notes	5	42,309,874	42,354,611
Other investments	6	2,230,854	2,152,999
Stationery and supplies		-	10,729
Members' loans receivable-net	7	287,735,667	285,954,929
Other receivable-PCA line of credit		591,878	545,387
Property and equipment	8	6,783,231	5,479,639
Investment property	9	7,763,716	5,942,135
Total assets		609,311,067	581,948,088
Liabilities and equity			
Liabilities			
Members' deposits, savings and PCA	10	502,143,916	475,663,204
Total liabilities		502,143,916	475,663,204
Equity			
Members' shares-mandatory		1,427,018	1,365,022
Members' shares -voluntary		3,532,875	3,364,575
Burial scheme catastrophic reserve	11	7,368,925	7,508,885
Contingency and special reserve		10,733,867	10,594,911
Education fund		850,698	1,146,439
Guaranty fund		24,993	24,130
Statutory reserve		60,932,990	58,199,976
Undistributed surplus		22,295,785	24,080,946
Total equity		107,167,151	106,284,884
Total liabilities and equity		609,311,067	581,948,088

The financial statements were approved and authorized for issue by the Board of Directors on 11 April 2019 and are signed on its behalf by:



President



Treasurer



The notes are an integral part of these financial statements.

Holy Redeemer Credit Union Limited

Statement of income and expenses-modified cash basis

Year ended 31 March

(In Belize Dollars)

	2019	2018
Income:		
Burial scheme commission	480,000	480,000
Dividends from BCUL shares	6,000	6,000
Dividends from BEL shares	14,558	21,110
Dividends from BWSL shares	112,500	112,500
Interest from BEL debentures	510,000	510,000
Interest from Belmopan City bonds	92,238	68,736
Interest from fixed deposits	1,834,107	1,864,391
Interest from Treasury notes	2,368,298	1,399,633
Interest from members' loans	33,521,886	34,662,265
Interest from SCA Mercy bonds	81,250	81,250
Interest on current accounts	63,169	62,765
Loan mortgage fees	237,280	365,956
Other income	386,177	161,129
Total income	39,707,463	39,795,735
Operating expenses:		
Advertising and marketing	62,977	51,571
AML/CFT compliance expense	86,558	81,375
Auditing and supervision fees	62,154	56,473
Bad debt provision	2,600,000	1,950,000
Bank interest and charges	33,678	31,287
Cash shortage	743	1,563
Collection charges	73,255	73,784
Committee expense	36,860	34,703
Coverage premiums	2,433,686	2,420,595
Depreciation	543,211	592,119
Fidelity bond coverage	19,944	19,800
Generator/UPS/AC maintenance	62,206	67,943
Insurance-building and equipment	42,151	38,900
Interest expense-deposits/PCA	2,804,236	3,003,553
Loan mortgage expense	63,772	53,697
Office expense	154,784	114,412
Postage and stamps	5,652	7,306
Property taxes (includes foreclosed properties)	75,956	47,239
Rent expense	132,222	81,000
Security services	411,393	387,418
Social security expense	44,920	46,256
Software systems support	79,261	87,640
Staff salaries and other benefits	3,423,515	3,351,885
Stationery and supplies expense	161,581	147,532
Upkeep of office	56,366	61,735
Utilities - electricity	136,761	139,701
– telephone	90,503	91,144
– water	5,170	5,943
Total operating expenses	13,703,515	13,046,574
Surplus	26,003,948	26,749,161

The notes are an integral part of these financial statements.



Statement of cash receipts and cash disbursements

Year ended 31 March

(In Belize Dollars)

	2019	2018
Cash Receipts:		
ATM income	11,775	12,331
BCUL dividend	6,000	6,000
BCUL fees received	217,496	210,052
BCUL insurance commission	3,201	5,294
BEL dividend	14,558	21,110
BEL interest	510,000	510,000
Belmopan City bonds interest	92,238	68,736
Burial Scheme Commission	480,000	480,000
BWSL dividend	112,500	112,500
Cash overage	997	1,173
Contingency and special reserves	1,345	1,357
Entrance fees	863	736
Education funds (Refunds)	1,871	3,963
Heritage/CU income	9,475	6,663
Interest on authorized LOC	68,707	64,871
Interest on current account	63,169	62,765
Interest on fixed deposits	1,834,107	1,864,391
Interest on GOB treasury notes	2,368,298	1,442,490
Interest on loans	33,521,886	34,662,265
Loan loss recovery	470,309	318,147
Loan mortgage fees	237,280	365,956
Loans repaid	118,554,270	71,689,835
Members' deposits/Shares/PCA received	241,191,113	218,114,875
Other income	5,531	3,926
PCA authorized LOC	189,049	301,986
PCA income	10,516	10,859
Rental income (Belmopan property)	267,715	48,220
Sale of passbook	8,260	7,791
SCA Mercy bond interest	81,250	81,250
Total receipts	400,333,779	330,479,542
Beginning cash and cash equivalents	99,507,547	112,948,620
	499,841,326	443,428,162



The notes are an integral part of these financial statements.

Statement of cash receipts and cash disbursements

Year ended 31 March

(In Belize Dollars)

	2019	2018
Cash Disbursements:		
Advertising and marketing	62,977	51,571
ATM/computer and accessories	147,887	120,805
AML/CFT Compliance expenses	86,558	81,375
Auditing and supervision fees	62,154	56,473
Bank interest and charges	33,678	31,287
Belize Credit Union League dues	215,006	182,429
BCUL/Ameya NPS CU switch	77,855	130,118
Belmopan Building investment	57,375	4,267,036
Belmopan City bonds	-	1,500,000
Building construction/renovations	1,423,441	60,834
Cash shortage	743	1,563
Collection charges	73,255	73,784
Committee and upkeep expenses	93,226	96,438
Coverage premiums	2,433,686	2,420,595
Education fund	1,012,721	869,079
Reserve burial scheme catastrophic	400,000	250,000
Fidelity bond coverage	19,944	19,800
Fixed deposits purchased	15,000,000	112
Furniture and fixtures	10,238	11,480
Generator and UPS	157,830	-
Generator/UPS/AC maintenance	62,206	67,943
HRCU affordable housing project	1,871,613	1,675,099
Insurance and property taxes	118,107	86,139
Interest expense-PCA	121,092	116,168
Interest expense-special/term deposits	2,683,144	2,887,385
Land purchased	-	1,053,190
Loans issued	115,252,292	65,148,344
Loan mortgage expense	63,772	53,697
Members deposits/shares/PCA withdrawn	246,534,218	227,782,034
Office expense- Belmopan building	20,484	6,553
Office expense and postage	139,952	115,165
PCA Authorized LOC	235,540	376,329
Rent expense (DR Center)	81,000	81,000
Rent expense (lots)	51,222	-
Security services	411,393	387,418
Social security expense	44,920	46,256
Software system support	79,261	87,640
Staff salaries and other benefits	3,423,515	3,351,885
Stationery and supplies	150,852	136,803
Treasury notes purchased	-	30,000,000
Utilities	232,434	236,788
Total disbursements	392,945,591	343,920,615
Ending cash and cash equivalents	106,895,735	99,507,547
	499,841,326	443,428,162

The notes are an integral part of these financial statements.



Holy Redeemer Credit Union Limited

Statement of changes in fund balances

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 2018	7,508,885	10,594,911	1,146,439	24,130	58,199,976	24,080,946	101,555,287
Transfers:							
League dues	-	217,496	-	-	-	-	217,496
Entrance fees	-	-	-	863	-	-	863
Other adjustments	-	1,345	1,871	-	-	-	3,216
Undistributed surplus	-	135,121	-	-	-	(135,121)	-
Fund uses:							
Dues: Belize Credit Union League	-	(215,006)	-	-	-	-	(215,006)
Dividends and rebates	-	-	-	-	-	(23,945,825)	(23,945,825)
Donations, AGM ,and related expenses	-	-	(1,012,721)	-	-	-	(1,012,721)
Other adjustments	(400,000)	-	-	-	-	-	(400,000)
Surplus	260,040	-	715,109	-	2,733,014	22,295,785	26,003,948
At 31 March 2019	7,368,925	10,733,867	850,698	24,993	60,932,990	22,295,785	102,207,258

The notes are an integral part of these financial statements.



Notes to the financial statements

Year ended 31 March 2019

(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 58,143 (2018-55,661) 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. Charges related to depreciation of property and equipment and loan impairment are recognized in the period incurred.

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.



Notes to the financial statements

Year ended 31 March 2019

(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. Management measures loan impairment based on a continuing review of the loan portfolio by considering the actual loan loss experience, the present and prospective financial condition of the borrower and the related industry, general economic conditions and the fair value of the related collateral. Allowance for loan losses is calculated in compliance with the loan classification methodology mandated by the Regulator and is charged against income in the period impairment is determined.

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.

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.



Notes to the financial statements

Year ended 31 March 2019

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

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	40 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 de-recognition 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.

Statutory reserve

In accordance with the Credit Unions Act, prior to any dividend declaration, HRCU is required to transfer at least 10% of its surplus to a Statutory Reserve fund until it reaches 10% of total assets. The reserve fund may be used for any 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 2.75% (2018 - 2.0%). 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.



Notes to the financial statements

Year ended 31 March 2019

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Other reserves (continued)

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 (2018 - 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 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.

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 11 April 2019, which is the date the financial statements were available to be issued.



Notes to the financial statements

Year ended 31 March 2019

(In Belize Dollars)

3. Debentures

	2019	2018
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 2017 and by HRCU on or after 31 December 2019.	3,000,000	3,000,000
	<u>8,000,000</u>	<u>8,000,000</u>

4. Bonds

	2019	2018
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	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	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	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	415,000
	<u>3,000,000</u>	<u>3,000,000</u>



Holy Redeemer Credit Union Limited

Notes to the financial statements

Year ended 31 March 2019

(In Belize Dollars)

5. Treasury notes	2019	2018
\$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.	6,122,434	6,146,803
\$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.	6,187,440	6,207,808
\$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	30,000,000
	<u>42,309,874</u>	<u>42,354,611</u>
6. Other investments	2019	2018
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	207,973	130,118
	<u>2,230,854</u>	<u>2,152,999</u>
7. Members' loans receivable-net	2019	2018
Mortgage loans	166,130,233	156,756,454
Personal and business loans	144,705,097	157,380,854
	<u>310,835,330</u>	<u>314,137,308</u>
Allowance for loan losses	<u>(23,099,663)</u>	<u>(28,182,379)</u>
	<u>287,735,667</u>	<u>285,954,929</u>
Movements in the allowance for loan losses:		
At 1 April	(28,182,379)	(32,047,752)
Add backs	(470,309)	(318,147)
Additional provision for the year	(2,600,000)	(1,950,000)
Write-offs	8,153,025	6,133,520
At 31 March	<u>(23,099,663)</u>	<u>(28,182,379)</u>



Notes to the financial statements

Year ended 31 March 2019

(In Belize Dollars)

7. Members' loans receivable-net (continued)

Write-offs represent the charge off of adversely classified loan balances, in accordance with CUA Requirement No. 2, that are approved on a monthly basis by the Board of Directors. However, collection efforts are still made in respect of these accounts.

8. Property and equipment

	Land	Buildings	ATM computer and accessories	Furniture, fixtures and equipment	Generator and UPS	Assets under construction	Total
Cost							
At 1 April 2018	2,296,841	7,046,080	2,797,487	454,755	432,286	-	13,027,449
Additions	-	-	147,887	10,238	157,830	1,423,441	1,739,396
Reclassification	-	(60,834)	-	-	-	60,834	-
At 31 March 2019	2,296,841	6,985,246	2,945,374	464,993	590,116	1,484,275	14,766,845
Accumulated depreciation							
At 1 April 2018	-	4,475,413	2,362,681	364,339	345,377	-	7,547,810
Charge	-	174,632	187,999	13,744	59,429	-	435,804
At 31 March 2019	-	4,650,045	2,550,680	378,083	404,806	-	7,983,614
Net Book Value							
At 31 March 2019	2,296,841	2,335,201	394,694	86,910	185,310	1,484,275	6,783,231
At 31 March 2018	2,296,841	2,570,667	434,806	90,416	86,909	-	5,479,639

9. Investment property

The investment properties at 31 March are as follows:

	2019	2018
Commercial building in Belmopan ⁽ⁱ⁾	4,217,004	4,267,036
Real estate subdivision development-in-progress	3,546,712	1,675,099
	<u>7,763,716</u>	<u>5,942,135</u>

(i) Commercial building in Belmopan

	Total
Cost	
At 1 April 2018	4,267,036
Additions	57,375
At 31 March 2019	<u>4,324,411</u>
Accumulated depreciation	
At 1 April 2018	-
Charge	107,407
At 31 March 2019	<u>107,407</u>
Net Book Value	
At 31 March 2019	<u>4,217,004</u>
At 31 March 2018	<u>4,267,036</u>

Rental income earned from investment properties in year ended 31 March 2019 was \$267,715 (2018 - \$48,220).



Notes to the financial statements

Year ended 31 March 2019

(In Belize Dollars)

10. Members' deposits, savings and PCA

	2019	2018
Certificates of deposit	1,475,000	1,475,000
Demand deposits	55,998,514	56,408,244
Savings deposits	440,988,993	414,711,309
PCA	3,681,409	3,068,651
	<u>502,143,916</u>	<u>475,663,204</u>

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

	2019	2018
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	-	-
	<u>1,475,000</u>	<u>1,475,000</u>

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.



Notes to the financial statements

Year ended 31 March 2019

(In Belize Dollars)

12. Distribution of surplus

	2019	2018
Burial scheme catastrophic reserve	260,040	533,643
Education fund	715,109	533,643
Statutory reserve	2,733,014	1,600,929
Undistributed surplus	22,295,785	24,080,946
	26,003,948	26,749,161

During the year ended 31 March 2019, \$2,733,014 (2018 - \$1,600,929) or 10.51% of the surplus was necessary to meet the prescribed Statutory Reserve requirement of 10% of assets. The Board of Directors approved an allocation of \$2,733,014 (2018 - \$1,600,929) or 10.51% of the surplus. See also note 2.

During the year ended 31 March 2019, undistributed surplus of \$135,121 (2018 - nil) was allocated to the Contingency and Special Reserve.

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.





HRCEU's

Staff Training in
Money Laundering
and Terrorism Prevention
by the Jamaica League



Burial Scheme Program Report

(April 1, 2018 to March 31, 2019)

We all go through tough times – that's a part of life. And sadly, our lives will all come to an end at some time – that's a given. Whether we are prepared or not, is based on how we choose to live our lives. But to make it easier on those we leave behind your credit union will be there to help the family survivors through its Burial Scheme Program. The “birth” of this program back in 2005 was significant and what a success it has been! Our members-owners continue to enjoy all the benefits offered under the Funeral Benefit and the Loan Protection/Life Savings Benefit – one at no cost to them and the other at a very small premium. No member should squander the opportunity to have these coverages in place by not meeting the very basic requirements.

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 2018/2019 there were FIVE months that exceeded the premiums set aside. This tells us that our member-owners are now increasing both the amounts borrowed and amounts saved so the individual benefits paid out under the Life Savings/Loan Protection have been increasing over the years.

The benefits paid to member-owners in Funeral Benefits continue to exceed what we collect in premiums! We needed an additional \$400,000.00 dollars to cover the 263 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. We have decided after closely monitoring the shortfalls of the past couple years that for the year 2020/2021 we will need to increase the Benefit annual premium to \$30.00.

To highlight some interesting facts from the reports presented on pages 38 and 39 of your AGM booklet you will note that we paid out over \$1.3 million dollars in Funeral Benefits to a total of 263 member-owners (47 more females than males (last year only 6 more females than males). The youngest recipient was 8 years old and the oldest was a 103 year old female. The Loan Protection Coverage was paid to 70 member-owners and the Life Savings coverage to 276, of whom 219 of these member-owners were over 50 years old! (The youngest – TWO little 1-year olds and the oldest - 104 years old!) We actually lost SIX of our centenarians over the past year, all females, one of whom was our most beloved “Miss Jane”. The main causes of death continue to be heart-related, cancer, and respiratory complications. Eighteen of our member-owners died from the violence that plagues our community (murder), and 3 of our member-owners (two females) got the double benefit on their shares as they lost their lives in traffic accidents. Most of our deceased members were retirees and housewives. None of our deceased members got the maximum coverage of \$125,000.00 in Loan Protection this past year but THREE received the maximum in Life Savings coverage of \$25,000.00.

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. Of course, to enjoy the maximum Life Savings Benefit you should save as much as you can, for we DOUBLE what is in your shares up to \$25,000.00 once it has been saved before you turn 55 years old!

And don't forget, you **MUST** keep your account up-to-date with loan payments to enjoy full coverage benefits!!!



FUNERAL BENEFIT PAID SUMMARY REPORT

April 1st 2018 to March 31st 2019

AGE GROUP	FB PAID		AMOUNT TOTAL	%	\$ DOLLAR \$ VALUE PAID		%
	MALE	FEMALE					
UNDER 21	2	3	5	1.90%	\$ 25,000.00	1.91%	
21 - 25	1	1	2	0.76%	\$ 10,000.00	0.77%	
26 - 30	1	1	2	0.76%	\$ 10,000.00	0.77%	
31 - 35	4	3	7	2.66%	\$ 35,000.00	2.68%	
36 - 40	2	9	11	4.18%	\$ 55,000.00	4.21%	
41 - 45	6	2	8	3.04%	\$ 40,000.00	3.06%	
46 - 50	4	5	9	3.42%	\$ 45,000.00	3.44%	
51 - 55	6	6	12	4.56%	\$ 60,000.00	4.59%	
56 - 60	13	13	26	9.89%	\$ 130,000.00	9.95%	
61 - 65	10	14	24	9.13%	\$ 117,500.00	8.99%	
66 - 69	6	9	15	5.70%	\$ 75,000.00	5.74%	
70 - 74	14	9	23	8.75%	\$ 115,000.00	8.80%	
75 - 79	11	14	25	9.51%	\$ 122,500.00	9.38%	
80 - 84	9	22	31	11.79%	\$ 155,000.00	11.86%	
85 & OVER	19	44	63	23.95%	\$ 311,500.00	23.84%	
TOTALS:	108	155	263	100.00%	\$ 1,306,500.00	100.00%	

UNDER 21	2	3	5	1.90%	\$ 25,000.00	1.91%
21 - 49	17	20	37	14.07%	\$ 185,000.00	14.16%
50 - 69	36	43	79	30.04%	\$ 392,500.00	30.04%
70 & OVER	53	89	142	53.99%	\$ 704,000.00	53.88%
TOTALS:	108	155	263	100.00%	\$ 1,306,500.00	100.00%

AGE OF YOUNGEST CLAIM PAID:	8	\$ 5,000.00
AGE OF OLDEST CLAIM PAID:	104	\$ 5,000.00
CLAIMS PAID AT 50%:	3	\$ 7,500.00

"Most of the important things in the world have been accomplished by the people who have kept on trying when there seemed to be no hope at all."

~ Dale Carnegie



LP/LS BENEFIT PAID SUMMARY REPORT

April 1st 2018 to March 31st 2019

AGE GROUP	MALE	FEMALE	AMOUNT TOTAL	LS PAID	LP PAID	TOTAL LP/LS	%
UNDER 21	4	3	7	\$ 2,226.32	\$ -	\$ 2,226.32	0.10%
21 - 25	5	1	6	\$ 9,134.91	\$ 25,323.85	\$ 34,458.76	1.51%
26 - 30	2	1	3	\$ 4,104.49	\$ 7,540.84	\$ 11,645.33	0.51%
31 - 35	4	3	7	\$ 30,852.51	\$ 120,078.21	\$ 150,930.72	6.64%
36 - 40	5	10	15	\$ 20,494.27	\$ 51,500.98	\$ 71,995.25	3.17%
41 - 45	7	1	8	\$ 39,820.54	\$ 42,417.33	\$ 82,237.87	3.62%
46 - 49	6	5	11	\$ 37,489.04	\$ 92,723.55	\$ 130,212.59	5.72%
50 - 54	6	5	11	\$ 37,947.63	\$ 142,989.31	\$ 180,936.94	7.95%
55 - 59	15	15	30	\$ 191,992.79	\$ 216,943.63	\$ 408,936.42	17.98%
60 - 64	10	17	27	\$ 120,320.08	\$ 276,818.26	\$ 397,138.34	17.46%
65 - 69	11	15	26	\$ 164,942.74	\$ 268,039.40	\$ 432,982.14	19.04%
70 - 74	14	9	23	\$ 101,060.90	\$ 33,524.14	\$ 134,585.04	5.92%
75 - 79	11	14	25	\$ 77,895.67	\$ 22,845.51	\$ 100,741.18	4.43%
80 - 84	8	19	27	\$ 95,494.25	\$ -	\$ 95,494.25	4.20%
85 & OVER	12	38	50	\$ 39,990.24	\$ -	\$ 39,990.24	1.76%
TOTALS:	120	156	276	\$973,766.38	\$1,300,745.01	\$ 2,274,511.39	100.00%

UNDER 21	4	3	7	\$ 2,226.32	\$ -	\$ 2,226.32	0.10%
21 - 49	29	21	50	\$ 141,895.76	\$ 339,584.76	\$ 481,480.52	21.17%
50 - 69	42	52	94	\$ 515,203.24	\$ 904,790.60	\$ 1,419,993.84	62.43%
70 & OVER	45	80	125	\$ 314,441.06	\$ 56,369.65	\$ 370,810.71	16.30%
TOTALS:	120	156	276	\$973,766.38	\$1,300,745.01	\$ 2,274,511.39	100.00%

	AGE	TOTAL	LS	LP
AGE OF YOUNGEST CLAIM PAID:	1	\$ 49.00	\$ 49.00	\$ -
AGE OF OLDEST CLAIM PAID:	103	\$ 21.08	\$ 21.08	\$ -
AVERAGE BENEFITS PAID:		\$ 8,240.98	\$ 3,528.14	\$ 18,582.07
(# OF LP BENEFITS PAID)	70			
LARGEST BENEFIT PAID:		\$142,694.59	\$ 25,000.00	\$ 117,694.59
SMALLEST BENEFIT PAID:		\$ 360.45	\$ 4.65	\$ 25.38
# OF DEATHS BY ACCIDENT:	4		# OF DEATHS FROM HIV-AIDS:	6
# OF DEATHS BY MURDER:	18		# OF DEATHS FROM CANCER:	51
# OF PERMANENT DISABILITY	0		# OF DEATHS FROM CADIOVASCULAR:	71
# OF DEATHS FROM RESPIRATORY:		38		

"If you believe it will work out, you will see opportunities.

If you believe it won't, you will see obstacles."

~ Wayne Dyer

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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 01/01/2017)

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.

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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: 01/01/2017)

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 depositados 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 período 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, 2018 to March 31, 2019)

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, 2019 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, 2019 and for the year then ended.

Respectfully submitted

April 15, 2019

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, 2018 to March 31, 2019)

BOARD OF DIRECTORS

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

CREDIT COMMITTEE:

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

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