

# HOLY REDEEMER CREDIT UNION LIMITED



**77**  
*Years of Service!*



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**2021 ANNUAL  
REPORT**



**Opening  
Soon...**

***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*

# 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 2020 Cancelled)
  - 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	-	1 Vacancy
Credit Committee	-	1 Vacancy
Supervisory Committee	-	1 Vacancy
9. **NEW BUSINESS**
  - a. Confirmation of External Auditors
10. **ADJOURNMENT OF BUSINESS MEETING**
  - a. HRCU Special AGM Raffle (\$30 thousand in prizes)



Saturday, May 29, 2021 - Belize Civic Center  
2:00 p.m. Sharp

**( AGM Cancelled due to Social Distancing  
as a result of the COVID-19 Pandemic )**

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# Credit Committee



**MARION MARSDEN**  
**(CHAIRPERSON)**  
SERVING SINCE 1978



**ELEANOR GILLETT**  
**(SECRETARY)**  
SERVING SINCE 2008



**JOSE ASEVEDO**  
**(MEMBER)**  
SERVING SINCE 2020





# Supervisory Committee



**WARREN COYE**  
**(CHAIRPERSON)**  
SERVING SINCE 2017



**ENGLEBERT PERERA**  
**(SECRETARY)**  
SERVING SINCE 2017



**ALICE LEAL**  
**(MEMBER)**  
SERVING SINCE 2016



# Board of Directors



**ALBERT VAUGHAN**  
**(SECRETARY)**  
SERVING SINCE 2015



**OSCAR RIVEROLL**  
**(PRESIDENT)**  
SERVING SINCE 1998



**WENDY CASTILLO**  
**VICE PRESIDENT**  
SERVING SINCE 2015



**CAROL BABB**  
**(EDUCATION DIRECTOR)**  
SERVING SINCE 2007



**ELIZABETH ZABANEH**  
**(TREASURER)**  
SERVING SINCE 2015





## Board of Directors Report

(April 1, 2020 to March 31, 2021)

### Fellow member-owners of HRCU:

Last year I was so excited to think that I would be able to deliver my very first Board of Directors Report to member-owners of this august body that is HRCU. However, it was not meant to be since Covid-19 reared its ugly head putting the country under a State-of-Emergency, bringing everything to almost a standstill. I can recall the entire country going on lockdown after we witnessed our very first death around Easter as a result of this dreaded coronavirus. As a result our 76th AGM was postponed several times before finally being cancelled due to the protocols in place for social distancing and large gatherings. Bringing together thousands of members under one roof would be the catalyst for a super-spreader of the virus.

Today, almost an entire year later, we are still somewhat under a State-of-Emergency since we still have nightly curfews in place. We still have to practice social distancing. But above all, we are restricted from gathering together in large groups. The plan was to host our AGM on the last Saturday in May to give the external auditors sufficient time to conduct their audit and to give us more time to put together your AGM booklet. This will definitely not become a reality, at least not on Saturday, May 29, 2021 as planned, because of not being able to bring together large groups of people which our AGM's always attract. So similar to last year, we have requested from the Registrar of Credit Unions the permission to post our dividends & rebates and to operate with the existing Directors and Committee Members until such time as we can conduct elections. With the arrival of the AstraZeneca vaccines things may be looking promising for an AGM in 2022.

Nevertheless, despite the difficulties that we faced during the year under review, we were still able to forge ahead to the point where we were able to make a profit. A profit, not as big as previous years, but sufficient to allow us to meet our overhead expenses, pay our staff, meet our reserve requirements, and still be able to return to member-owners an attractive dividend and rebate. This is truly remarkable considering all the hardships our country had to face and is still facing due to the effects of the Covid-19 pandemic. So many of our member-owners are still unemployed and struggling to make ends meet. We cannot afford to lose hope, for there will be brighter days ahead once we maintain a positive attitude.

Our new building annex on Hydes Lane is now completed but a few renovations to the existing building are still ongoing as we work towards merging both buildings together. We already have staff occupying the building and the upper floors are being used as a training facility and staff lounge, the very top floor for meeting purposes to allow for proper social distancing. The ground floor will be another banking area for member-owners, particularly our senior citizens since the entrance has been fully equipped with handicapped facilities. We have even built a nicely covered shed inside of our parking area for member-owners to be seated while they wait for service (a numbering system in place to facilitate this process). Upon completion the plan is to keep the name Hodapp House, named



after Bishop Robert Hodapp who gave us the original property where our first office building was built. However, the buildings will be named after HRCU pioneers, Jane and Henry Usher, being that the buildings are linked together by the crosswalk above Hydes Lane similar to how their lives were linked together on January 3, 1942 when they got married. Discussions around that time with Fr. Marion Ganey to form credit unions were in full swing which no doubt is what brought this young couple together. However, due to Covid-19 we will only be able to have a low-key inauguration but we will be doing an official documentary to air on national television for the benefit of member-owners and potential member-owners.

Eagle JEM Estate, our credit union community in Sandhill Village, has finally seen the likes of new homeowners. Of the sixty-seven houses that were to be built in the first phase of the project, we have handed out twenty-nine two-bedroom houses and seventeen three-bedroom houses. Construction will commence on the remaining houses which will be one two-bedroom house and twenty three-bedroom houses. Upon completion of these remaining houses this will bring to an end the first phase of our project. For those member-owners who may not have gotten their homes in this first phase of the project, know that we have already purchased land adjacent to both sides of the first phase to continue this first-of-a-kind credit union community.

Shortly after the Covid-19 pandemic began to seriously affect us our regulator, the Central Bank of Belize, issued forbearance measures for the benefit of member-owners. Due to the massive numbers of people who were losing their jobs or seeing their businesses come to a standstill, it was decided to give some ease to people who had outstanding loans that they may not be in a position to service. Once you were servicing your loan up to the time of the pandemic, you could be granted a moratorium on your loan payments both principal plus interest. However, the interest payments at some point had to be satisfied so member-owners were encouraged to try to keep their interest payments up-to-date or if this was not possible, they were allowed to capitalize the interest to the existing loan balance after the moratorium period. Some 1,030 of our member-owners with loan balances totaling \$75.8 million dollars took advantage of this moratorium. As things gradually began to improve for them, those member-owners came in to renegotiate their loans but currently we still have 235 member-owners on the moratorium with loans totaling \$18.9 million dollars.

Last year in my address to you we recommended two amendments to our By-laws which were to be approved at the 76th AGM which had to be cancelled. These amendments had to do with changing the date for our AGMs to the last Saturday in May and to elect members for our Supervisory Committee for a 3-year term similar to your Board and Credit Committee. These changes have been implemented and will have to be ratified whenever it is safe for us to host an AGM. The matter of changing the date for our AGMs was to allow additional time for our external auditors to properly complete their audit and give us sufficient time to put together the AGM booklet and allow the printers the necessary time to print the booklets. Changing to a 3-year term for members of our Supervisory Committee was to allow them to be elected on a rotational basis to allow for the continuity of operations. All of the member-owners we spoke to claimed that these were wise decisions that should be implemented immediately.





Back in December 2020 Network One was dissolved and participating credit unions were refunded their initial \$50,000.00 investment along with a sizeable profit as will be noted in our Cash Receipts Report. Therefore this investment will no longer be included in our investment portfolio. There will still be income to earn from sharing each others' ATMs and from using the POS machines of Heritage Bank where our debit cards will still function. You will have noticed that it now cost only \$0.50 cents as opposed to the \$2.00 you use to pay for using other credit unions and Heritage Bank's ATMs. There is still no charge for our member-owners when they use our ATMs and please know that for your convenience we now have three ATMs at our main office in Belize City and one at the branch office in Independence, Stann Creek District. I must also add here that our ATMs and our banking halls are all properly sanitized regularly in-keeping with the protocols in place for Covid-19.

Addressing further our cooperation among credit unions please know that we are still very much an active affiliate of the Belize Credit Union League (the League). HRCU has two directors on the League's Board of Directors in the persons of our president and manager. There is a very exciting project that we are working on with the League that will bring much benefit to HRCU and our sister credit unions. Through the League's Shared Services Payment Network (SSPN) we will very shortly be connected to the Central Bank's National Payment System (APSSS). This connection will facilitate much quicker transfer of funds to and from your credit union account. In addition, there will be interconnectivity among credit unions where member-owners will be able to walk into any credit union and send monies to their credit union. Therefore if you are an HRCU member-owner living in Punta Gorda you will be able to visit Toledo Teachers Credit Union and send your loan payment to HRCU at a fraction of a cost. Or, if an HRCU member has family or friends living in Corozal who are members of St. Francis Xavier Credit Union, monies will be able to be sent direct to their account. This is truly a trail-blazing project for credit unions since credit unions are located throughout the country. How awesome for we all know that in **"unity there is strength"**. Through the SSPN project the League is seeking to introduce credit union member-owners to an electronic wallet (E-wallet). If this part of the project is successful just imagine the possibilities when every person with a phone could easily access money from their credit union account through the E-wallet, without having to visit the credit union office for physical cash. It will also encourage people who are not members of a credit union to join to be able to access this E-wallet technology. These are certainly exciting times for credit union members. Perhaps it is now a good time to remind member-owners of what our guest speaker, Sir J. Wilson MacMillan CBE/JP, said to us at our 22nd AGM in 1966 at the Holy Redeemer Tennis Court: **"Coming together is a beginning; keeping together is progress; working together is success"**. Truer words have never been spoken!

Despite the past difficult and challenging year for everyone, HRCU experienced a modest growth in its membership. Although we on-boarded 1,926 new member-owners, we only ended up the year with 59,846 member-owners. Last year we reported a total membership of 59,467 so the net gain in membership was only 379 member-owners. Yes! some of our members have passed away (268 to be exact), some have opted to close their accounts, but the majority is as a result of having to forcibly close member-owners accounts to move to our Recovery Department since these persons have refused to honor their debt obligations. Before I continue, please know that those monies that you borrowed are the hard-earned savings of our member-owners. Regulations of the Central Bank of Belize allow us to keep unsecured loans on our books for two years and secured loans (mortgage



loans) for four years. Thereafter we must move these non-performing loans to our Recovery Department. Recently we met with the Registrar (Governor of the Central Bank) and she granted us an additional year since we implored upon her that when we move these loans off our books they no longer enjoy the benefits awarded to member-owners under our Burial Scheme Program. We are fighting hard for you and we know that some of you have fallen on difficult times, but come in and speak to our Credit Officers or Delinquency Officers who are always willing to work with you. Do not simply refuse to pay as in doing so you are ruining your good character and reputation that sometimes takes years to build.

Speaking about non-performing loans. Any institution involved in lending money carries the very high risk of having to deal with delinquency. Delinquency plays havoc on the potential profits of any financial institution. When a loan goes delinquent your credit union must set aside monies from its profits for provisioning purposes. Monies set aside for provisioning purposes could easily have been returned to member-owners in the form of dividends and rebates. At March 31, 2021, our delinquency rate was 5.4%; last year it was at 8.6% and the year before that it was at 11.9%. We still have work to do since our current delinquency rate is not below the recommended norm of less than 5%. Our Delinquency Department officers work overtime to bring down this rate plus we are tidying up our active loan portfolio when we are forced to move non-performing loans to Recovery. What is important to note here is that all our loans that have fallen by the wayside, become delinquent, are all fully provisioned for which, besides being good governance practice, is a requirement of our regulator.

Another issue which I must bring to your attention is the matter of our outstanding loans which makes up 41.31% of our total assets. This figure is down from last year's 47.80% and over the years we have seen a constant downward trend. It is recommended that outstanding loans should make up between 70% to 80% of total assets so we have some work to do in this area. We are aware that there is an interest rate war going on among the lending institutions and some non-lending institution have even joined that battle. We cannot stop you from moving your loans to another financial institution but please ensure that you read the fine print for many of you have come back and begged us to take back over your loans when the hidden fees, fines, and costs become unbearable. You also need to recall that back in April 2014 at our 70th AGM held on Saturday, April 26, 2014 at the SJC Gymnasium that the Board decided and you approved that: ***"going forward those cherry-picking payoff of loans by other lending institutions must take into account and subtract the total savings of member-owners. In other words those accounts of unfaithful member-owners will be closed, with your permission today, and they will no longer enjoy the numerous benefits that HRCU affords its members"***. To further elaborate on loans, please be aware that your Directors have seen it fit to further reduce our loan mortgage rate from 9.75% to 9.00% with the plan of going down even lower. These are our secured loans and carry less of a risk of defaulting. We strongly encourage our member-owners with mortgage loans to apply for this reduced mortgage rate. Your Directors along with our Management Team will continue to revisit the cost of lending money since this has now become one of the goals of our Government to bring down interest rates on lending. When you borrow from HRCU, and we can witness an upward trend on our outstanding loan balance, you will help us to be able to offer better lending rates to member-owners.





Before I share some financial highlights with you I must report that, besides this being a very difficult year for everyone, your credit union continued to be a good corporate citizen. As we have always done we help with donations for various charities, school programs, and churches throughout the country since our member-owners live in every single District of Belize. One of our flagship programs, our Henry Usher Educational Grant Program, continues to be a success where we have assisted thousands of students with Grants to the tune of over two million dollars. This year, similar to last year, we will do the application process online since we must adhere to all the protocols of social distancing and large gatherings. It would be amiss to not mention that we have now appointed an Education Director in the person of Dr. Carol Babb. Dr. Babb will be helping us to encourage savings and promote budgeting and financial literacy in schools and for the benefit of our member-owners.

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: \$70.7 million
- number of loans issued to member-owners: 12,730 loans
- total gross profits: \$39.1 million total net profits: \$21.9 million
- dollar growth in total assets: \$25.6 million
- resulting in total assets of: \$658.5 million
- growth in membership: 1,926 "new" member-owners
- ending the year with a total of: 59,846 member-owners (after account closures)

Based on the above figures your Board is recommending a dividend of 4% and a Rebate of 5% for those loans that qualify. As a Board we decided that this distribution of the profits, after setting aside reserve requirements, will be in the best interest of all member-owners. Last year we tiered the dividend (6% on the first \$10,000.00 and 3.5% on the remainder) because this distribution was in the best interest of 82% of our member-owners whose lives were turned upside down because of the Covid-19 pandemic.

As your President I thank you on behalf of all Directors, Committee Members, Management, and Staff for your loyalty and for being faithful to HRCU. We have survived one of the most challenging years in our credit union's history. May we continue to pray for God's Blessings on all of us, on Belize, and on our beloved HRCU which has always been there for us in times of greatest need.

**Your Board of Directors:**

Oscar Riveroll, JP - President  
 Wendy Castillo - Vice President  
 Albert Vaughan, JP - Secretary

Elizabeth Zabaneh, OBE/CSC/JP - Treasurer  
 Dr. Carol Babb - Education Director



## Credit Committee Report

April 1, 2020 to March 31, 2021

### To the Member–Owners of HRCU:

The year 2020 will be long remembered as the year Covid-19 Pandemic hit the world like an exploded volcano spreading itself all over and nothing could have stopped it. What an impact it had on all of us! Some more than others, but it affected everyone. Too many lives were lost. Hopefully, with the vaccine now available we may soon return to normal.

It is my pleasure as Chairperson of the Credit Committee to present our 77th Annual Report for the year 2020/2021. Meeting every Wednesday, we continue to review and consider loan applications that were submitted to us.

#### Loans:

The total loans granted over the period amounted to \$70.7 million. The period was difficult for some but others were better positioned. Last year was much higher amounting to \$113.8 million because that total included conversions to the lower mortgage rate of 9.0%. We continued to offer financial advice to members in order to derive mutual benefits.

The table and graphs on pages 12 & 13 provide a pictorial view of the category of loans disbursed over the year. Major Loan Categories were: Investments (Business) \$16.2 million with 471 loans; House Repairs and Renovation \$13.7 million with 1,595 loans; Consolidation of Debt \$6.8 million with 321 loans; and, Homes \$6 million with 165 loans.

Dealing with the unforeseen challenges caused by the COVID-19 pandemic has taken a significant toll on people all across the world. Covid-19 has brought inconsistencies, loss of jobs, anxiety, sadness and inconveniences to the world, our country, HRCU and most of all to our members-owners. Despite the uncertainty, we continue to listen and assist our members to get through their daily lives during this pandemic. Central Bank approved moratoriums were offered to our member-owners and many took advantage of it and thank God some are back on their jobs and on track. HRCU was innovative in dealing with the demands from the membership in both the frequency and quantum of loan applications.

#### Delinquency:

We still have a few delinquent members who have made no effort to come in and discuss their accounts. This was even before the pandemic. These arrears grow rapidly and before you know it becomes a nightmare. When your account is out of control it becomes even harder to rectify. This is very serious and unfortunate because these loans were borrowed from other members-owners' hard earned savings. Remember HRCU must provide for all delinquent



loans which forms 5.4% of total loans. It is your obligation and commitment to make your payment as pledged. Do the right thing and visit our office and let us help you.

## **LINKING OUR RESOURCES...EMPOWERING OUR MEMBERS...THE KEY TO OUR FUTURE**

### **Recommendations:**

Become acquainted with the different types of services offered by your Credit Union. Budget carefully. This will assist in the management of your finances. Strive to maintain a debt to income ratio of no more than 36% as recommended. Fill out all application forms completely and accurately. Supply all relevant documents when submitting all applications to ensure timely processing. We urge members to increase their saving portfolio (shares/deposits) with any funds that become available to them; this will be mutually beneficial to both members and the Credit Union, especially when there is an emergency. Finally, Dream it and Achieve it!

Lord, we ask for your protection and safety upon our credit union, its Board of Directors, Committees, Management, Staff and Members. We ask your loving mercy and healing on all our families and our country during these difficult times.

### **Conclusion:**

We wish to express our thanks to the management and staff of HRCU for their support, dedication, and co-operation. Many thanks to my committee members who served faithfully during the year. Many thanks to you the members for your contributions, support, and for affording us the opportunity to serve. Special thanks to my colleagues on the Credit Committee. A Big thank you to all!

God's continued Blessings

**For and on behalf of your Credit Committee:**

Marion Marsden, MBE/ JP - Chairperson

Eleanor Gillett, JP - Secretary

Jose Asevedo, MBE - Member

***“Money is a terrible master but an excellent servant.” - P.T. Barnum***





## HRCU Loans Disbursed April 1, 2020 - March 31, 2021

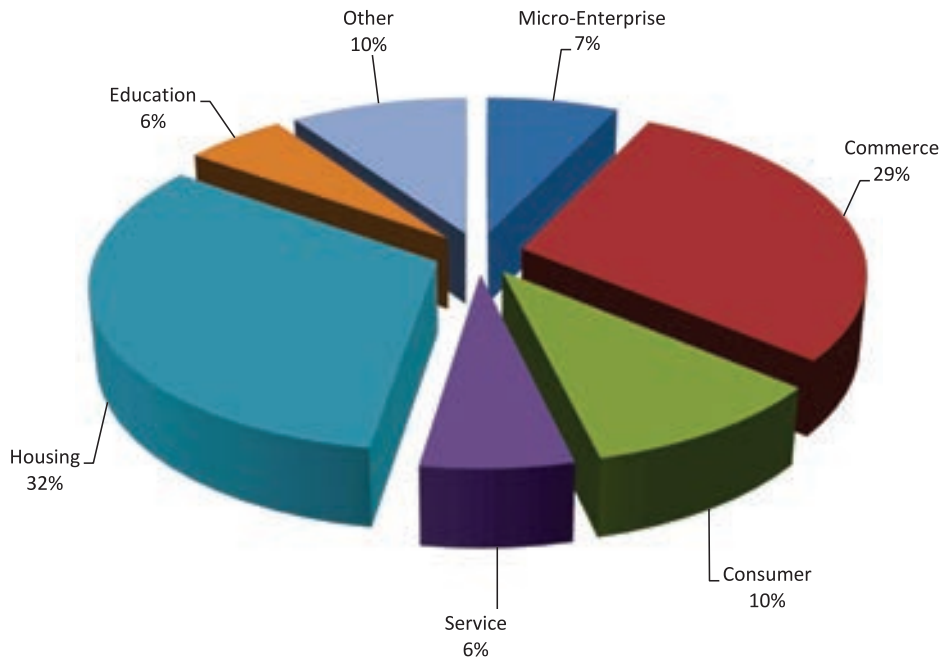
PEARLS Codes	Loans by Purpose	AMOUNT TOTALS	AMOUNT %	NUMBER TOTAL	NUMBER %
3	Appliance and Household Goods	\$ 2,907,805.54	4.11%	790	6.21%
1	Boat Purchase and Repairs	\$ 429,609.45	0.61%	19	0.15%
4	Christmas Expense	\$ 899,273.25	1.27%	758	5.95%
4	Dental, Med & Professional service	\$ 1,571,688.78	2.22%	933	7.33%
6	Education (All Levels)	\$ 3,910,702.58	5.53%	1553	12.20%
4	Funeral Expenses	\$ 232,963.22	0.33%	98	0.77%
4	Gov't Taxes and Insurance	\$ 947,390.82	1.34%	312	2.45%
5	House Repairs and Renovations	\$ 13,743,863.38	19.43%	1595	12.53%
2	Investments (Business)	\$ 16,219,225.98	22.93%	471	3.70%
1	Fishing and Farming	\$ 449,082.79	0.63%	36	0.28%
7	Consolidation of Debts	\$ 6,829,558.70	9.66%	321	2.52%
5	Legal Fees	\$ 113,378.19	0.16%	41	0.32%
3	Miscellaneous Expenses	\$ 1,380,376.98	1.95%	308	2.42%
5	Homes	\$ 6,092,826.60	8.61%	165	1.30%
1	Outboard Engine and Repairs	\$ 22,070.49	0.03%	5	0.04%
3	Personal Expenses	\$ 2,918,206.63	4.13%	3444	27.05%
5	Land Purchase	\$ 2,937,929.09	4.15%	166	1.30%
2	Real Estate	\$ 4,236,768.00	5.99%	75	0.59%
4	Travel and Vacation	\$ 221,623.56	0.31%	92	0.72%
4	Utility Bills	\$ 420,796.64	0.59%	705	5.54%
1	Vehicle and Vehicle Repairs	\$ 4,168,199.89	5.89%	818	6.43%
4	Wedding Expenses	\$ 76,007.91	0.11%	25	0.20%
<b>GRAND TOTALS</b>		<b>\$ 70,729,348.47</b>	<b>100.00%</b>	<b>12,730</b>	<b>100.00%</b>

(PEARLS Categories)

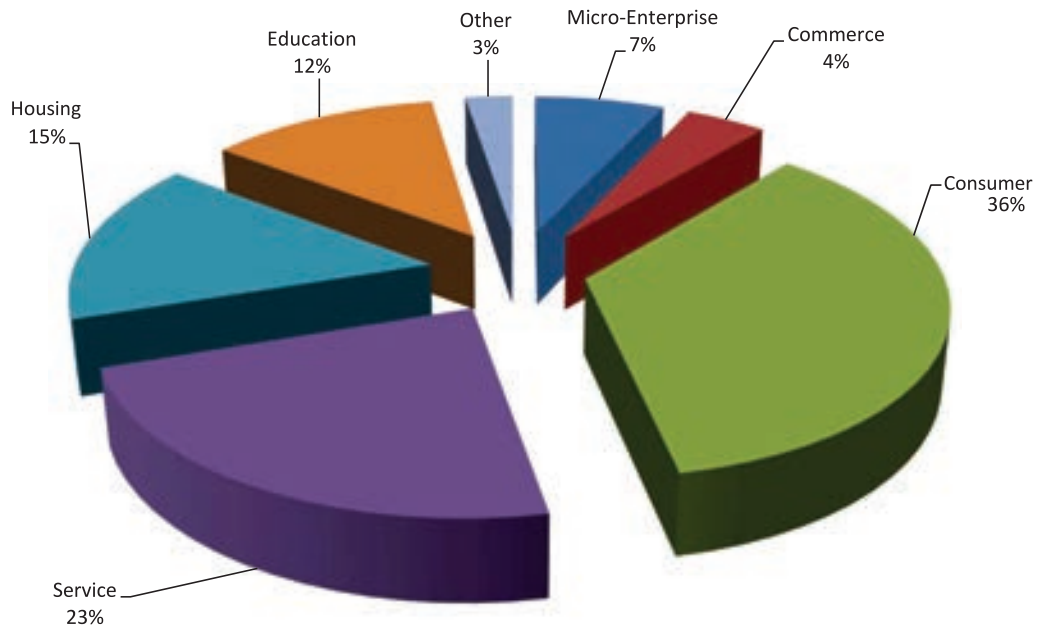
1	Micro-Enterprise	\$ 5,068,962.62	7.17%	878	6.90%
2	Commerce	\$ 20,455,993.98	28.92%	546	4.29%
3	Consumer	\$ 7,192,176.70	10.17%	4542	35.68%
4	Service	\$ 4,369,744.18	6.18%	2923	22.96%
5	Housing	\$ 22,887,997.26	32.36%	1967	15.45%
6	Education	\$ 3,910,702.58	5.53%	1553	12.20%
7	Other	\$ 6,843,771.15	9.68%	321	2.52%
<b>GRAND TOTALS</b>		<b>\$ 70,729,348.47</b>	<b>100.00%</b>	<b>12,730</b>	<b>100.00%</b>



### Loans by \$ Amount (PEARLS Categories)



### Loans by Numbers (PEARLS Categories)





# HRCU ONLINE BILL PAYMENT

AN EASIER WAY TO PAY *Your Bill*

Available Now

Coming Soon

OTHER SERVICES TO COME

1 HYDES LANE  
BELIZE CITY, BELIZE  
(501) 224-4320/5644

COR. FADDEN AVE. & MANGO ST.  
INDEPENDENCE, STANN CREEK  
(501) 523-2593/2594

**digi**

**smart!**  
Digital Bank Partner

**BWS**  
Belize Water Services



## **Manager's Report:**

(April 1, 2020 to March 31, 2021)

### **Dear faithful & loyal member-owners of HRCU:**

We continue to be operating in unprecedented times as a result of the pandemic caused by Covid-19. As an essential service the doors of HRCU remain open to member-owners keeping in mind that you are the real owners of our credit union. To quote from the words of one of our early pioneers: "none of us are millionaires but together we are all multi-millionaires". The visionary Miss Jane certainly saw the power of ordinary people coming together to pool their savings to lend to each other in times of need. As owners of HRCU you are entitled to one vote per member-owner at our AGMs. Democracy reigns!

Unfortunately we could not have an AGM last year which would have been our 76th year of service to you. As a result there are no Minutes to publish in this year's AGM booklet so the analysis of our Balance Sheet and Income and Expenses is done in more detail to share with you the accomplishments of HRCU during extremely difficult times. Although I was out of the office for most of the year under review, I kept in close contact with our CFO who was deputizing as our Manager in my absence. Our CFO, along with our staff, did an amazing job of steering HRCU's ship-of-state during not only choppy, but very turbulent waters. If ever there was any doubt of a succession plan being in place at HRCU, this past year disputes that doubt as our staff rallied behind our CFO meanwhile I was recuperating under the watchful eyes of a cadre of doctors and nurses.

Having mentioned our staff, please know that we now have a complement of sixty-six staff members extending to you the phenomenal services of HRCU. Six of them are at our Branch in Independence and the remainder work at our main office. At HRCU we believe in keeping high the morale of our staff because human resources are the most important asset to any organization. Our Human Resource (HR) Manager remains in close contact with all staff to ensure that they are well taken care of because once our staff remain happy they will extend the best possible service to our member-owners.

Our President has mentioned in detail in his report about our new building annex. What an absolutely amazing sight it is when you turn onto Hydes Lane and see in the distance our HRCU, particularly at nights when the crosswalk connecting the two buildings is all lighted up. Having been around when our first structure was built on the playground where Sister Margaret's kindergarten children played and to now witness what that little structure has morphed into, honestly, I can only say that HRCU is here to stay! HRCU is certainly making a difference in people's lives!

In closing I refer you to pages 16 and 17 of this AGM booklet. We have shared with you a proper analysis of our Balance Sheet and Income and Expenses detailing growth trends and sharing percentages where applicable. Other than in 1961 when Belize was devastated by Hurricane Hattie, 2020/2021 was a difficult financial year for our credit union. We have weathered and will continue to weather the storm called Covid-19 and together with the support of our loyal and faithful member-owners HRCU will prevail.

**Francis H Usher, OBE/CSC/JP, Manager**



## Balance Sheet Analysis:

- growth in assets totaled \$25.6 million or 4.1% allowing total assets to reach \$658.5 million; growth in savings (all types) totaled \$24.7 million or 4.7% for a total of \$548.8 million.
- decline in loans totaled \$30.5 million or 10.1%, owed by 9,220 borrowers (last year we reported that our loan portfolio had 10,140 borrowers). This negative growth rate resulted from having to remove non-performing loans (NPLs) from our active loan portfolio as per the requirements of our regulator, the Central Bank of Belize. These NPLs have been moved to our Recovery Department where additional efforts will be exhausted to recover these monies.
- financial investments increased by \$23.8 million or 10.3%; we cashed in some of our fixed deposits to invest in higher yielding instruments such as Belize City Council Bonds, BEL debentures, BWS debentures, and Covid-19 Treasury Notes. Our financial investments together now total \$256.2 million which is 38.9% of our total assets hence next year our income from investments will be higher.
- our cash & cash equivalents (our real liquidity) remains at \$113.5 million or 17.3% of our total assets; this is higher than last year's \$83.1 million. We must encourage member-owners to utilize our loan services where the interest costs are the most affordable, no hidden fees apply, and loans are insured "free" of cost.
- our fixed assets increased to \$20.8 million or by 8.9% over last year's \$19.0 million; this increase is due to our new building project, purchases in computer equipment, furniture and fixtures, and advances for our affordable housing project at Eagle JEM Estate. Advances in connection with Eagle JEM Estate will eventually be transferred as loans to the new homeowners. Currently our fixed assets represent 3.1% of our total assets which is well within the acceptable norm of fixed assets being less than 5% of total assets.
- Allowance for Loan Losses is what we MUST set aside for doubtful loans. This year we had to set aside \$5.9 million (2020 - \$4.3 million; 2019 - \$2.6 million). We remain fully provided for "all" doubtful loans as per Central Bank's regulations. We continue to remove non-performing loans from our active loan portfolio since this is an ongoing process as per Central Bank's CUA Requirements which became effective on March 28, 2013.
- total Equity after the distribution of surpluses for 2021 remained at \$109.6 million, a slight increase over last year's \$108.6 million. Our equity position still remains strong despite the fact that our net profits for 2021 did not reach budgeted targets due to the decline in Loan Interest Income as a result of the moratorium on loan repayments both for interest and principal. These forbearance measures extended by the Central Bank continue to be welcomed by member-owners who have outstanding loans in our tourism, service, and related sectors.



## Income and Expense Analysis:

- Interest on Loans amounted to \$29.1 million or 75.2% of total income (last year it amounted to \$32.8 million or 83.4% of total income); this decrease in interest from loans was largely due to the forbearance measures extended as a result of the Covid-19 pandemic plus, the lowering of our residential mortgage rate from 9.75% to 9%; we should see some of this interest collected in 2021/2022
- Interest on Fixed Deposits amounted to \$3.0 million or 7.8% of total income (\$2.0 million in 2020; \$1.8 million in 2019); current account interest amounted to \$390 thousand or 1% of total income (\$136 thousand in 2020; \$63 thousand in 2019); both these increases were from negotiating better interest rates
- Interest on Treasury Notes amounted to \$2.7 million or 6.9% of total income (\$2.2 million in 2020; \$2.4 million in 2019); this is because we purchased an additional \$20 million dollars in Covid-19 Treasury Notes when our government launched its appeal to raise funds for the pandemic
- Interest income from our National Gas Company bonds was \$700 thousand dollars; interest on BEL debentures more than doubled from \$510 thousand to \$1.2 million due to the purchase of \$15 million in additional debentures; other smaller investments in bonds and shares yielded some \$479 thousand dollars which amounted to 1.3% of total income
- expenses increased overall by \$1.6 million (from \$15.6 million to \$17.2 million) due to additional provisioning for non-performing loans and the almost \$3.7 million shortfall in Interest Income from loans
- the new line item last year for AGM Expenses reflected that we spent \$129.2 thousand on our 75th AGM and \$129.9 thousand on our 74th AGM; this year for our 76th we only spent \$49.3 thousand due to the AGM being cancelled as a result of the protocols in place for the Covid-19 pandemic; costs associated with our 76th AGM were for the AGM booklet and the many, many advertisements we had to air for having, then postponing, and eventually cancelling our 76th AGM.
- the increase in staff salaries and benefits from \$ 3.4 million to \$3.6 million is as a result of increased staff; we must also keep our staff highly motivated and well trained to meet the demands of an ever growing HRCU; we are an essential service and we proudly kept our doors opened during extremely difficult times
- most other line items of expenses came in at budgeted figures or a little over or under what was estimated; as a result of all this our income to expense ratio was 44.06%; after removing provisioning and interest costs it takes about \$.22 cents out of each income dollar to run our offices. This is truly remarkable considering the unprecedented times brought on by the Covid-19 pandemic and the additional expenses associated in adhering to all protocols set by the authorities.





## Burial Scheme Program Report (April 1, 2020 to March 31, 2021)

What an unprecedented year this has been for all of us including our beloved HRCU. Over the past twelve months we witnessed members die from respiratory and cardiovascular conditions, from cancer, and the usual causes of death. But 2020/2021 added a new cause of death to our report. We now have members losing their lives to that dreaded virus known as Covid-19 or Coronavirus. Sadly we lost 26 of our members to this new cause of death. We must thank all their loved ones, who remained behind, for working with us in settling those death claims ensuring that the proper Covid-19 protocols were adhered to for everyone's health benefit.

Our Funeral Benefit (FB) report will show you that we lost 257 members during the year under review, paying out in claims \$1,267,500.00. No one expects to die young and our numbers do demonstrate this for of the 257 members who died 137 or 53.31% were over Age 70. In fact, our oldest claim was paid to the family of Mr. Donatilo Alonzo who died at Age 109. This FB coverage is truly taking care of our members at a time when financial comfort is needed most.

Included under our Burial Scheme Program is our Loan Protection (LP) and Life Savings (LS) benefits which the report will show that under both coverages we settled with the families of 268 of our members to the tune of \$2,757,822.76. Our youngest claim under LP/LS was to a member who was, unfortunately, only 9 years old; our oldest claim was Ms. Mary Tate who was 106 years old. HRCU is truly taking care of its members from the cradle to the grave.

But exactly how can we run such an awesome Burial Scheme Program for our member-owners? The FB coverage is paid for by the members at a group cost of \$30.00 annually which works out to less than \$.09 cents per day. The LP/LS is completely paid for by HRCU who sets aside \$.50 cents for every \$1,000.00 of members shares and outstanding loan balance. This works out to about \$200 thousand monthly which you will notice when you look at our operating expenses. In addition, we set aside from our net profits a percentage in what is known as our catastrophic reserve fund which at March 31, 2021 had \$7,413,752.91 which you can see under our equity. Our Burial Scheme Program sits on a solid foundation and please know also that it is registered with the office of the Supervisor of Insurance and Private Pensions (OSIPP).

This year we are also sharing with all of you interesting facts about our Burial Scheme Program. On page 19 of this AGM booklet you will see our numbers since inception of the program. The FB we have managed since January 2005 and the LP/LS we took over in June 2005. Please refer to Note 12 in our external auditor, BDO Belize LLP, Notes to the Financial Statements.

Your credit union, HRCU, continues to look after your financial needs and our Burial Scheme Program is no doubt proof of this. We encourage you to read the reports presented in this AGM booklet. It is your responsibility to understand how the Burial Scheme Program works and operates so that there can be absolutely no confusion when it comes time for your family to benefit from the program. You must ensure that your account is kept up-to-date particularly with your loan payments to allow your family to always enjoy full coverage benefits.



# Burial Scheme Program

Claims paid from 2005 to 2021

YEAR	Funeral Benefit (F)		Life Savings (LS)		Loan Protection (LP)	
	#	\$amount\$	#	\$amount\$	#	\$amount\$
2005	117	\$ 460,000.00		(still under CUNA Mutual Administration)		
2006	128	\$ 512,000.00	102	\$ 226,011.96	60	\$ 363,587.24
2007	120	\$ 478,000.00	126	\$ 337,357.93	37	\$ 361,500.95
2008	146	\$ 582,000.00	155	\$ 320,565.27	34	\$ 425,787.99
2009	173	\$ 686,000.00	177	\$ 380,529.02	38	\$ 318,224.57
2010	138	\$ 544,000.00	165	\$ 414,315.45	33	\$ 592,755.53
2011	180	\$ 788,750.00	186	\$ 495,621.21	43	\$ 699,556.12
2012	158	\$ 775,750.00	169	\$ 464,571.71	36	\$ 861,487.59
2013	180	\$ 883,000.00	205	\$ 612,162.50	54	\$ 640,508.30
2014	216	\$ 1,061,500.00	222	\$ 572,352.97	48	\$ 1,080,375.94
2015	207	\$ 1,020,000.00	216	\$ 669,429.21	64	\$ 1,189,411.20
2016	220	\$ 1,077,500.00	220	\$ 742,202.39	57	\$ 1,155,634.78
2017	235	\$ 1,160,000.00	245	\$ 672,506.88	62	\$ 1,223,517.21
2018	244	\$ 1,184,500.00	244	\$ 759,977.67	68	\$ 1,286,054.25
2019	263	\$ 1,306,500.00	276	\$ 973,766.38	70	\$ 1,300,745.01
2020	213	\$ 1,050,000.00	209	\$ 623,952.45	60	\$ 1,731,565.72
2021	257	\$ 1,264,500.00	268	\$ 1,112,381.46	60	\$ 1,645,441.30
	<b>3,195</b>	<b>\$ 14,834,000.00</b>	<b>3,185</b>	<b>\$ 9,377,704.46</b>	<b>824</b>	<b>\$ 14,876,153.70</b>

Total claims paid since 2005: \$ 39,087,858.16

*"The greatest leader is not necessarily the one who does the greatest things.  
He is the one that gets the people to do the greatest things."*

Ronald Reagan



# FUNERAL BENEFIT PAID SUMMARY REPORT

April 1, 2020 to March 31, 2021

AGE GROUP	FB PAID MALE	FB PAID FEMALE	AMOUNT TOTAL	%	\$ DOLLAR VALUE PAID	%
UNDER 21	2	0	2	0.78%	\$ 10,000.00	0.79%
21 - 25	2	1	3	1.17%	\$ 15,000.00	1.18%
26 - 30	2	2	4	1.56%	\$ 20,000.00	1.58%
31 - 35	1	1	2	0.78%	\$ 10,000.00	0.79%
36 - 40	6	1	7	2.72%	\$ 35,000.00	2.76%
41 - 45	2	4	6	2.33%	\$ 30,000.00	2.37%
46 - 50	8	7	15	5.84%	\$ 75,000.00	5.92%
51 - 55	8	9	17	6.61%	\$ 85,000.00	6.71%
56 - 60	9	10	19	7.39%	\$ 95,000.00	7.50%
61 - 65	10	14	24	9.34%	\$ 112,500.00	8.88%
66 - 69	10	11	21	8.17%	\$ 97,500.00	7.69%
70 - 74	16	17	33	12.84%	\$ 162,500.00	12.82%
75 - 79	15	12	27	10.51%	\$ 135,000.00	10.65%
80 - 84	12	13	25	9.73%	\$ 125,000.00	9.86%
85 & OVER	13	39	52	20.23%	\$ 260,000.00	20.51%
<b>TOTALS:</b>	<b>116</b>	<b>141</b>	<b>257</b>	<b>100.00%</b>	<b>\$ 1,267,500.00</b>	<b>100.00%</b>
UNDER 21	2	0	2	0.78%	\$ 10,000.00	0.79%
21 - 49	20	15	35	13.62%	\$ 175,000.00	13.81%
50 - 69	38	45	83	32.30%	\$ 400,000.00	31.56%
70 & OVER	56	81	137	53.31%	\$ 682,500.00	53.85%
<b>TOTALS:</b>	<b>116</b>	<b>141</b>	<b>257</b>	<b>100.00%</b>	<b>\$ 1,267,500.00</b>	<b>100.00%</b>
<b>AGE OF YOUNGEST CLAIM PAID:</b>			<b>9</b>		<b>\$ 5,000.00</b>	
<b>AGE OF OLDEST CLAIM PAID:</b>			<b>109</b>		<b>\$ 5,000.00</b>	
<b>CLAIMS PAID AT 50%:</b>			<b>7</b>		<b>\$ 17,500.00</b>	

*"Challenges are what make life interesting and overcoming them is what makes life meaningful"*

*Joshua J. Marine*





# LP/LS BENEFIT PAID SUMMARY REPORT

April 1, 2020 to March 31, 2021

AGE GROUP	MALE	FEMALE	AMOUNT TOTAL	LS PAID	LP PAID	TOTAL LP/LS	%
UNDER 21	2	0	2	\$ 6,814.98	\$ -	\$ 6,814.98	0.25%
21 - 25	5	1	6	\$ 2,765.58	\$ 2,120.00	\$ 4,885.58	0.18%
26 - 30	2	3	5	\$ 10,306.99	\$ 8,068.25	\$ 18,375.24	0.67%
31 - 35	3	3	6	\$ 49,339.71	\$ 2,536.31	\$ 51,876.02	1.88%
36 - 40	8	5	13	\$ 44,242.44	\$ 25,785.44	\$ 70,027.88	2.54%
41 - 45	4	6	10	\$ 54,859.70	\$ 177,844.30	\$ 232,704.00	8.44%
46 - 49	9	8	17	\$ 52,187.99	\$ 143,234.95	\$ 195,422.94	7.09%
50 - 54	8	9	17	\$ 95,709.15	\$ 403,194.66	\$ 498,903.81	18.09%
55 - 59	13	13	26	\$ 152,182.47	\$ 185,239.45	\$ 337,421.92	12.24%
60 - 64	7	15	22	\$ 130,023.91	\$ 93,912.85	\$ 223,936.76	8.12%
65 - 69	15	13	28	\$ 127,430.53	\$ 203,421.64	\$ 330,852.17	12.00%
70 - 74	17	17	34	\$ 159,858.26	\$ 317,967.66	\$ 477,825.92	17.33%
75 - 79	10	11	21	\$ 119,585.12	\$ 82,115.79	\$ 201,700.91	7.31%
80 - 84	11	9	20	\$ 48,781.33	\$ -	\$ 48,781.33	1.77%
85 & OVER	12	29	41	\$ 58,293.30	\$ -	\$ 58,293.30	2.11%
<b>TOTALS:</b>	<b>126</b>	<b>142</b>	<b>268</b>	<b>\$ 1,112,381.46</b>	<b>\$ 1,645,441.30</b>	<b>\$ 2,757,822.76</b>	<b>100.00%</b>

UNDER 21	2	0	2	\$ 6,814.98	\$ -	\$ 6,814.98	0.25%
21 - 49	31	26	57	\$ 213,702.41	\$ 359,589.25	\$ 573,291.66	20.79%
50 - 69	43	50	93	\$ 505,346.06	\$ 885,768.60	\$ 1,391,114.66	50.44%
70 & OVER	50	66	116	\$ 386,518.01	\$ 400,083.45	\$ 786,601.46	28.52%
<b>TOTALS:</b>	<b>126</b>	<b>142</b>	<b>268</b>	<b>\$ 1,112,381.46</b>	<b>\$ 1,645,441.30</b>	<b>\$ 2,757,822.76</b>	<b>100.00%</b>

	AGE	TOTAL	LS	LP
AGE OF YOUNGEST CLAIM PAID:	9	\$ 6,715.98	\$ 6,715.98	\$ -
AGE OF OLDEST CLAIM PAID:	106	\$ 233.75	\$ 233.75	\$ -
AVERAGE BENEFITS PAID:		\$ 10,290.38	\$ 4,150.68	\$ 27,424.02
(# OF LP BENEFITS PAID)	60			
LARGEST BENEFIT PAID:		\$ 150,000.00	\$ 25,000.00	\$ 125,000.00
SMALLEST BENEFIT PAID:		\$ 135.21	\$ 33.91	\$ 101.30

# OF DEATHS BY ACCIDENT:	7	# OF DEATHS FROM HIV-AIDS:	6
# OF DEATHS BY MURDER:	9	# OF DEATHS FROM CANCER:	47
# OF PERMANENT DISABILITY:	3	# OF DEATHS FROM CARDIOVASCULAR:	77
# OF COVID-19 DEATHS:	26	# OF DEATHS FROM RESPIRATORY:	23

*"Always end the day with a positive thought. No matter how hard things were, tomorrow's a fresh opportunity to make it better."*

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# Independence Branch Highlights

	March 31,2021	March 31,2020	March 31,2019
<b>MEMBERSHIP</b>			
# of males	3,407	3,157	2,599
# of females	3,005	2,809	2,499
# of organizations	39	40	37
Total Membership	6,451	6,006	5,135
# of members under Age 50	4,732	4,406	3,780
# of members Age 50 and over	1,680	1,560	1,318
<b>SHARES/SAVINGS</b>			
Total received	\$ 16,763,535.04	\$ 16,803,539.31	\$ 12,433,294.01
Total withdrawn	\$ 12,821,868.33	\$ 14,621,580.59	\$ 10,884,929.99
Total shares/savings	\$ 31,550,183.68	\$ 29,520,786.84	\$ 27,914,258.51
Average shares/savings	\$ 4,890.74	\$ 4,915.22	\$ 5,436.08
<b>LOANS</b>			
Total issued	\$ 5,021,799.26	\$ 5,053,361.79	\$ 6,754,314.62
Total repaid	\$ 9,214,730.22	\$ 5,678,661.71	\$ 5,745,525.07
Total interest collected	\$ 2,380,609.71	\$ 2,554,178.93	\$ 2,405,321.20
# of borrowers	898	986	981
Total loans outstanding	\$ 21,041,208.41	\$ 24,195,589.92	\$ 22,527,184.33
Average loans	23,431.19	24,539.14	22,963.49
<b>INCOME &amp; EXPENSE</b>			
Income	\$ 2,381,440.71	\$ 2,557,286.43	\$ 2,417,974.70
Expense	\$ 534,399.07	\$ 470,141.17	\$ 495,705.21
Net Profit/(Loss)	\$ 1,847,041.64	\$ 2,087,145.26	\$ 1,922,269.49
<b>BURIAL SCHEME PROGRAM</b>			
FB claim benefits paid	\$ 75,000.00	\$ 67,500.00	\$ 60,000.00
# of member-owners	16	15	12
LP/LS claim benefits paid	\$ 269,988.59	\$ 82,621.83	\$ 137,341.67
# of member-owners	6	11	14
<b>HENRY "EAGLE" USHER GRANTS AWARDED</b>			
# of Tertiary School grants	32	30	20
# of Secondary School grants	61	56	42
# of Primary School grants	62	52	34
Total grants awarded	155	138	96
Dollar value of grants	\$ 43,500.00	\$ 53,000.00	\$ 37,000.00

***"When one door of happiness closes, another opens, but often we look so long at the closed door that we do not see the one that has been opened for us."***

*Helen Keller*



# Independence Branch Staff



Standing (L to R): Yesenia, Juana (Branch Supervisor), Veleesha, and Niqueia  
Seated (L to R): Manuel and Enrique



# HRCU

*Front line staff*

**FRONT LINE STAFF  
BEING THERE FOR YOU  
DURING THE COVID-19  
PANDEMIC**







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## 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 2021 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 2021, 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.

Without modifying our opinion, we draw attention to the following:

#### Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the modified cash basis of accounting used to prepare the financial statements.

#### Emphasis of Matters

Without qualifying our opinion, we draw attention to the following:

Note 16 to the financial statements which states that the financial reporting provisions of the Credit Union Act Chapter 314 of the Substantive Laws of Belize require loans which are collateralized by mortgages be written off within four years of the loan being classified as "loss" without recognizing expected recoveries from collaterals. Even though Holy Redeemer Credit Union Limited has not formally adopted International Financial Reporting Standards (IFRS), the accounting principles it follows align with IFRS except for using the modified cash basis. IFRS require that in computing the loss resulting from writing off irrecoverable loans, expected recoveries from collaterals should be recognized, unless the collateral constitutes a guarantee or insurance policy provided by a different entity, in which case the collateral should be recognized only if its realization is virtually certain.

We were unable to quantify the impact of this matter on the financial statements.

Note 17 which states that the spread of COVID-19 has impacted many local and international economies and disrupted businesses for an indefinite period. Measures taken to counteract the pandemic have resulted in an economic slowdown worldwide. The extent of the impact of the COVID-19 pandemic on the operating and financial position of Holy Redeemer Credit Union Limited will depend on certain developments, including the duration and spread of the pandemic and the impact on its operations, all of which are uncertain and cannot be predicted at this point.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's responsibilities for the audit of the financial statements

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

3 May 2021



Holy Redeemer Credit Union Limited

Statement of financial position-modified cash basis

As at 31 March  
(In Belize Dollars)

Assets	Notes	2021	2020
Cash and cash equivalents		113,546,219	83,108,599
Debentures	3	33,000,000	8,000,000
Bonds	4	18,500,000	16,500,000
Fixed deposits	5	136,155,312	159,155,312
Treasury notes	6	62,214,422	42,263,173
Other investments	7	2,284,661	2,282,758
Members' loans receivable-net	8	271,340,982	302,043,569
Other receivables-PCA line of credit		684,778	461,444
Property and equipment	9	13,341,608	10,397,065
Investment property	10	7,409,870	8,648,541
<b>Total assets</b>		<b>658,477,852</b>	<b>632,860,461</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Members' deposits, savings and PCA	11	548,839,304	524,234,265
<b>Total liabilities</b>		<b>548,839,304</b>	<b>524,234,265</b>
<b>Equity</b>			
Members' shares-mandatory		1,492,336	1,474,876
Members' shares -voluntary		3,752,625	3,652,275
Burial scheme catastrophic reserve	12	7,413,753	7,413,753
Contingency and special reserve		11,379,196	11,272,247
Education fund		706,086	1,085,170
Guaranty fund		26,330	25,849
Statutory reserve		65,855,984	63,288,239
Undistributed surplus		19,012,238	20,413,787
<b>Total equity</b>		<b>109,638,548</b>	<b>108,626,196</b>
<b>Total liabilities and equity</b>		<b>658,477,852</b>	<b>632,860,461</b>

The financial statements were approved and authorized for issue by the Board of Directors on 5 May 2021 and are signed on its behalf by:

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Treasurer



## Holy Redeemer Credit Union Limited

### Statement of income and expenses-modified cash basis

Year ended 31 March

(In Belize Dollars)

	2021	2020
<b>Income:</b>		
Burial scheme commission	480,000	480,000
Dividends from BCUL shares	6,000	6,000
Dividends from BEL shares	7,279	-
Dividends from BWSL shares	112,500	112,500
Interest from BEL debentures	1,199,023	510,000
Interest from BWS debentures	105,903	-
Interest from bonds	917,969	442,238
Interest from fixed deposits	3,031,102	1,990,191
Interest from Treasury notes	2,650,606	2,158,340
Interest from members' loans	29,097,316	32,753,632
Interest from SCA Mercy bonds	81,250	81,473
Interest on current accounts	389,608	135,966
Loan mortgage fees	210,751	244,880
Loan principal recoveries	395,453	828,321
Other income	380,062	378,351
<b>Total income</b>	<b>39,064,822</b>	<b>40,121,892</b>
<b>Operating expense:</b>		
Advertising and marketing	40,615	45,446
Annual general meeting expense	49,303	129,243
Auditing and supervision fees	78,723	61,300
Bad debt provision	5,895,453	4,328,321
Bank interest and charges	31,599	44,428
Burial scheme assessment fees	10,828	17,860
Collection charges	76,441	79,659
Committee expense	28,339	34,888
Compliance expense	32,461	86,551
Coverage premiums	2,364,181	2,421,151
Depreciation	515,648	553,680
Fidelity bond coverage	40,000	40,871
Generator/UPS/AC maintenance	84,549	87,072
Insurance-building and equipment	70,507	42,694
Interest expense-deposits/PCA	2,819,475	2,767,424
Loan mortgage expense	46,168	69,283
Office expense	141,132	165,123
Postage and stamps	2,421	4,574
Property taxes (includes foreclosed properties)	54,969	20,812
Rent expense	139,500	141,000
Security services	475,259	449,269
Social security expense	75,674	60,815
Software systems support	65,740	81,313
Staff salaries and other benefits	3,606,977	3,424,049
Stationery and supplies expense	128,145	184,439
Upkeep of office	70,617	58,896
Utilities - electricity	151,756	137,344
- telephone	108,887	93,116
- water	6,308	8,437
<b>Total operating expenses</b>	<b>17,211,675</b>	<b>15,639,058</b>
<b>Surplus</b>	<b>21,853,147</b>	<b>24,482,834</b>





## Holy Redeemer Credit Union Limited

### Statement of cash receipts and cash disbursements

Year ended 31 March

(In Belize Dollars)

	2021	2020
<b>Cash Receipts:</b>		
ATM Income	6,530	13,660
BCUL dividend on Shares	6,000	6,000
BCUL Fees Received	230,136	223,244
BCUL Insurance Commission	2,399	5,059
BEL dividend on Shares	7,279	-
BEL Interest on debentures	1,199,023	510,000
Belize City Bonds Interest	125,479	-
Belmopan City Bonds Interest	92,490	92,238
Burial Scheme Commission	480,000	480,000
BWSL debenture interest	105,903	-
BWSL dividend on Shares	112,500	112,500
Cash Overage	1,376	589
Contingency & Special Reserves	17,095	10,090
Eagle JEM Estate (affordable housing)	3,845,430	-
Entrance Fees	481	856
Education Fund (refunds & adjustments)	684	-
Fixed Deposits Cashed-In	23,000,000	34,850,000
Heritage/CU Income	53,687	3,762
Heritage/CU ATM & POS	50,000	-
Interest on Authorized LOC	77,586	53,510
Interest on Current Accounts	389,608	135,966
Interest on Fixed Deposits	3,031,102	1,990,191
Interest on GOB treasury notes	2,650,606	2,158,340
Interest on National Gas Company Bonds (NGC)	700,000	350,000
Interest on Loans	29,097,316	32,753,632
Loan Principal Recoveries	395,453	828,321
Loan Mortgage Fees	210,751	244,880
Loans Repaid	95,536,481	95,173,177
Members' deposits/Shares/PCA received	221,141,015	220,913,149
Other Income	7,832	21,868
PCA Authorized LOC	137,368	1,212,891
PCA Income	5,559	9,016
Rental Income (Belmopan Property)	218,475	262,395
Sale of Passbooks	6,620	8,492
SCA Mercy bonds interest	81,250	81,473
<b>Total receipts</b>	383,023,514	392,505,299
<b>Beginning cash and cash equivalents</b>	83,108,599	106,895,735
	466,132,113	499,401,034



## Holy Redeemer Credit Union Limited

### Statement of cash receipts and cash disbursements

Year ended 31 March

(In Belize Dollars)

	2021	2020
<b>Cash Disbursements:</b>		
Advertising & Marketing	40,615	45,446
AGM Expenses	49,303	129,243
ATM, Computer & Accessories, etc.	358,440	396,015
Auditing & Supervision Fees	78,723	61,300
Bank Interest & Charges	31,599	44,428
Burial Scheme Assessment Fees	10,828	17,860
BCUL League Dues	236,481	227,571
BCUL/Ameya NPS CU switch	51,904	51,904
BEL Debentures	15,000,000	-
BWSL Debentures	10,000,000	-
Belize City Council Bonds	2,000,000	3,500,000
Building Constuction/Renovations	2,794,008	3,620,462
Collection & Legal charges	76,441	79,659
Committee & Upkeep expenses	98,956	93,784
Compliance Expenses	32,461	86,551
Coverage premiums	2,364,181	2,421,151
Covid-19 Treasury Notes	20,000,000	-
Eagle JEM Estate (affordable housing)	2,714,870	992,935
Education Fund	652,932	744,841
Reserve for burial scheme catastrophic	-	200,000
Fidelity bond coverage	40,000	40,871
Fixed deposits purchased	-	50,005,200
Furniture & Fixture	167,815	-
Generator, UPS, & AC Maintenance	84,549	87,072
Generator, UPS, & AC Systems	26,479	42,927
Insurance & property taxes (foreclosed properties expenses)	125,476	63,506
Interest Expense - PCA	132,002	126,700
Interest expense - special/term deposits	2,687,473	2,640,724
Land	5,340	-
Loans Issued	70,729,348	113,809,400
Loan Mortgage Expense	46,168	69,283
Members deposits/shares/PCA withdrawn	216,687,002	220,861,665
National Gas Company Bond purchase	-	10,000,000
Office Expense - Belmopan Building	8,774	13,044
Office Expense and Postage	134,779	156,653
PCA Authorized LOC	360,701	1,082,458
Rent Expense - DR Centre	81,000	81,000
Rent Expense - parking lots	58,500	60,000
Security Services	475,259	449,269
Social Security Expense	75,674	60,815
Software system support	65,740	81,313
Staff salaries/savings fund/other costs	3,606,977	3,424,049
Stationery & Supplies	128,145	184,439
Utilities	266,951	238,897
<b>Total disbursements</b>	<b>352,585,894</b>	<b>416,292,435</b>
<b>Ending cash and cash equivalents</b>	<b>113,546,219</b>	<b>83,108,599</b>
	<b>466,132,113</b>	<b>499,401,034</b>



## 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 2020	7,413,753	11,272,247	1,085,170	25,849	63,288,239	20,413,787	103,499,045
Transfers:							
League dues	-	230,136	-	-	-	-	230,136
Entrance fees	-	-	-	481	-	-	481
Other adjustments	-	-	684	-	-	-	684
Undistributed surplus	-	115,061	-	-	-	(115,061)	-
Fund uses:							
Dues: Belize Credit Union League	-	(236,481)	-	-	-	-	(236,481)
Dividends and rebates	-	-	-	-	-	(20,298,726)	(20,298,726)
Donations and related expenses	-	-	(652,932)	-	-	-	(652,932)
Other adjustments	-	(1,767)	-	-	-	-	(1,767)
Surplus	-	-	273,164	-	2,567,745	19,012,238	21,853,147
At 31 March 2021	7,413,753	11,379,196	706,086	26,330	65,855,984	19,012,238	104,393,587



**Notes to the financial statements**

Year ended 31 March 2021

*(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 59,846 (2020 - 59,467) members. HRCU is supervised by the Registrar of Credit Unions. Under 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.





## Holy Redeemer Credit Union Limited

### Notes to the financial statements

Year ended 31 March 2021

(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 and corporations; in term deposits held with financial institutions with high credit histories and in high-quality real estate developments 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 determined 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. 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.

##### Other receivables

Other receivables include lines of credit offered on PCA accounts.

##### Reclassification of accounts

Certain prior year accounts have been reclassified for consistency with current period presentation.



Notes to the financial statements

Year ended 31 March 2021

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

**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 shall be held as a legal reserve and shall not be used for any other purpose, except on liquidation or where there is a loss of confidence in which case the reserve fund may be used under the strict supervision of the Registrar.

**Other reserves**

HRCU on an annual basis transfers a percentage of its surplus before any dividend declaration to an education fund as determined by the Board of Directors, currently 1.25% (2020 - 4%). The education fund is reduced by donation expenses for sporting, education and charitable purposes. It is also used for expenses incurred due to directors, committees, and staff training and other relevant expenses approved by the Board of Directors.

HRCU on an annual basis may transfer a percentage of its surplus before any dividend declaration to a contingency and special reserve as determined by the Board of Directors, currently nil (2020 - 2%).



## Holy Redeemer Credit Union Limited

### Notes to the financial statements

Year ended 31 March 2021

(In Belize Dollars)

#### 2. Summary of significant accounting policies (continued)

##### Other reserves (continued)

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 only with banks or 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 5 May 2021, which is the date the financial statements were available to be issued.



## Holy Redeemer Credit Union Limited

### Notes to the financial statements

Year ended 31 March 2021

(In Belize Dollars)

#### 3. Debentures

	2021	2020
Series 8 unsecured debentures issued by Belize Electricity Limited (BEL) maturing 30 June 2032 with annual interest at 6% payable quarterly. The debentures are callable by BEL on or after 30 June 2026 by giving 30-60 days written notice and by HRCU on or after 30 June 2026	15,000,000	-
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
Series 1 unsecured debentures issued by Belize Water Services (BWS) maturing 31 December 2030 with annual interest at 6.25% payable quarterly. The debentures are callable by BWS on or after 30 June 2025 and by HRCU on or after 30 June 2026	10,000,000	-
	<u>33,000,000</u>	<u>8,000,000</u>

#### 4. Bonds

	2021	2020
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
<i>Balance carried forward</i>	2,035,000	2,035,000





## Holy Redeemer Credit Union Limited

### Notes to the financial statements

Year ended 31 March 2021

(In Belize Dollars)

#### 4. Bonds (continued)

	2021	2020
<i>Balance brought forward</i>	2,035,000	2,035,000
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
Series A senior secured National Gas Company (Belize) Ltd. Bonds maturing 15 May 2029 with annual interest at 7% payable semi-annually on 15 May and 15 November.	10,000,000	10,000,000
Series 1 Tranche 2 Belize City Council Bonds maturing 2 October 2020 with annual interest at 3.45% payable upon maturity.	1,500,000	1,500,000
Series 1 Tranche 3 Belize City Council Municipal Bonds maturing 2 April 2021 with annual interest rate at 3.70% payable upon maturity.	2,000,000	2,000,000
Series 1 Tranche 3 Belize City Council Municipal Bonds maturing 1 July 2021 with annual interest rate at 3.70% payable upon maturity.	2,000,000	-
	<u>18,500,000</u>	<u>16,500,000</u>

#### 5. Fixed deposits

Fixed deposits at yearend were held at the following financial institutions:

	2021	2020
Atlantic Bank Limited	50,000,000	50,000,000
Belize Bank Limited	64,130,312	74,130,312
Heritage Bank Limited	20,025,000	33,025,000
Blue Creek Credit Union Limited	2,000,000	2,000,000
	<u>136,155,312</u>	<u>159,155,312</u>



## Holy Redeemer Credit Union Limited

### Notes to the financial statements

Year ended 31 March 2021

(In Belize Dollars)

#### 6. Treasury notes

	2021	2020
\$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.	6,070,702	6,097,080
\$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.	6,143,720	6,166,093
\$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
\$10,000,000 GOB Treasury note (Issue No. 32/2020) maturing 3 April 2040 with an annual interest at 5.75% payable semi-annually on 3 April and 3 October.	10,000,000	-
\$10,000,000 GOB Treasury note (Issue No. 31/2020) maturing 3 April 2030 with an annual interest at 5.25% payable semi-annually on 3 April and 3 October.	10,000,000	-
	<u>62,214,422</u>	<u>42,263,173</u>

#### 7. Other investments

	2021	2020
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
Subscription for ownership interest in BCUL/Ameya CU Switch	311,780	259,877
	<u>2,284,661</u>	<u>2,282,758</u>



## Holy Redeemer Credit Union Limited

### Notes to the financial statements

Year ended 31 March 2021

(In Belize Dollars)

#### 8. Members' loans receivable-net

	2021	2020
Mortgage loans	178,624,810	197,753,802
Personal and business loans	99,219,078	121,284,153
Holy Redeemer Credit Union housing loans	4,145,319	-
	<u>281,989,207</u>	<u>319,037,955</u>
Allowance for loan losses	<u>(10,648,225)</u>	<u>(16,994,386)</u>
	<u>271,340,982</u>	<u>302,043,569</u>
Movements in the allowance for loan losses:		
At 1 April	(16,994,386)	(23,099,663)
Additional provision for the year	(5,895,453)	(4,328,321)
Write-offs	12,241,614	10,433,598
At 31 March	<u>(10,648,225)</u>	<u>(16,994,386)</u>

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.

#### 9. Property and equipment

	Land	Buildings	ATM computer and accessories	Furniture, fixtures and equipment	Generator and UPS	Assets under construction	Total
Cost							
At 1 April 2020	2,296,841	6,985,246	3,341,389	464,993	633,043	5,104,737	18,826,249
Additions	5,339	19,527	358,440	167,815	26,479	2,774,481	3,352,081
At 31 March 2021	<u>2,302,180</u>	<u>7,004,773</u>	<u>3,699,829</u>	<u>632,808</u>	<u>659,522</u>	<u>7,879,218</u>	<u>22,178,330</u>
Accumulated depreciation							
At 1 April 2020	-	4,824,676	2,742,248	391,079	471,181	-	8,429,184
Charge	-	174,631	150,608	18,567	63,732	-	407,538
At 31 March 2021	<u>-</u>	<u>4,999,307</u>	<u>2,892,856</u>	<u>409,646</u>	<u>534,913</u>	<u>-</u>	<u>8,836,722</u>
Net Book Value							
At 31 March 2021	<u>2,302,180</u>	<u>2,005,466</u>	<u>806,973</u>	<u>223,162</u>	<u>124,609</u>	<u>7,879,218</u>	<u>13,341,608</u>
At 31 March 2020	<u>2,296,841</u>	<u>2,160,570</u>	<u>599,141</u>	<u>73,914</u>	<u>161,862</u>	<u>5,104,737</u>	<u>10,397,065</u>

#### 10. Investment property

The investment properties at 31 March are as follows:

	2021	2020
Commercial building in Belmopan <sup>(i)</sup>	4,000,783	4,108,894
Real estate subdivision development-in-progress	1,402,298	4,539,647
Real estate subdivision (Phase 2)	2,006,789	-
	<u>7,409,870</u>	<u>8,648,541</u>



## Holy Redeemer Credit Union Limited

### Notes to the financial statements

Year ended 31 March 2021

(In Belize Dollars)

#### 10. Investment property (continued)

(i) Commercial building in Belmopan

	Total
<b>Cost</b>	
At 1 April 2020	4,324,411
Additions	-
<b>At 31 March 2021</b>	<u>4,324,411</u>
<b>Accumulated depreciation</b>	
At 1 April 2020	215,517
Charge	108,111
<b>At 31 March 2021</b>	<u>323,628</u>
<b>Net Book Value</b>	
<b>At 31 March 2021</b>	<u>4,000,783</u>
<b>At 31 March 2020</b>	<u>4,108,894</u>

Rental income earned from investment properties in year ended 31 March 2021 was \$218,475 (2020 - \$262,395).

#### 11. Members' deposits, savings and PCA

	2021	2020
Certificates of deposit	3,425,000	2,475,000
Demand deposits	54,869,081	56,319,456
Savings deposits	486,571,969	462,249,420
PCA	3,973,254	3,190,389
	<u>548,839,304</u>	<u>524,234,265</u>

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

	2021	2020
3 months or less	-	-
Over 3 and to 6 months	-	-
Over 6 and to 12 months	2,475,000	2,475,000
Over 12 months	-	-
Deposits less than \$0.1 million	-	-
	<u>2,475,000</u>	<u>2,475,000</u>





## Holy Redeemer Credit Union Limited

### Notes to the financial statements

Year ended 31 March 2021

(In Belize Dollars)

#### 12. 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 \$30.00 currently. 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 \$30.00, each year.

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.

#### 13. Distribution of surplus

	2021	2020
Burial scheme catastrophic reserve	-	244,828
Education fund	273,164	979,313
Statutory reserve	2,567,745	2,355,249
Contingency and special reserve	-	489,657
Undistributed surplus	19,012,238	20,413,787
	<u>21,853,147</u>	<u>24,482,834</u>

During the year ended 31 March 2021, \$2,567,745 (2020 - \$2,355,249) or 11.75% of the surplus was necessary to meet the prescribed Statutory Reserve requirement of 10% of assets. The Board of Directors approved an allocation of \$2,567,745 (2020 - \$2,355,249) or 11.75% of the surplus. See also note 2.

During the year ended 31 March 2021, undistributed surplus of \$115,061 (2020 - \$42,959) was allocated to the Contingency and Special Reserve.

#### 14. 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.



**Notes to the financial statements**

Year ended 31 March 2021

*(In Belize Dollars)*

**14. Fair value of financial instruments (continued)**

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.

**15. Commitments, contingent liabilities and regulatory matters**

Like other major financial institutions in Belize, HRCU is subject to regulatory oversight, regulations and directives issued by the Registrar of Credit Unions in Belize, who is the Governor of the Central Bank of Belize, and to regulatory inspections, information gathering requests and remedial actions stipulated by the Registrar. Consequently, interaction with the Registrar is ongoing.

As a regulatory matter develops that may have a material effect, the Supervisory Committee of HRCU, in conjunction with the Board of Directors and outside counsel, if necessary, evaluates the matter on an on-going basis in the light of potentially relevant factual developments. It is possible that operational restrictions, fines and/or penalties, which may be material, could result from this regulatory process.

Based on current knowledge and discussions with independent legal counsel, management does not believe that the outcome of any regulatory matter that is unresolved at 31 March 2021 would have a material adverse effect on the financial position or liquidity of HRCU.



Holy Redeemer Credit Union Limited

Notes to the financial statements

Year ended 31 March 2021

(In Belize Dollars)

**16. Write-off of irrecoverable non-performing loans**

The financial reporting provisions of the Credit Union Act Chapter 314 of the Substantive Laws of Belize require loans which are collateralized by mortgages be written off within four years of the loan being classified as “loss” without recognizing any value for related collaterals.

Even though HRCU has not formally adopted International Financial Reporting Standards (IFRS), the accounting principles it follows align with IFRS except for using the modified cash basis. IFRS require that in computing losses from writing off irrecoverable loans, the value of related collaterals should be recognized, unless the collateral constitutes a guarantee or insurance policy provided by a different entity, in which case the collateral should be recognized only if its realization is virtually certain.

**17. Subsequent events**

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



## 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
	<b>MONEY SAVED FROM:</b>
	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 01/01/2019)

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

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

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

Loans are covered for a period of 25 years only.

Total and Permanent Disability claims up to age 60.

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

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





## Comprensión de los Beneficios de HRCU

**PROTECCIÓN DE PRÉSTAMOS:** Préstamos son protegidos por el Aseguro hasta la cantidad de \$125,000.00 Dolares. (Incluyendo interés de seis meses)

**AHORROS DE VIDA:** Ahorros de Vida son cubiertos hasta \$25,000.00 dolares.

**DINERO AHORRADO DESDE:**

Nacimiento hasta los 6 meses	25%
6 meses y antes de los 55 años	100%
55 años y antes de los 60 años	75%
60 años y antes de los 65 años	50%
65 años y antes de los 70 años	25%

**BENEFICIO FUNERARIO:** Máximo de \$5,000.00  
(Fecha efectiva de cobertura: 01/01/2019)

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, 2020 to March 31, 2021)

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, 2021 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 28 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, 2021 and for the year then ended.

### Respectfully submitted

May 7, 2021

Warren Coye - Chairperson  
Englebert Perera - Secretary  
Alice Leal - 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, 2020 to March 31, 2021)

**BOARD OF DIRECTORS**

**PRESIDENT**

OSCAR R. RIVEROLL, JP (serving one more year)

**VICE PRESIDENT**

WENDY CASTILLO (term ends today)

**TREASURER**

ELIZABETH ZABANEH, OBE/CSC/JP (serving one more year)

**SECRETARY**

ALBERT VAUGHAN (serving one more year)

**EDUCATION DIRECTOR**

CAROL BABB (serving two more years)

**CREDIT COMMITTEE:**

**CHAIRPERSON**

MARION MARSDEN, MBE/JP (term ends today)

**SECRETARY**

ELEANOR GILLETT, JP (serving two more years)

**MEMBER**

JOSE M. ASEVEDO (serving two more years)

**SUPERVISORY COMMITTEE:**

**CHAIRPERSON**

WARREN COYE (serving one more year)

**SECRETARY**

ENGLEBERT PERERA (term ends today)

**MEMBER**

ALICE LEAL (serving two more years)