



Grenada Public Service
Co-operative Credit Union Ltd.

2015

Annual Report

TRANSITIONING TOGETHER to expand horizons
with a **renewed focus**

Table Of Content

2

Standing Orders

5

Notice Of Meeting

6

Corporate Informaton

12

Operating Highlights

14

President's Message

17

Board Of Directors' Report

29

Credit Committee's Report

33

Supervisory & Compliance Committee's Report

37

Nominating Committee's Report

41

Treasurer's Report

46

Pearls Ratio

48

Auditor's Report

75

Budgeted Statement Of
Financial Position

76

Budgeted Statement Of
Comprehensive Income

77

Capital Budget

78

Resolutions

79

Minutes Of AGM 2015

91

Minutes Of Special General Meeting

102

Recommended Nominees

Standing Orders

1. (a) Only Delegates are allowed to address the Chair
(b) A member to stand when addressing the Chair
(c) Speeches to be clear and relevant to the subject before the meeting
2. A member shall only address the meeting when called upon by the Chairman to do so, after which he (she) shall immediately take his (her) seat.
3. No member shall address the meeting except through the Chairman
4. A member shall not speak twice on the same subject except:
(a) The mover of the motion – who has the right to reply
(b) He rises to object or to explain (with the permission of the Chair.)
5. The mover of a procedural motion – (Adjournment, laid on the table, motion to postpone) to have no right to reply.
6. No speeches to be made after the “Question” has been put and carried or negated.
7. A member rising on a “Point of Order” to state the point clearly and concisely.
(A “Point of Order” must have relevance to the “Standing Orders”).
8. (a) A member shall not “Call” another member “To Order” but may draw the Chair to a “Breach of Order”.
(b) In no event can a member call the chair to order.
9. A “ Question” should not be put to the vote if a member desires to speak on it or move an amendment to it except that “a Procedural Motion”, “the Previous Question”, “Proceed to the next business” or the closure ‘ That question be put now” may be moved at any time.
10. Only one amendment should be before the meeting at one and the same time.
11. When a motion is withdrawn, any amendment to it fails.
12. The Chairman shall have in addition to his ordinary vote, a “casting Vote” in the case of equality votes.
13. If there is an equality of votes on an amendment, and if the Chairman does not exercise his (her) casting vote, the amendment is lost.
14. Provisions to be made for protection by the Chairman from vilification (personal abuse)
15. No member shall impute improper motives against the Chairman, Board of Directors, Officers or any other member.

Vision

To Maintain leadership in the Credit Union Sector

Mission

To enhance the quality of life of members through the equitable provision of relevant financial products and services

Core Values

Trust:-

Act in members' best interest
Open and honest
Democracy based

Access:-

Affordable financial services
Personalised service
Flexibility in delivery

Growth:-

Providing loans for provident and productive purposes
Improving quality of life
Growing both the Credit Union and its members

Self-help:-

Mobilizing savings to finance loans
Sustainable operations
People helping People

Credit Union Prayer

Lord, make me an instrument of thy peace
Where there is hatred let me show 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

Oh 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 giving that we receive,
It is in pardoning, that we are pardoned,
And it is in dying that we are born to eternal life.

Bless, Oh Lord our deliberations and grant that
Whatever we may say and do
Will have thy blessing and guidance
Through Jesus Christ Our Lord
Amen

Credit Union Song

With us there are no barriers
'Cause we're all the same
The more of us the happier
The louder we'll proclaim
That we are owner-members
Our rule is honesty
We are the Credit Union
And all the world can see

Chorus
Together, we give and receive
Together, we help each other to achieve
"Cause in our world today
It's not safe to be alone

We all will be true savers
Though it be great or small
We will become shareholders
Providing loans for all
When great need arises
There's no uncertainty
Once in the Credit Union
There's help for you and me.

We pledge to be of service
To better our land
We harbour no prejudice
Upon this theme we stand
One man one vote for members
Of high or low degree
For in the Credit Union
There's pure Democracy

Notice of Meeting

Agenda:

Notice is hereby given that the Annual General Meeting (AGM) of the Grenada Public Service Co-operative Credit Union Ltd. is scheduled for Thursday 30th June at 3:00 p.m. at the Grenada Trade Center, Grand Anse, St. George's.

Opening Session:

- 1.1. Call to order and welcome
- 1.2. Credit Union prayer
- 1.3. Silent tribute
- 1.4. Apologies for absence
2. Greetings from Guest Societies
3. Remarks by invited officials
4. Break

Business Session:

1. President's Message
- 1.2 Nominating Committee Report and Elections
- 1.3 Voting
- 1.4 Sitting of new Directors
2. Consideration of the Minutes of the Annual General Meeting (AGM) held 11th June 2015
3. Consideration of the Minutes of the Special General Meeting held 16th March 2016
4. Committee Reports
- 4.1 Board of Directors
- 4.2 Credit
- 4.3. Supervisory & Compliance
- 4.4. Treasurer's and Auditor's
- 4.5 Budget 2016 and 2017
5. Resolutions
- 5.1 Allocation of Surplus
- 5.2 Appointment of Auditors
- 5.3. Approval of Budget
- 6 Any Other Business



Sis. Gemma Bain- Thomas
Secretary

Corporate Information

Credit Union House
906 Church Street,
St. George's, Grenada
P.O. Box 886
Telephone: (473) 440 1759 / 8296 /2099
Fax: (473) 440 8031
Website: www.gpsccu.org
Facebook:www.facebook.com/gpsccu
www.facebook.com/excelclub

Grenville Branch Office
Canal Road
Grenville,
St. Andrew's
Telephone: (473)438-4929/4930
Fax: (473) 438-4928

Carriacou Branch Office
Church Street
Hillsborough,
Carriacou
Telephone:(473) 443-7461
Fax: (473) 443-8520

Auditors: Pannell Kerr Foster

Bankers:

RBTT Bank (Grenada) Ltd
Grenada Co-operative Bank Ltd.
Republic Bank Ltd.

Solicitors/Attorneys:

Wilkinson, Wilkinson & Wilkinson
Law Office of George E. D. Clyne

Executive Officers

Bro. Phillip Telesford
- President
Bro. Christopher DeAllie
- Vice-President
Bro. Garvin Roberts
- Treasurer
Bro. Ernie James
- Asst. Treasurer
Sis. Gemma Bain Thomas
- Secretary
Sis. Annette Henry
- Asst. Secretary
Bro. Augustine Francis Balwant
Bro. Duane Noel
Bro. Carlyle Felix

Management:

Sis. Lucia Livingston-Andall
- General Manager

Bro. Kippling Charles
- Manager Finance &
Operations

Sis. Florence Ann Williams
- Manager Loans & Credit
Administration (Ag.)

Connect to the World with CONNEX!



A World of Convenience with :

- Use at Merchants Nationwide
- International Shopping Made EASY
- Easy Online Transactions
- Access to your Cash ANYTIME, ANYWHERE
- Low Fees



**GRENADA PUBLIC SERVICE
(CO-OP) CREDIT UNION LTD.**
Expect More From Your Credit Union

Board of Directors

Bro. Philllip Telesford
President

Bro. Christopher De Allie
Vice President

Sis. Gemma Bain-Thomas
Secretary

Bro. Garvin Roberts
Treasurer

Sis. Annette Henry
Assist. Secretary

Bro. Ernie James
Assist. Treasurer

Bro. Francis Balwant
Member

Bro. Carlyle Felix
Member

Bro. Duane Noel
Member
(R-L)



Our Leaders

Sis. Lucia Livingston-Andall
General Manager



Sis. Florence Williams
Loans & Credit Manager (Ag.)



Bro. Kippling Charles
Finance & Operations Manager



Administration Department

Michelle Cambridge-Marryshow
Janice Darbeau
Sonia Latouche -Cadet
Tiffani Hall
Nghia Hayes
Kinesha Moses
Kimalene Regis
Roxanne Richards
Edwin Francis
Richard George
(L-R)



Loans & Credit Department

Kesha Bartholomew
Charlyn Bowen
Caryl Hayes
Edlyn Lalsee
Mondella Lynch-Alleyne
Geneal Mitchell
Marrietta Mitchell
Kendra Noel
Gerlan Peters
Heather Thomas
Kevin Gilbert
Geoffrey Grey
(L-R)



Finance & Operations Department

Iyana Brown
Nerissa Chitterman
Frances Gilbert
Neika Johnson
Raquel Langdon
Candia Nicholas
Kurt Bartholomew
Naquam Gilbert
Michael Marshall
Rick Hastick
Kishorn Palmer
Aidan Peters
Ozimba Toussaint
Lenus Walker
(L-R)

Branches

Carriacou

Princess Herry-John
Wineth Stewart

Grenville

Neisha Allard
Londelle Francique
Sabrina Rodney-Ogilvie

Operating Highlights

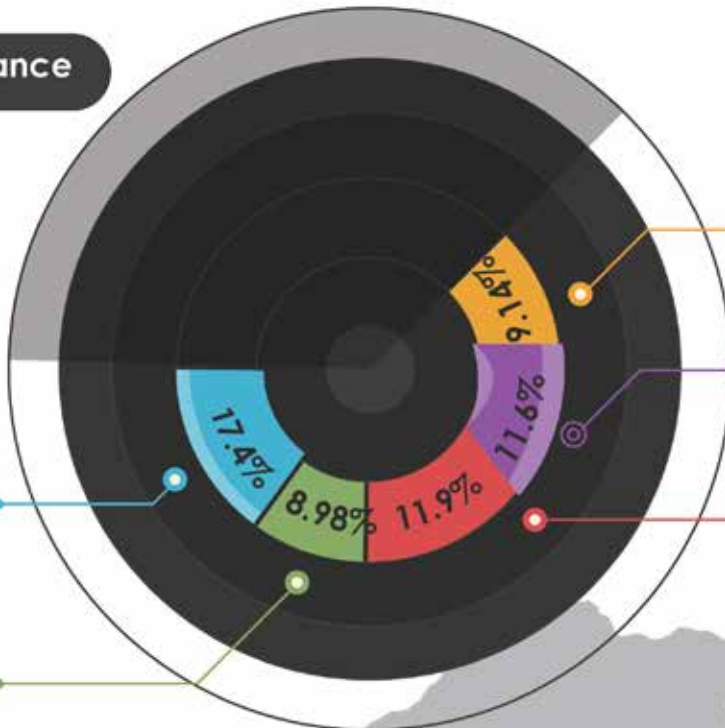
	2015	2014	2013	2012	2011
ASSETS					
Gross Loans	201,819,571	184,918,340	169,675,663	148,890,170	139,749,060
Net Loans	197,129,081	181,227,850	165,618,297	145,332,804	136,691,694
Investments	23,277,759	20,861,531	19,740,317	20,268,965	15,014,274
Fixed Assets	12,810,256	11,591,861	2,870,311	2,774,459	2,528,729
Total Assets	253,305,663	226,862,880	194,114,968	176,212,175	158,654,747
LIABILITIES					
Member Regular Shares	105,244,887	92,375,572	80,963,969	76,247,301	71,259,230
Other Deposits	114,202,054	104,250,972	80,169,838	67,267,567	56,694,747
Total deposits	219,446,941	196,626,544	161,133,807	143,514,868	127,953,977
CAPITAL					
Member Equity Shares	10,128,542	8,333,352	6,673,159	5,473,453	4,103,606
Surplus and Reserves	17,773,146	16,137,960	14,379,511	13,184,017	11,797,730
Institutional Capital	27,901,688	24,471,312	21,052,670	18,657,470	15,901,336
INCOME					
Interest on loans	17,389,237	16,348,778	14,875,261	13,586,098	12,618,749
Other Income	1,541,034	1,016,403	1,334,894	961,645	1,443,759
Total income	18,930,271	17,365,181	16,210,155	14,547,743	14,062,508
EXPENDITURE					
Interest on Deposits	8,715,028	8,738,811	7,614,551	7,000,063	6,740,953
Other Expenses	5,732,161	6,084,578	6,710,744	5,521,421	5,310,284
Total expenses	14,447,189	14,823,389	14,325,295	12,521,484	12,051,237
SURPLUS					
Operating Surplus	4,483,082	3,027,939	3,112,186	2,526,259	2,811,271
Provision for Risk Assets	1,000,000	1,000,000	1,227,326	500,000	800,000
upappropriated surplus	3,483,082	2,027,939	1,884,860	2,026,259	2,011,271
DIVIDEND	444,964	431,825	355,247	272,694	210,204
REBATE	523,340	509,141	478,530	306,165	215,019
MEMBERSHIP	11309	10377	9413	8677	8126



Performance

Capital & Reserves
Our Capital & Reserves grew by \$4M.

Membership
Grew to 11.3K in 2015.



Loans
Loans grew by \$17M

Deposits
Deposits grew by 22.8M

Total Assets
A strong performance with a \$26M growth in Assets



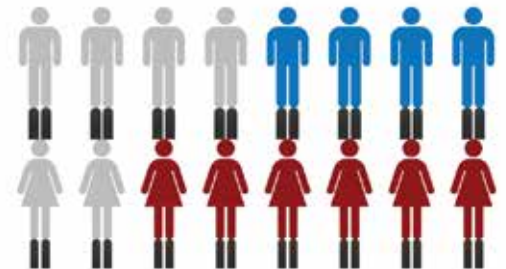
Popular Loan Requests



Main Branch
Church Street

Grenville Branch
Membership

8%





Overview

Fellow Co-operators, 2015 has been a year of resounding success and accomplishment for the Grenada Public Service Co-operative Credit Union (GPSCCU).

As at 31 December the Credit Union recorded an operating surplus of 4.5 million dollars and saw solid growth in total assets of 26.9 million, which is 12% over last year, total assets of our Credit Union is now 253 million. This growth is heavily driven by the loans portfolio with growth of 17 million dollars. This year we welcomed 932 new members taking the tally to 11,309.

This strong performance was only possible because our members continue to make the GPSCCU its first choice financial institution.

This year, we celebrate our success under the theme ***“Transitioning together to expand horizons with a renewed focus”*** as we endeavour to fulfil our mandate, digging deeper into the soul of the Grenadian Economy bringing a more personalized service to our members. These are very exciting and definitive times for the Credit Union, as we

- review and reengineer all internal processes to improve efficiency and service delivery,
- develop a more service oriented culture at every level of the organization to include directors committee members, management and staff,
- and change the perception of the credit union to be more innovative and appealing to the wider Grenadian market and the younger generation.

Building the 21st Century Credit Union

Brothers and sisters, we must see technology as the bedrock on which we build our Credit Union. In this rapidly changing world members are not prepared to wait in long lines to access their hard-earned money. They are simply demanding it around the clock from anywhere in the world and we must have the vision to recognize this and make appropriate decisions now. This being said, I am happy to report that we have successfully launched our mobile and online account access service but we cannot stop there. It is time enough that our

members are able to logon to www.gpsccu.org apply for a share secured loan online, have it approved within minutes and loan disbursed directly to members debit card. I am also happy to report that the electronic filing project is currently being undertaken and in the not too distant future we can expect a complete overhaul of our computer systems as we set the platform for higher standards of efficiencies and a more personalized service to members.

Fellow co-operators, these I consider to be solid investments that will firmly establish our leadership position within Grenada and the OECS and prepare us to serve our members better. When this is complete, we can expect to see improved efficiencies and greater levels of member satisfaction. At GPSCCU we put members' service first. I am also happy to report that work on our new headquarter building is expected to be completed within weeks and we are expected to occupy our new headquarters by October this year. This move to our new headquarters will coincide with:

- a review of our internal processes,
- repositioning to a more service orientation culture,
- and the rebranding and name change.

Thereby laying the foundation for a modern financial services organization where we focus heavily on you, our members, making services more efficient and accessible. This move brings the Credit Union to you. No longer would our members be required to hike up those steep hills and skip over cobble stones to access service. Instead the service comes to you right in the heart of St. George's, with parking facilities, and sufficient space to serve you better. Our new facility has made provisions for a conference and training facility where members will be receiving periodic training. I encourage members to make full use of these training opportunities.

After 69 years the GPSCCU is not just due for a headquarters building. A complete organizational renewal is also necessary at this time and this is being undertaken. This involves re-training at every level of the organization: - from the Board of Directors, to line staff, committee members and our 11,000 plus members. I am sure members will agree with me that we have crossed the Rubicon which makes it necessary to push our way forward towards achieving that financial freedom that we have always dreamt about.

Over the years, the Credit Union has grown significantly without a corresponding growth in the number of staff, thus putting tremendous pressure on our existing compliment of staff who worked late into the nights to ensure that members' needs are met seamlessly. This new initiative will see the creation of some new positions which will compensate for present and anticipated growth.

For us, the rebranding could not have been just a change of name, it must have coincided with a shift in the way we think and do business, therefore if our technology platform is not ready we will still find ourselves struggling to meet members need. This is exactly why the Board has given approval for the overhaul of the IT platform and made the investment into electronic filing and mobile and online account access.

In this changing world of fierce competition where everyone is looking for instant service, companies are required to adjust or face unpleasant consequences. Companies that make the right investment in technology today will reap tremendous dividends tomorrow.

Delinquency Management

Delinquency management has been given sharper focus in recent years. The Board understands that delinquency management begins at the application stage of every loan. The time has come, that everyone involved in the preparation and approval of loan applications must be fully trained in loan underwriting procedures and risk based lending; by this I mean training should be extended to the Board, Credit Committee and the Loans and Credit Department. This type of investment is critical to ensure our future success.

During the year, significant progress was made in the management of non-performing loans and for the third consecutive year delinquency decreased. This year we saw a decrease of 0.46%. Delinquency now stands at 5.19%, only 0.19% above the standard. We offer special thanks to our Credit Department and all of management who carry out the Board's mandate in this regard.

Conclusion

As I demit office, I remain fully confident that my colleagues who remain and those joining will continue to shape the Credit Union into a premier financial institution of which we all will be proud. I thank my colleague directors for allowing me to serve as President of the Board and for giving me the support to effectively carry out my function. I assure you that I learnt quite a lot and the knowledge and experience that I would have gained over the years would be put into good use. I now take this opportunity to salute our regulators and the Supervisory and Compliance Committee who monitored our decisions with independence and without compromise.

I thank the Credit Committee for its continued sacrifice and dedication to duty and the General Manager and senior management and the hardworking, conscientious staff who continue to work for the good of our Credit Union.

I thank our esteemed members in Carriacou and Grenada who overwhelmingly supported the rebranding and name change and the many initiatives undertaken over the years. Your support is the fuel that powers innovation.

Most importantly, I thank God for giving me the wisdom to lead with humility. May God bless the GPSCCU and best wishes for a successful AGM.

A handwritten signature in black ink, appearing to read 'P. Telesford', with a stylized flourish at the end.

Phillip Telesford
President

BOARD COMPOSITION

As of January 2015 and at the conclusion of the Annual General Meeting in June 2015 the following members constituted the Board of Directors:

Bro. Phillip Telesford
 Bro. Francis Balwant
 Bro. Christopher De Allie
 Bro. Garvin Roberts
 Sis. Gemma Bain-Thomas
 Bro. Carlyle Felix
 Bro. Ernie James
 Sis. Annette Henry
 Bro. Duane Noel

At the first meeting of the Board of Directors following the June 2015 AGM, the following executive officers were re-elected:

Bro. Phillip Telesford	-	President
Bro. Christopher De Allie	-	Vice President
Sis. Gemma Bain-Thomas	-	Secretary
Sis. Annette Henry	-	Asst. Secretary
Bro. Garvin Roberts	-	Treasurer
Bro. Ernie James	-	Asst. Treasurer

EXTERNAL ENVIRONMENT

ECONOMIC ENVIRONMENT

According to the Eastern Caribbean Central Bank (ECCB) overall economic growth in the Eastern Caribbean Currency Union (ECCU) slowed to 2.2% in 2015 from 3.5 % in 2014. There was significant heterogeneity in growth between individual countries. The fall-off in overall economic activity in the ECCU was largely precipitated by the 2.7% contraction in the Dominican economy due to the impact of Tropical Storm Erika. All the other ECCU economies generated positive economic growth. The ECCB forecasted the ECCU economic output to expand by 3.3% in 2016, with economic activity in the tourism, construction and agricultural sectors strengthening and the Dominican economy returning to positive growth.

The Grenadian economy in 2015 according to the Prime Minister and Minister for Finance was still on the road to recovery. With a full year of implementation of the Home Grown Structural Adjustment Program in place, economic growth in 2015 was anticipated to be moderate, as the economy continued to face significant challenges in terms of high unemployment, a large debt overhang, and weak competitiveness.

Real GDP growth was 4.1 percent in 2015 and expected to accelerate thereafter, at an average rate of 3.5 – 4.0 percent in the medium term. It was anticipated that growth will be driven by expansion in the construction sector with the development of new hotel projects and public sector investment programmes such as; the Agriculture Feeder Road Project, the New Parliament Building, Schools Rehabilitation among

others. Agricultural production was expected to increase further, relative to the outturn of 2014. The commercialization of the government estates was expected to contribute significantly to the overall output of the sector.

Credit Union Sector Performance

In 2015 the financial position of Credit Unions continued to strengthen in terms of the capital position, liquidity and non-performing assets although there continued to be significant dispersion in performance across institutions. Equity remained stable around 12 percent of assets over 2014 and above the regulatory requirement of 10 percent. Within the sector deposits grew by 17.9%, loans by 17.2% and total assets by 17.7%. Membership in the 10 Credit Unions grew to 58,020 or 9.95%. The following Table provides a comparison of the performance of the GPSCCU relative to the sector.

	All Credit Unions			GPSCCU		
	As at December 2015	As of December 2014	% Change	As at December 2015	As at December 2014	% Change
Deposits	506,856,912	429,881,702	17.9	219,446,941	196,626,544	11.6
Loans	430,562,801	367,407,439	17.2	201,819,571	184,918,340	9.14
Total Assets	589,873,607	501,235,786	17.7	253,305,663	226,368,687	11.9
Capital & Reserves	72,872,184	61,636,739	18.2	29,267,893	24,923,086	17.4
Members	58,020	52,771	9.95	11,309	10,377	8.98

GPSCCU Performance

1. Financial Performance

The performance of the GPSCCU has been exceptional. GPSCCU is now ranked with the top 25 Caribbean Credit Unions by asset size; being the second largest in the OECS and the thirteenth in the region. In 2015 the Credit Union achieved a milestone when it surpassed **\$250M** in assets.

GPSCCU recorded its highest operational surplus to date that of **\$4.48M**. This can be attributed to continued prudent and sound decision making and the confidence placed in the Board of Directors and Management by you, the members of the Credit Union.

As in 2014 the GPSCCU continued to differentiate itself by the excellent level of cost efficiency and the management of non-performing loans. Delinquency ratio stood at 5.19% a small decrease from 2014.

Deposits grew by 11.6%, Loans by 9.14% and Assets by 11.9%. The rate of growth was lower than in 2014 and is attributed to the considerable efforts expended on internal strengthening during the year in preparation for expected growth resulting from new initiatives. Marketing efforts were kept at a minimum during the year.

2. Corporate Governance

As the trustees of the Credit Union, the Board of Directors maintained ultimate responsibility for governance, implementation and the process of evaluating success or failure. The Board took a strategic and developmental approach to governance by approving policies, maintaining oversight, delegating responsibilities and providing training and resources. The basis of the Board's action was to protect and develop the Credit Union on behalf of its members and stakeholders.

The Board of Directors and all Committees of the GPSCCU continued to function in accordance with the Cooperatives Societies Act No. 8 of 2011 and the Bye Laws of the Credit Union. At the beginning of 2015 Subcommittees of the Board were chaired as follows and remained as previously constituted and chaired following the AGM of June 2015:

Investment Committee – Bro. Phillip Telesford

Property Development Committee – Bro. Chris De Allie

Human Resources Committee – Bro. Phillip Telesford

Audit Committee – Bro. Garvin Roberts

Policy Committee – Sis. Gemma Bain-Thomas

Mergers/Collaboration Committee– Bro. Francis Balwant

Monthly meetings of the Board were held along with quarterly joint meetings of the Board, Supervisory and Credit Committee. Sub Committees also met and made recommendations on policy matters for approval by the Board.

At the monthly meetings, the Board reviewed management reports which included financial statements, membership report, report on lending activities; strategic (long term) plans to ensure their implementation and principal issues facing the Credit Union.

A summary of these items are:-

- **Risks** to the Credit Union were identified, most notably was the competitive environment within which we operate, as evident by low mortgage rates and lower deposit rates. In response, the Board reviewed the existing rates and a decision was taken to reduce interest rates on housing and land loans to 6.99% and 7.99% respectively. The rates on regular shares were reduced to 4% and that of the Education Saving Plan (ESP) to 6%. This policy directive was implemented effective May 2015. The Board also reviewed and implemented a new fee proposal for specific transactions.
- The Board reviewed the **Switch Mortgage Promotion**, which was launched in June 2014 and which was quite successful. Its purpose was to capitalize on the market opportunity presented to the GPSCCU, with the closure of the RBTT Bank branches in Grenville and Gore Street, St. George's two other banks closed their operations in Grenville. Additionally, the Bank of Nova Scotia and CIBC First Caribbean exited the Grenville market in May and July 2015 respectively. Consequently, the Board agreed to extend the **Switch Mortgage Promotion** to December 2017. This strategy proved to be quite effective in growing the loans portfolio during 2015.
- On the recommendation of the **Investment Committee** the Board agreed to the rollover of over \$5M invested in various local and regional institutions. An additional \$1.5M was invested on the Regional Government Securities Market (RGSM).
- Under the guidance of the **Property Development Committee** designs for the refurbishment of the Bruce St. Building were developed. The tendering process, negotiations and award of a contract to Quinn's Construction Company for the renovation/refurbishment of the building was completed. The contract was signed early in December 2015. Work is expected to be completed by July 2016.

On the recommendation of the **Property Development Committee** the Board approved and proceeded with the purchase of a parcel of land measuring 9703 sq. ft. in Hillsborough, Carriacou for the construction of an office there.

Discussions continued with Legend Way International (LWI) for the development of the **Morne Jaloux Housing Project**. A project management committee was appointed and a Memorandum of Understanding signed with the company to facilitate implementation of this project. Progress in 2015 was steady and it is anticipated that the project will be launched in by the last quarter of 2016, at which time the sales office and model houses should be fully completed.

- The **Human Resources Committee** commenced negotiations with the Commercial and Industrial Workers Union for salaries and fringe benefits for GPSCCU Staff for the period 2015 to 2018.
- The **Rebranding Committee** chaired by Bro. Christopher De Allie continued to work with the Consultant, Staff and Members on creative concepts. As a result a new corporate business name and logo portraying the direction in which the Credit Union was headed was developed. A Report to the Board was considered and decision taken to proceed with rebranding. A Special General Meeting was scheduled for early in 2016.
- The **Audit Committee** reviewed monthly financial reports and performance statements. The Committee further recommended approval of the audited annual financial statements.
- President of the Credit Union attended and participated in meetings on the Proposed Financial Activity Tax. The Grenada Credit Union League after due consideration informed government of the League's inability to make the proposed contribution since most affiliates did not meet the capital criteria prescribed by GARFIN.

Membership was maintained in the Grenada Cooperative League Limited with representation on the Board and Committees by Bros. John Auguste, Garvin Roberts and Justin Hazzard. A delegation of the GPSCCU comprising 4 delegates, 4 alternates and 1 observer attended and participated in the AGM of the League on April 23rd 2015.

3 Internal and External Inspections

Following the on-site inspection of the GPSCCU by the Financial Intelligence Unit (FIU), the official Anti-Money Laundering/Combating the Financing of Terrorism Examination Report of the GPSCCU dated 27th October 2015 was submitted to the Credit Union in November 2015. The Board considered the report and has mandated management to follow up on the recommendations in keeping with the schedule of dates prescribed within the Report.

GARFIN maintained its regulatory oversight role however, no formal inspections were carried out during the year. As a result of the combined actions of the Board, Management and the Regulators the Credit Union continued to grow and to maintain the confidence of its members and stakeholders.

4 NEW INITIATIVES

The year 2015 could be described as a year of preparation as the Board and Management sought to prepare the organization to become the financial organization of choice for members and potential members and to be more nimble in responding to environmental challenges and opportunities. A number of new projects/initiatives were started or continued in this regard.

4.1 Mobile and Online (MOON) Account Access Project

This project entered its pilot phase and more members were brought in to assist in the testing. There has been overall acceptance of the project and total roll-out was carded for early 2016.

4.2 Members Activity Rewards System (MARS)

Happy members make great Credit Unions. The saying that members make us better is no cliché. This project was designed to show appreciation to members through a long term on-going mechanism for rewarding them for using the Credit Union's services.

4.3 Organizational Renewal

This project was geared at complementing the rebranding exercise by ensuring that the organizational processes support the delivery of service in keeping with the member service delivery promise.

4.4 Electronic Filing

During the year the Electronic Filing project was launched with the main objective of eliminating approximately 90% of paper generation and storage requirement. Another key component was the automation of certain workflows which would result in significant time savings and cost reduction. Operational efficiency was expected to be improved through simultaneous access to electronic information across the organization. The receipts system has already been completely automated, and very much welcomed by the membership. The project is expected to be completed within two years.

5. MARKETING HIGHLIGHTS

The GPSCCU continued its robust and targeted marketing in 2015. Some of the most memorable activities were:

5.1 Excel Club

The Credit Union's focus on youth was further explored in 2015 with a continuation of the Excel Programme and its ensuing initiatives aimed at fostering the all-round development of our youths. During the year students successfully completing the Barnacle's CPEA Practice Exams were awarded with Excel Accounts. These accounts were meant to be the building blocks for a successful relationship between them, their money and the Credit Union. Excel Accounts grew to over 1500 during this period, as efforts were made to steadily foster fruitful relationships with young budding members and encourage diligent savings habits. Excel Savings accounted for approximately 230K of the Credit Union's savings portfolio at the end of the year.

5.2 Cross Harbor Swim

This event continued to be one in which the Credit Union displayed its social responsibility by encouraging all Grenadians to take up the sport of swimming and practice water safety; skills considered to be necessary for island living. The 2015 swim was won by Ingmar Protop from the St. George's University who completed the 2.5 km course in a time of 39:54 minutes. The first Grenadian to cross the Excel Finish line was Chris Regis. Mia Benjamin was the first Grenadian female in.



Cross Harbour swimmer winner

5.3 Mango Fest 2015

The Credit Union participated in the Marketing and National Importing Board's Annual Mango Fest for the second time. It was a great opportunity to showcase the Micro Finance product and interact with perspective members through the mango picking contest. Winners were awarded with a variety of prizes from the Credit Union which included vouchers for membership, mango themed products and piggybanks.

5.4. Grenada Alumni Week

As part of its continuing commitment to the development of young minds the Credit Union agreed to be the anchor sponsor of the Grenada Alumni Association's Week of activities during 2015 which spanned the period July 27th to August 5th.

Under this program, members of the Alumni, mainly based in the USA, launched activities aimed at mentoring young persons and providing educational support through books and other materials. The most notable activities during the week were the "Read Across Grenada Day" and the launch of the Secondary School Mentorship program. The Alumni Committee, which included Secondary School Alumni from Grenada and the diaspora, is headed by co-chairpersons Ms. Pat Adams and Ms. Frances Purcell.

"Read Across Grenada Day" was held on Saturday August 1st 2015. Reading sessions were held in over 14 Primary schools across Grenada and Carriacou with students from Kindergarten through Grade 6. The objective was to highlight the importance of reading and literacy among Grenadian children. Student-Attendees were awarded with prizes for participation. Back packs with books and school supplies were presented to all. The Cabinet of Grenada has approved the Alumni Committee's request to proclaim the first Saturday in August as READ ACROSS GRENADA DAY!



Group of Students at St. David's R.C –Read Across Grenada Day

The Grenada Public Service Credit Union's through its Excel Program, intends to provide further support to the Alumni Association in its Mentorship Program. The program was started with a core group of 250 students from Grenada, Carriacou and Petite Martinique with the intention of having these students paired with suitable adults from the diaspora and locally based on their area of need.

6. SCHOLARSHIPS

6.6.1 Blue Ribbon Award

This scholarship is awarded to the saver in the Credit Union's Education Savings Plan with the highest score in CPEA each year. Daryl Street, son of Bro. Nigel Streete, captured the award by placing 1st in the CPEA. He is currently attending the Presentation Brothers College.

6.6.2 Brighter Futures Scholarship

The Brighter Futures Scholarship was awarded to T. A. Marryshow Community College Students, Checkly St. Hillaire son of Kelly Ann Compton and Shania David daughter of Shermain Stafford David. This scholarship provided them with tuition to the tertiary institution for the two years of their program.

6.6.3 Secondary School Scholarship

Based on the approved criteria for awarding this scholarships the GPSCCU Secondary School Scholarship Committee recommended two awardees, namely;- Kayla Neptune (Beacon), daughter of Marva Bowen-Neptune and Liza Kayla Lawrence (St. George's Anglican Senior School), daughter of Lucy Lawrence.

The students in the GPSCCU Secondary School Programme are chosen based on need and academic performance and are required to keep good grades throughout their school life. The Committee, under the chairmanship of Sis. Meryl Baptiste-Lord, continued to work diligently to administer this program and for this we are grateful.

The Secondary School Scholarship s a long time initiative of the GPSCCU which seeks to aid students in meeting financial obligations of Secondary School education for five (5) years.

6.6.4 Joseph Bain Scholarship

The Joseph Bain Award 2015 assisted four (4) members in their pursuit of their University level education at various institutions.



NAME	SCHOOL	DEGREE
Nugent Bernard	Royal Veterinary College University of London	Msc. In Intensive Livestock Health and Production
Perry D.M Mason	St. George's University	Medicine Degree Program
Makida Chitan	University of the West Indies	Bsc. In Accounting
Kevin A.A Johnson	University of The West Indies Mona Campus	Bachelor of Science degree in Computer Science

7. HUMAN RESOURCE REPORT

7.1 Human Resource Management-Job Shadowing

Each year, the GPSCCU consistently assists schools (Secondary and Tertiary) with their internship programs for Job training. The year 2015 was no exception. The Credit Union assisted students of the St. Joseph Convent St. Georges, St. Joseph Convent Grenville and T. A Marryshow Community College by providing short term job placements which allowed them to gain experience and acquire skills to be productive in the work environment.

7.2 Staff & Volunteer Training and Education for the year 2015

During 2015, the Credit Union suspended the Continuing Education Program (CPD) for members, volunteers and staff provided through the Jamaica Co-operative League. This training opportunity was provided over the previous

two years to members, volunteers and staff with modules covering all areas of credit union management. It was specifically valuable to persons wishing to serve on any of the committees or wishing to provide volunteer service in any area.

The suspension resulted from the low uptake and relatively high cost of the training. A decision was taken to recommence the training in 2016. Members are encouraged to take advantage of this opportunity.

Other trainings were provided to volunteers and staff through attendance at the Caribbean Confederation of Credit Union's Convention and OECS Summit.

7.2.1 Caribbean Confederation of Credit Unions Convention 2015

The 58th CCCU Convention was held from 20th to 23rd June 2015 in Cancun, Mexico. It was attended by Bro. Kippling Charles, Finance and Operations Manager. The issues discussed and presented on included strategies for collaborating to improve efficiency and profitability, building up the international credit union movement and communicating its value.

7.2.2 OECS Summit

The 13th annual OECS Summit was held in Montserrat during the period 19th to 23rd August 2015 under the theme "The Future of the OECS Credit Union Movement in the context of the OECS Economic Union and Single Financial Space."

The objective was to provide opportunities for the Credit Union movement in the OECS to receive training, network, share knowledge and foster the growth of the movement in the region thereby ensuring that this unique model of "Doing Business" does not die; in spite of the challenging and changing environment.

It was attended by Bro. Dorran Strachan, Sis. Karel Hood, Bro. Ernie James and Sis. Roxanne Antoine-Richards

7.2.3 Mifi training

The first ever MiFi Small Business Training Seminar was held. It was geared to the cadre of members who were recruited under the Micro Finance programme which was officially launched last year. Participants came from farming, agro processing, food retail and services background. Presentations were made on topics which were relevant to the growth and sustainability of a small business and included:

- food processing standards
- budgeting & Saving
- costing and Pricing
- Business registration
- Marketing

The presenters on the various topics were Mr. Anthony Isaac, Mr. Lyndon Bubb, Ms. Nazuma Francis and Mr. Leonard St. Bernard with a special motivational address by Mr. Samuel Andrew, Chairman of the Marketing & National Importing Board.

7.2.4 Other training summary

Course	Date	Attendee	Facilitator
Marketing	15 th January 2015	Edwin Francis	UWI
Money Laundering and Terrorist Financing	21 st February 2015	Princess Herry-John Wineth Stewart	FIU
Executive Officers of Financial Institutions	26 th February 2015	Florence Williams Kimalene Regis Lenus Walker	ECCB
Performance Management & its impact on Productivity	11 th -12 th March 2015	Roxanne Antoine-Richards Neika Johnson	GEF
Winning Debt Collection Skills	19 th March 2015	Geoffrey Grey Charlyn Bowen Caryl Hayes	Caribbean Asset Recovery Services
Mortgage Underwriting Programme	20 th -24 th April 2015	Caryl Hayes	ECHMB
Developing a Stellar Customer Service reputation training	12 th – 13 th May 2015	Keisha Bartholomew Iyana Brown	GEF
58 th CCCU Convention	20 th – 23 rd June 2015	Kippling Charles	CCCU
Micro Finance Solutions for inclusive Growth	July 6 th – July 9 th 2015	Florence Williams	Caribbean Microfinance Forum
13 th OECS Summit 2015	13 th -23 rd August 2015	Dorran Stratchan Karel Hood Ernie James Roxanne Antoine-Richards	Montserrat
Effective Credit Management and Debt Recovery Training	18 th September 2015	Caryl Hayes Sabrina Ogilvie Princess John Sindy Ann Morain Heather Thomas Marietta Mitchell Charlyn Bowen Kevin Gilbert	Caribbean Credit Bureau Ltd.

8. DONATIONS AND CONTRIBUTIONS

A special feature of sponsorship and donations during the year was support to the members of the Credit Unions in Dominica following the devastation by Tropical Storm Ericka. A sum of \$15k was contributed through the Corporate Enterprise Finance Facility Ltd. These funds were used to support individuals who were directly affected. They were identified for assistance through consultations with village Councils, Credit Unions and community based organizations. Nineteen (19) individuals received vouchers for redemption to purchase household appliances and groceries. A few received cash to assist with living expenses.

Locally, approximately \$10k was contributed to various charitable organizations, schools and churches.

9. PROVIDENT FUND

As is customary the Provident Fund Committee administered the Fund and recommended support to deserving members. During the year, donations in the amount of \$13.5K were made for medical emergencies, personal necessities and for Christmas hampers to the needy and shut-ins. The Committee, under the chairmanship of Sis. Gloria Payne-Banfield, has worked diligently to serve the cause of our members and for this we are grateful.

10. TRANSITIONS

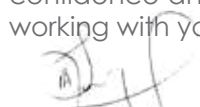
The following members died during the year 2015. We express condolences to their loved ones.

Name	Date of Death	Address
Bro. Otto George	2-Jan-15	The Villa, St. George's
Bro. George Allen	3-Jan-15	England
Sis. Ivy Roberts	5-Jan-15	USA
Bro. Joslyn Cyrus	8-Jan-15	Perdmontemps, St. David's
Bro. Victor Gibbs	12-Jan-15	Mt. Gay. St. George's
Bro. Douglas V. Andrews	19-Feb-15	Maulty, St. David's
Sis. Margaret James	25-Feb-15	Belair, Carriacou
Bro. Raphael Wynne	7-Mar-15	USA
Bro. Julius Forsyth	19-Mar-15	Perdmontemps, St. David's
Sis. Claudine Benjamin	2-Apr-15	USA
Bro. Hilderbrand James	7-Apr-15	Radix, St. George's
Bro. Marshall Allard	8-Apr-15	Pearls, St. Andrew's
Sis. Cecelia Williams	19-Apr-15	Radix, St. George's
Sis. Laundris Regis-Roberts	20-Apr-15	Concord, St. John's
Sis. Netha Murrell	22-Apr-15	Woodlands, St. George's
Bro. Lordnell Bubb	23-Apr-15	Lower La Tante, St. David's
Sis. Theresa Penny	April 30,2015	Calivigny, St. George's
Bro. Denis Mitchell	2-May-15	USA
Bro. Joslyn Sylvester	2-May-15	Fort Judy, St. David's

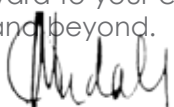
Bro. A. Augustus Timothy	4-May-15	Brooklyn, St. John's
Sis. Agnes Cobb	5-May-15	Snug Corner, St. George's
Bro. Renwick Alexis	11-May-15	Marian, St. George's
Sis. Eleanor Wilson	18-May-15	Woodlands, St. George's
Sis. Sandra Cruickshank	30-May-15	St. Paul's, St. George's
Sis. Elizabeth Thompson	8-Jul-15	Boca, St. George's
Sis. Mona K. Scipio	17-Jul-15	England
Bro. Gabriel Henry	1-Aug-15	Pomme Rose, St. David's
Sis. Wendy Langaighe	11-Aug-15	Black Bay, St. George's
Sis. Michelle Sylvester	26-Aug-15	Marian, St. George's
Bro. Roosavelt Henry	15-Sep-15	Munich, St. Andrew's
Bro. Vincent J. Logan	20-Oct-15	Belmont, St. George's
Sis. Veronica L. Henwood	30-Oct-15	La Digue, St. Andrew's
Sis. Joyce Rougier	29-Nov-15	La Mode, St. George's
Bro. John Henry Isaac	5-Dec-15	Tempe, St. George's
Bro. Carlos Thomas	5-Dec-15	USA
Bro. Thomas Mc Burnie	7-Dec-15	Lagoon Road, St. George's
Bro. Joseph Charter	8-Dec-15	Mardigras, St. George's
Sis. Venita Bascombe	11-Dec-15	Grand Mal, St. George's
Bro. Andre Andall	13-Dec-15	Cemetery Hill, St. George's
Sis. Jean L. Gibbs	26-Dec-15	Jean Anglais, St. George's

11. ACKNOWLEDGEMENTS

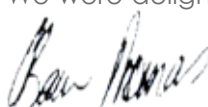
The Board of Directors expresses heartfelt appreciation to members of all Committees, Management and Staff of the GPSCCU for their dedicated services during 2015. The Board commends the Credit Union on the successes and achievements realized during the year. We extend heartfelt thank you to you the members for your continued confidence and look forward to your continued support. We were delighted to serve you in 2015 and look forward to working with you in 2016 and beyond.



Phillip Telesford (Bro.)
President



Lucia Livingston-Andall (Sis)
General Manager



Gemma Bain Thomas (Sis)
Secretary

Credit Committee Report

Bro. Maximus Lazarus
Chairman



Sis Judy Pivotte
Member

Bro. Adrian Joseph
Member

Bro. Simon Lewis
Member

Bro. Dorran Strachan
Secretary
(R-L)



Mandate

The mandate of the Credit Committee is to consider all applications for loans, make recommendations in respect of improved policies, procedures and practices and approve loans to members in accordance with the policies approved by the Board of Directors.

The Credit Committee met weekly to execute its mandate. It is facilitated in its work by the staff of the Loans and Credit Administration Department which comprises 15 officers.

Composition

During the period the Committee comprised of the following members.

January to December 2015	Position
Bro. Maximus Lazarus	Chairman
Bro. Dorran Strachan	Secretary
Bro. Adrian Joseph	Member
Bro. Simon Lewis	Member
Sis Judy Pivott	Member

Overview

Loan activities in 2016 can be described as robust due to the increase in number and value of loans disbursed during the year as members sought to improve their standard of living through loan financing amid a tough and challenging economic environment. Notwithstanding the increasing and intense competition among the financial institutions, our members remained committed and loyal to our Credit Union.

Policy Change

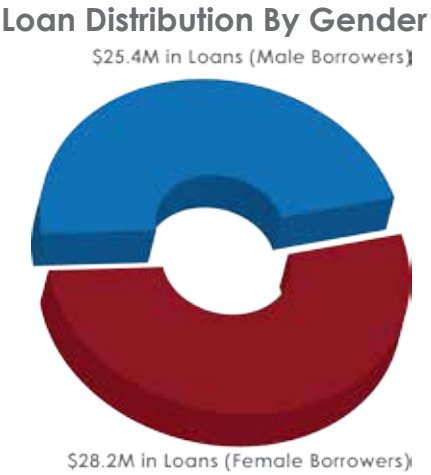
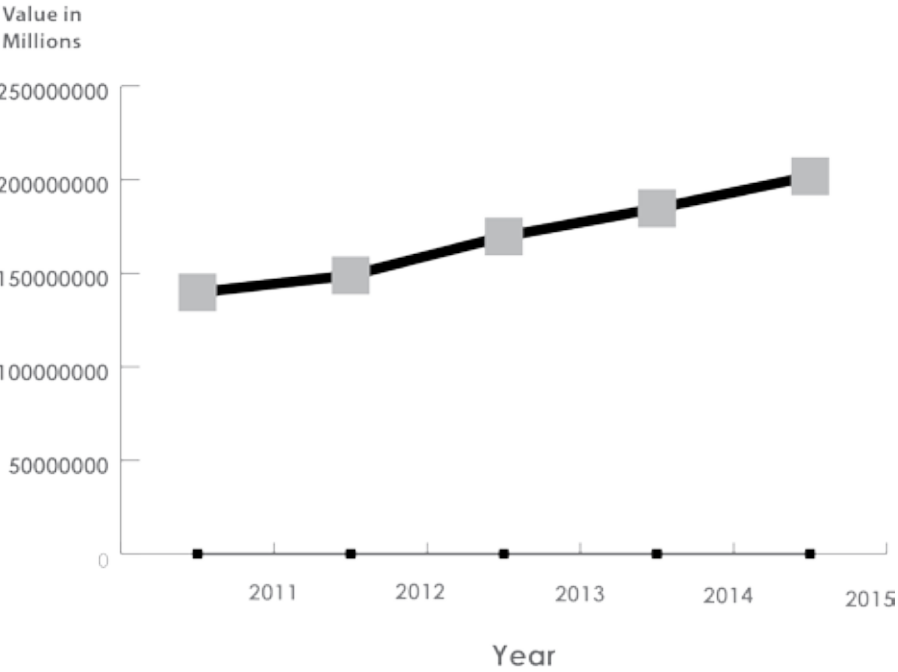
During the year the Board of Directors approved a drop in interest rates for housing loans which moved from 8.00% per annum to 6.99% and land loans which moved from, 9.00% per annum to 7.99%. This change benefited members as many requested and obtained approval for the lowering of their monthly loan payment thus improving on their net surplus income and spending power.

Loan Approval and Disbursement

During 2015 financial year disbursement grew by 11.2M or 26% over the prior year 2014 a remarkable achievement resulting in a net loan growth of 17M. We experienced growth in nine out of the 10 sectors represented. The sectors that recorded significant growth were Home Furnishings 105%, Land Purchase growing by 95% followed by investments in business growing by 86% and Motor vehicle purchases and repairs growing by 60%. While investment in Housing related mortgages and Education grew by a more modest rate of 19% and 35% respectively.

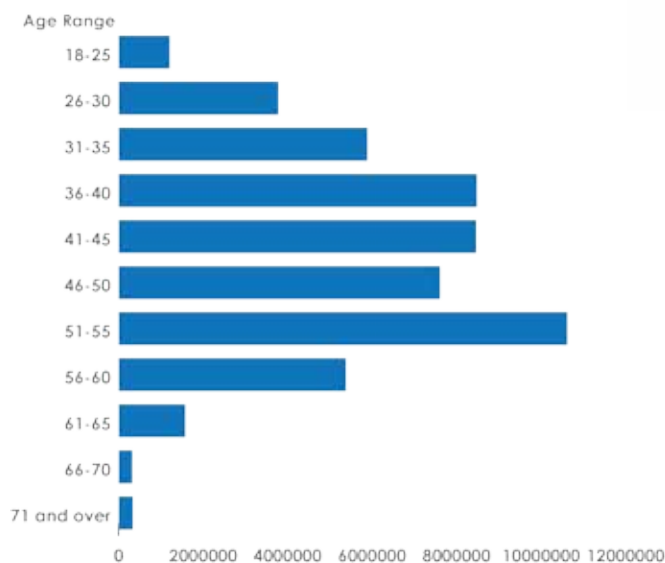
No. of Loans Disbursed 2015

Category	Number of loans			Value of Loans		
	2015	2014	% Change	2015	2014	% Change
Debt Consolidation	482	471	2.3	8,691,502	5,517,556.29	57.52
Personal Expenses	3102	2962	4.7	10,714,339	12,577,704	-14.81
Education	254	127	100	2,009,798	1,479,222	35.87
Housing	451	299	50.8	17,157,293	14,330,946	19.72
Home Furnishing	84	39	115.4	486,862	236,729	105.66
Agriculture	26	22	18.2	482,770	310,069	55.7
Land Purchase	57	39	46.2	5,225,112	2,672,914	95.48
Business	259	167	55.1	2,724,180	1,467,214	85.67
Vacation Travel	123	76	61.8	841,628	557,141	51.06
Motor Vehicle	317	203	56.2	5,363,255	3,346,740	60.25
Totals	5155	4,405	17	53,696,740	42,496,242	26.36



Loans Disbursed by Age


Age Group	Amount	Value
18-25	235	1,214,634
26-30	641	3,782,535
31-35	880	5,891,424
36-40	781	8,486,674
41-45	617	8,465,662
46-50	594	7,608,294
51-55	733	10,624,181
56-60	526	5,384,692
61-65	207	1,577,375
66-70	91	324,996
71 and over	107	336,273



General Observations

The Committee recognized the increasing competition among financial institutions in the market with attractive offers to woo members. We urge you to apply wisdom in your financial dealings to avoid the pitfall of over-committing to debt and to make full use of the facilities provided by our Credit Union.

We thank the Board of Directors, the Supervisor and Compliance Committee, the Management and Staff of the Credit Union and most importantly the members who have given their full support towards the growth and development of our Credit Union ensuring that the GPSCCU maintains its leadership in the Credit Union Sector.


Maximus Lazarus
Chairman

Supervisory & Compliance Committee Report

Sis. Merina Jessamy
Chairman



Sis. Shirlyn Decoteau-Sayers
Secretary

Sis . Karel Hood
Member

Sis. Merryl Phillip-Sylvester
Member

Sis. Pearlena Sylvester
Member
(R-L)



The Supervisory & Compliance Committee submits its report in accordance with the requirements of Section 66(1) (f) of the Co-Operative Societies Act No. 08 of 2010 and the By-Laws of the Credit Union Revised May 2015.

The following members were elected to serve on Supervisory and Compliance Committee following the Annual General Meeting held on June 11, 2015:

Sis. Merina Jessamy
Sis. Shirlyn De Coteau-Sayers
Sis. Merryll Phillip-Sylvester
Sis. Karel Hood
Sis. Pearlana Sylvester

At its first meeting held June 17, 2015, Sis. Merina Jessamy and Sis. Shirlyn Sayers were elected to serve as Chair and Secretary respectively. The Committee also welcomed the newest member of the Committee, Sis Pearlana Sylvester.

During the period of review the following tasks were undertaken:

- Review of Bank Reconciliations
- Review of Monthly Management Accounts
- Review of Fixed Asset Register
- Cash Counts/Audits
- Review of GPSCCU Policies
- Review of Board Minutes
- Review of complaints from members

REVIEW OF BANK RECONCILIATIONS

The Supervisory and Compliance Committee reviewed bank reconciliations and the related general ledger control accounts for the months of January, March, May, July, September and November 2015. The review was performed on all the bank accounts held by the entity. The Committee was generally satisfied that the Bank Statements and the General Ledger figures agreed. However, the reconciliations were not performed on a timely basis.

Recommendations

The Committee suggested that reconciliations be completed 15 days after the end of the month to ensure that errors are detected and resolved in a timely manner. As such, the Committee recommends that the Banks' online facility be utilized to access and download Bank Statements.

ANALYSIS OF MONTHLY MANAGEMENT ACCOUNT

The Monthly Management Accounts were reviewed by the Supervisory and Compliance Committee for the period January to November 2015. The expenses for the year were generally in line with prior year expenses and significant increases in year to date expenses, such as security and ATM/IDC, were due to a rise in level of activities over the same period of 2014.

REPORT ON REVIEW OF FIXED ASSET REGISTER

A listing of the Credit Union's fixed assets was obtained to facilitate the physical identification of the items thereon and to

also ensure that the assets that are in use are recorded in the register. The category of fixed asset from which verification was attempted was computer equipment. Items in the credit union were traced to the listing and also items on the list were physically identified. The Committee observed some discrepancies relative to the asset register and Management have given the commitment to have these issues addressed.

The Committee was assured that a complete physical check of fixed assets will be conducted when the operations are moved to the new location. At that time, old and obsolete assets that no longer exist or are not in use, will be removed from the register. Also, items that are not on the register will be added.

Recommendations

There is need for improvement in the maintenance of the fixed asset register and in that connection, the Committee recommends the following:

- The register is updated upon receipt of a new item of fixed assets;
- The assets are coded before they are handed over to the designated user;
- The locations of all assets must be recorded; and
- A physical count of assets to compare with register to be performed every year.

REPORT ON CASH COUNTS

Cash counts were conducted by the Committee at all locations except Carriacou to determine whether actual total cash in hand was equal to the cash as recorded on system at the time of the count. Generally, the Committee was satisfied with the counts and would like to express its satisfaction with the cooperation of all requisite staff.

REPORT ON REVIEW OF GPSCCU POLICIES

The Committee will like to commend the GPSCCU in its initiative of updating its policies and procedures as this will ensure that the services and products offered will meet national, regional and international service standards. It is quite possible that these policies and procedures can become a benchmark for other Credit Unions. The date of the draft policies is September 2013. There were no further updates in 2014 or 2015.

The following policies were reviewed:

- Finance and Operation Policies and Procedures – Policy #1000: Internal Controls;
- Finance and Operations Policies and Procedures – Finance and Operations General Policy;
- Finance and Operations Policies and Procedures – Policy #3000: Cash Handling, ATM and Account Maintenance;
- Finance and Operations Policies and Procedures – Policy #6000: Joint Account Policy and Procedures;
- Finance and Operations Policies and Procedures – Policy # 5000: Robbery Procedures.

The revised policies template made provision for both the Chair and the Secretary to sign off on the policy. This is commendable.

Recommendations

A number of suggestions were made which includes: establishing reporting timelines, including the year of the relevant Act and the Policy on Member Card Services to reflect online services to clients. It was also recommended that the Policy on the Rights of Survivorship include a clause to advice on the protocol to be followed when both owners die.

The Committee recommends that procedures should be published so as to ensure that the process for due diligence is followed before a policy is adopted, the effective date be presented and the sign off clearly stated. The policy should state whether the approval date is the same as the effective date.

Finally, all policies should include a general clause stating that exceptions to the rule and amendments to established protocols will be approved by the Board of Directors.

REVIEW OF BOARD MINUTES

The Board Minutes were reviewed to ensure that decisions taken by the Board were in keeping with the Laws governing the Credit Union and also to ensure that these decisions were acted upon. The Committee was satisfied that there was compliance.

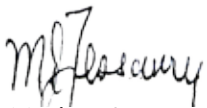
REVIEW OF COMPLAINTS FROM MEMBERS

The purpose of this task was to ensure that all members were treated with fairness, equity and in accordance with the By-Laws and Cooperative Society Act. The Committee did not receive any complaints from members.

The Committee commissioned the placement of a suggestion box at the main office of the Credit Union so that members can place their recommendations, complaints and/or suggestions in the box. To date the suggestion box has not been erected.

CONCLUSION

In conclusion, we extend our gratitude to the general membership for affording us the opportunity to serve on this Committee. We would like to thank the Board, Management and Staff for their cooperation in ensuring that our tasks were completed. Above all, we will like to thank God for good health, wisdom and team camaraderie.



Merina Jessamy

Chair, Supervisory and Compliance Committee

1.0 Composition:

Bro. Phillip Telesford	Member of the Board (Chairman)
Sis Shirley Modeste- Buckmire	Member
Sis Merlyn St. Bernard	Member
Bro. David Griffith	Member
Bro. Anthony Isaac	Member
Bro John Auguste	Member

The Committee was constituted in accordance with Section 41(1a and 1b) of the Credit Union's By-laws.

2.0 Meetings:

One meeting was held on Thursday 9th June 2016. Bro. John August was unavoidably absent.

3.0 Vacancies

There were three vacancies to be filled on the Board of Directors and two on the Supervisory and Compliance Committee as follows:

3.1 Board of Directors

Bro. Phillip Telesford	Completing 2nd term and not eligible for re- election
Bro. Duane Noel	Completing 1st term and eligible for re-election
Bro. Ernie James	Completing 1 st term and eligible for re-election

3.2 Supervisory and Compliance Committee

Sis. Karel Hood	Completing 1 st term and eligible for re-election
Sis. Merina Jessamy	Completing 1 st term and eligible for re election

3.3 Credit Committee

No vacancies to be filled. The Credit Committee was not fully rotated following the passage of the new co-operative Societies Act. Thus an anomaly exists wherein three (3) of the five (5) positions are rotated followed by two (2), resulting in a year with no rotations.

4.0 Nominees:

The following nominations were received in response to advertisements in the local printed press, on notice boards within the various workplaces, at the Credit Union's office and through SMS text messages:

Board of Directors:

- Sis. Zalima Bhola- Sinclair
- Sis. Odette Campbell
- Sis Tamika Hinds
- Bro. Kevon Gibson
- Bro. Ernie James
- Bro. Solomon Granger
- Bro Duane Noel
- Bro. Javan Williams

Supervisory and Compliance Committee

- Sis. Zalima Bhola- Sinclair
- Bro Dexter Iaggard
- Bro Wayne Radix

5.0 General Guiding Principles:

The following were adopted as the general guiding principles for selecting nominees:

- 1). All committee members must actively work toward achieving and maintaining the Credit Union's Vision of *"being the leading Credit Union in Grenada, financially viable and driven by a commitment to share responsibility..."*
They must:
 - Be committed;
 - Possess the necessary technical capability in the chosen area;
 - Have the necessary time at their disposal to attend meetings and make contributions to the work of the different committees;
 - Be able and willing to represent the Credit Union in national, regional and international fora such as the National League, OECS Summit, the CCCU Convention and the World Council, if necessary.
- 2) All nominees must meet the requirement of sections 41(2) of the By-laws

6.0 Committee Specific Guidelines

In addition to the General Guiding Principles some specific principles for the different committees were also adopted as follows:

6.1 Board of Directors

- 1) Candidates should meet the General Guiding Principles.
- 2) Candidates should be capable of ensuring that the Credit Union achieves its goals.
- 3) Consideration must be given to have fair representation of women on the Board.
- 4) Consideration should be given to representation from Carriacou
- 5) Candidates should be able to contribute to the effective implementation of the Credit Union's on-going projects such as the ATM, Real Estate project and focus on technology and innovation.
- 6) Consideration should be given to fair representation for the older members of the Union.
- 7) Consideration should be given to increasing the opportunities for involvement by younger and new members within the open bond.

- 8). Consideration should be given to having a range of relevant skills on the Board in keeping with the current projects and plans of the Credit Union such as:

- Legal
- Marketing and Public Relations
- Project Management
- Banking and Investment Management
- Accounting
- Real Estate Development

6.2 Supervisory and Compliance Committee

The Committee members must understand their role as the highest regulatory body within a system of self governance . The Committee must

- 1). Possess the skills and knowledge necessary to conduct effective internal audits and due diligence checks as they relate to ensuring:
 - effectiveness in procedures and processes and adherence to the highest standards, for example the PEARLS standard;
 - Adherence to regulatory requirements such as the Act and accompanying Regulations and Bye-laws, and Anti-money laundering and other regulations
- 2). Conduct themselves with the highest level of propriety as it relates to adhering to the rules and regulations of the Credit Union;3).
- 3). Command the respect of the Membership, Regulators and Competitors;
- 4). Be confidential in their dealings with the Credit Union.

7.0 Adoption of Scorecard

The Committee gave consideration to a scorecard designed to capture and weight the general and specific criteria as agreed above and agreed to adapt the scorecard as an aid in determining the most suitable candidates for the various positions.

8.0 Consideration of Nominees

Consideration was first given to the nominees who were eligible for re election to both committees.

The Chairman noted that, unlike other years, the performance evaluation was not conducted on the incumbents. He said that this was due to other competing priorities. He gave the assurance however, that based on his interaction with the members of the Board and with the Supervisory and Compliance Committee that he was comfortable that all members had performed satisfactorily during their tenure.

The Nominating Committee therefore agreed to recommend that the members eligible for a 2nd term of office be allowed to do so but reiterated the need for formal performance assessments .

Consideration was then given to the new nominees against the general and specific guidelines and using the scorecard as adopted. On a scale of 5 nominees for the Board were awarded scores of 4.17, 3.87, 3.81, 3.53, 3.35 and 2.69. Bro. Javan Williams was awarded the highest score. Some of the influencing factors were his location, in Carriacou, his experience and qualifications.

9.0 Recommendations:

Following its deliberations the Committee agreed to recommend the following nominees:

Board of Directors

- Bro. Duane Noel for a 2nd three year term
- Bro Ernie James for a 2nd three year term
- Bro Javan Williams for a 1st three year term.

For the Supervisory Committee

- Sis. Karel Hood for a 2nd term of three years
- Sis. Merina Jessamy for a 2nd term of three years

10.0 Acknowledgements:

The members of the Nominating Committee express sincere thanks and appreciation to the Board of Directors for the opportunity given to serve and to the management and staff for facilitating its work. Further, the Committee commends the members who took the opportunity to tender nominations for the positions advertised and expresses the hope that many more members would avail themselves of this privilege in the future.



Phillip Telesford
Chairman

The financial year 2015 has been one of great accomplishments and continued growth for our Credit Union. In the past year the Credit Union experienced growth in most areas of operations. Particular mention is made of growth in Loans and Institutional Capital and very significantly in Operating Surplus.

Operating Surplus

At the end of 2015 operational surplus stood at **\$4.48M**. This has been the highest operating surplus recorded in our Credit Union to date. Our extraordinary performance was again as a result of our continued prudent and sound decision making and the unwavering support and confidence placed in us by you, the members of our Credit Union.



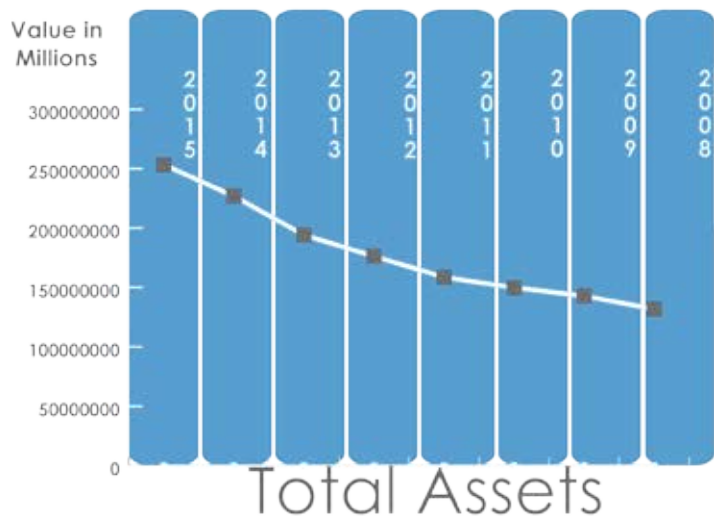
In 2015 additional provision for Risk Assets in the amount of **\$1M** was made. This resulted in an Operating Surplus after Provision for Risk Assets of **\$3.48M**. This represented an increase of **\$1.45M** over 2014, a **72%** growth.

The following were some key contributing factors towards the attainment of this milestone:

- Growth in Net Loan Income of \$1.6M
- \$200K reduction in Finance Cost
- \$1.9M increase in Gross Margin
- 9% reduction in the Operating Expense to Gross Margin ratio

Assets

The growth in Total Assets was 11.9% or \$26.9M. Total assets at year's end stood at \$253.3M. The overall growth in the asset base was powered predominantly by growth in member's loans and growth in members' deposits which was reflected in the increase in cash and cash equivalents. Fixed Assets grew by \$1.2M which resulted mainly from several new equipment purchased towards the relocation to Bruce Street.



Loans

The Gross Loans portfolio experienced a growth of \$16.9 M or 9.14%. Gross Loans stood at \$201.8M as at December 31st 2015. Total disbursements in 2015 were \$53.7M. Total disbursements in 2014 stood at \$42.5M. The Cherry Christmas loan campaign in December 2015 contributed significantly to this growth. The Net Loans portfolio stood at \$197.1M at the end of 2015 as compared to \$181.2 in 2014. The loan Loss provision stood at \$ 4.69M in 2015 compared to \$3.69M in 2014.

The 90 day delinquency ratio stood at 5.19% in 2015 as compared to 5.65% in 2014. This was due in part to the efforts of our collection team who worked closely with members and offered solutions for better financial management.

We continue to appeal to members to honor their loan commitments with the Credit Union.

Deposits

Members' Deposits grew by 11.6% or \$22.8M in 2015 as against 22.03% or \$35.5M in 2014. The portfolio stood at \$219.4M at the end of 2015. The Credit Union recorded a milestone in 2015 by surpassing the **\$200M** mark in deposits. This again is attributed to you fellow members, for your continued confidence in your Credit Union. Regular Shares grew to \$105.2M in 2015 from \$92.3M in 2014, another milestone as we achieved the \$100M target in Regular Shares. This represented a growth of \$12.87M or 13.93%. Fixed Deposits grew by \$2.86M or 4.1% to \$72.5M in 2015 compared to a growth of \$14.5M or 26.47% in 2014. The Credit Union deliberately employed a strategy to manage finance cost and as such it focused on establishing a liquidity balance.

Comparative Operating Highlights

	2015 % Change	2015	2014	2013
Assets				
Net Loans	8.47%	197,129,081	181,727,850	165,618,297
Investments	22.80%	18,079,544	14,722,575	14,101,362
Development Land	10.65%	5,198,215	4,697,866	4,697,865
Fixed Assets	10.52%	12,810,256	11,590,849	2,870,311
Liabilities				
Regular Shares	13.93%	105,244,887	92,375,572	80,963,969
Other Deposits	9.55%	114,202,054	104,250,972	80,169,383
External Credit	0%	0	0	7,207,665
Equity Shares	21.54%	10,128,542	8,333,352	6,673,159
Income				
Interest from Loans	6.36%	17,389,237	16,348,778	14,875,261
Other Income	51.62%	1,541,034	1,016,403	961,645
Expenditure				
Interest on Deposits	-0.27%	8,715,028	8,738,811	7,614,551
Other Expenditure	-5.79%	5,732,161	6,084,578	6,710,744
Unappropriated surplus for the year	15.03%	3,483,082	3,027,939	3112186
Surplus	71.75%	2,264,004	1,318,160	1,225,158

KEY PERFORMANCE INDICATORS

The PEARLS prudential standards set the benchmarks that Credit Unions should achieve and maintain to ensure viability. The system assesses **P**rotection, **E**ffective Financial Structure, **A**sset Quality, and **R**ate of Return on Costs, **L**iquidity Levels and **S**igns of Growth. An evaluation is provided hereunder as to the Credit Unions performance against that of a Model Credit Union.

Protection:

This ratio measures the adequacy of the allowances made for delinquent loans by the credit union. PEARLS require that a provision of 35% be made for all delinquent loans less than 12 months and provision of 100% for loans more than 12 months. As at December 31st 2015 the GPSCCU was fully protected against all delinquent loans that were greater than 12 months. The Credit Union had a provision in place for such loans less than 12 months of 35%.

Effective Financial Structure:

The financial structure of the Credit Union is the single most important factor in determining growth potential, earnings capacity, and overall financial strength. This looks at the ideal structure of a credit union in terms of its assets, liabilities and capital. The Savings/Total Asset ratio of 86.63% was at the higher end of the standard range of 70-80%. The Net Loans/Total Asset ratio of 77.82% was within the standard of 70-80% range by. The Credit Union's Institutional Capital/Total Assets ratio stood at 7.02%.

Asset Quality:

The assets of the credit union should be primarily involved in the generation of income. A non-productive or non-earning asset is one that does not generate income. An excess of non-earning assets is an indication of the assets held that are not generating any income for the credit union. Two key ratios used are: Non-Earning Assets/Total Assets Ratio and Delinquency Ratio.

Non-Earning Assets/Total Assets ratio stood at 12.87% which was above the model standard of 5%. Notwithstanding the above standard position, the Credit Union recognizes that this is a temporary measure as some of this cash are held to facilitate ongoing projects.

Using the benchmark of 90 days, the delinquency ratio at year end was 5.19 % of the loan portfolio. This was a decrease on the 5.65% experienced at December 31st 2014 and is slightly above the standard of 5% by 0.19%. The ideal goal is to maintain the delinquency rate below 5% of total loans outstanding.

Rates of Return and Cost:

These ratios allow one to compare whether the credit union is earning and paying market rates on its assets, liabilities and capital. It also measures the Operational Costs of the credit union against its assets. The Operating Expenses/Average Total Assets ratio stood at 2.25% which was within the standard of $\leq 5\%$. Rates of return on investments stood at 4.40% while interest on Savings Deposit/Average Savings Deposit was at 4.19% at year end.

Liquidity:

Liquidity determines the ability of the Credit Union to meet its short-term & long-term obligations. The liquid assets less short term payables/total savings deposits stood at 14.91% at the end of year 2015 which was just below the standard of 15%.

Signs of Growth:

These ratios measure both the financial and membership growth of the Credit Union.

The Credit Union's total asset growth of 11.9% exceeded the standard of inflation. Loans growth at 9.14% was above the benchmark of 5%. Savings at 11.61% was also above the 5% benchmark. Institutional capital growth (annualized) stood at 17.36%, the standard is 10% minimum. The total membership has increased by 8.98% or 932 for the year 2015. Membership stood at **11,309** as at December 31st 2015.

Conclusion

The overall performance of the Credit Union has once again been very commendable as Management continues to make judicious decisions as it relates to the managing of the Credit Union's assets. Direct focus has been given to the management of our expenses and the quality of the loans portfolio.

I once again implore our members to continue to honor their commitments to the Credit Union both in terms of savings and timely loan payments and also to continue to invest in the Equity Shares of the Credit Union and make it their financial institution of choice.



Garvin Roberts

Treasurer

Pearls Ratios

Protection

Provision for Loan Losses /Del>12 Months
Provision for loan losses /Loans del<12 months

Target

2015

2014

100% **100%** 100%
35% **35%** 35%

Effective Financial Structure

Net Loans/Total Assets
Savings deposits/total assets
Institutional Capital /Total Assets
Member Share Capital /Total Assets

70-80% **77.82%** 80.06%
70-80% **86.63%** 86.86%
Min 10% **7.02%** 6.82%
Max 20% **4.00%** 3.68%

Asset Quality

Balance of Del loans >90 /Gross Loan Portfolio
Non-Earning Assets/Total Assets

<=5% **5.19%** 5.65%
<=5% **12.87%** 10.52%

Rates of Return & Cost

(Annualized)
Fin Investment Income/Avg. fin investments
Fin costs:savings deposit/average sav deposits
Operating Expenses/average Total Assets

Market Rate 3% **4.40%** 5.35%
Market Rate 3% **4.19%** 4.88%
3-10% **2.25%** 2.39%

Liquidity

Liquid Assets-ST payables/total deposits
Liquidity Reserves/total savings deposits

Min 15% **14.91%** 12.48%
10% **7.58%** 7.49%

Signs of Growth

(annualized Growth Rate)
Total Assets
Loans to Members
Savings deposits
Institutional Capital
Membership

> inflation **11.90%** 16.62%
20% **9.14%** 8.98%
20% **11.61%** 22.03%
Min 10% **17.36%** 12.93%
Min 15% **8.98%** 10.24%

GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED
FINANCIAL STATEMENTS
For The Year Ended 31st December, 2015



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

We have audited the accompanying financial statements of the Credit Union which comprise the statement of financial position at 31st December, 2015 and the related statement of comprehensive income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibility for the Financial Statements

Those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Credit Union as of 31st December, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRENADA:

May 10th, 2016



Accountants & business advisers:

Partners: Henry A. Joseph FCCA (Managing), Michelle A. Millet B.A. CGA (Mrs.)

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2015

	Notes	2015	2014
EARNING ASSETS			
Members' loans	4	197,129,081	181,227,850
Investment property	5	5,198,215	4,697,865
Loans and receivables financial assets	6	16,638,454	14,722,575
Available-for-sale financial assets	6	<u>1,441,090</u>	<u>1,441,090</u>
Total earning assets		<u>220,406,840</u>	<u>202,089,380</u>
NON-EARNING ASSETS			
Property, plant and equipment	7	12,810,256	11,591,862
OTHER ASSETS			
Accounts receivables and prepayments	8	2,744,896	2,712,766
Cash and cash equivalents	9	<u>17,343,671</u>	<u>9,974,679</u>
Total non-earning assets		<u>32,898,823</u>	<u>24,279,307</u>
TOTAL ASSETS		<u>\$253,305,663</u>	<u>\$226,368,687</u>
EQUITY AND LIABILITIES			
Equity			
Members' equity shares	10	10,128,542	8,333,352
Statutory reserve	11	10,032,003	9,029,171
Accumulated surplus	12	7,741,143	6,411,803
OTHER FUNDS AND RESERVES			
Development fund	13	174,154	101,397
Education fund	14	165,495	84,071
Education savings plan fund		172,355	106,653
Provident fund		211,570	137,995
LP/LS insurance fund	15	<u>642,634</u>	<u>718,644</u>
Total equity		<u>29,267,896</u>	<u>24,923,086</u>
Current Liabilities			
Members' regular shares		105,244,887	92,375,572
Members' deposits	16	114,202,054	104,250,972
Non-interest bearing liabilities	17	4,343,855	4,711,045
Other liabilities		<u>246,971</u>	<u>108,012</u>
TOTAL LIABILITIES		<u>224,037,767</u>	<u>201,445,601</u>
TOTAL EQUITY AND LIABILITIES		<u>\$253,305,663</u>	<u>\$226,368,687</u>

The notes on pages 52 to 73 form an integral part of these financial statements
: Director

: Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

	2015	2014
INCOME		
Income from loans	17,389,237	16,348,778
Interest from member loans	808,097	183,119
Fees and charges	-	6,084
Administrative fees	(305,036)	(298,258)
Loan protection	70,312	120,172
Other income from loans	<u>17,962,610</u>	<u>16,359,895</u>
Net loan income		
Income from liquid investments	689,528	771,681
Interest on investment – dated securities	6,054	25,673
Dividends on investments	272,079	188,271
Non-related income	<u>967,661</u>	<u>985,625</u>
Total non-interest income		
Total income	<u>18,930,271</u>	<u>17,345,520</u>
LESS: EXPENSES		
FINANCIAL COST		
Interest expenses on savings	8,715,028	8,743,847
Life savings insurance	257,901	234,580
Other financial cost	<u>66,402</u>	<u>321,157</u>
Total financial cost	<u>9,039,331</u>	<u>9,299,584</u>
Gross Margin	<u>9,890,940</u>	<u>8,045,936</u>
OPERATING EXPENSES		
Personnel expenses	2,810,417	2,392,317
Governance	355,630	376,073
Occupancy expenses	522,535	443,611
Marketing expenses	497,583	586,207
Administration	944,842	936,578
Depreciation	326,876	280,001
(Gain)/loss on asset disposal	<u>(50,025)</u>	<u>3,210</u>
Total operating expenses	<u>5,407,858</u>	<u>5,017,997</u>
Total operating surplus	4,483,082	3,027,939
Less: Provision for risk assets	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Surplus for the year before appropriation	3,483,082	2,027,939
Appropriations:		
Transfer to: Education fund		
Statutory reserve	87,077	50,698
Development fund	870,770	506,985
Provident fund	174,154	101,397
Net surplus for the year	<u>87,077</u>	<u>50,698</u>
	<u>\$2,264,004</u>	<u>\$1,318,161</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2015**

OPERATING ACTIVITIES	2015	2014
Net surplus for the year	3,483,082	2,027,939
Adjustments for:		
Depreciation	326,876	280,001
Net movements in reserves	1,203	249,289
Prior year adjustment	<u>-</u>	<u>(175,672)</u>
Cash provided by operating activities before working capital changes	3,811,161	2,381,557
Increase in accounts receivable and prepayments	(32,130)	(1,216,714)
(Decrease)/increase in non-interest bearing liabilities	(367,190)	343,913
Increase in pension benefit	<u>934,213</u>	<u>562,374</u>
Cash provided by operating activities	<u>4,346,054</u>	<u>2,071,130</u>
INVESTING ACTIVITIES		
Adjustment/disposal of equipment	-	5,703
Purchase of property, plant and equipment	(1,545,270)	(9,007,255)
Increase in investment property	(500,350)	-
Increase in financial assets	(1,915,879)	(1,121,213)
Increase in members' loans	<u>(15,901,231)</u>	<u>(15,609,553)</u>
Cash used in investing activities	<u>(19,862,730)</u>	<u>(25,732,318)</u>
FINANCING ACTIVITIES		
Dividends paid	(934,664)	(832,555)
Repayment of borrowings	-	(6,396,441)
Increase in members' shares	1,795,190	1,660,194
Increase in members' deposits	<u>22,025,142</u>	<u>34,814,678</u>
Cash provided by financing activities	<u>22,885,668</u>	<u>29,245,876</u>
Increase in cash and cash equivalents	7,368,992	5,584,688
Cash and cash equivalents - at the beginning of the year	<u>9,974,679</u>	<u>4,389,991</u>
- at the end of the year	<u>\$17,343,671</u>	<u>\$9,974,679</u>

The notes on pages 52 to 73 form an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015**

1. CORPORATE INFORMATION

The Credit Union was established in 1947 and originally registered in March 1958 under the Co-operative Societies Ordinance as amended by the Co-operative Societies Act No. 8 of 2011 for the purpose of affording members of the Credit Union the opportunity to accumulate savings and to obtain credit for provident or productive purposes at reasonable rates of interest.

The Credit Union employed on average forty-five (45) persons during the year compared to 40 persons in 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in Eastern Caribbean Currency Dollars. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 3.

(b) Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Credit Union's annual financial statement for the year ended December 31, 2014 except for the adoption of new standards and interpretations noted below:

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting Standards, Amendments and Interpretations (continued)

Standard	Description	Effective for annual periods beginning on or after
IAS 1	Presentation of financial statements: Disclosure Initiative (amendments)	1 st January, 2016
IAS 16 & 38	Property, Plant and Equipment and Intangible Assets: Classification of acceptable methods of depreciation and	1 st January 2016
IAS 24	Related Party Disclosures	1 st January, 2016
IAS 34	Interim Financial Reporting: Disclosures of information elsewhere in the interim financial report	1 st January, 2016
IFRS 5	Non-Current Assets held for sale and discontinued operations (amendments)	1 st January, 2016
IFRS 7	Financial Instruments: Disclosures (amendments)	1 st January, 2016
IFRS 9	Financial Instruments: Classification and measurement	1 st January, 2018
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interest in Joint Regulatory	1 st January, 2016
IFRS 14	Regulatory Deferred Accounts	1 st January, 2016
IFRS 15	Revenue from Contracts with Customers	1 st January, 2017

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Property, Plant and Equipment*

The Credit Union's assets are stated at cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amounts or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against the surplus directly in equity; all other decreases are charged to the statement of income.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives. The rates used are as follows:

	Per annum
Buildings	2.5%
Plant and Machinery (ATM)	25%
Motor vehicle	20%
Furniture and equipment	10%
Computers	33%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of income. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments*

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Credit Union's statement of financial position when the Credit Union becomes a party to the contractual provisions of the instrument.

Recognition and measurement

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date that is the date on which the Credit Union commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are de-recognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

Financial assets

The Credit Union classifies its financial assets into the following categories: Loans and receivables and available-for-sale. Management determines the appropriate classification of its financial assets at the time of purchase and re-evaluates this designation at every reporting date.

Loans and receivables

Investments classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on the active market. They are included in current assets, except for maturities greater than twelve (12) months after the statement of financial position date. These are classified as non-current assets. The Credit Union's loans and receivables comprise of treasury bills and fixed deposits which are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

Available-for-sale

Investments are classified as available-for-sale as they are intended to be held for an indefinite period. These investments may be sold in response to needs for liquidity or changes in interest rates or equity prices. These investments are carried at fair value, based on quoted market prices where available. However, where a reliable measure is not available, cost is appropriate. The majority of these investments continue to be carried at cost as in almost all cases they are not traded on an active market and methods of reasonable estimation of fair value are unavailable. Where available-for-sale investments are carried at fair value unrealized gains or losses are recognized directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognized in profit or loss. Available-for-sale investments are included in non-current assets unless management intends to dispose of the investment within twelve (12) months of the date of the statement of financial position.

Fair Value

Fair value amounts represent the approximate values at which financial instruments could be exchanged in current transactions between willing parties. However, the Credit Union's financial instruments lack an available trading market and therefore it is not possible to determine independently the estimated fair values. The fair values of the financial instruments are therefore considered to approximate their book value.

Impairment of financial assets

The Credit Union assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Objective evidence that a financial assets or group of financial assets is impaired includes observable data that comes to the attention of the Credit Union about the following loss events:

- (i) Significant financial difficulty of the issuer or obligator.
- (ii) A breach of contract, such as default or delinquency in interest or principal payments.
- (iii) It is becoming probable that the borrower will enter in bankruptcy or other financial re-organization.
- (iv) The disappearance of an active market for that financial asset because of financial difficulties.
- (v) Observable data indicating that there is a measurable decrease in the estimated cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Credit Union or national or economic conditions that correlate with defaults on assets in the Credit Union.

The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Credit Union determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

- (i) Financial assets measured at amortised cost

The difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating). The previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Financial Liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are de-recognised when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the statement of comprehensive income.

(e) Foreign Currencies

Foreign currency transactions during the year have been effected at the rates of exchange ruling at the dates of the transactions. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of comprehensive income.

(f) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates and assumptions used.

(g) Provision for loan losses

Allowance for doubtful loans are based on the requirements of the Co-operative Societies Act - 2011 and the PEARLS Standards which recommends that delinquent loans less than three hundred and sixty-five (365) days in arrears are provided for to the extent of 35% while those in excess of that period are provided for in full. The Credit Union has further defined its provision policy taking into account security values on property. For loans that are secured by property, the policy dictates that a forced sale value of 70% of the market value be taken into consideration. Therefore if the 70% of forced sale value is greater or equal to 110% of the loan balance no provision is made. However, if the forced sale value is less than 110% of the loan balance for arrears between 61-365 days and over 365 days provision is made for the difference between the loan balance and the forced sale value.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprises of cash on hand and at bank and short – term fixed deposits within original maturity of three months or less.

(i) Dividends

Dividends that are proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity.

Dividends that are proposed and declared after the statement of financial position date are not shown as a liability on the statement of financial position but are disclosed as a note to the financial statements.

(j) Employee Benefits

The Credit Union operates a defined contribution pension plan. The Credit Union pays fixed contribution into the fund and has no legal or constructive obligation to pay further contributions. The Credit Union's contribution is recorded as an expense in the statement of comprehensive income.

(k) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property of the Credit Union comprises of land situated at Morne Jaloux, La Borie and Grand Anse, St. George's held for long-term yields. Investment property is treated as a long-term investment and is carried at cost.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Credit Union's reported assets, liabilities, revenues and expenses. The items that may have the most effect on the financial statements are set out below.

Valuation of property

The Credit Union utilizes professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

Impairment of loans

Provision is made for doubtful debts based on the specific identification of doubtful balances. As debts become uncollectible they are written off against the provision.

Fair value of available-for-sale investments

The fair values of financial instruments that are not quoted in active markets are determined using the last traded value for the investment. Where no such value exist the investment is carried at cost.

4. MEMBERS' LOANS

	2015	2014
General loans	201,819,571	184,918,340
Less: allowance for doubtful loans	<u>4,690,490</u>	<u>3,690,490</u>
	<u>\$197,129,081</u>	<u>\$181,227,850</u>

5. INVESTMENT PROPERTY

Land at cost – 1 st January, 2015	4,697,865	4,697,865
Additions during the year	<u>500,350</u>	<u>-</u>
Balance at 31 st December, 2015	<u>\$5,198,215</u>	<u>\$4,697,865</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015
(continued)

6. FINANCIAL ASSETS

	2015	2014
Loans and Receivables		
Grenada Co-operative Bank Limited - Fixed deposit	1,115,645	1,081,575
Government of Grenada - Treasury bills	3,224,155	3,132,860
Government of St. Lucia - Treasury bills	1,415,906	1,415,906
Government of Antigua & Barbuda – Treasury bills	1,447,575	560,898
Government of St. Lucia – Fixed rate bond	1,073,573	1,042,304
Grenada Co-operative League Limited - Fixed deposit	1,342,881	1,282,764
– Deposit account	65,485	63,252
First Citizens Investment Limited	457,859	444,523
Grenada Union of Teachers Credit Union - Fixed deposit	3,020,423	2,849,456
Communal Co-operative Credit Union Ltd - Fixed deposit	2,084,552	2,001,037
Bank of St. Lucia – Fixed rate note	890,400	890,800
Grenville Co-operative Credit Union Limited – Fixed deposit	<u>500,000</u>	<u>-</u>
	<u>\$16,638,454</u>	<u>\$14,722,575</u>
Available - for - Sale		
East Caribbean Cooperative Central Limited		
- 5,000 shares of \$100 each	50,000	50,000
Grenca Investments Limited		
- 40,000 ordinary shares of \$2.50	100,000	100,000
Grenada Co-operative League Limited		
- 11,717 ordinary shares of \$5.00 each	76,095	76,095
East Caribbean Home Mortgage Bank		
- 194 shares of \$160 each	31,040	31,040
- 625 shares of \$160 each	100,000	100,000
- 1,560 shares of \$160 each	249,600	249,600
Corporation Enterprise Finance Facility Limited		
– 10,000 shares \$50 each	500,000	500,000
Grenada Co-operative Bank Limited		
- 47,765 shares of \$7.00 each	<u>334,355</u>	<u>334,355</u>
	<u>\$1,441,090</u>	<u>\$1,441,090</u>

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)**

7. PROPERTY, PLANT AND EQUIPMENT

	Work in Progress	Freehold land and Building	Furniture, Fixtures and Equipment	Computer Equipment and Software	Automatic Teller Machine
Balance at 1 st January, 2014	30,275	2,431,045	578,726	822,127	612,181
Accumulated depreciation	—	(394,206)	(328,915)	(692,498)	(612,180)
NET BOOK VALUE	<u>\$30,275</u>	<u>\$2,036,839</u>	<u>\$249,811</u>	<u>\$129,629</u>	<u>\$—</u>
For year ended 31st December, 2014					
Opening book value	30,275	2,036,839	249,811	129,629	1
Additions for the year	-	8,849,688	63,772	43,441	50,354
Disposals for the year	-	-	(2,486)	(724)	-
Depreciation charge for year	—	(34,428)	(41,405)	(87,702)	(10,641)
NET BOOK VALUE	<u>\$30,275</u>	<u>\$10,852,099</u>	<u>\$269,692</u>	<u>\$84,644</u>	<u>\$39,714</u>
Balance at 1 st January, 2015	30,275	11,280,733	635,039	858,188	662,535
Accumulated depreciation	—	(428,634)	(365,347)	(773,544)	(622,821)
NET BOOK VALUE	<u>\$30,275</u>	<u>\$10,852,099</u>	<u>\$269,692</u>	<u>\$84,644</u>	<u>\$39,714</u>
For year ended 31st December, 2015					
Opening book value	30,275	10,852,099	269,692	84,644	39,714
Additions for the year	683,433	328,358	61,718	356,761	-
Depreciation charge for year	—	(34,428)	(44,127)	(123,212)	(12,589)
NET BOOK VALUE	<u>\$713,708</u>	<u>\$11,146,029</u>	<u>\$287,283</u>	<u>\$318,193</u>	<u>\$27,125</u>
Balance at 31 st December, 2015	713,708	11,609,091	696,757	1,214,949	662,535
Accumulated depreciation	—	(463,062)	(409,474)	(896,756)	(635,410)
NET BOOK VALUE	<u>\$713,708</u>	<u>\$11,146,029</u>	<u>\$287,283</u>	<u>\$318,193</u>	<u>\$27,125</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Motor Vehicle	Leasehold Improvement	IDC Development	Total
Balance at 1 st January, 2014	244,600	282,154	191,123	5,192,231
Accumulated depreciation	(108,595)	(147,301)	(38,225)	(2,321,920)
NET BOOK VALUE	<u>\$136,005</u>	<u>\$134,853</u>	<u>\$152,898</u>	<u>\$2,870,311</u>
For year ended 31st December, 2014				
Opening book value	136,005	134,853	152,898	2,870,311
Additions for the year	-	-	-	9,007,255
Disposals for the year	-	-	(2,493)	(5,703)
Depreciation charge for year	(28,920)	(39,678)	(37,227)	(280,001)
NET BOOK VALUE	<u>\$107,085</u>	<u>\$95,175</u>	<u>\$113,178</u>	<u>\$11,591,862</u>
Balance at 1 st January, 2015	244,600	282,154	188,630	14,182,154
Accumulated depreciation	(137,515)	(186,979)	(75,452)	(2,590,292)
NET BOOK VALUE	<u>\$107,085</u>	<u>\$95,175</u>	<u>\$113,178</u>	<u>\$11,591,862</u>
For year ended 31st December, 2015				
Opening book value	107,085	95,175	113,178	11,591,862
Additions for the year	115,000	-	-	1,545,270
Depreciation charge for year	(35,115)	(39,679)	(37,726)	(326,876)
NET BOOK VALUE	<u>\$186,970</u>	<u>\$55,496</u>	<u>\$75,452</u>	<u>\$12,810,256</u>
Balance at 31 st December, 2015	259,600	282,154	188,630	15,739,053
Accumulated depreciation	(72,630)	(226,658)	(113,178)	(2,928,797)
NET BOOK VALUE	<u>\$186,970</u>	<u>\$55,496</u>	<u>\$75,452</u>	<u>\$12,810,256</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2015	2014
Due from Communal Co-operative Credit Union Limited	98,912	34,000
Due from Grenada Co-operative Bank Limited – ATM	1,153,147	734,025
Other accounts receivable	56,724	40,762
Interest receivable	277,564	324,041
Prepaid expenses	641,629	188,659
Re-Branding prepayment	205,559	125,575
Government payroll receivable	5,389	790,231
Members overdraft accounts	305,972	475,473
British American Insurance Company Limited		
- Corporate savings contracts – net	3,182,624	3,182,624
Colonial Life Insurance Company Limited		
- Flexible premium annuity	<u>1,509,712</u>	<u>1,509,712</u>
	7,437,232	7,405,102
Less: Provision for impairment	<u>4,692,336</u>	<u>4,692,336</u>
	<u>\$2,744,896</u>	<u>\$2,712,766</u>

The amounts due from British American Insurance Company Limited and Colonial Life Insurance Company Limited have been provided for in full as there is considerable doubt as to their recovery.

9. CASH AND CASH EQUIVALENTS

Cash on hand	1,438,193	1,718,924
RBTT Bank Grenada Limited		
- Current account	6,057,391	2,150,151
Grenada Co-operative Bank Limited		
- Current account (i)	56,366	55,088
- Current account (ii)	2,195,707	4,006,521
- Current account (iii)	4,913,707	1,543,996
Republic Bank (Grenada) Limited		
- Current account	<u>2,682,307</u>	<u>499,999</u>
Cash and cash equivalents in the statement of cash flows	<u>\$17,343,671</u>	<u>\$9,974,679</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

10. EQUITY SHARES

These shares are of a nominal value of \$20.00 when fully paid up. Each member is required to own ten (10) shares of \$20.00 each. A minimum of \$5.00 can be paid towards the acquisition of shares.

11. STATUTORY RESERVE

	2015	2014
Balance at 1st January, 2015	9,029,171	8,277,641
Transfer – Richmond Hill Credit Union	-	(395)
Add: Receipts from loans written off	112,752	225,280
Entrance fees	19,310	19,660
Allocations for the year - 25% of surplus	<u>870,770</u>	<u>506,985</u>
Balance at 31st December, 2015	<u>\$10,032,003</u>	<u>\$9,029,171</u>

In accordance with Section 125 (4) of the Cooperative Societies Act No.8 of 2011, at least 20% of the surplus for the year shall be transferred to the Reserve Fund.

12. STATEMENT OF CHANGES IN MEMBERS' EQUITY

Accumulated surplus at 1 st January, 2014	6,101,870	5,443,929
2014 Prior year adjustment	(175,672)	-
2014-net surplus for the year	2,027,939	1,884,860
Transfer to reserves and funds	(709,779)	(659,702)
Rebate/dividends paid	(832,555)	(578,857)
Gain/(loss) on investment	<u>-</u>	<u>11,640</u>
Balance at December 31st, 2014	6,411,803	6,101,870
2014 Prior year adjustment (Note 23)	-	(175,672)
2015-net surplus for the year	3,483,082	2,027,939
Transfer to reserves and funds	(1,219,078)	(709,779)
Rebate/dividends paid	<u>(934,664)</u>	<u>(832,555)</u>
Balance at 31st December, 2015	<u>\$7,741,143</u>	<u>\$6,411,803</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

13 DEVELOPMENT FUND

	2015	2014
Balance at 1 st January, 2015	101,397	94,243
Add: Allocation for year	<u>174,154</u>	<u>101,397</u>
	275,551	195,640
Less: Remittance to Grenada Co-operative League Limited	20,279	94,243
Dominica Co-operative League	20,045	-
Transfer to education fund savings plan	<u>61,073</u>	<u>-</u>
Balance at 31st December, 2015	<u>\$174,154</u>	<u>\$101,397</u>

The above fund is payable to The Grenada Co-operative League Limited and is made in accordance with Section 126 of the Cooperative Societies Act No. 8 of 2011.

14. EDUCATION FUND

Balance at 1st January, 2015	84,071	71,504
Add: Allocation for the year	<u>87,077</u>	<u>50,698</u>
	171,148	122,202
Less: Adjustment		
Expenses for the year	<u>(5,653)</u>	<u>(38,131)</u>
Balance at 31st December, 2015	<u>\$165,495</u>	<u>\$84,071</u>

15. LP/LS INSURANCE FUND

Balance at 1 st January, 2015	718,644	583,957
Contribution during the year	<u>562,937</u>	<u>532,838</u>
	1,281,581	1,116,795
Less: Settlement during the year	<u>638,947</u>	<u>398,151</u>
Balance at 31st December, 2015	<u>\$642,634</u>	<u>\$718,644</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

16. MEMBERS' DEPOSITS

	2015	2014
Term deposits	72,519,450	69,662,834
Savings	26,064,359	21,274,034
Education savings plan	9,393,749	8,830,252
Retirement savings	4,801,609	3,447,311
Insurance and group life savings plan	1,025,654	755,680
Excel savings	239,419	175,156
Other deposits	13,149	22,416
Micro-finance savings	<u>144,665</u>	<u>83,289</u>
	<u>\$114,202,054</u>	<u>\$104,250,972</u>

17. NON-INTEREST BEARING LIABILITIES

Interest payable	2,994,974	3,304,971
Sundry creditors and accruals	319,003	269,489
Other accounts payable	<u>1,029,878</u>	<u>1,136,585</u>
	<u>\$4,343,855</u>	<u>\$4,711,045</u>

15. FINANCIAL RISK MANAGEMENT

The Credit Union's activities expose it to the following risk from the use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate risk
- Operational risk

Risk management structure

The Board of Directors defines the overall risk profile of the Credit Union by approving its policies and guidelines, maximum limits for exposure as well as for individual loans. The credit and finance departments are responsible for managing the risks assumed through their operations and for ensuring that an adequate return for the risks taken is achieved. The Credit Union's policies are established to identify and analyse the risks faced by the Credit Union. An environment of proper controls is continually pursued through a system of training, management standards and procedures so as to ensure that all employees understand their roles and obligations.

18. FINANCIAL RISK MANAGEMENT (continued)

Risk management structure (continued)

A Credit Committee and Supervisory Committee are appointed at each Annual General Meeting. The risk management duties of the Credit Committee are focused on credit risk in the Credit Union's lending operations and the Supervisory Committee deals with operational risk profile of the Credit Union. The Management Committee acting with the authority delegated by the Board has the overall responsibility for risk management on a day to day basis. The Board has also appointed key committees such as, Policy Review Committee, Investment Committee, and Audit Committee to mitigate certain operational risks.

Credit Risk:

Credit risk is the risk of financial loss to the Credit Union if a member or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Credit Union's loans to members and from its investments. The Credit Union's maximum exposure to risk is the carrying amount of the financial assets.

Concentration of credit risk exists if a number of clients are engaged in similar activities or are located in the same industry sector or have similar economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the credit union's performance to developments affecting a particular industry or geographical location.

Management of Credit Risk

The Board of Directors through the Management and Credit Committee are responsible for the oversight of the Credit Union's credit risk. Some of the key responsibilities are as follows:

- Formulating credit policies, establishing collateral requirements, credit assessment, establishing documentation and legal procedures and implementing procedures to ensure compliance requirements.
- Establishment of an authorized structure for loan approvals.
- Reviewing and assessing credit risk.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

18. FINANCIAL RISK MANAGEMENT

Management of Credit Risk (continued)

i) Members' loans

Exposure to credit risk is managed through regular analysis of the ability of borrowers to settle outstanding balances and meet repayment obligations, and by changing lending limits when appropriate.

ii) Other financial assets

With respect to credit risk arising from the other financial assets of the Credit Union, which comprise cash and cash equivalents and investments, the Credit Union's exposure to credit risk arises from default of the counter-party. The Credit Union seeks to hold its funds with financial institutions which management regards as strong. Also the market for investments is monitored regularly to ensure that returns are guaranteed.

Exposure to credit risk

The Credit Union's maximum exposure to credit risk before collateral held or other credit enhancement is as follows:

	Maximum exposure	
	2015	2014
Members' loans	197,129,081	181,227,850
Loans and receivables financial assets	16,638,454	14,722,575
Available-for-sale financial assets	1,441,091	1,441,091
Accounts receivables and prepayments	2,744,896	2,712,766
Cash and cash equivalents	<u>17,343,671</u>	<u>9,974,679</u>
	<u>\$235,297,193</u>	<u>\$210,078,961</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

18. FINANCIAL RISK MANAGEMENT (continued)

	Members' Loans	Loans and Receivables Financial Assets	Available-for-Sale financial Assets	Accounts Receivable and Prepayments	Cash and Cash Equivalents	Total
Balance at 31st December, 2015						
Agriculture	869,537		-	-	-	869,537
Small business	4,134,666	-	-	-	-	4,134,666
Mortgages	87,361,458	-	-	-	-	87,361,458
Personal	109,453,910	-	-	-	-	109,453,910
Finance	-	<u>16,638,454</u>	<u>1,441,090</u>	<u>2,744,896</u>	<u>17,343,671</u>	<u>38,168,111</u>
	201,819,571	16,638,454	1,441,090	2,744,896	17,343,671	239,987,682
Allowance for doubtful loans	<u>(4,690,490)</u>	-	-	-	-	<u>(4,690,490)</u>
	<u>\$197,129,081</u>	<u>\$16,638,454</u>	<u>\$1,441,090</u>	<u>\$2,744,896</u>	<u>\$17,343,671</u>	<u>\$235,297,192</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

18. FINANCIAL RISK MANAGEMENT (continued)

Analysis of members' loans past due and not impaired:

	Neither past due nor impaired	Past due and not impaired 1-3 months	Total
	\$	\$	\$
2015	<u>\$188,200,067</u>	<u>4,190,490</u>	<u>190,306,192</u>
2014	<u>172,446,591</u>	<u>1,954,218</u>	<u>174,400,809</u>

Analysis of individually impaired financial assets:

	Carrying Value	Provision	Net book value	
			2015	2014
	\$	\$	\$	\$
Members' loans	<u>13,619,503</u>	<u>4,190,490</u>	<u>8,929,013</u>	<u>8,781,259</u>
Accounts receivable and prepayments	<u>4,692,336</u>	<u>4,692,336</u>	<u>-</u>	<u>-</u>

Write off Policy

The Credit Union writes off a loan when it determines that the loan is uncollectible after considering information such as the occurrence of significant changes in the borrower's financial position and the borrower can no longer meet the obligation, and that proceeds from collateral will not be sufficient to recover the entire exposure.

Collateral

The Credit Union employs the use of collateral as a risk mitigation tool hence maintaining its credit risk exposure within acceptable levels. The Credit Union holds collateral against loans in the form of registered mortgages over property, bill of sales on motor vehicles and other assets, liens or deposit on shares, guarantees and promissory notes. Estimates of fair value are based on the value of the collateral at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired. The Credit Union has the right to dispose of repossessed properties the proceeds of which are used to repay the outstanding loan balances.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)

18. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk:

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Credit Union's reputation. Liquidity management is primarily designed to ensure that funding requirement of the Credit Union can be met or to satisfy the demands of customers for additional borrowings.

Exposure to liquidity risk

The table below shows a maturity profile of the Credit Union's financial liabilities.

	On Demand	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities					
Members' deposits	114,202,054	-	-	-	114,202,054
Members' regular shares	36,528,694	13,452,256	28,568,452	26,695,485	105,244,887
Non-interest bearing liabilities	1,335,833	898,492	2,109,530	-	4,343,855
Other liabilities	<u>246,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,971</u>
Balance at 31 st December, 2015	<u>\$152,313,552</u>	<u>\$14,350,748</u>	<u>\$30,677,982</u>	<u>\$26,695,485</u>	<u>\$224,037,767</u>
	On Demand	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities					
Members' deposits	104,250,972	-	-	-	104,250,972
Members' regular shares	32,458,591	10,582,459	25,157,568	24,176,954	92,375,572
Non-interest bearing liabilities	1,406,074	398,033	2,906,938	-	4,711,045
Other liabilities	<u>108,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,012</u>
Balance at 31 st December, 2014	<u>\$138,223,649</u>	<u>\$10,980,492</u>	<u>\$28,064,506</u>	<u>\$24,176,954</u>	<u>\$201,445,601</u>

18. FINANCIAL RISK MANAGEMENT (continued)

Currency Risk:

Currency risk is the risk that the value of future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Credit Union operates primarily in Eastern Caribbean Currency and is therefore not subject to significant foreign currency risk. However, some of the Credit Union's transactions are in United States dollars but as the Eastern Caribbean Dollar is fixed to the United States Dollar, there is no significant currency risk exposure.

Interest Rate Risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

Floating rate instruments expose the Credit Union to cash flow interest risk whereas fixed rate instruments expose the Credit Union to fair value interest rate risk.

Management of interest rate risk

The Credit Union's exposure to interest rate risk is managed through the matching of funding products with financial services and monitoring market conditions and yields.

Operational Risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of good corporate behaviour. Operational risks arise from all of the Credit Union's operations. The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Credit Union's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Risk mitigation, including insurance where this is effective

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015 (continued)**



19. INCOME TAX

The Credit Union is exempt from the payment of Income Tax under Section 25(P) of the Income Tax Act 1994.

20. COMMITMENT

At the date of the statement of financial position, the un-disbursed loans committed amounted to approximately \$10.2 million.

21. BOARD COMMITTEE AND MANAGEMENT PERSONNEL

At year end the following facilities were held by Board and Committee members and senior members of staff of the Credit Union.

	2015	2014
Loans	4,219,367	3,758,119
Less: Deposits	<u>(1,464,489)</u>	<u>(1,186,093)</u>
	<u>\$2,754,878</u>	<u>\$2,572,026</u>

22. PRIOR YEAR ADJUSTMENT

Accrued vacation understated	-	95,672
IDC fees understated	<u>-</u>	<u>80,000</u>
	<u>\$ -</u>	<u>\$175,672</u>

Budgeted Statement of Financial Position for year ended 2016 & 2017

	Budget 2015	Actual 2015	2016	2017
Earning Assets				
Gross Loans	204,810,174	201,819,571	226,819,571	256,844,255
Less: Provision for loan bad debts	(4,190,490)	(4,690,490)	(5,190,490)	(5,690,490)
Net loans	200,619,684	197,129,081	221,629,081	251,153,765
Short Term Investments	19,722,575	16,638,454	22,403,904	27,403,904
Long Term Investments	1,441,090	1,441,090	1,441,090	1,441,090
Development Lands	4,697,865	5,198,215	5,198,215	4,150,195
Total Earning Assets	226,481,214	220,406,840	250,672,290	284,148,954
Non Earning Assets				
Fixed Assets	19,216,614	12,810,256	25,960,607	25,823,421
Receivables & prepayments	2,948,031	2,744,896	2,094,896	1,444,896
Cash on Hand & in Bank	8,853,967	17,343,671	11,443,603	10,205,919
Total Non-Earning Assets	31,018,612	32,898,823	39,499,106	37,474,236
Total Assets	257,499,826	253,305,663	290,171,396	321,623,190
Liabilities				
Members' Regular Shares	102,375,572	105,244,887	122,882,900	141,592,900
Savings	121,778,688	114,202,054	129,843,458	137,361,695
Non Interest Bearing Liabilities	4,946,310	4,343,855	4,467,311	4,702,739
Staff pension benefit	101,602	246,971	200,272	210,900
Total Liabilities	229,202,172	224,037,767	257,393,941	283,868,234
Capital				
Institutional Capital				
Members' Equity Shares	10,133,352	10,128,542	12,128,542	14,128,542
Statutory Reserve	8,734,938	10,032,003	10,645,185	11,659,311
Accumulated Surplus	8,157,982	7,741,143	8,428,429	9,828,605
Earnings for Current Year	-	-	-	-
Total Institutional Capital	27,026,272	27,901,688	31,202,156	35,616,459
Other Funds & Reserves				
Development Fund Reserve	129,347	174,154	357,863	560,689
Education of Members Reserve	143,744	165,495	226,813	328,226
Education Savings Plan Fund	121,653	172,355	116,418	223,966
LP/LS Insurance Fund	778,642	642,634	722,634	832,634
Provident Fund	97,996	211,570	151,570	192,983
			-	-
Total Capital	1,271,382	1,366,208	1,575,298	2,138,497
Total Liabilities & Capital	257,499,826	253,305,663	290,171,396	321,623,190

Budgeted Statement of Comprehensive Income as at December 31st 2016 & 2017

	Budget 2015	Actual 2015	Variance	Budget 2016	Budget 2017
Income					
Other Loan Income	130,000				
Net Loan Income	17,947,783	17,962,610	144,827	19,500,483	21,964,872
Interest Investments -other	25,000	6,054	(18,946)	20,000	25,000
Total Income	18,954,898	18,930,271	(24,627)	20,621,933	24,077,121
Cost/Expenses					
Total Financial Cost	9,587,568	9,039,331	548,237	10,244,326	11,144,126
Gross Margin	9,367,330	9,890,940	523,610	10,377,607	12,932,995
Operating Expenses					
Personnel Expenses	3,078,250	2,773,413	304,837	570,515	793,092
Board & Committee Expenses	102,000	98,296	3,704	110,000	110,000
Member Interest Protection	458,200	353,265	104,935	481,200	436,200
Marketing Expenses	598,000	525,537	72,463	670,000	670,000
Security Guard	160,000	233,850	(73,850)	250,000	250,000
General & Admin Expenses	1,653,200	1,428,767	224,433	1,854,800	2,021,600
Depreciation	467,748	326,876	140,872	689,515	1,089,234
Operating Expenses	6,255,398	5,407,858	847,540	4,266,030	5,010,126
Operating Surplus	3,111,932	4,483,082	1,371,150	6,111,577	7,922,870
Provision for Risk Assets	500,000	1,000,000	(500,000)	500,000	500,000
Surplus Before Appropriation	2,611,932	3,483,082	871,150	5,611,577	7,422,870

	2016	2017
Computer Hardware	700,000	80,000
Computer Software	475,000	300,000
Furniture and Equipment	1,400,000	155,000
Building	5,811,925	-
ATM	410,296	200,000
Rebranding	800,000	
Morne Jaloux Land	2,282,952	2,282,952
Carriacou Building	500,000	2,500,000
Vehicle	-	-
	12,380,173	5,517,952

1. ALLOCATION OF SURPLUS

WHEREAS the Credit Union paid interest of 4% on Regular Shares amounting to **\$4,071,933** to its Members during 2015

And WHEREAS the Board has approved a further payment in the form of LOAN INTEREST REBATE of 3% amounting to \$523,340 which will to be paid to members within one week of the AGM

And WHEREAS the Credit Union earned a surplus of \$3,483,082 for the year ended December 31st 2015 and a balance of \$2,264,004 remains unallocated after making the required Statutory and other allocations for the year

AND WHEREAS the highest rate of dividends on Equity Shares allowable under the Co-operative Society's Act and Regulations is 5%

BE IT RESOLVED that a dividend payment on EQUITY SHARES of 5% amounting to \$444,964 is paid to Members.

2. APPOINTMENT OF AUDITORS - 2016

WHEREAS the Annual General Meeting of 1999 approved the firm of Pannell Kerr Forster as the Credit Union's Auditor and the firm has been providing auditing services to the Credit Union since that date

AND WHEREAS the firm continues to provide satisfactory service to the Credit Union

BE IT RESOLVED that the firm of Pannell Kerr Forster be appointed as the Credit Union's auditors for the year 2016.

3. APPROVAL OF BUDGET

WHEREAS it is required under the Credit Union's By-laws (section 37(2h) that the budget be approved by the Annual General Meeting

AND WHEREAS this budget is presented for the consideration of the meeting on pages 52-73 of the Annual Report and is highlighted as follows:

	2016	2017
Total Assets	\$290.2M	\$321.6M
Net Loans	221.6M	251.2M
Total Income	20.6M	24.1M
Total Expenses	18.2M	20.0M
Surplus	2.5M	4.1M
Capital Expenditures	12.4M	5.5M

BE IT RESOLVED that the budget, as presented, is approved.

Minutes of the 2015 Annual General Meeting of the Grenada Public Service Co-operative Credit Union

Held on Thursday 11th June 2015
At the Grenada Trade Centre, Grand Anse St. George's

AGM15/01 Call to Order and Welcome

The meeting began at 3:00 pm, chaired by Vice President Bro. Christopher De Allie.

The Credit Union prayer was led by Bro. Francis Balwant and followed by the National Anthem.

Vice President Bro. C. De Allie welcomed everyone to the 68th Annual General Meeting.

A moment of silence was observed in respect for all deceased members for the period as listed on page 29 of the Annual Report.

Excuses for absences were given on behalf of the following member:
Sir. Reginald Palmer.

AGM15/02 Greetings from Guest Societies

Mr. Nash Griffith, President of the Grenada Cooperative League, commended the Board and Management Team for a job well done. He noted that despite the hard economic challenges, the Credit Union had excelled.

He observed the growth achieved by the Grenada Public Service Credit Union (GPSCCU) and opined that this could have been only accomplished by everyone playing their part. He commented on the theme of... "Beyond boundaries. A journey to financial freedom..." as being a true reflection of the growth experienced by the Credit Union in all areas and concluded that the credit union and its members must never forget the true meaning of the cooperative movement. It must continue to rekindle the flame of the founding fathers, and hold true to the co-values and philosophy which have brought the Credit Union to its present position.

Ms. Chinnel Andrews, representative of the Communal Credit Union congratulated and applauded the GPSCCU on the selection of the theme which, she said, captures the importance of credit unions as indigenous organizations in providing solutions and confidence in times of financial problems and crises.

Bro. Joakim Phillip, representative of the Gateway Co-operative Credit Union, thanked the membership for the invitation to share with them on this occasion. He went on to congratulate the GPSCCU for setting such high standards through growth. He wished that the meeting be rewarding and productive.

Sis. Annette Henry, member of the GPSCCU's Board, read the congratulatory message from the Grenville Credit Union.

The message complimented the Board for its thinking and initiatives as it sought to bring financial freedom. It encouraged working together as well as working harder to achieve such goals, and commended the General Manager and Staff for their hard work over the years.

AGM15/03 Official Remarks

GARFIN

Bro. Denis Felix made remarks on behalf of the regulator, GARFIN.

Bro. Felix affirmed that GARFIN was committed to working closely with the Credit Union Movement. The sector, he said remains robust and resilient in the face of disruptive challenges. He advocated however for a cautious approach to management in some areas.

He commented on some of the initiatives being taken by GARFIN that had to be finalized for roll-out to the credit unions. This included finalization of the new uniform co-operative society regulations and risk based methods for assessing asset quality.

On behalf of GARFIN, he commended Management on the management of its prudential ratios. He concluded by reminding persons elected to office that they must be prepared to run a financial institution and not stymied the progress that the GPSCCU had made thus far.

AGM15/04 President's Message

The President, Bro. Phillip Telesford, took the opportunity to congratulate the members for the strong performance of the GPSCCU, recognizing that the success would not have been possible without their continued confidence and support.

He affirmed that over the last 5 years deposits and equity shares in the Credit Union grew by 91% and 155% respectively; an indication of confidence by members in the future of the credit union. Membership also continued to grow sending a strong signal of the need to shift gears to accommodate larger volumes of business.

He went on to expound on initiatives taken by the Board to accommodate this growth such as investments in technology, electronic filing, new Headquarters and a review of the Credit Union's image. An update was also provided on the credit union's ongoing housing initiative, the Morne Jaloux housing project.

The President concluded by stating the Board's commitment to working together to ensure the future sustainability of the GPSCCU and saluted the General Manager and her team who continued to lead the organization as well as all volunteers for their sacrifice and contribution over the past year.

AGM15/05 Presentation of Special Awards

Awards were presented to committee members who had completed their terms of office as follows:

Supervisory Committee

Bro. Alan Francis

Credit Committee

Bro. Justin Hazzard

Bro. Terrance Victor

These awards were presented by the Credit Union's Secretary, Sis Gemma Bain -Thomas

AGM15/06 Presentation of Mobile and Online Access

The presentation was made by Bro. Randy Frank supervisor of the *IDC (International Debit Card)* Unit at the Grenada Public Service Credit Union.

The Presentation revisited the past, taking the GPSCCU back to its conception all the way through the years, showing the many strides the Credit Union had made leading the way forward. He presented the Mobile & Online Access service as another first for the Credit Union and invited members to sign up for access.

AGM15/07 End of Official Session

The Vice President thanked the speakers for their words of congratulations, advice and recommendations. Giving special thanks to the Management and Staff for a job well done through challenging times.

The Official Session ended and the Meeting proceeded immediately into the Business Session.

AGM15/08 Adoption of Agenda

The agenda was amended to include Any Other Business.

A motion to adopt the Agenda for the 68th Annual General Meeting of the GPSCCU was moved by Bro. Phillip Telesford, seconded by Sis. Brenda Charles and carried.

AGM15/09 Consideration of the minutes of the 67th AGM 2014

1. A motion that the Minutes of the 67th AGM are taken as read and moved by Sis. Yvette Lessey and seconded by Sis... Francis.
2. Correction to the Minutes

The Minutes were corrected as follows:

- a. Ref. AGM booklet page 86 "off" was corrected to "of"
 - b. Ref. AGM booklet page 91 "was given Chairman of the committee" Corrected to "was given by the Chairman of the committee."
 - c. Ref. AGM booklet page 91 "it was" corrected to " he also"
 - d. Ref. AGM booklet page 91 "responded" corrected to " stated"
 - e. Ref. AGM booklet page 92 " the" was removed
3. The Minutes were confirmed on a motion moved by Sis Angela James and seconded by Bro. John Auguste
 4. There were no matters arising from the Minutes.

AGM 15/10 Auditors' and Treasurer's Report

The Auditor's Report was presented by a representative from the Auditing firm PKF, Sis. Claudia Francis.

Sis. Claudia Francis read the Auditor's opinion, stating that the financial statements presented fairly in all material respects the financial position of the Credit Union as of 31st December 2014 and its financial performance and its cash flows for the year then ended in accordance with international reporting standards.

The Treasurer Bro. Garvin Roberts took questions and discussions from the floor on the Auditor's Report.

- Explanation was sought on the Loan Protection provisions as depicted on page 53. The Treasurer invited Mr. Charles, the Manager of Finance and Operations to respond. He explained the Loan Protection and Life Savings Provision as a benefit provided to members. On death, members' estates are paid a Life Savings benefit of a maximum of \$13,500 which is based on savings held in regular shares and loans are repaid up to a maximum of \$54000.00 dependent upon the date of contract and other factors.
- Clarification was also sought under *financial assets- loans and receivables* on page 64 with regard to the Treasury bills of St. Lucia, Antigua & Barbuda, St. Vincent and the Grenadines and Grenada. The prudence of investing in these instruments was questioned in light of the inability of some OECS Governments to meet their commitments and requests to investors to accept "hair-cuts".

Bro. Charles advised that the Investment Committee was guided by the Credit Union's Investment Policy which stipulates the percentage of different instruments which should be maintained in the investment portfolio. He went on to explain that investments in Treasury Bills were carried out on the Regional Government Security Market which provide a cushion of comfort with respect to the safety of these instruments.

- Under *Available for sale- assets* an explanation was sought as to the nature of the investment in the *Corporation Enterprise Finance Facility (Corp-eff)*.

The General Manager, Sis. Lucia Livingston-Andall responded by explaining that Corp-eff was a new organization incorporated in Dominica to provide LP/LS services similar to that provided by the CUNA Mutual Insurance Company which is headquartered in the United States with a regional office in Trinidad. She stated that the Dominica League had taken the initiative to incorporate a company in the OECS where the service will be provided for the OECS Credit Unions. She opined that this investment was a great opportunity for the GPSCCU to share in the profits of this activity since the provision of LPLS services is an integral part of credit unionism. The GPSCCU had moved away from the CUNA Mutual Insurance Company following the passage of Hurricane Ivan and had instituted a system of self insurance. This however, was frowned upon by GARFIN. The investment in Corp-eff provided an opportunity for externally sourcing the service while sharing in the profitability.

- Under *cash and cash equivalent* on page 67 a member expressed concern with regard to the increase in deposits held with the banks for which no interest was being earned.

Bro. Charles responded that there had been an increase in loans being transferred from other financial institutions with accompanying deposits as a requirement for these loans. There had also been an increase in deposits generally. Some of the cash generated from these deposit were being used for internal operations while some were being held to fund major projects such as the renovation of the office building which was due to be started soon.

He admitted that the increase in deposits resulted in increased interest on deposits but cautioned against looking at this in isolation from the overall picture of the reduced interest expense to the Credit Union by utilizing deposits rather than high interest rate loans.

- A member sought an explanation of the comments from the Supervisory and Compliance Committee's Report with regard to approval of investments by the Board which read as follows: *"The Committee was satisfied that the objectives were met. However, the Committee noted that greater compliance to the Investment Policy is needed in the issuing of the Board approvals for the investments recommended by the Investment Committee."*

The Vice President and chairman of the Investment Committee, Bro C. De Allie, conceded that there were lags in recording the approvals of the Board and this has since been corrected.

- Explanation was sought with regard to the accrued vacation on pg 78 under *prior year adjustment*.

Bro. Charles responded that a payment in lieu of vacation was approved for the General Manager. This payment related to previous years and was therefore recorded as a prior year adjustment. The President added that the accrued vacation had been accumulated because the General Manager was not permitted to go on vacation due to pending projects. The policy has since been amended to mandate annual vacation leave

- Clarification was sought as it relates to IDC fees.

The Treasurer responded by explaining that the fees were the annual fee for the use of the Grenada Co-operative Bank's infrastructure for the year. Bro. K. Charles added that there were some outstanding issues with respect to the agreement between GPSCCU and Co-op Bank which had to be settled before further fees were paid.

Another explanation was sought on the IDC fees with regard to the annual deduction from card holders' accounts. It was questioned whether those monies were used to pay IDC fees.

Bro. Charles responded that these were used to meet part of the fees and to partly recover some of the administrative cost of providing the service.

- Explanation was sought on the income tax status of the Credit Union given that that credit unions are exempted from the payment of income tax under section 25 (p) of the income tax act 1994 and moves were afoot by the government to levy a tax on credit unions .

Bro. De Allie responded that the Credit Union Movement was requested to facilitate a payment to the Government in the amount of \$1M to assist in meeting current commitments under the structural adjustment program. He informed that the credit unions countered with an offer of 250k to be paid over the 3 year period of the program.

He went on to add that the credit union movement is not subjected to tax; the Grenada Co-operative League had several meetings with government officials where they were able to get them to agree that whatever payment was being considered would be a one off payment to be paid by the League on behalf of credit unions. The contribution per credit union would be based on asset size. With the GPSCCU having the largest asset base it would be expected to meet approximately 45% of the payment.

Since the meetings however, it has been determined that most of the credit unions were unable to pay dividends to their members due to insufficient capital. In view of this another meeting will be scheduled with government to discuss this new development and to state the credit union movement's inability to make the payment to government as previously negotiated.

Members were very vocal in their position that no payments should be made to the government.

- With regard to the presentation of the Financial Statements it was suggested that since most members were not accountants, the financial reports be more reader friendly.

There being no other matter, a motion to adopt the Auditor's report was moved by Bro. Garvin Roberts, seconded by Sis. Gemma Purcell-Phillip and carried without dissent.

Treasurer's Report

The Treasurer's Report was presented by the Treasurer, Bro. Garvin Roberts. He highlighted the main areas of performance and invited comments.

One member commended the delinquency control officers; they were applauded for a job well done. The member however was critical of the approach being used with regard to communication with the co-makers of delinquent borrowers. It was felt that co-makers were being "ambushed" in trying to recover these borrowed amounts and early actions should be taken to remind co-makers of their responsibility for the borrower's debt when they become delinquent.

Bro. K. Charles drew members' attention to the issue of Institutional Capital. He reminded them that the

financial strength of the Credit Union resided in its capital. He also informed that there was a requirement from GARFIN that Members' Equity be increased from its current level of 3% of total assets to 5%. Against this background he again made a plea to members to invest in Equity Shares.

There being no other matter, a motion to adopt the Treasurer's report was moved by Sis. Merryl Phillip-Sylvester, seconded by Sis. Rona Andrew and carried without dissent.

Election of Officers

AGM 15/11 Nominations Committee's Report and Election

A motion that the Nominations Committee's report be taken as read, was moved by Bro. Phillip Telesford and seconded by Brenda Charles carried.

Bro. Ray Roberts presided in the position of Returning Officer and presented the Nominations Committee's report and managed the elections process.

1. Board of Directors

There were three vacancies to be filled. The incumbents were completing their first three-year term of office and were therefore eligible for re-election.

The incumbents were all re-elected unopposed; they being:

- Sis Gemma Bain – Thomas for a 2nd three- year term
- Sis Annette Henry for a 2nd three- year term
- Bro. Caryle Felix for 2nd three year term

2. Credit Committee

There were three vacancies to be filled. One incumbent was completing the first three-year term and therefore was eligible for re-election while two were completing their second three-year term and were ineligible to be re-elected.

The meeting elected as follows:

- Bro. Simon Lewis for a 1st three-year term
- Sis. Judy Pivotte for a 1st three-year term
- Bro Dorran Strachan for a 2nd three-year term

3. Supervisory Committee

There were two vacancies to be filled. The members elected as follows:

- Sis. Pearlana Sylvester for a 1st three year term
- Sis Shirlyn De-Coteau- Sayers for a 2nd three- year term

Bro. Ray Roberts congratulated all those elected and thanked them for volunteering to serve their Uredit Union.

AGM15/12 Board of Directors Report

The Chairman moved a motion that the Board of Directors' Report be taken as read. This was seconded by Bro. C. De Allie and carried without dissent. He then invited questions or matters arising from the Report.

The following queries /concerns /questions were raised.

1. Proposed Rebranding

Members queried the rationale for this initiative, the role of membership in approving this initiative and the prudence of using a Canadian firm to conduct this exercise given the difference in cultures.

Bro. Telesford began by explaining the rationale for the initiative. He explained that businesses, in order to continue to be competitive and relevant, must continuously monitor the market and response to changes in market conditions. During a strategic review session of the Credit Union in which all volunteer committees and senior staff participated, it was brought out that the Credit Union might be disadvantaged by its current image. It was generally perceived as a Credit Union only for public officers and was therefore not realizing the full benefits of a bond that was opened to all Grenadians.

This led to the initiation of a rebranding project which was spearheaded by a rebranding committee comprising of members from different demographical backgrounds. A Canadian firm, which specialized in credit union rebranding and which had experience in the region was used to conduct the work. The results, however were highly influenced by the input of the local rebranding committee.

He went on to further explain that it was the intention of the board to roll-out the result of the rebranding committee's work and recommendations to the membership in a special meeting prior to the AGM. This however was not possible and would be done following the AGM.

Bro C. De Allie, Vice President, supported the Chairman by further explaining the rationale for using the Canadian firm.

He explained that the firm was a specialist in the area of credit union rebranding had done similar work in the region. The local rebranding committee was utilized to ensure that our differences in culture were recognized and captured.

Both the President and Vice-President reassured the meeting of the Board's commitment to further consult with the members on this very important issue. It was recognized that there must be members' buy-in but the work had to be brought to some level of completion in order to have something to present to the membership.

2. Intended use of Church street building

Another concern was raised with regard to the intention for the use of the building on Church Street after the move to the new building.

Bro. C De Allie responded that after transitioning to Bruce Street, the Church Street building will be put up for sale. This would be done through real estate agents.

3. Tax status of the Credit Union

Further comments were made with regard to the government's request for funds from the Credit Union Movement. It was felt that if the payments were to be made based on the level of assets then the GPSCCU would have to pay approximately 50% of the amount. This was felt to be onerous.

4. Financial performance

One member made reference to pg 19 of the report and complemented the Board on the Credit Union's financial performance and the high level of corporate governance displayed. He also complemented the fact that the GPSCCU was in the leader in terms utilizing the services of an Internal Auditor

A motion to adopt the Board of Directors' Report was made by Bro. Phillip Telesford seconded by Sis. Marina Jessemy and carried.

AGM15/13 Credit Committee Report

Bro. Terrence Victor, Chairman of the Committee, moved a motion that the report be taken as read. This was seconded by Bro. Maximus Lazarus and carried.

He then presented the report.

He highlighted that there was a slight decrease in both the number of applications submitted to the Credit Committee during the period under review and the total value of loans approved. In 2014 a total of 4405 loans were approved; a slight decrease over the previous year. This represented approximately 85 loans per meeting.

The chairman then focused on an area of concern for the committee; that of the adequacy of security especially in relation to equity shares. He encouraged members to increase their equity shares. By doing so members strengthen their capacity to borrow as well as the capital base of the Credit Union. This was therefore beneficial both to the member and the organization as a whole.

He ended by thanking the loans department for its support and in making the job of the Credit Committee easier. He extended heartfelt thanks to Mrs. Williams and her team and to the Board, Supervisory, Management and staff for a job well done.

A motion to adopt the Credit Committee report was made by Bro. Terrence Victor, seconded by Sis. Merryl

Phillip-Sylvester and carried.

AGM15/14 Supervisory and Compliance Committee Report

The report of the Supervisory & Compliance Committee was presented by the Chairman of the committee, Bro. Alan Francis

He drew members' attention to the written report which was presented on pages 34-38 of the Annual Report. This report documented the areas of work on which the committee focused during the year.

He highlighted the area of delinquency and went on to state that the philosophy of credit unionism is one to which he personally subscribes. This philosophy, which is based on members helping members, provides a framework for coordinated effort. Members work hand in hand to grow and individual actions impact everyone. He therefore encouraged everyone to save regularly in order to assist others to borrow when needed and encouraged borrowers to repay promptly.

He then admonished the members to become involved in, engaged and familiarized with the Credit Union, including its operations, the Credit Union Act and By-laws. He ended by congratulating the board and all the other committees for their performance during the year and welcomed those elected earlier at the AGM.

A motion to adopt the Supervisory and Compliance Committee report was made by Bro. Alan Francis, seconded by Sis. Collins and carried.

AGM 15/14 Budget for 2015/2016

Vice President, Bro. Christopher De Allie, presented the Budget for 2015/2016 and gave

highlights as follows:

- Revenues for 2015 were projected to increase from \$17.3M to under \$19m from 2015 to 2016
- Operating expenses were projected to shift from 5.0M to 6.2M, primarily fueled by personal, general and administration expenses.
- Net Surplus was projected to move from 2m to 2.5M with expenses increasing by 1.2M.
- Provisions for bad debts were projected to reduce from 1M to 0.5M therefore retrieving some of the monies, hence the Credit Union profit will not lesson for 2015.
- On the capital side the expenditures in 2015 and 2016 were projected to be significant because of heavy investment in computers and in outfitting the new building on Bruce Street. It was expected that the move into the new building would change the operations with a resultant increase in staff and training. The rebranding exercise was projected to cost an additional 100k, while work on the Morne Jaloux Project was projected at 800k during 2015 to facilitate the building of some show houses.

Further explanations were requested on the proposed expenditures on the Morne Jaloux project Member questioned the allocation for the 800k regarding Morne Jaloux Project.

- Bro. Kippling Charles, Finance and Operations Manager, responded that the Credit Union would be responsible for the construction of the show houses which in turn will then be sold.
- Bro. De Allie explained the arrangements entered into for constructing the homes on a shared profit basis of 60:40 in favour of the Credit Union. He went on to inform that the mortgages to finance the purchase of these homes must be through the Credit Union. He further explained that the houses constructed will not be low income houses but be sold within a range from \$300k to \$800k
- Members pointed out that based on the costing of the houses at Morne Jaloux, most public servants would not be able to afford to purchase.
- Bro. De Allie responded that a significant contributor to the cost was the terrain of the location and the cost of foundation work. He also added that most houses presently cost on average 400k, with the simplest of finishes. The average cost per sq ft ranges between \$175- \$250 but for the very basic houses, the average cost per sq ft is \$200.

A motion to adopt the Budget was moved by Bro. Christopher De Allie, seconded by Sis. Princess Herry-John and carried.

AGM 15/15 Resolutions

The following resolutions were approved/passed:

1. The allocation of surplus

Payment of a dividend on Equity shares of 6% amounting to \$431,825.00 for the financial year ended 31st December 2014.

2. Appointment of Auditors

Reappointment Pannell Ker Foster as auditors for the year 2015.

3. The approval of the budget

Approval of the budget for the year 2015 and 2016 as presented on pages 79-81 of the Annual Report

4. Reimbursement of Expenses to Credit Committee

Reimbursement made to Credit Committee was adjusted retroactive to 2014 and passed as follows:

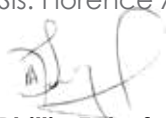
- All members \$85.00 per meeting
- Chairman and Secretary \$90.00 per month additional

AGM15/16 Any other business

There was no other business.

AGM15/17 Adjournment

A motion was moved to adjourn the meeting at 6:49 pm. by Bro. Phillip Telesford and seconded by Sis. Florence Anne Williams.



Phillip Telesford (Bro.)
President



Gemma Bain-Thomas (Sis.)
Secretary

Minutes of the Special General Meeting of the Grenada Public Service Co-operative Credit Union Ltd.

Held on Wednesday 16th March 2016
At the Grenada Trade Centre, Grand Anse St. George's

SGM16/01 Call to Order and Welcome

The meeting began at 5.02 pm, chaired by Secretary Sis. Gemma Bain-Thomas.

The Credit Union prayer was led by Bro. Maximus Lazarus followed by the National Anthem sung by members.

A moment of silence was observed in respect of all deceased members.

An excuse for absence was given on behalf of Bro. Ernie James, member of the Board of Directors, who was off-island.

Sis Gemma Bain-Thomas began the meeting by welcoming everyone. She went on to outline the purpose of the to consider, and give approval, for the rebranding of the Credit Union through the registration of a new business name.

She then invited the President to deliver his message.

SGM16/02 President's Message

The President, Bro. Phillip Telesford, began his message by acknowledging the presence of Sis. Deborah Cameron, Acting General Manager of the Grenada Co-operative League and Ms. Cecilia Edwards Q.C., of the Law Office of George E.D. Clyne.

He expressed his gratitude to the membership for permitting him to serve as President of the Credit Union since 2011. He said that with the support of his fellow Directors, he sought to continue on the growth path which was started by previous Presidents and Boards to ensure that the Credit Union remained poised to capitalize on all opportunities in the interest of all members.

Reference was made to the Credit Union's Strategic Plan for the period 2014-2018 which was developed through consultations among directors, committee members, management and staff and facilitated by past president, Bro. Aaron Moses.

These consultations, he said, brought to the fore a number of salient issues impacting the future operations, growth, long term sustainability and relevance of the Credit Union. These included the changing profile of the membership, an open bond, and the issue of whether or not the perception of the Credit Union among the general public facilitated the realization of the full growth potential from this open bond.

In light of this, one of the first activities undertaken in implementing the strategic plan was the commissioning of a survey/study of the image of the Credit Union in the local market. The results, he said, confirmed a mismatch between the Credit Union's current image and market demand among current and potential members.

Some organizational weaknesses in service delivery were also highlighted. As a result, the Board took the decision to address these deficiencies by commissioning the following projects:

- A project to review and reengineer all internal processes to improve efficiency and service delivery;
- A project to develop a more service oriented culture at every level of the organization to include directors, committee members, management and staff;
- A project to change the perception of the Credit Union to be more innovative and appealing to the wider Grenadian Market and the younger generation; that is, to rebrand.

The President went on to state that he was very confident that the successful implementation of these decisions would be to the benefit of all members. Members, he said, owed it to themselves and future generations of members to build an organization that would serve and satisfy changing needs, while holding true to the unchanging philosophy of "people helping people."

The decision to rebrand, did not diminish who we were, but rather, opened us up to more. The proposed rebranding would more closely reflect the Credit Union, not as an organization for public servants only, but for all Grenadians, whatever their age, wherever they may reside, and whatever their social and economic status.

He went on to explain that the corporate entity and identity would remain the Grenada Public Service Co-operative Credit Union Ltd as the owner of the new business name, Ariza.

Under this new brand there would be a renewed effort on:

- Focusing on the individual member;
- Providing a welcoming, all-inclusive atmosphere with consistency and professionalism;
- Providing prompt personal attention and member care;
- Engaging in constant innovation for early introduction and adoption of new financial solutions;
- Providing support for communities and people;

He thanked the members for supporting this initiative as the Credit Union continued to propel forward. The Chairman thanked the President for his message and introduced Bro. De Allie the Chair of the Rebranding Committee.

The report was presented by the chairman of the committee, Bro. Christopher De Allie.

He began by informing the meeting of the other members of the committee namely:

- Sis. Lucia Livingston-Andall
- Sis. Gloria Payne-Banfield
- Sis. Kimalene Regis
- Bro. Kevin Gilbert
- Bro. Kelvin George
- Bro. Kijana Romain

He explained that in choosing the Rebranding Committee, it was important that there be a random mix to provide different ages, different perspectives and different opinions.

The re-banding exercise, he said, had its genesis in a strategic retreat held among the board, committees and management. There it was identified that one of the things needed to be addressed was the fact that the GPSCCU was not really differentiated from other Credit Unions, but rather was seen as a branch on Church Street. The need to be unique, so that members could be excited and assertive about their Credit Union's identity, performance and successes and recommend potential members to share in these successes through membership was recognized.

He then went on to describe the process followed by the committee:

1. A consultant with expertise in Credit Union rebranding internationally and regionally was hired to conduct a preliminary assessment of the image of the GPSCCU to determine whether there was a case for rebranding
2. The consultant conducted a survey of the membership and staff in order to get a sense of their perception of the Credit Union. That was done through interviews with staff and with members in branch. Mystery shopper visits were also made to branches of other Credit Unions.
3. A report was presented on the findings which showed a disparity between members' needs and their perception of the Credit Union suggested the need for improving the Credit Union's image. That report was considered by the Committee and presented to the Board.
4. The Board considered, approved and commissioned a rebranding.
5. Many meetings were held between the Rebranding Committee and the consultant in which many different creative concepts were presented and analyzed. In the end the Committee chose the name ARIZA. That was then presented to, and approved by, the Board.
6. The journey to the name ARIZA took many months in which many different types of names, styles, colors, and fonts styles were considered. The meeting however, would be given the opportunity to decide on the final style and fonts through the presentation of four (4) different iterations from which to choose.

Continuing Bro. De Allie reiterated that rebranding did not simply mean the registration of a new business name as the brand under which the Credit Union would carry on business but rather a new way of doing business that would focus on member service and innovation. There were other initiatives therefore that would comprise the new brand as follows:

- New easily accessible building offering parking facilities and modern amenities housing all staff in a more comfortable environment
- Electronic filing of all documents
- Focus on member service and enhance customer service training for staff
- New member service charter
- Review and re-engineering of organizational processes to improve on service delivery

He further explained how the new brand would be operationalized by drawing on examples of companies that had a trading name, such as "Cable and Wireless" traded as "Lime", and "Unicomer Ltd." trading as "Courts". The "Grenada Public Service Credit Union" would continue to exist as the entity owning and trading under the brand "ARIZA".

In presenting the business case for rebranding Bro. De Allie focused on the tastes and habits of the younger members who were forming a growing share of the membership. To remain relevant, he said, the Credit Union needed to speak the language of the youth and provide products and services that they find attractive. To that end therefore, the GPSCCU was introducing mobile online account access and committing to offer new products and services as the demand arose.

At that point the four choices of design for the name Ariza was displayed for viewing and a performance by Bro. Nigel De gale, dramatically capturing, with drumming, the Grenada Public Service Credit Union from its conception in 1947 and highlighting all the advancement that the Credit Union accomplished throughout the years was made.

The chairman thanked Bro. De Gale for his presentation and invited Sis Kimalene Regis to make a presentation.

SGM16/03 Explanation of the Proposed Name

Sis. Kimalene Regis, Marketing Officer, presented on the meaning of the proposed name Ariza.

The name Ariza, she said, was developed to sound like the word "rising" and "horizon", two words symbolizing reaching above and beyond.

The sound created by the name was purposely made very short and punctual, for ease of memory and pronunciation.

Visually, the “I” or symbol in the middle of the name highlighted a person, the member, as the Credit Union was seeking to develop one member at a time, with a focus on the individual.

The remaining letters in the name Ariza were there to embrace the Credit Union membership which stood at the heart or center of Ariza, acting as a solid foundation from which each member would rise to financial success.

She went on to explain that as a metaphor, the Ariza brand, promoted upward movement, ascending to financial freedom and towards future success. The name represented nurturing, care and support with the emphasis on the importance of members being at the heart of everything that makes Ariza the Public Service Credit Union.

The colors chosen for the Ariza logo provided balance and vibrancy. The shade of turquoise had been selected as it was tranquil and calming, and was a symbol of wisdom and protection. The deep orange color was radiant and energetic and represented the forward progress of the Grenada Public Service Credit Union.

The new concept was a renewed focus on the things that members hold dear, and a focus on strategically positioning the Credit Union to grow by leaps and bounds.

SGM16/04 Message from Celia E.D. Clyne (lawyer of GPSCCU)

Sis. Clyne congratulated the GPSCCU for the progressive step being undertaken. She stated that the reality of the business world demanded that organizations make it easier for their clients to do business.

She stated that she had only recently become a member of the Credit Union since she was not aware that the Credit Union was not only for public officers. The name, she said, was a deterrent to getting new membership from outside of the public service.

She then went on to explain the legal ramifications of the proposed change. The GPSCCU, she said, being a co-operative registered under the Co-operative Society’s Act is a legal entity that would continue under the new proposed business name, Ariza, owned by the co-operative and registered. The credit union would continue to conduct business under its new business name. She further stated that there would be no adverse legal effects from this arrangement, which is widely practiced.

SGM16/05 Questions and Comments

Chairman of the rebranding committee Bro. Christopher De Allie opened up the floor for questions and comments regarding the name change.

However, he first recognized the presence of Mrs. Margaret Wilkinson, another legal representative of the Credit Union, and thanked her for her presence.

Question:

First question from the floor came from Bro. Raphael Roberts, who questioned the cost of the rebranding process and the necessity of changing the name to Ariza.

He stated that he would prefer to see the Credit Union embark on a methodology to attract new members by focusing on institutions like National College, instead of spending money on the rebranding and sending members to be trained as actuaries, so on return, they would be economic models that can be beneficial not only to the Credit Union but to the country at large. He added that we should have the name as "The Credit Union" and forget about calling it Ariza.

Response:

Bro. De Allie responded by stating that the cost was 250k.

He went on to clarify why the rebranding was being done:- to attract more members which would translate to more deposits, more loans, more business, more capital and a stronger Credit Union providing the opportunity for paying more dividends and generating more wealth.

The name proposed by Bro. Roberts, "The Credit Union" was not likely to provide the differentiation needed from any of the other Credit Unions that existed.

With regard to the proposal on developing expertise in Actuarial Science Bro. De Allie was of the view that that area of studies focused more on pensions and financial risk assessments in the insurance industry and was not an integral part of the Credit Union's business at this time.

Question:

Bro. Dexter Best questioned the need for change when the Credit Union had grown from strength to strength in loans, deposits and dividends.

He also questioned the need to change the logo which was easily identified as the Credit Union family. He was of the opinion that the membership should have been consulted before commencing work on rebranding or a name change.

Response:

Bro. Maximus Lazarus, Chairman of the Credit Committee, rose in response.

He stated that he was in favour of the change of name to "Ariza".

He reminded the meeting that this was not the first time that the Credit Union had changed its name. It began as the Grenada Civil Service Co-operative Credit Union and was changed to the Grenada Public Service Credit Union. People, he said, were generally hesitant to accept change, but change was inevitable. He reminded members that there was hesitancy in opening the bond. This hesitancy was very costly to the Credit Union since it lost potential members to a sister Credit Union who had reacted more swiftly to change in the market. Change, he said was the only real indication of growth .If one did not see change, one was not growing.

He posited that one of the reasons why the Caribbean was not developing was because it was not keeping up with changes fast enough.

Bro. De Allie responded further by adding, in response to the comment that the membership should have been first consulted, that the members, at the AGM, had put their trust in the committees and board of directors to make decisions on their behalf and perform the duties outlined in the Act and the Credit Union's Bylaws in the interest of the Credit Union's continued growth and development.

.Questions/comments

Sis. Yvonne Francis commented that perhaps the change was too sudden; it gave the feeling that members were suddenly being thrown out of their houses. She stated that there was an affinity to the logo and the name Grenada Public Service Credit Union and if there was gradual change with sufficient and timely information then the effect would be less shocking.

Bro. De Allie conceded but reminded the meeting that the topic was introduced at the last AGM.

A young member in the audience stated that when she was told to join a Credit Union she could not differentiate among the Credit Unions. She said that initially she was drawn to Scotia Bank since she had seen the name before, seen the logo and was familiar with it. She however was influenced by her parents to join a Credit Union as it was more beneficial. However, to her, they all seemed to be the same; she found it hard to differentiate.

She chose GPSCCU over the rest because of its online account access service which gave the look and feel of progress and modernity. This she said meant something to the younger generation. The current logo , she said was also outdated and undifferentiated and if the Credit Union was looking for growth in membership within her target audience, then this should be addressed. She appealed to the members present to view the proposal for change of name and logo with a more opened mind.

Sis. Sonia Murray stated that she understood the marketing implications of what had to be considered and also understood the members' emotion. She said that the importance of members was not demonstrated by the actions taken by the Board by not consulting before taking such a far reaching decision ,and the board had to accept the fact that it had erred.

She also recommended that the old logo, because it was already widely known, should go along with the new logo since that will help current members to continue to recognize the Credit Union and maintain trust.

She was skeptical about the way money was being spent which gave a perception of carelessness.

Bro. Kelly Patrick rose in support of the rebranding and commended the leadership of the Credit Union on the move. He said that he was extremely proud of the Credit Union and the leadership shown by the board and management team. The board, and the management team was given a mandate to govern the Credit Union, and that was being done. He stated that the Credit Union had come a long way in terms of progress and gave his full support to the rebranding initiative.

Bro. Austin Lewis also gave his support for the rebranding and asked the question whether or not it would be necessary to revisit the issue in the not- too distant future if the motion was not approved today. He said that this would most likely be the case given the changes in the market and therefore members should think carefully before rejecting the idea, thus prolonging the inevitable.

Bro. Dennis Clarke referred to page 7 of the report book, under business case for rebranding, 2nd paragraph, which stated that "rebranding in this context means the registration and use of a business name "Ariza Credit Union" and not just "Ariza".

He added that the board and management was asking the members to make a decision without relevant facts being brought forward, stating that they were absolutely silent on the projected cost of the implementation of the new brand as well as the projected net benefit to the Credit Union on implementing that new brand. He was of the view that the results of the survey that informed the decision to rebrand should have been attached to the document circulated for the meeting.

Bro. De Allie reconfirmed the cost of \$250k and indicated some growth figures in membership, assets and deposits that were being targeted through the initiative.

Bro Ambrose Phillip, then made some points on what was presented; stating that a bit of history might be useful as a reminder. He recalled having made the case for opening the bond between 12 and 15 years ago, and receiving similar emotional reactions from the older members who were attached to the closed bond.

He remembered saying that at that point that it was critical for the Credit Union's survival for the bond be opened. Eventually the emotions were overcome and a decision was made to open the bond. The result of that decision is evident today and the growth that had resulted.

Therefore in coming to decisions like these, members needed to be rational; to strip themselves from the emotional attachment of what they had grown accustomed to.

He cautioned that there were no guarantees that the rebranding would be successful. He referred to an attempt by one of the world mightiest companies "coca cola", attempting to change its classic cola, coke, and having a resounding failure. However a business case for a change of name had been made on page 7 of the SGM Report which showed that the Credit Union was no longer predominantly public officers. The report revealed that of the 1819 members who had joined the Credit Union over the last three years 243 or 13% were government employees. The Credit Union was no longer the Public Service Credit Union by composition. This trend started since the bond was opened although the name was not legally changed.

He indicated that there was a need not only to look at the proposed name change but at the business model being proposed and the strategic imperatives driving this proposal.

He noted that the young lady who had spoken earlier had indicated that her first inclination was to the Bank of Scotia and that she found all the Credit Unions to be indistinguishable from one another; that was what should be focused on. He agreed that the results of the survey should have been included in the report to show the members as that the case could be better presented.

Bro. Phillip went on to recognize the contributions of the pioneers in taking the Credit Union to its current position; members like Bro. Val Francis, Sis. Meryl Forsyth and company. These members during their terms in office took certain strategic decisions which changed the management of the credit Union as well as its strategic direction.

He stated that it was initiatives like these that organizations had to engage in from time to time, and if found to be on the wrong track, stop and take stock and regroup again. This was the exercise in which the Credit Union was currently engaged. He commended the initiative and urged members to support the resolution proposed.

Bro Michael Francis rose in support. He stated that he did not want other Credit Unions to be ahead of us. He wanted everyone to be aware that the Credit Union was for everyone so that opportunities for growth were not missed.

Sis. Brenda Charles, was critical of the sums of monies being spent on improving the facilities and training staff. She was of the opinion that this was not necessary but rather what was important was the quality of service that staff provided to members. She stressed that one should not lose focus on members and their invested money in the Credit Union.

Bro. De Allie responded by indicating that all the proposals were about improving service to members; through staff training, improved facilities and innovative products and services to ensure that the members were proud of the service they receive when coming into contact with the Credit Union. It creates a "feel good effect" for staff which in turn translates to the members; if the staff was not motivated then they would not give proper service.

At this point Bro. De Allie said special thanks to legal counsel, Mrs. Celia Clyne Edwards who, as a member, took time-off from her busy schedule to come to the meeting and offer legal advice at no cost to the Credit Union.

He then outlined the procedures for voting on the motion for rebranding.

- Everyone would go to the back of the room to vote on the new business name and the logo preference.
-
- The external Auditors, Panel Kerr Foster, would oversee the voting process and report the results on completion.

He invited Sis. Gemma Bain-Thomas to read the resolution.

SGM16/06

Resolution:

Registration of a New Business Name

WHEREAS the Grenada Public Service Credit Union has been known as the business and legal name of the society.

AND WHEREAS the Credit Union continues to operate satisfactorily but now it has now become necessary to appeal to a new and growing market.

AND WHEREAS it has been determined that refreshing and improving the Credit Union's image through rebranding would assist in capturing and satisfactorily serving this new market.

Be it resolved

That the Credit Union be rebranded through the registration of a new business name, Ariza owned by the Grenada Public Service Co-operative Credit Union Ltd and operating thereafter under this new name.

The resolution was seconded by Bro. Kelly Patrick.

Voting ensued.

Results:

Mrs. Michelle Millet from PKF read the results as follows:

Registration of new business name

Out of 182 votes

166 voted "Yes"

16 voted "No"

Logo choice

Out of 172 votes

91 voted on (A)

19 voted on (B)

15 voted on (C)

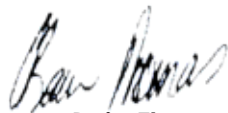
47 voted on (D)

Bro. De Allie thanked the Auditors and also thanked the members for voting in favor of the new name and the logo preference. This meant that the Board now had the mandate to go forward with new business name "Ariza". He promised to keep members informed as the process continued.

Meeting adjourned at approximately 8:05pm on a motion moved by Bro. Christopher De Allie and seconded by Sis Gemma Bain Thomas



Phillip Telesford (Bro.)
President



Gemma Bain-Thomas (Sis.)
Secretary

BOARD OF DIRECTORS

Bro. Ernie James

Bro. Ernie James is currently employed at The Ministry of Environment, Foreign Trade and Export Development as a Trade Officer. Prior to his current job he was employed with the Customs and Excise Division for fifteen (15) years as a Customs Officer. Bro. James holds a Masters Degree in Business Administration from the University of Whales online programme, and a Bachelor Degree in Management Studies from the University of the West Indies. Brother James has also acquired other professional certificates in Advanced Trade Negotiations and Trade Facilitation and is currently pursuing an online certificate in Commercial Diplomacy from the Institute for Trade and Commercial Diplomacy. Bro. James is currently the vice president of the Lions Club and has been an active member of GPSCCU for the last 10 years.



Javan Williams

Javan F. Williams is from the island of Carriacou, where he received his early years of education. In 2005 he attended Universidad Nacional Autonoma in Mexico graduating with a Certificate in Spanish. Mr. Williams earned a Bachelors Degree in Industrial and System Engineering from Centro Universitario in Mexico. He then pursued a Masters Degree in Project Leadership at the University of Sydney in Australia graduating in 2014.

2010 he was appointed as Permanent Secretary (AG), Ministry of Carriacou and Petite Martinique Affairs. At present he is Permanent Secretary with responsibility for Disaster Management.

During his Public Service career he served as Director on the Eastern Caribbean Telecommunications Authority (ECTEL), Grenada Postal Corporation, Secretary to the Transport Board and Chairman of the Project Steering committee for the Grenville Market Square Development Project.

Mr. Williams has given voluntary service to the Sustainable Development Council, community groups and served in the capacity of Assistant Scout Commissioner for Carriacou. He sees his involvement in voluntary service as a way of assisting in building his country through community groups and professional organisations.



Duane Noel

Duane Noel is the Information Technology Manager at the Grenada National Insurance Board (Social Security). He holds a Bachelor's degree in Computer science, Masters in International Business and Master in Business Administration.

Mr Noel served as Chairman of the Supervisory and Compliance Committee (GPSCCU), presently serving on the Board (GPSCCU) and successfully completed the Certified Co-operative Volunteer Training.

**SUPERVISORY AND COMPLIANCE COMMITTEE****Sis. Merina Jessamy**

Sis. Merina Jessamy currently holds the position Policy Development Officer in the Policy Monitoring and Evaluation Unit of the Cabinet Office, Government of Grenada.

Sis. Jessamy holds a Masters Degree in Public Policy and Economic Reforms for Development and has also attended various post-graduate training sessions and workshops. She also holds certificates in the areas of Project Management, Public Policy, Strategic Planning, and Corporate Planning. Sis. Jessamy's duties since 2006 include Secretary to the Board of Permanent Secretaries and Head of non-Ministerial Departments.

**Sis. Danielle Karel Hood:**

Sis Danielle Karel Hood is a Fellow of Association of Chartered Certified Accountants (ACCA) as of February 2013. She previously worked at PKF, Accountants and Business Advisors, where she performed the rolls of auditor and accountant for several companies in Grenada from 2004-2009. Sis Hood is currently the Financial Accountant at Grenada Electricity Services Ltd. from 2009 to present. She is a very disciplined, determined and conscientious person. These attributes together with her work experience enable her to serve the Credit Union well.



Notes



Grenada Public Service Co-operative Credit Union Ltd.
906 Church Street, St. George's , Grenada
www.gpsccu.org www.facebook.com/gpsccu info@gpsccu.org
1(473) 440-1759