



# ANNUAL REPORT 2019



Investing  
in *You*





# ANNUAL REPORT 2019

## Mission

To improve the quality of life of our members through sound financial solutions tailored to their needs

## Vision

To maintain our role as leader in providing all-inclusive financial solutions based on co-operative ideals

## Core values

1. Member focus
2. Professionalism and Commitment
3. Excellence and Innovation
4. Collaboration and Teamwork
5. Growth



*The beautiful "Sandy island" located off the west coast of Carriacou*

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

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

## 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

## Corporate Information

St. George's Branch

Bruce Street

St. George,

P.O. Box 886

T : (473) 440 1759 / 8296 / 2099

F: (473) 440 8031

W: [www.arizacu.com](http://www.arizacu.com)

 [www.facebook.com/arizacreditunion](https://www.facebook.com/arizacreditunion)

[www.facebook.com/excelclub](https://www.facebook.com/excelclub)

[www.facebook.com/excelclub](https://www.facebook.com/excelclub)

 [arizacu](https://www.instagram.com/arizacu)

Grenville Branch Office

Canal Road

Grenville,

St. Andrew

Telephone: (473) 438-4929 / 4930

Fax: (473) 438-4928

Carriacou Branch Office

Church Street

Hillsborough,

Carriacou

Telephone: (473) 443-7461

Fax: (473) 443-8520

Credit Union House

906 Church Street,

St. George's

Auditors:

BDO Eastern Caribbean

GCNA Complex, Unit D15,

Kirani James Blvd, St. George's

Bankers:

Republic House

Maurice Bishop Highway,

Grand Anse, St. George's

RBTT Bank (Grenada) Ltd

Grand Anse, St. George's

Grenada Co-operative Bank Ltd.

Church Street, Saint George's

Solicitors/Attorneys:

Wilkinson, Wilkinson &

Wilkinson

Law Office of George E. D Clyne

# Notice of Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Ariza Credit Union Ltd. will be held virtually on Thursday 24th September 2020 starting at 2 P.M.


## AGENDA

### OPENING SESSION

- 1.1. Call to order and welcome
- 1.2. Credit Union prayer
- 1.3. Silent tribute

### BUSINESS SESSION

- 1. Nominations Committee Report
  - 1.2 Elections
  - 1.3 Voting
  - 1.4 Sitting of new Directors
- 2. Consideration of the Minutes of the Annual General Meeting (AGM) held 27th June 2019
- 3. Committee Reports
  - 3.1. Board of Directors
  - 3.2. Credit
  - 3.3. Supervisory & Compliance
  - 3.4. Treasurer and Auditors
  - 3.5 Budget 2020 and 2021
- 4. Resolutions
  - 4.1 Amendment to Byelaw
  - 4.2 Appointment of Auditors
  - 4.3. Approval of Budget
  - 4.4. Allocation of Surplus

  
.....  
Sis. Claudette James  
Secretary

Visit [arizacu.rsvpify.com](https://arizacu.rsvpify.com)  
to RSVP or scan QR code:





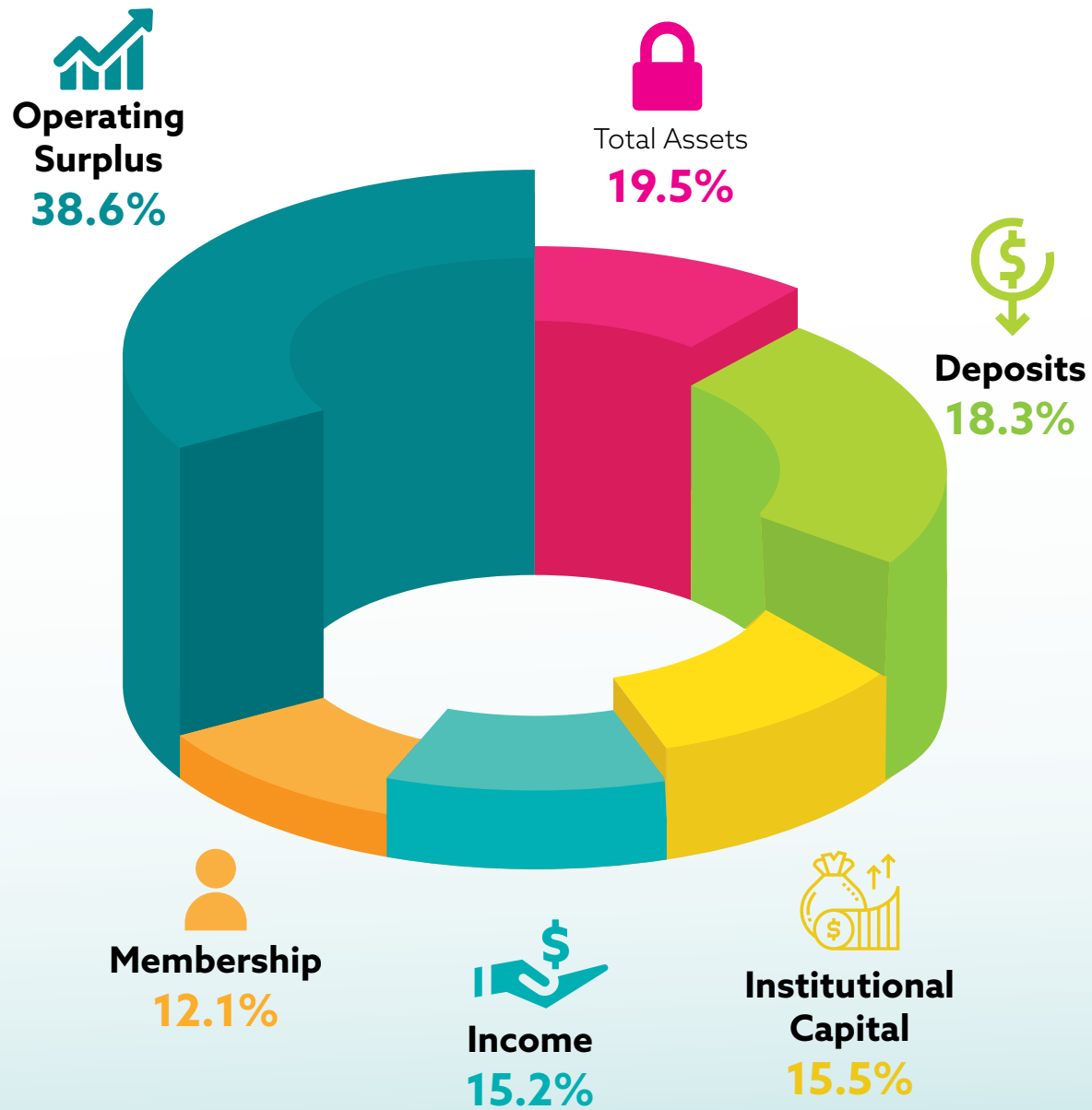
## Standing Orders

1. 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.
2. No member shall address the meeting except through the Chairman
3. 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.)
4. The mover of a procedural motion – (Adjournment, laid on the table, motion to postpone) to have no right to reply.
5. No speeches to be made after the "Question" has been put and carried or negated.
6. 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").
7. (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.
8. 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.
9. Only one amendment should be before the meeting at one and the same time.
10. When a motion is withdrawn, any amendment to it fails.
11. The Chairman shall have in addition to his ordinary vote, a "casting Vote" in the case of equality votes.
12. 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.
13. Provisions to be made for protection by the Chairman from vilification (personal abuse)
14. No member shall impute improper motives against the Chairman, Board of Directors, Officers or any other member.

# Operating Highlights

	2015	2016	2017	2018	2019
Gross Loans	201,819,571	226,051,348	266,646,770	311,883,183	343,137,686
Net Loans	197,129,081	220,860,859	261,756,746	305,693,139	335,804,886
Investments	23,277,759	25,588,385	28,665,984	18,797,261	50,070,384
Fixed Assets	12,810,256	19,114,702	24,944,928	27,884,966	25,031,041
<b>Total Assets</b>	<b>253,305,663</b>	<b>287,192,262</b>	<b>331,056,650</b>	<b>376,858,430</b>	<b>450,334,307</b>
<b>LIABILITIES</b>					
Member's Lifetime Savings	105,244,887	119,094,956	142,540,794	165,500,796	191,847,083
Other Deposits	114,202,054	128,411,905	143,737,195	157,718,897	190,457,502
<b>Total deposits</b>	<b>219,446,941</b>	<b>247,506,861</b>	<b>286,277,989</b>	<b>323,219,693</b>	<b>382,304,585</b>
<b>CAPITAL</b>					
Member Equity	7,781,891	9,070,289	10,986,015	12,753,644	14,668,678
Member Qualifying Shares	2,346,896	2,731,038	2,884,200	3,519,435	3,975,875
Surplus and Reserves	17,773,146	19,234,169	22,351,316	25,441,149	29,486,182
<b>Institutional Capital</b>	<b>20,120,042</b>	<b>21,965,207</b>	<b>25,235,516</b>	<b>28,960,584</b>	<b>33,462,057</b>
<b>INCOME</b>					
Interest on loans	17,389,237	18,644,171	20,658,225	25,818,776	28,640,693
Other Income	1,541,034	1,049,704	1,201,002	1,232,901	2,517,670
<b>Total income</b>	<b>18,930,271</b>	<b>19,693,875</b>	<b>21,859,227</b>	<b>27,051,677</b>	<b>31,158,363</b>
Expenditure					
Interest on Deposits	8,715,028	8,670,913	9,490,754	11,048,030	11,764,201
Other Expenses	5,732,161	8,193,226	8,768,609	9,938,786	10,985,666
<b>Total expenses</b>	<b>14,447,189</b>	<b>16,864,139</b>	<b>18,259,363</b>	<b>20,986,816</b>	<b>22,749,867</b>
<b>SURPLUS</b>					
Operating Surplus for the Year	4,483,082	2,829,734	3,599,864	6,064,859	8,408,496
Provision for Risk Assets	1,000,000	500,000	500,000	1,369,843	2,308,095
Unappropriated surplus/(deficit)	3,483,082	2,329,734	3,099,864	4,695,016	6,100,401
<b>DIVIDEND</b>	<b>444,964</b>	-	<b>614,595</b>	<b>751,521</b>	<b>882,248</b>
<b>REBATE</b>	<b>523,340</b>	-	<b>426,805</b>	<b>516,375</b>	<b>572,814</b>
<b>Incentive Bonus</b>	-	*651,262			
<b>MEMBERSHIP</b>	<b>11,309</b>	<b>13,002</b>	<b>15,114</b>	<b>17,492</b>	<b>19,608</b>

\* In 2016 the Credit Union's Institutional Capital stood at 6.7% and as a result dividend and rebate were not paid as in keeping with the Act. An incentive Bonus payment was made to members in lieu of a dividend and rebate.



## Management Executives



**Lucia Livingston-Andall**  
Chief Executive Officer

**Kipling Charles**  
Executive Manager  
Finance & Operations

**Florence Williams**  
Executive Manager  
Loans & Credit Administration

# Management Team

Scenic view from the Princess Royal Hospital  
overlooking the town of Hillsborough



**Edwin Francis**  
Manager  
Marketing

**Dane Sylvester**  
Manager  
Projects

**Neika Johnson**  
Accountant

**Dayna Francis-Roberts**  
Manager  
Loans

**Kevin Gilbert**  
Manager  
Carriacou Branch

**Lenus Walker Jr.**  
Manager  
IT & Special Projects

**Gerlan Peters-Toussaint**  
Manager  
Risk & Compliance

**Herschel Whteman**  
Manager  
Business Loans

**Michelle McDonald**  
Manager  
Human Resources

**Sabrina Rodney-Ogilvie**  
Manager  
Grenville Branch



# Ariza Ambassadors

## Administration



Nghia Haynes

Janice Darbeau

Roxanne Antoine-Richards

Richard George

Tiffani Hall

Roxanne Charles

Sonia LaTouche-Cadet



*Shakespeare Mas is an annual highlight of the island's pre-Lenten carnival. Costumed masqueraders converge on crossroads with sticks and words as they face off in pairs and challenge one another by declaiming from memory long passages from Shakespeare's tragedy Julius Caesar*

## Information Technology

## Marketing



Amirah Branch

Edwin Francis



Ozimba Toussaint

Gerard St. Louis

Lenus Walker Jr.

Member Care





*The island of Petite Martinique; the smallest of the tri-island state of Grenada Carriacou and Petite Martinique*

## Risk & Compliance



Gerlan Peters-Toussaint

Cristel Lalite

Dahelia Thomas

## Filing



Gerard Hillaire

Veronica Alexander

Kinesha Moses

Leah Regis

Makaylar Hannibal

Aidan Peters

# Ariza Ambassadors

## Finance & Operations

### Back Office



*A local boatbuilder continues the traditional art of boat building widely practiced in Carriacou and Petite Martinique*

## Tellers



Tyler John

Martina Modeste

Kelron Brathwaite

Donnisha (Deneil) Gilbert

Nerissa Chitterman

## E-Services



Terissa Mitchell

Kenson Cumberbatch

Nerissa Read



# Ariza Ambassadors

## Loans & Credit

## Loans Head Office

Jenelle Viechweg-Harbin

Shaquille Isaac

Kishon Palmer

Herschel Whiteman



Michelle Cambridge Marryshow

Dayna Francis-Roberts

Leanne Purcell

Asher Andall

Dossia Ferguson-John

Kynda Sylvester (not in photo)

## Collateral Securities



Jade Henry

Sierra Duncan

Mondella Lynch-Alleyne (not in photo)



*Saraca, a delicacy in Carriacou and Petite Martinique. It features, rolled rice, stewed peas, provision and a variety of local meats*

## Delinquency Management



Matthew (Stephen) Joseph  
Heather Thomas  
Sinicar Henry-Andrews  
Sindy-Ann Morain  
Marietta Mitchell (not in photo)

## Credit Admin



Staciann Lake  
Edlyn Lalsee  
Geanelle Mitchell  
Candia Nicholas  
Kesha Bartholomew  
Kendra Noel

# Ariza Ambassadors

## Carriacou Branch



Wineth Stewart

Jeanette Stanislaus

Kevin Gilbert

Princess Herry-John

## Grenville Branch



Raymonda Herry

Loreen Toussaint

Neisha Allard

Raquel Langdon

Sabrina Rodney-Ogilvie

Theresa (Londell) Francique



*Dancers performing the Big Drum Dance which is a series of dances prepared for special occasions such as weddings and other festivals*

## Parking Valet

## Ancillary Staff



Lema Mitchell

Emelyn St. Hillaire



Delon Belfon

Ordel Joseph

Carlos Duncan

# President's Message





One of the few windmills left in the tri-island state. This windmill is at Belair in Carriacou previously used to crush sugarcane

## Overview

Greetings to all ARIZA Members, Management and Staff, Committee Members, and our Board of Directors. It has been a privilege to serve as President for another year, and it is with pride and humility that I present this year's report.

The exuberance observed from my colleague Directors over the year, along with the strength of Committee Members, Management, and Staff, provided motivation for continuous improvement. Despite challenges, everyone pulled their strengths together to keep us moving forward as a financial institution that will continue to stand out here - at home, and in the region. Your support provided me with the level of energy and enthusiasm needed to work at my best.

Brothers and Sisters, our rebranding effort has continued to expose our Credit Union as a leading example in the ever-changing financial environment. This, however, is not the time for complacency. Improvement for ARIZA is not a one-off achievement, but instead continuous improvement on a steady trajectory. We must stay connected to remain relevant and competitive. Your input over the year, therefore, was very welcomed as it assisted towards overall enhancement. The Board of Directors listened well and presided over matters to approve the best set of policies and set the strategic direction for the long-term benefit of the Credit Union.

I remind us of our investment in new financial software (Share Tec). This recent technological change is making many financial operations more efficient, and as we become more adaptive, more of our processes will be optimized. The Board has remained resolute in tracking the successes of the new software to see how we can recommend the inclusion of as many of our services as possible into one platform.

The Board has also paid special attention to our Ridgeway Residences Project by contracting additional resources internally to supervise closely and manage the development. To date, one of the model houses has been sold with two others completed and available for sale. With this renewed thrust, we continue to be very optimistic about the success of this high-end housing development.

## **2019 Achievements**

Your President is pleased to mention some of the key successes for this financial year. These are outlined in greater detail in the Board of Directors' Report. I, however, provide a few highlights as follows:

- Completion of our state-of-the-art office building in Carriacou;
- Attaining a membership base of 19,608 members;
- Reaching an asset base of \$450m, a gross loan portfolio of \$342m, and a total deposit base of \$382m.

## **2019 Challenges**

The high demand for our services has highlighted the need for creativity and novel approaches to the way we serve. Consequently, decisions have been made to boost staffing in critical areas and to embark on a Service Transformation project aimed at improving service and communication at every level of the organization.

## **Forging ahead**

In keeping with this thrust, we have approved a set of financial plans to ensure that we remain compliant with regulations and keep our Credit Union financially sound. We have approved some resolutions which were made at last year's Annual General Meeting. They have yet to be implemented, but we are endeavouring to do so as soon as we have regulatory comfort. Thinking of my Credit Union frequently has me introspecting on the




quote from The News Tribune, **“Credit unions make sense now more than ever.”** This knowledge provides the kind of energy that keeps me challenged to help guide futuristic plans for the benefit of ARIZA.

Brothers and Sisters, we can only uphold a strong presence in the financial space if we work together and continue with the spirit of people helping people. This calls for professionalism, enthusiasm, respect for each other, and tolerance. As President, I am asking that we respect differences and exercise inclusiveness in operations.

I must end with a word of caution. We are now faced with the deadly Coronavirus (Covid 19) that is changing the way we live. Life as we know it is slowly moving towards a new normal that makes it imperative for financial modification in the way we serve our members. Therefore, I ask of our members to be open-minded and receptive to changes as no one can predict how long we may be exposed to this threat. However, let us all trust in God and hope for the better.

Blessings Brothers and Sisters as we keep our faith for a brighter future.

  
.....  
**Javan F. Williams (Mr.)**  
**President**

## Board of Directors' Report 2019

*The beautiful Paradise beach located in  
the village of L'Esterre in Carriacou*



(L-R) Bro. Aaron Moses, Sis. Carla Thomas-Ross, Bro. Lyndon Bubb, Sis. Claudette James,  
Bro. Dennis Cornwall, Sis. Peterlyn Cooper, Bro. Javan Williams, Sis. Michelle Sayers-Griffith

Otis Gay (not in photo)

Board Composition

At the conclusion of the Annual General Meeting in June 2019, the following members constituted the Board of Directors:

- Sis. Peterlyn Cooper
- Sis. Claudette James
- Sis. Michelle Sayers-Griffith
- Sis. Carla Thomas-Ross
- Bro. Lyndon Bubb
- Bro. Dennis Cornwall
- Bro. Otis Gay
- Bro. Aaron Moses
- Bro. Javan Williams

At the first meeting of the Board of Directors following the June 2019 AGM, the following executive officers were elected:

- |                               |   |                 |
|-------------------------------|---|-----------------|
| Bro. Javan Williams           | - | President       |
| Bro. Dennis Cornwall          | - | Vice President  |
| Sis. Claudette James          | - | Secretary       |
| Bro. Lyndon Bubb              | - | Asst. Secretary |
| Sis. Carla Thomas- Ross       | - | Treasurer       |
| Sis. Michelle Sayers-Griffith | - | Asst. Treasurer |

Overview

Providing the best service to you, our members is always our foremost consideration. With this in mind, the Board, staff, and volunteers have worked together to make Ariza Credit Union one of the strongest financial institutions in Grenada, with assets now standing at over \$450 million. The year under review, (2019) was a very busy year for Ariza. Some of the highlights include

completion of our permanent home in Carriacou, the commissioning of the first ATM in St. David - a welcome convenience for the many members we serve in that parish - and the erection and refurbishing of several bus stops throughout Grenada and Carriacou.

According to Bill Gates, "Success today requires the agility and drive to constantly rethink, reinvigorate, react, and reinvent." This quote is true of not only 2019, but throughout the past 73 years of operation of our Credit Union. As a financial co-operative, it is our duty to have a finger on the pulse of our communities and adopt an agile mindset so that we may meet the needs of our diverse membership. In the past year, this agility has allowed us to find success in a tough economic climate. Financially, our year was favourable, experiencing growth in both membership and loans.

I am sure you are familiar with our advertising and marketing campaigns which have been very well received. One of the positive outcomes of our campaigns is the very healthy growth in new members; over 2,000, bringing our total membership to 19,608 as at December 31, 2019.

Investing in and providing value to you, our members are at the forefront of all that we do at Ariza. During 2020 we will be embarking on a number of projects to maintain our commitment to you. We have dubbed 2020 as our year of engagement and outreach and therefore you can expect to see more of us. As a member-owned organization, your thoughts, opinions, and insights on how we can continue to support you and serve you better, matters to us. The Board's main

focus is to be prudent, to protect members' savings, and continue to build a strong, safe Credit Union while developing modern, high-value services for our members. We pride ourselves on being "different" from our competitors and we will focus on furthering that differentiation in everything we do and offer to you.

### **Permanent Carriacou Home**

Twelve (12) years ago we planted a seed in Carriacou and Petite Martinique. We continued to nurture that seed, and it eventually sprouted, blossomed, and bore fruit. That plant continued to grow over the years and in time, more seeds were produced. We outgrew our Carriacou office, as membership, loans, deposits, and profitability grew exponentially. On 5<sup>th</sup> December 2019, we saw the transition of a new seedling to a fully grown, free-standing tree in the Hillsborough community. Ariza now has a home in Carriacou and will be a permanent part of this vibrant and cultural community for years to come.

### **External Environment**

The International Monetary Fund (IMF) forecasted a global growth rate of 3.3% for 2019. The actual growth rate was, however, lower at 2.9%. Additionally, at the start of 2020, the global environment was already showing signs of a slowdown. The ECCU region, however, experienced a growth rate of 3.2% for 2019 despite the downturn in the global economy.

The onslaught of the COVID-19 pandemic put a damper on the growth experienced in the region in 2019

and grounded to a halt, much of the progress being experienced in our economies. Many of the region's best-laid plans have been nullified and many countries have been forced to adjust to new ways of doing business and to embrace a new normal. This disease has not only affected people and their health but also has economic and financial fallout, and continues to disrupt every facet of our everyday lives. With the closing of borders to safeguard lives, economic activity in most cases received a severe blow and has inevitably affected tourism, the main contributor to the GDP of many Caribbean islands. Unemployment has skyrocketed and is estimated to be as high as 50% in some islands of the region.

The one constant in life is change. This pandemic has taught us that we are resilient as a people and we can adapt whenever it is necessary. At Ariza, we have had to adjust our way of serving you due to the pandemic and we will continue to change as is necessary without compromising the service that we deliver to you, our valued members.

### **Credit Union Sector Performance**

The credit union sector in Grenada continued to experience positive growth with total assets surpassing the one billion dollar mark in 2019, a rate of growth of 15.3% from that of 2018. Loans grew by 12.3% increasing from \$654.7m to \$735.2m and deposits increased by 14.3%. Credit Union membership experienced positive growth this year by 7.9% when compared to a decline in the previous year. It is safe to say that the populace is continuing to recognize the

importance of credit unions to our economy, and more importantly the role credit unions play in helping them achieve their personal financial goals.

The following table summarizes the performance of Ariza relative to all credit unions for the year 2019.

ALL CREDIT UNIONS				ARIZA CREDIT UNION			
	As of December 2019 \$	As of December 2018 \$	% Change	As of December 2019 \$	As of December 2018 \$	% Change	Ariza Market Share (%) in 2019
<b>Deposits</b>	849,040,372	742,529,155	14.3%	382,304,584	323,221,477	18.3%	45%
<b>Loans</b>	735,189,251	654,666,558	12.3%	343,137,686	311,883,163	10.0%	46.7%
<b>Total Assets</b>	1,014,092,054	879,182,050	15.3%	450,334,307	376,858,430	19.5%	44.4%
<b>Members</b>	71,666	66,389	7.9%	19,608	17,492	12.1%	27.4%

## Ariza's Performance

### Financial Performance

Ariza maintained a healthy financial position in 2019. Total assets grew by \$73 million or 19.5% at the end of the year to \$450.3m. Growth from loans totaled 10.0% and members' deposits went up by 18.3%. As we continued to differentiate ourselves in the market, we reaped the benefits through an increase in membership, both locally and regionally. We are indeed grateful for your continued support and the confidence you have placed in us as a Board.

### Corporate Governance

During the year under review, all volunteer committees continued to function effectively, meeting as required in order to fulfill their fiduciary and statutory obligations.

### Compliance and Risk Management

Ariza continued to improve its standards and onboarding processes to remain compliant with all regulations. With the increase in digital and online activity, your credit union remained cognizant of the associated risks that come along with these technological advances and has become more vigilant to protect members. We trust that we would continue to have your support as we move forward.

### Marketing Highlights

Several branding and marketing initiatives were undertaken to reinforce our brand presence with the view to make Ariza into a household name that resonates in the communities in which we operate. Additionally, sponsorship was provided for the following activities:

### **Carriacou and Petite Martinique Carnival**

This continued to be one of the most anticipated events in Carriacou and Petite Martinique showcasing Carriacou's unique culture. Ariza retained title sponsorship of the main event; the Ariza Kayak Mas Soca Monarch. All finalists were awarded with Membership vouchers while patrons were treated to Ariza memorabilia.

### **Petite Martinique Regatta**

This event was executed over a one-month period with the main activities (cultural shows and boat racing) taking place on the last weekend in July. The event was well attended by Grenadians residing in the USA, the UK, and persons residing in neighbouring islands. Winners of the boat racing competition received Membership vouchers, while winners in the different onshore activities received Ariza branded tokens and memorabilia.

### **St. Andrew Cricket League**

The league hosted a series of cricket competitions held weekly in the parishes of St. David and St. Andrew. There were a total of 32 teams vying for the top three positions. The games were held weekly on Saturdays and Sundays from May to July. Ariza information, tokens, memorabilia, and vouchers were distributed at the games.

### **SpiceMas Carnival 2019**

Grenada's main cultural event held annually with weekly events from April to August culminated with a grand finale weekend. Many Grenadians living in the diaspora, as well as revelers and patrons throughout

the region and internationally, visited Grenada to partake in the events, and shows. This was used as an opportune time to showcase Ariza's brand. Ariza was able to secure a joint title sponsorship for the 'Ariza Coca Cola Kiddies Carnival' where traditional games, face painting and other activities were featured in the Ariza Kids Village.

In addition to these events, several in-branch activities were executed throughout 2019 to share the Ariza cheer and goodwill with members. These included:

- Valentine's Day - I Love You promo
- Independence - Free bus ride campaign
- Mother's Day and Father's Day celebration
- Easter Cheer
- Christmas Eve - Santa and Pan
- New Year's Eve pan

## **Human Resource Development**

### **Job Training**

We continued to assist both secondary and tertiary schools with internship programmes. In 2019, internship opportunities were provided to the T.A. Marryshow Community College (TAMCC), St. Joseph's Convent, Grenville, and St. Joseph's Convent, St. George's.

These internships helped students by providing an office environment where they learned to function within a professional setting. They were assisted in forming appropriate attitudes, speaking and interacting at a professional level. They also formed strong relationships and were better placed at the end of the programme to implement successful work habits.



## **Scholarships**

Ariza continued in its drive to provide support in the development of the nation's human resources through its secondary and tertiary scholarship programmes.

### **1. Blue Ribbon Award**

This is an award for entry into secondary school to the Ariza Education Savings Plan saver performing best at the Primary Exit Assessment level. Two (2) students were awarded, having tied, by obtaining a score of 489 out of a possible 500. The awardees were Samuel Roberts, son of Sis. Adeltris Roberts, and Bro. Rawle Roberts and Joseph De Souza, son of Sis. Camille Lois Gooding-De Souza. We wish them the very best in their secondary school journey.

### **2. Brighter Futures Scholarship**

This award for entry at the tertiary level to the T. A. Marryshow Community College was granted to two (2) students for the 2019 academic year; Jenebi Benoit son of Sis. Beverly Benoit and Samuel J. Austin, Excel member, and son of Sis. Joy Austin.

The recipients received a grant in the amount of \$1,500.00 per year for their two-year TAMCC Programme.

### **3. Secondary School Scholarship**

This programme continued with two (2) awardees for 2019; Kimaya S. J. Richards daughter of Sis. Pamela Richards and Alistasha Ottley daughter of Sis. Maurisa Ottley.

The students in the Ariza Credit Union Secondary School Programme are chosen based on financial need as well as academic performance and are required to maintain high grades throughout their school life.

### **4. Joseph Bain Scholarship**

The Joseph Bain Award 2019 assisted four (4) members in pursuit of their University level education at various institutions.

The awardees were:

- Trist'n Joseph, pursuing studies towards his Bachelor's degree in Mathematics at Pace University
- Shenade Gordon, pursuing studies towards her Bachelor's degree in Physics with Medical Physics at the University of Sheffield
- Texanne Gabriel, pursuing studies towards her Medical Degree at the St. George's University
- Taralyn T.K Charles, pursuing studies towards her Bachelor's degree in Psychology at the University of the Southern Caribbean

## **Scholarships Committee**

The Committee, under the chairmanship of Sis. Merryl Baptiste-Lord continued to work diligently to assess eligibility and recommend recipients for the various awards, also to provide guidance and counseling to some of the students afterward. The Board recognizes and applauds their work and extends heartfelt appreciation.

## **Member Education**

Supporting members through financial training and education continued to be one of the areas of focus.

Financial literacy, as well as Co-operative history and governance workshops, were held on 24<sup>th</sup> August 2019 to sensitize members on ways to properly manage their finances and gain an appreciation for the fundamentals of credit unionism.

As a Board, we continue to be totally committed to the Credit Union's promise of assisting members to reach financial freedom.

The current state of awareness among members with regard to retirement planning and preparation is a

cause of grave concern. During 2020 it is our intention to accelerate training in this area so that members can be more appreciative of the need for Personal Retirement Savings to augment NIS age benefits and other corporate retirement/pension plans.

### **Staff Training and Development**

Emphasis continued during the year on equipping our staff to deliver on the Ariza promise through education, training, and capacity building. In addition to ongoing internal training the following other training opportunities were provided:

PARTICIPANTS	TRAINING	INSTITUTION	DATE
Gerard St. Louis	Laserfiche Empower Conference - California	Laserfiche	03 – 09 February 2019
Lucia Livingston-Andall Roxanne Antoine Nerissa Read Mondella Alleyne Stephen Joseph	Increase productivity in the workplace	GCIC	14 February 2019
Arya Clyne Shaunon Amade Kendra Noel Abigale Alexander Veronica Alexander	Becoming a customer service superstar	Eddie Frederick	19 – 20 March 2019
Princess Herry-John	Internal Training	Ariza Credit Union	18 March – 03 May 2019
Gerlan Peters-Toussaint	AML Compliance Training-Miami	ACAMS	15 – 19 April 2019
Dayna Francis-Roberts & Theresa Francique	Mortgage Underwriter Training - St. Kitts	ECHMB	06 – 10 May 2019
Claudette James Justin Hazzard Lucia Livingston-Andall Kurt Bartholomew	OECS Summit 2019 - St. Lucia		04 – 07 June 2019
Ozimba Toussaint	Visa Card Training	UCS	10 – 13 July 2019

PARTICIPANTS	TRAINING	INSTITUTION	DATE
Lucia Livingston-Andall Sabrina Rodney-Ogilvie Dennis Cornwall Javan Williams	2019 CCCU Convention	CCCU	28 – 31 July 2019
Edwin Francis Jade Henry	Filing Processes- Trinidad		21 – 23 August 2019
Kippling Charles Lenus Walker	Sharetec User Conference-USA	Bradford Scott	15 – 19 September 2019
Dennis Cornwall Lyndon Bubbs Claudette James	Directors Education and Accreditation Program		6 – 9 November 2019
Michelle Cambridge-Marryshow Theresa Francique	Mortgage Underwriter Training-St. Kitts	ECHMB	25 – 29 November 2019

### Social Responsibility and Corporate Giving

Ariza continued its sponsorship of the GRENCODA Student Assistance programme to the tune of an annual contribution of \$20,000. This sponsorship amounted to more than one third of the organization's total funding and was used to provide assistance to students in various secondary schools, the T. A. Marryshow Community College, and the New Life Organization (NEWLO) to meet examination fees, transportation, meal allowances, the cost of school books, and uniforms.

We encourage other partners to assist in these well-deserving areas and applaud GRENCODA on their unwavering commitment to this cause.

As an organization committed to operating in the interest of the well-being of all members, Ariza continued, through its Provident Fund, to meet the needs of less fortunate members. During 2019, donations in excess of \$51,000 were made to members

for medical emergencies and for Christmas hampers to the needy and shut-ins.

The creation of this Fund was influenced by the need to be our brothers' keepers in accordance with the co-operative spirit and philosophy. As we move into 2020, the need for this Fund has become even more glaring as members are called upon to prevent the possible deadly effect of the pandemic for the protection of us all. Donations will continue to assist in meeting medical and other living needs as the full impact of the pandemic unfolds.

### Provident Fund Committee

The Board again benefited from the work of the Provident Fund Committee in managing the Provident Fund and making recommendations for support in well deserving cases to members in need.

We thank the committee, under the chairmanship of Sis. Gloria Payne Banfield, for their selfless, voluntary

service and dedication to the work of our Credit Union. We also extend appreciation to our retired volunteers from the Provident Fund Committee, Sis. Mary John and Bro. Rupert John, who served on this committee since its inception.

## Staff Changes

During the year, the total staff complement employed within all branches increased to eighty-six (86) as key staff positions were filled within all departments.

Three (3) employees left our family to pursue other goals. We thank them for their years of service and extend best wishes for future endeavors.

## Transitions 2019

<b>Jennifer A. Alexis</b>	Grand Anse Valley, St. George
<b>Gregory Alexis</b>	Chantimelle, St. Patrick
<b>Elsa Andrew</b>	Morne Jaloux, St. George
<b>Tricia Antoine</b>	Kirani James Boulevard, St. George
<b>Catherine Arnold</b>	Brooklyn, St. John
<b>Jehonathan Arnold</b>	Perdmontemps, St. David
<b>Delma Baldeo</b>	Belmont, St. George
<b>Carla Baptiste</b>	Lucas Street, St. George
<b>Judd Bartholomew</b>	Happy Hill, St. George
<b>Elizabeth Bascombe-Sylvester</b>	Happy Hill, St. George
<b>Kennedy Bowen</b>	Morne Jaloux, St. George
<b>Joyleen Bridgeman</b>	New Hampshire, St. George
<b>Rita Briggs-Palmer</b>	USA
<b>Rachael Brizan</b>	Mt. Rush, St. George
<b>Richard K. Bubb</b>	Telescope, St. Andrew
<b>Oswald Buxo</b>	Morne Fendue, St. Patrick
<b>Nicholas Cadore</b>	USA
<b>Dr. Kerlene Calliste</b>	River Road, St. George
<b>Estella Carr</b>	Petite Martinique
<b>Theresa Caesar</b>	USA
<b>Alban Charles</b>	Birchgrove, St. Andrew
<b>Marcia Charles-Lewis</b>	Marigot, St. John

<b>Arnold Cruickshank</b>	Old Fort, St. George
<b>Donald Cruickshank</b>	Marian, St. George
<b>Maurice Darius</b>	True Blue, St. George
<b>Hazel Donowa-Osborne</b>	Spring, St. George
<b>Ian Dowe</b>	Morne Jaloux, St. George
<b>George Edwards</b>	L'anse Aux Epines, St. George
<b>Desmond Elias</b>	Gouyave, St. John
<b>Sarah Fleming</b>	USA
<b>Percy Fleming</b>	Snell Hall, St. Patrick
<b>Milton Francis</b>	Corinth, St. David
<b>Eldica Frederick</b>	Morne Toute, St. George
<b>Trevor Friday</b>	Mt. Rodney, St. Patrick
<b>Edmund Gilbert</b>	Springs, St. George
<b>Tagore Harroo</b>	Tivoli, St. Andrew
<b>Francis Hazzard</b>	USA
<b>Cynthia Hazzard</b>	The Bocas, St. George
<b>Orchid Henry</b>	Richmond Hill, St. George
<b>Grace Hillaire</b>	Paradise, St. Andrew
<b>Claire Holas</b>	Marli, St. Patrick
<b>Bernadette Horsford</b>	Westerhall, St. David
<b>Beverley John</b>	Telescope, St. Andrew
<b>Maria John</b>	La Fortune, St. Patrick
<b>Beverley John</b>	Telescope, St. Andrew
<b>Agatha Sandrina John</b>	USA
<b>Junior Jones</b>	Spring Garden, St. George
<b>Lennox La Borde</b>	La Fortune, St. Patrick
<b>Joseph La Touche</b>	Williamson Road, St. George
<b>Aaron Langaigne</b>	Grenville, St. Andrew
<b>Sydney Law</b>	Mt. Moritz, St. George
<b>Joseph Lazarus</b>	Hope, St. Andrew
<b>Jacinta Lewis</b>	Tempe, St. George
<b>Agatha Lewis-Rodriguez</b>	Woodlands, St. George
<b>Christopher Lord</b>	St. Paul, St. George
<b>Jacintha Louison-Smith</b>	The Bocas, St. George
<b>Pauline Mark</b>	Grand Anse, St. George
<b>Dr. Kamu Mc Barnette</b>	Tanteen Terrace, St. George
<b>David Mitchell</b>	USA
<b>Claudius Morain</b>	Grenville, St. Andrew
<b>Francis Munro</b>	Springs, St. George
<b>Paul D. Noel</b>	Mt. Granby, St. John
<b>Denis Noel</b>	Carlton, St. Andrew
<b>Phillip Noel</b>	Belle View, St. George

*Eric Patrick*  
*Todd Payne*  
*Joan Peters-Phillip*  
*Judith Mary Pierre*  
*Frank Quashie*  
*Timothy Reid*  
*Anslem Samuel*  
*Shamela Sanderson*  
*Cyril Saunders*  
*Dexter Simon*  
*Peter Smith*  
*King Solomon*  
*Dr. Raphael Stephen*  
*Marilyn Sylvester*  
*Agatha Tamar*  
*Wendy Theodore*  
*Stephen Thomas*  
*Dr. Winston Thomas*  
*Anthony Walker*  
*Denis Williams*  
*Grace Williams*

USA  
 Springs, St. George  
 River Road, St. George  
 Canada  
 Top Hill, Carriacou  
 Moliniere, St. George  
 Perdmontemps, St. Andrew  
 Paraclete, St. Andrew  
 Gouyave Estate, St. John  
 La Tante, St. David  
 USA  
 USA  
 Boca, St. George  
 Happy Hill, St. George  
 Lowther's Lane, St. George  
 Grand Anse, St. George  
 Union, St. Mark  
 Carenage, St. George  
 USA  
 L'anse Aux Epines, St. George  
 Perdmontemps, St. George

## Acknowledgements

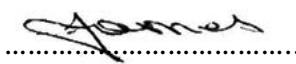
We thank you, our members, for your unwavering trust and support. You displayed your confidence by bringing more business to Ariza and by trusting us to help you reach your financial goals. As we continue to forge ahead, our successes can only serve to bring increased opportunity and better service. We thank you for your confidence and the opportunity given to us to serve.

We also extend our sincere gratitude to the management, staff, and all committee members for your dedication to service.

We were delighted to serve you in 2019 and look forward to working with you in 2020 and beyond.sa



**Javan F. Williams**  
**President**



**Claudette James**  
**Secretary**



**Lucia Livingston-Andall**  
**CEO**



## Credit Committee Report 2019

*A Janet House standing strong after the passage  
of Hurricane Janet in September 22<sup>nd</sup>, 1955,  
Windward, Carriacou*



(L-R) Bro. Justin Hazzard, Sis. Ann Isaac, Bro. Brian Pascall, Sis. Judy Pivotte, Bro. Simon Lewis



**Mandate**

The Credit Committee In accordance with the Credit Union By Laws and the mandate given at our last General Meeting is pleased to present its report for the financial year 2019. The Mandate of the Committee is to consider all loan applications, make recommendations in respect of improved policies, procedures and practices and approve loans to members in accordance with the policies and procedures 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.

**Composition**

During the period, the Committee comprised of the following members.

Bro. Justin Hazzard	-	Chairman
Bro. Simon Lewis	-	Secretary
Sis. Ann Isaac	-	Member
Bro. Brian Pascall	-	Member
Sis. Judy Pivotte	-	Member

**Overview**

The 2019 financial year has been both a challenging and yet a successful year for the Credit Union amid the tremendous competition despite our limited financial but dynamic market. We are pleased with the performance of the loan portfolio, which continued to show continuous growth though at a reducing level in 2019. In 2018, the growth rate stood at 17% compared with the rate of 10% in 2019. Notwithstanding, the

loan portfolio in 2019 stood at gross loans of \$343.1m compared to \$311.8m in 2018, a net growth of \$31.3m. We continue to experience severe competition as interest rates on lending products continue to respond to borrowers' pressure. Despite the difference in our lending rates compared to other financial institutions we are very much aware of the cost of borrowing and has adopted a different posture including reduced or no fees and charges for most of the services offered by the Credit Union. We see this as a direct benefit to members and a cost saving measure.

**Lending Activities**

In mid-2019, the Credit Union focused on improving efficiency as we expand and streamlined our services with a greater focus on electronic banking services. We have also increased the complement of staff to better serve the increase in membership. The new upgraded modern operating system is designed to facilitate business electronically as we expect to roll out added electronic services in the very near future.

The Awesome August promotion expanded yet another year with resounding results. Also, the Cheers to you Promotion was introduced in December with a higher borrowing value up to \$50,000 up from Awesome \$25,000, with a reduced rate of 10.5% with a maximum repayment period of up to 10 years. In keeping with our philosophy of thrift, the Credit Union mandated borrowers to retain the minimum of 30% of that sum in savings.

### Loan Approval and Disbursement

According to Grenada's Economic performance, 2019 was considered modest as we continue to see construction and tourism continuing to lead in Economic activity. According to national statistic, in 2018 the Grenada Economy grew by 4.5% and 4% in 2019. At Ariza, the traditional sectors to lead in growth were housing, debt consolidation and Personal Expenses, however in 2019 borrowings have accelerated in the other sectors: land purchase, vehicles, vacation and travel and business loans.

The total value of loans disbursed in 2019 was slightly lower than 2018 at \$121,550,153 compared to \$125,835,104 in 2018. As indicated above, the growth rate has dropped slightly in 2019 as well.

Lending to finance members involved in the business sector, primarily financing of stock and working capital, commercial vehicles and most recently, the construction of apartment buildings is showing signs of growth. Disbursement in this sector grew by 20% with a total of \$10.3m in 2019 compared to \$8,665,377 in 2018.

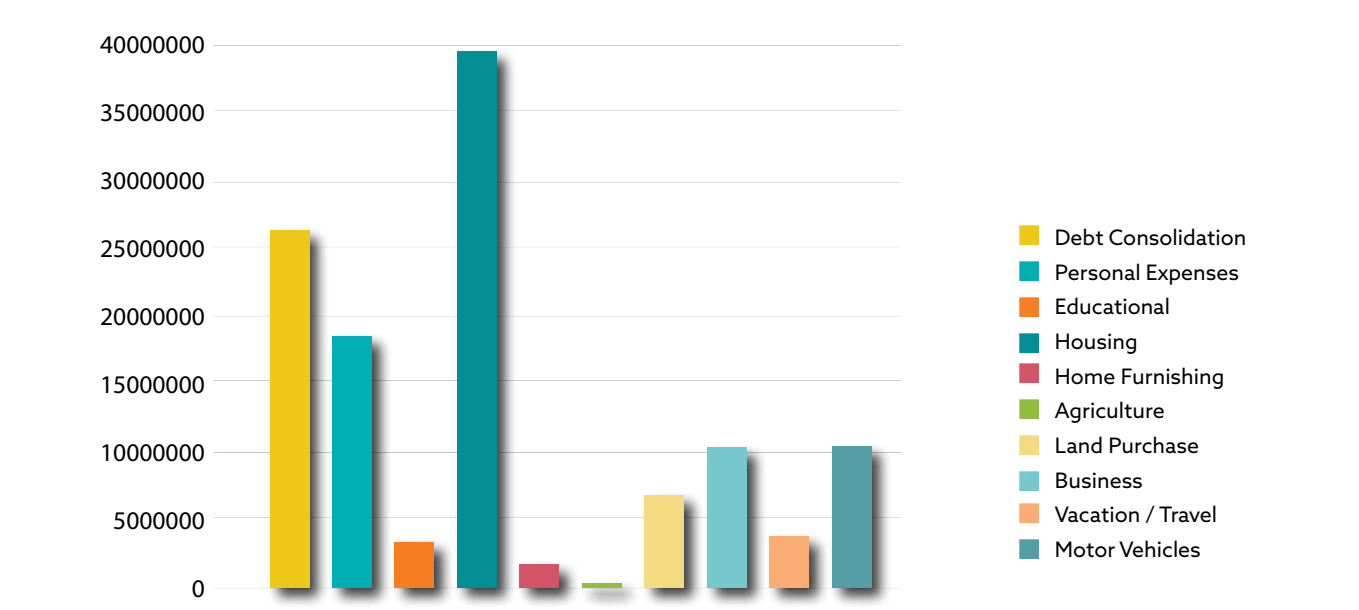
### Delinquency Management

Notwithstanding the growth rate, we continue to experience challenges with the delinquent portfolio. In 2018 Portfolio at Risk par 90 days, stood at 7.33% , however, we have seen a slight improvement in 2019 to 6.66%. The accepted standard is 5% of the portfolio. In order to address this growing and disturbing trend we have put in place a full team of six (6) members of staff who are very knowledgeable and experienced to work unceasingly with members to collect and recover on past due accounts. For the greater part of the year the team focused on updating member data and building the infrastructure. Members are encouraged to ensure that we work together to curb this problem which we are confident is temporary as we have begun to experience a reduction in delinquent accounts as we pursue members which includes taking legal action where we deemed necessary.

# Summary of Activities

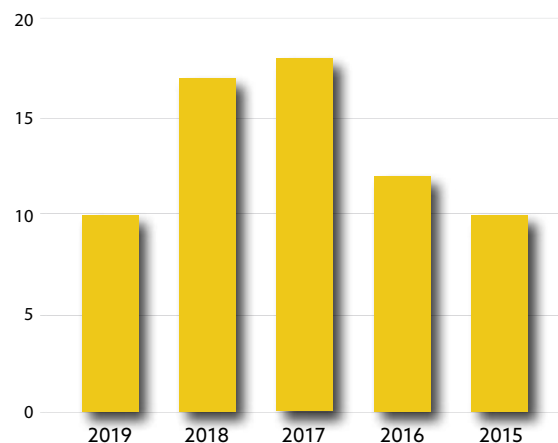
Table 1. Loan Disbursements 2019

NUMBER OF LOANS				VALUE OF LOANS		
CATEGORY	2019	2018	% Change	2019	2018	% Change
Debt Consolidation	1032	1029	0.29	\$ 26,291,316	27,107,578	-3.01
Personal Expenses	4081	3312	23.22	\$ 18,991,473	23,640,719	-19.67
Educational	421	260	61.92	\$ 3,376,687	3,551,486	-4.92
Housing	1176	913	28.81	\$ 39,417,801	42,784,717	-7.87
Home Furnishing	237	201	17.91	\$ 1,745,260	1,740,282	0.29
Agriculture	23	27	-14.81	\$ 343,899	697,286	-50.68
Land Purchase	92	59	55.93	\$ 6,833,518	5,427,828	25.90
Business	189	154	22.73	\$ 10,328,360	8,665,377	19.19
Vacation / Travel	450	184	144.57	\$ 3,787,894	2,338,755	61.96
Motor Vehicles	519	397	30.73	\$ 10,433,944	9,881,076	5.60
TOTAL	8,220	6,536	25.76	\$ 121,550,153	125,835,104	-3.41



**Table 2. Portfolio Growth**  
Gross loans & Growth Rate 2015-2019

Year	2019	2018	2017	2016	2015
Loan value (\$m)	343.1	311.8	266.6	226.1	201.8
Growth rate	10%	17%	18%	12%	10%

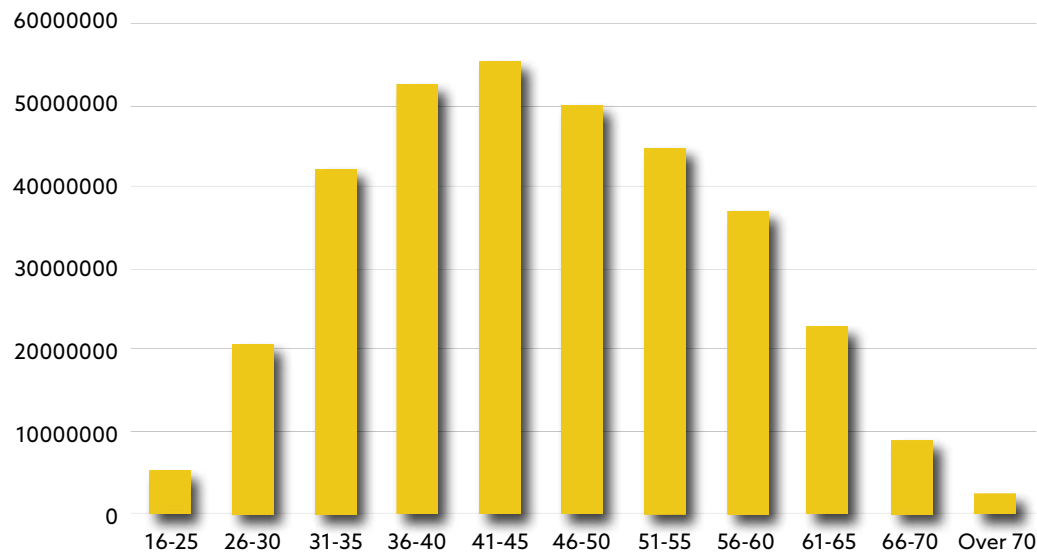


**Table 3. Gross Loan Portfolio by Sector**

CATEGORY	NUMBER OF LOANS			VALUE OF LOANS		
	2018	2019	% Change	2018	2019	% Change
Debt Consolidation	1864	1771	-4.99	54,276,403	\$ 62,591,951	15.32
Personal Expenses	3225	3035	-5.89	37,921,810	\$ 36,780,819	-3.01
Educational	420	450	7.14	11,893,707	\$ 11,684,776	-1.76
Housing	1621	1763	8.76	143,675,757	\$ 154,114,120	7.27
Home Furnishing	177	166	-6.21	2,145,484	\$ 2,513,824	17.17
Agriculture	64	60	-6.25	2,169,364	\$ 2,043,757	-5.79
Land Purchase	244	284	16.39	20,253,291	\$ 23,393,818	15.51
Business	360	331	-8.06	13,276,508	\$ 20,708,779	55.98
Vacation / Travel	267	387	44.94	3,283,995	\$ 5,121,900	55.97
Motor Vehicles	737	787	6.78	22,986,844	\$ 24,183,942	5.21
TOTAL	8979	9034	0.61	311,883.163	\$ 343,137,686	10.02

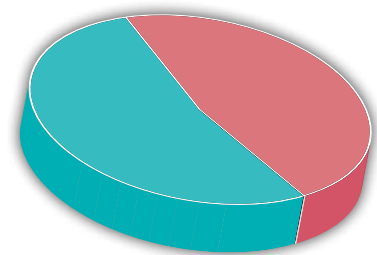


Loan Portfolio by Age 2019



Loans Disbursed by Gender 2019

GENDER	NUMBER	VALUE
MALE	3856	\$62,612,231
FEMALE	4364	\$58,937,922



## General Observations

Notwithstanding the growth in the loan portfolio delinquency management and control is of paramount importance. The ratio is trending slightly higher. Management has given every assurance that a stronger approach to delinquency management is critical. Delinquency oversight and management will be given high priority in 2020 to bring this ratio below the prudential standard.

Borrowing members and co makers are called on to fulfill their obligations and to assist the Delinquency Unit in reaching delinquent members. A delinquency rate of 2% above the threshold is not acceptable. As borrower's debt management and good credit rating are the determining factors going forward to improve access to financial services.

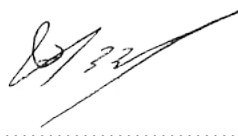
We are pleased to offer some helpful advice for managing your debt:

1. Think about the role you want debt to play in your life. Once you know what you owe, make sure you can afford to pay.
2. Spending your life in debt can compromise other financial goals and if you do not manage debt responsibly, it can ruin your credit.
3. Your debt affects more than just the interest you pay. Your credit score means you may not be approved for loans in the future or you will have to pay more to borrow at a higher interest rate.
4. Know your debt-to-income ratio. Your debt-to-income ratio compares the amount you owe to the amount you earn. Knowing your debt-to-

income ratio will help you determine if your debt could disqualify you from borrowing money in the future. If the ratio is too high you may not qualify for a mortgage.

5. Find ways to cut or reduce your debts. Consider debt consolidation by putting all your debts in one and avoid repeating the cycle of overextending yourself.
6. The Credit Union philosophy is about balancing debt repayment with savings. If you do not have an emergency fund, you may have to borrow to meet unexpected expenses and you could find yourself trapped in a never-ending cycle of repaying debt and going right back into debt again.
7. Establish a monthly budget and monitor to limit spending on unnecessary purchases and devote more money to debt reduction.

As a Credit Committee, we extend heartfelt thanks and appreciation to the Board of Directors, the Chairperson and members of the Supervisory Committee, the staff of the Loans Department, The C.E.O. and staff of Ariza Credit Union and to you our general membership.



.....  
**Justin Hazzard**  
**Chairman**  
**Credit Committee**

## Supervisory & Compliance Committee Committee Report 2019

*A major tradition in Carriacou where members of the community help in the boat launching process. This is where a newly built boat is pushed out to sea for the first time*



(L - R) Bro. Terrence Victor, Bro. Adrian Strachan, Sis. Pearlana Sylvester, Bro. Francis Robertson

Alan Francis (not in photo)

## 1.0 Introduction

The report of the 2019/2020 Supervisory & Compliance Committee (SCC) is submitted in accordance with Section 66 (1) of the Co-operatives Societies Act No.8 of 2011 as amended by Act No. 20 of 2017.

The committee comprised the following members:

- Bro. Francis Robertson (into the second year of his first three-year term) - Chairman
- Bro. Adrian Strachan (completing the third year of Bro. Wayne Radix's first three-year term) - Secretary
- Sis. Pearlana Sylvester (into the second year of her second three-year term)
- Bro. Terrence Victor (into the first year of his first three-year term)
- Bro. Alan Francis (into the first year of his first three-year term)

Effective 1<sup>st</sup> February 2020, Sis. Sylvester submitted her resignation from the Committee. Discussions ensued regarding her replacement but were prolonged as a result of the COVID-19 pandemic. The average attendance of members (including Sis. Sylvester) at meetings and working sessions was 85%.

During the year, the following tasks were undertaken:

- Review of Policies, Strategic Plan, 2019-2020 Work Plan, and Reports
- Review of Standing Committees
- Review of Management Accounts and Ratios
- Review of Bank Reconciliations
- Review of Loans (Loans approved in 2019, delinquent loans, 20 largest borrowers)

- Review of Investments and Securities
- Conduct of Cash Counts
- Review of Minutes of the Board of Directors

The report for the period July 2019 to June 2020 is based on the observations and findings gleaned from the reviews undertaken.

## 2.0 Review of Policies

### 2.1 Policy Register

The SCC reviewed the Policy Register and noted that some policies that have received Board's approval (e.g., Policy No. 100 – Internal Controls), some that are pending review by Management / Policy Committee (e.g., Policy No. 101 – Anti-Money Laundering Policy and Procedures) and some that are just pending (e.g., Human Resources General Policies and Procedures).

The SCC commends Management's action plan for treating with the policies for which review and approval are pending, those pending completion of draft by Audit, and those awaiting completion of draft by IT. The indicative dates noted for roll-out in 2020 to Departments may have to be reviewed considering the emergence of COVID-19.

**Recommendation:** The Credit Union's Policy Register be updated annually, and the date policies receive the Board's approval should be so indicated.

### 2.2 Manual for Loans and Credit Policies and Procedures

The SCC was advised that the lending policy was under its final review stages. The Committee noted this



"policy incorporates all existing written and unwritten policies and cancels and supersedes all existing policy documents."

**Recommendation:** Management should soonest seek to obtain the Board of Directors' approval of the Credit Union's Manual for Loans and Credit Policies and Procedures.

### 2.3 Human Resources Policy (Accumulated Vacation Leave and Overtime Payments 2019)

The guidelines regarding overtime were not made available to the SCC. However, an agreement signed between the TAWU and the PSCU years ago, together with the list of persons who worked overtime for the months of January to July 2019, were examined.

**Recommendation:** That the Credit Union's current policies/guidelines relating to Overtime and Vacation Leave should be updated.

### 2.4 Implementation of IFRS 9

The International Reporting Standards (IFRS) 9 will impact Credit Unions in general. The SCC commended Management's Paper to the Board of Directors and noted suggested areas where Ariza needed to make changes to be compliant. These include provision for loan losses on all loans and the recording of interest.

The previous PEARLS recommendations were 100% write-off for loans >12 months and 35% for loans <12 months delinquent. The Committee commends the Credit Union for its adoption of IFRS 9, specifically

regarding the provisions for loans <12 months delinquent.

**Recommendation:** The Credit Union should continue with the implementation of proposals as per Management's Working Paper on the implementation of IFRS 9, specifically regarding the provisions for loans < 12 months delinquent

### 3.0 Review of Standing Committees

The SCC noted that as per Section 57 (1) of the Cooperative Societies Act No. 8 of 2011 and Amendment Act No. 20 of 2017, seven Standing / Board Sub-committees were re-constituted (Human Resources Management, Policy Review, Property Development, Mergers/Collaboration, Audit, Investment and Loans Review).

### 4.0 Review of Management Accounts

Monthly management accounts (financial statements) and ratios for the period June 2019 to March 2020 were reviewed. The following was noted:

- The ratio "Balance of Delinquent Loans / Gross Loans Portfolio (>30days, >60days and >90days)", a measure of asset quality, exceeded the maximum 5% for all the nine (9) months

**Recommendations:** In the short term, Management must monitor the impact of COVID-19 on the Credit Union's financial performance.

The Credit Union should also strengthen measures aimed at reducing loan delinquency (improved asset quality).

## 5.0 Review of Bank Reconciliations

Bank reconciliations for the period July to September 2019 for all bank accounts held by the Credit Union were reviewed. The SCC was generally satisfied that the balances in the bank accounts were reconciled with the General Ledger accounts for the months reviewed.

## 6.0 Review of Loans

### 6.1 New Loans Approved in 2019

A sample of twenty-five (25) new loans approved for January to August 2019 was reviewed using pre-defined criteria. The following observations were noted:

- The Sharetec Loans Management System was being enhanced through the Credit Union's annual software engagement with the supplier.
- Documentations of information in members' files were sometimes inadequate, missing, and or challenging to follow.
- Understating expenses in Statement of Income and Expenditure forms in some members' loan applications.

**Recommendation:** That every effort be made to improve the underwriting of loans and proper maintenance of the documents in members' files.

### 6.2 Delinquent Loans

A sample of thirty-three (33) delinquent loans was reviewed using pre-defined criteria.

The following observations were noted:

- The Principal balance associated with the sample was \$8,849,926 (Total: \$33,996,531)
- Four of the members were currently older than sixty years

- Repayment of some loans will continue beyond the members' retirement age
- Delinquency of some loans (Co-maker/Joint Application) were triggered by circumstances related to the "major breadwinner"

During the loan review, the Committee noted the need for its members to be familiar with the Sharetec Loans Management System.

**Recommendations:** That every effort be made to improve the underwriting of loans to mitigate loan delinquency.

Training in the Sharetec Loans Management System should be provided to Committee members at the beginning of their three-year office term.

### 6.3 Twenty (20) Largest Borrowers

By-Law XIX (78) provides that a sum greater than 10% of the aggregate share capital, retained earnings, and reserves should not be lent to any one member. As at 31<sup>st</sup> December 2019, the aggregate of share capital, retained earnings, and reserves was \$51,683,118. Total outstanding balance on the 20 largest borrowings was \$22,617,923 (6.7 of the total loan portfolio). The largest outstanding balance for a single member's borrowings was \$2,546,422 or 4.7% of the aggregate of share capital, retained earnings and reserves, within the provisions of the By-Laws.

## 7.0 Review of Investment and Securities

Over the period the financial environment has generally been characterised by increased liquidity, with low

interest rate on deposits. The SCC made requests for a copy of the Credit Union's Investment Policy, but it was not received on time. An assessment of the alignment of investments with the Investment Policy would be done subsequently.

## 8.0 Cash Counts

Cash count was successfully conducted at all branches. During the exercise, it was observed that the counting of the new ECCB's polymer notes via counting machines was challenging. An "in-house technique" developed at the Grenville Branch seemed to mitigate the challenge, however.

The SCC was pleased to observe the operations at the newly opened Carriacou branch. However, suitable office space for staff and members is a challenge in the Grenville Branch.

## 9.0 Review of Minutes of Board of Directors

The SCC noted some of the concerns of the Board, particularly loan delinquency, revision of the Credit Union's By-Laws, monitoring of the Morne Jaloux Project, increasing incidences of debit card fraud, and the development of the property at Grand Anse.

The SCC commends the start of consultations on the By-Laws, and management's proposed 5-point agenda to address debit card fraud.

**Recommendation:** The lessons learned from the development of the Morne Jaloux property be used to guide the development of the property at Grand Anse.

## 10.0 Other Matters

### 10.1 Joint Committees Meetings

Committee members participated in the two Joint Committees Meetings during the year (23<sup>rd</sup> July and 7<sup>th</sup> November 2019), primarily to consider loans to management and staff, Committee members, and the Board of Directors. The Committee has however noted the need for more regular meetings, to include updates on strategic operational issues in addition to the consideration of loans.

Recommendation: Quarterly meetings of the Joint Committees to include management's report on updates on strategic initiatives.

### 10.2 Members' Complaints

The previously established email address (scccomplaints@arizacu.com) was maintained. While no complaints were received via this medium, members occasionally verbally raised matters related to loans' approval and ATM transactions. These were conveyed to the relevant departments/officers for resolution.

### 10.3 Training

Committee members participated in training, presentation, and consultation sessions during the year. These were:

- Enterprise Risk Framework for Credit Unions, organised by the Grenada Cooperative Credit Union League (19<sup>th</sup> & 20<sup>th</sup> November 2019)
- Service Transformation Intervention (28<sup>th</sup> February 2020)
- By-Laws Consultation (13<sup>th</sup> March 2020)

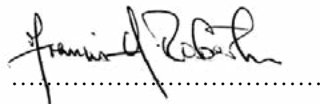
The Committee commends the start of the By-Laws Consultations. The SCC recommends that the consultations should be embraced by all members, as an opportunity to ensure our Credit Union is correctly positioned to function in the post-COVID-19 operating environment.

#### **10.4 Future Operations of the Committee**

Cognizant of the tremendous growth in membership, deposits and loans within the past three years, discussions have ensued on the future operations of the Supervisory and Compliance Committee regarding fulfilment of its mandate. The consensus is that the time is now opportune for a reframing of the Committee's operations, including its relationship with the Credit Union's Risk and Compliance Department and the Internal Audit function.

#### **11.0 Acknowledgements**

The Committee is grateful for the support received from the Board of Directors, Management and Staff of the Credit Union in fulfilling its duties during the year. Special thanks is extended to Mrs. Gerlan Peters-Toussaint, Ms. Dahelia Thomas, Mrs. Roxanne Antoine-Richards, Mrs. Florence Williams, Mr. Kippling Charles, Mrs. Lucia Livingston-Andall, Ms. Emlyn St. Hillaire, Ms. Lema Mitchell and Mr. Neilon LaTouche, for ensuring the necessary preparations were made to facilitate our meetings and working sessions.



**Francis Robertson**

**Chairman**

**Supervisory and Compliance Committee**



# Nominating Committee Report 2019

## Composition

Bro. Javan Williams - Chairman

Bro. Phillip Telesford - Member

Bro. Wayne Radix - Member

Sis. Gemma Bain-Thomas - Member

Sis. Annette Henry - Member

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

## Meeting

The Nominating Committee met on Friday 3<sup>rd</sup> July 2020 at 10:30am via Zoom. The Chairman welcomed all members of the Nominating Committee to the meeting. An excuse of absence was tendered on behalf of Sis. Annette Henry.

A follow-up round-robin decision was done on Monday 20<sup>th</sup> July 2020.

## Notices

Notices of the vacancies and invitation for Nominations to positions on the Board of Directors, Credit Committee and Supervisory and Compliance Committee were publicized in the local printed press, SMS text messages and on Ariza's Website.

## Vacancies

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

### Board of Directors

1. Bro. Dennis Cornwall was completing his first three-year term
2. Bro. Aaron Moses was completing his first three-year term
3. Sis. Carla Thomas-Ross was completing her first three-year term

### Credit Committee

1. Bro. Justin Hazzard was completing his first three-year term
2. Sis. Ann Isaac was completing her first three-year term

### Supervisory and Compliance Committee

1. Bro. Adrian Strachan was completing the final year of the term of Bro. Wayne Radix
2. Sis. Pearlena Sylvester tendered her resignation.

## **Nominations**

The Nominating Committee considered three Nominations and the incumbents who are eligible to serve a second term are as follows:

### **Board of Directors**

1. Bro. Dennis Cornwall
2. Sis. Carla Thomas-Ross
3. Bro. Aaron Moses
4. Sis. Nichole Gellineau
5. Bro. Jeremy Chetram

### **Credit Committee**

1. Bro. Justin Hazzard
2. Sis. Ann Isaac
3. Bro. Kimron Corion
4. Bro. Jeremy Chetram

### **Supervisory and Compliance Committee**

1. Bro. Adrian Strachan
2. Bro. Jeremy Chetram

Sis. Zoe Hagley, Bro. Colin Bishop and Bro. Jody Calliste who were nominated in the 2019 cycle to serve on the Supervisory and Compliance Committee were also given due consideration by the Nominating Committee.

## **Guidelines**

The Nominating Committee noted and adopted the Guidelines and Scorecard for considering nominees to the Board of Directors and Committees. These Guidelines detailed the skills-set recommended for each Committee. The Nominating Committee also considered the performance of the members of the

Board of Directors and Committees eligible for re-election.

## **Recommendations**

After giving careful consideration to the Guidelines, the Nominations received, the incumbents eligible for reelection, the possible impact on the Credit Union's development by the Covid 19 economic and financial recession, the need for stability along with new realities within the Credit Union; and the skills-set needed to propel development further, the Nominating Committee recommends as follows:

### **Board of Directors**

1. Bro. Dennis Cornwall for a second three-year term
2. Bro. Aaron Moses for a second three-year term
3. Sis. Carla Thomas-Ross for a second three-year term

### **Credit Committee**

1. Bro. Justin Hazzard for a second three-year term
2. Sis. Ann Isaac for a second three-year term

### **Supervisory and Compliance Committee**

1. Bro. Adrian Strachan for a three-year term
2. Sis. Zoe Hagley to complete the term of Sis. Pearlana Sylvester


The Nominating Committee noted the lack of diversity and the limited number of persons selected as volunteers. The Committee recommended that the Credit Union continues to seek to attract as many candidates as possible to enhance the selection process. Also, there should be a continuation of the Governance Training Programme that all interested volunteers should attend. A brief indication as to

selected persons role in any other Credit Union may be seen as vital in aiding the Nominating Committee's decision.

**Acknowledgements**

Members of the Nominating Committee express appreciation to the Board of Directors for the opportunity given to serve and to the Management and

Staff for providing the necessary support for its work. The Nominating Committee also extends thanks to all those who expressed interest in serving the Credit Union.

  
.....  
**Bro. Javan F. Williams**  
**Chairman**  
**Nominating Committee**

# Treasurer's Report

Fellow Co-operators,

It is with great pleasure I report to you on the financial performance of our Credit Union for the year ended 31<sup>st</sup> December 2019.

The accompanying audited Financial Statements and analysis of the Credit Union's performance are submitted in accordance with the requirement of section 130 (1) of the Co-operative Societies Act No. 20 of 2017.

The Financial Statements report on the financial activities and position at a given point in time. They comprise of Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow, and Statement of Changes in Members' Equity.

## Statement of Financial Position

This statement represents the financial position as at 31<sup>st</sup> December 2019 and is made up of three elements which are assets, liabilities, and capital.

### Assets

These are resources owned, which contribute directly or indirectly to the generation of cash flows. Ariza's assets are broken down further into two categories, namely:

- I. Earning Assets
- II. Non-Earning Assets

### Earning Assets

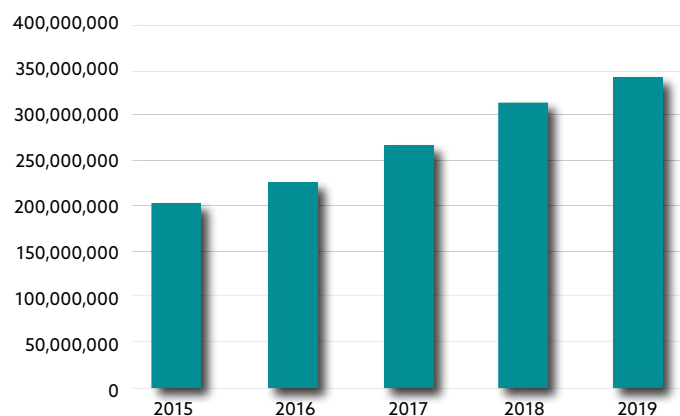
Earning Assets are those assets through which a return is directly generated. Ariza's earning assets consist of Investments as follows:

- Loans to members
- Investments in financial assets
- Investments in real property

### Members' Loans

As at 31<sup>st</sup> December, 2019 Members' loans accounted for 76.09% of the asset base and as such was the main source of revenue. The gross loan portfolio grew by \$31.3m or 10.02% over 2018. The gross portfolio stood at \$343.1m. Total Loans disbursed during the year amounted to \$121.5m.

Graph 1.1 below shows the growth in gross loans over the last five years.



Graph 1.1



The total balance of delinquent loans in excess of 90 days in arrears stood at \$22.81m or 6.66% against a maximum standard of 5%.

### **Financial Assets**

The financial assets held by Ariza were mainly in the form of term deposits, treasury bills, and investment in shares. At the end of 2018, total financial assets stood at \$18.7m. During the period the Credit Union was able to generate a return of 2.72% amounting to \$875.8K. The average return on the market is approximately 2%.

### **Investment Property**

The Credit Union has investments in properties at Morne Jaloux, Grand Anse, and Bruce Street, St. George's.

The property at Bruce Street is currently being used as a parking lot. Revenues for the year 2019 amounted to \$293.6K.

### **Non-Earning Assets**

Non-Earning Assets are assets that are used for day to day operations and do not directly generate income.

These assets are primarily property, plant and equipment, cash, and cash equivalents.

### **Property, Plant, and Equipment**

In the year 2019, there was a decrease of \$2.99m in plant property and equipment. The reason for this decrease was the reclassification of a fixed asset item to investment.

### **Cash and Cash Equivalents**

With the growth of the Credit Union there has been an increase in the need for operational cash. This was reflected in the increase of \$7.32m or 54.29% in cash and cash equivalents over 2018. The Credit Union continued to manage liquidity to ensure maximum return, and at the same time maintaining adequate cash for operations. Our overall liquidity ratio stood at 18.26% which was above the prescribed standard of 15%, as a result of active measures put in place to correct the shortfall in 2018.

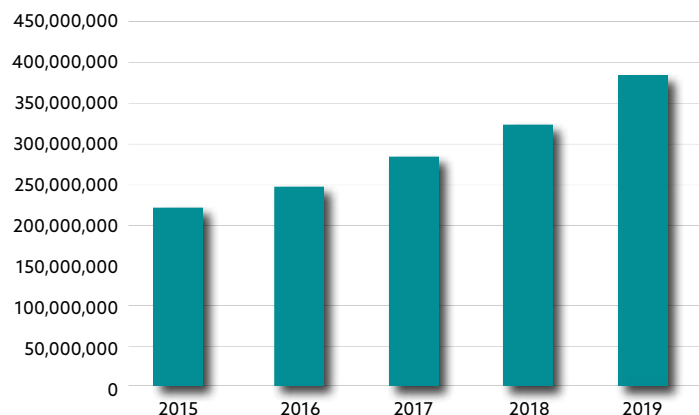
### **Liabilities**

Liabilities capture the financial obligations of the Credit Union. It details the indebtedness to persons or institutions. Our main liabilities are members' deposits and savings.

### **Members Lifetime Savings/Other Deposits**

In the year 2019 the total deposit portfolio stood at \$382.3m. This represented a growth of \$59.1m or 18.3% over 2018. This increase was fueled mainly by members' investment in Lifetime Savings and Fixed Deposits. Over the year the Lifetime Savings portfolio grew by \$26.3m or 15.92% and Fixed Deposits by \$17.7m or 21.4%.

Graph 1.2 below shows growth in total deposits over the last five years.



**Graph 1.2**

At the end of 2019 total interest on deposits outstanding to members stood at \$2.39m compared to \$2.34m in 2018.

The increase in card usage through ATMs and Point-of-Sale terminals has also impacted the Credit Union's liabilities. At the end of 2019 outstanding payables stood at \$12.9m.

### **Capital**

Capital is the financial pillar of our Credit Union. It represents the excess of assets over liabilities. The capital base is broken down into the following:

- I. Equity Shares
- II. Institutional Capital
- III. Other Funds and Reserves

### **Equity Shares**

Equity Shares are members' investment in excess of the \$200 mandatory Qualifying Shares. This investment allows the member to share in the year-end surplus through the payment of a dividend. In the financial year 2019, Equity Shares grew by \$1.91m or 15.02%. At the end of the year the balance stood at \$14.6m.

### **Institutional Capital**

At the end of 2019 the Capital to Total Assets stood at 10.69% of which Institutional Capital accounted for 7.43%. The benchmark for Capital to Total Assets as per the Co-operative Societies Act is 10% of which Institutional Capital must be greater than 7%. This 7% Institutional Capital threshold is the benchmark for the payment of a dividend. Institutional Capital comprises of the following:

Capital threshold is the benchmark for the payment of a dividend. Institutional Capital comprises of the following:

- I. Qualifying Shares** - This represents the 10 mandatory shares that define eligibility for membership. Qualifying Shares stood at \$3.97m in the year 2019. This represented a growth of \$456.4k or 12.97%.
- II. Statutory Reserve** - This represents the amount set aside from surplus for strengthening the Credit Union's capacity to withstand any external or internal shocks such as bad debts/impairments to assets. Whereas the law prescribes for a 20% transfer to this reserve it has been the Credit Union's

practice to transfer 25%. At the end of 2019, the Credit Union's Statutory Reserve stood at \$14.97m.

**III. Accumulated Surplus** - Accumulated surplus stood at \$14.54M at the end of 2019.

### **Statement of Comprehensive Income**

The Credit Union earned a total income of \$31.15mduring the year as compared to \$27.05m in 2018. Income from loans amounted to \$29.4m and non-interest income totaled \$3.39m. Loan interest income recorded an increase of \$2.82m or 9.9% over 2018.

Interest on deposits and other finance costs amounted to \$12.60m which represented an increase of \$749.3m or 6.32% over the year 2018.

As at December 2019, total Operating Expenses stood at \$10.14m. This represented an increase of \$1.01m or 11.1% when compared to 2018. Notwithstanding this increase, the Credit Union continued to efficiently manage its operating costs, with an operating cost to total asset ratio of 2.45% which was well within the standard of 5% maximum.

Ariza recorded surplus before provision of \$8.41m. This surplus represented the best operating performance recorded by your Credit Union to date. Further, surplus before appropriation amounted to \$6.10m, an increase of \$1.40m, or 29.93% over 2018. At the end of 2019, the Credit Union was able to transfer \$3.56m of unallocated surplus to accumulated reserve.

Ariza remains committed to providing financial freedom to its members while at the same time working on improving its areas of challenges. We plead to members to continue to honour their commitment to the Credit Union and work with us to help transform their dreams and goals into reality.

I extend thanks and appreciation to the CEO, management, and staff for their commitment and hard work during the year in creating another successful year for the Ariza Credit Union and to you, our members, for your continued unwavering support and commitment to your Credit Union.



.....  
**Carla Thomas-Ross**  
**Treasurer**

## Ratio Analysis

Ratios	Goal	Dec-19	Dec-18
<b>Protection</b>			
Provision for Loan Losses /Del>12 Months	<b>100%</b>	100%	100%
Provision for Loan Losses /Loans del<12 Months	<b>35%</b>	35%	35%
Solvency	<b>&gt;=110%</b>	113%	113%
<b>Effective Financial Structure</b>			
Net Loans/Total Assets	<b>70-80%</b>	74.46%	81.02%
Savings Deposits/Total Assets	<b>70-80%</b>	84.49%	85.77%
Member Share Capital/Total Assets*	<b>10%</b>	3.26%	3.38%
Institutional Capital (other)/Total Assets*		7.43%	7.68%
<b>Asset Quality</b>			
Balance of Del loans >90 /Gross Loan Portfolio	<b>&lt;=5%</b>	6.66%	7.33%
Non-Earning Assets/Total Assets	<b>&lt;=5%</b>	11.52%	11.91%

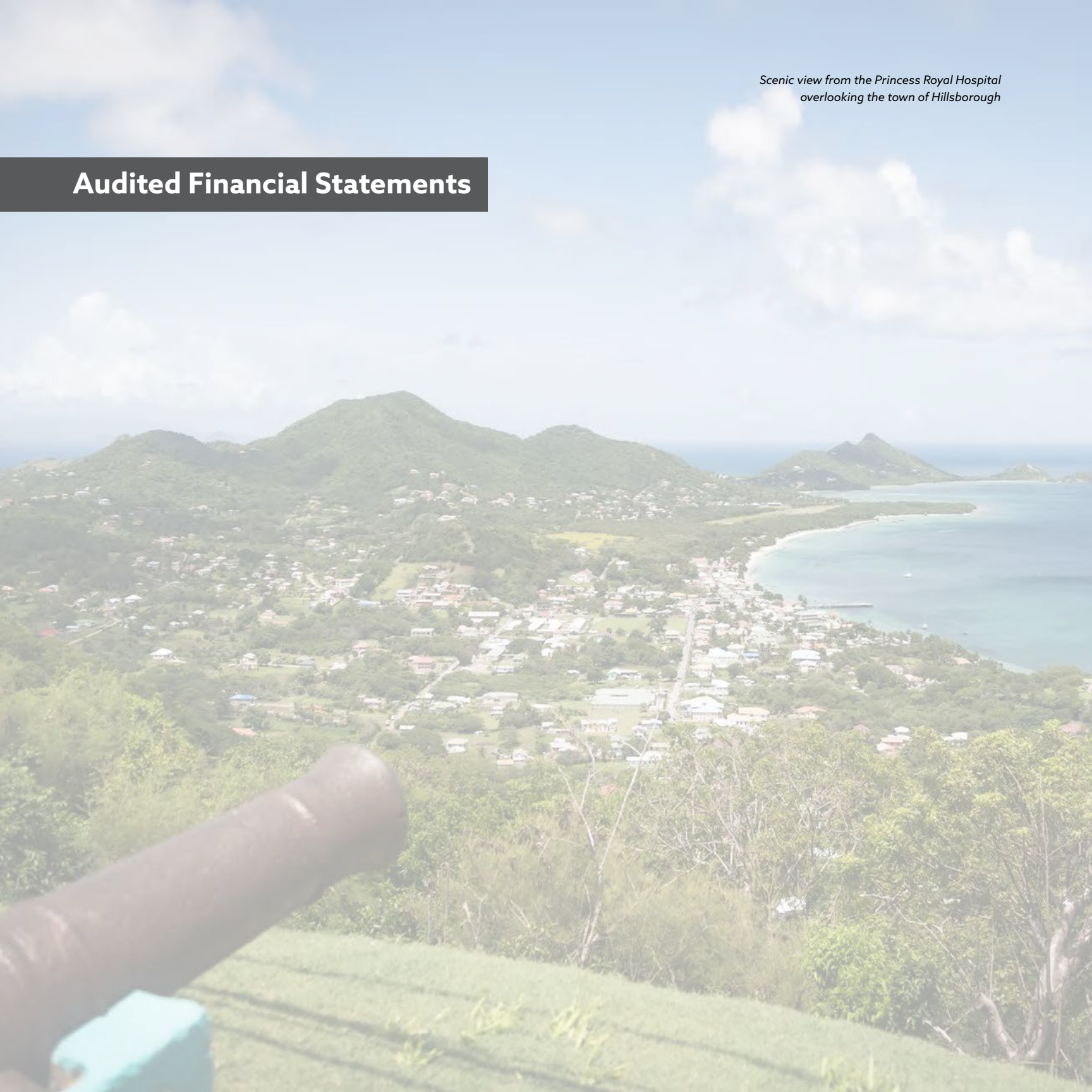


Ratios	Goal	Dec-19	Dec-18
<b>Rates of Return and Cost (Annualized)</b>			
Fin Investment Income/Avg. fin investments	<b>Market Rate 2.5%</b>	2.72%	3.38%
Fin costs:savings deposit/Average sav deposits	<b>Market Rate 2%</b>	3.33%	3.63%
Operating Expenses/Average Total Assets	<b>&lt;=5%</b>	2.45%	2.58%
<b>Liquidity</b>			
Liquid Assets-ST payables/Unencumbered deposits	<b>Min 15%</b>	18.19%	9.92%
<b>Signs of Growth (Annualized Growth Rate)</b>			
Total Assets	<b>&gt; inflation+10%</b>	19.50%	13.84%
Loans to Members	<b>5%</b>	10.00%	16.83%
Savings deposits	<b>5%</b>	18.28%	12.90%
Share Capital	<b>Min 10%</b>	12.97%	22.02%
Institutional Capital	<b>Min 15%</b>	15.54%	14.27%
Membership	<b>Min 15%</b>	12.10%	15.73%

\*The Act prescribes a total capital ratio of 10% of which Institutional Capital should be at least 7%

*Scenic view from the Princess Royal Hospital  
overlooking the town of Hillsborough*

## Audited Financial Statements



Financial Statements  
December 31, 2019  
(Expressed in Eastern Caribbean Dollars)

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P.O. Box 3109  
St. John's  
Antigua

## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
**ARIZA CREDIT UNION LIMITED**

### **Opinion**

We have audited the financial statements of Ariza Credit Union Limited ("the Credit Union"), which comprise the statement of financial position at December 31, 2019, the statements of profit or loss and other comprehensive income, changes in members' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for Opinion**

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

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report therein. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



## **INDEPENDENT AUDITORS' REPORT** *(cont'd)*

To the Members of  
**ARIZA CREDIT UNION LIMITED**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## **INDEPENDENT AUDITORS' REPORT** *(cont'd)*

To the Members of  
**ARIZA CREDIT UNION LIMITED**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Chartered Accountants  
September 1, 2020

Antigua and Barbuda

ARIZA CREDIT UNION LIMITED  
Statement of Financial Position  
December 31, 2019  
(expressed in Eastern Caribbean dollars)

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>Assets:</b>			
<b>Earning Assets</b>			
Members' loans	9	\$ 335,804,886	305,693,139
Investment property	10	12,563,332	7,496,414
Investment securities	11	50,070,384	18,797,261
		<u>398,438,602</u>	<u>331,986,814</u>
<b>Non-earning Assets</b>			
Property and equipment	12	25,031,041	28,022,042
<b>Other Assets</b>			
Cash and cash equivalents	13	20,827,323	13,636,161
Accounts receivables and prepayments	14	6,037,341	3,213,413
		<u>51,895,705</u>	<u>44,871,616</u>
Total Assets		\$ <u>450,334,307</u>	<u>376,858,430</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Members' qualifying equity	15	3,975,875	3,519,435
Statutory reserve	16	14,977,946	13,269,992
Accumulated surplus		14,508,236	12,171,157
Total Institutional capital		<u>33,462,057</u>	<u>28,960,584</u>
Members' equity shares	17	14,668,678	12,753,644
Other funds and reserves			
Development fund	18	332,030	218,413
Education fund	18	820,070	527,049
Education savings plan fund	18	771,663	457,325
Provident fund	18	213,199	168,438
LP/LS insurance fund	18	1,415,422	1,434,074
		<u>3,552,384</u>	<u>2,805,299</u>
Total Equity		<u>191,847,083</u>	<u>44,519,527</u>
<b>Liabilities</b>			
Members' life time savings	19	165,500,796	165,500,796
Other deposits	20	190,457,502	157,718,897
Non-interest bearing liabilities	21	16,344,595	9,117,425
Other liabilities		2,008	1,785
Total liabilities		<u>398,651,188</u>	<u>332,338,903</u>
<b>Total Equity and Liabilities</b>		<u>450,334,307</u>	<u>376,858,430</u>

Approved for issue by the Board of Directors and signed on its behalf by:

Chairman .....

Treasurer .....

The notes on pages 67 to 110 are an integral part of these financial statements.

ARIZA CREDIT UNION LIMITED  
Statement of Profit or Loss and Other Comprehensive Income  
December 31, 2019  
(expressed in Eastern Caribbean dollars)

	2019	2018
<b>Income from loans:</b>		
Interest from member loans	\$ 28,640,693	25,818,776
Fees and charges	1,542,206	754,914
Loan protection	(881,970)	(766,849)
Other income from loans	61,376	53,006
	29,362,305	25,859,847
<b>Income from Liquid Investments:</b>		
Interest on investments	849,272	638,991
Dividends on investments	26,564	25,675
Non-related income	920,222	527,164
	1,796,058	1,191,830
<b>Total income</b>	31,158,363	27,051,677
<b>Financial Cost:</b>		
Interest expenses on savings	11,764,201	11,048,030
Life savings insurance	448,988	485,781
Other financial cost	391,640	321,688
	12,604,829	11,855,499
<b>Gross Margin</b>	18,553,534	15,196,178
<b>Operating expenses:</b>		
Personnel expenses	5,098,012	4,494,493
Administration	1,502,292	1,410,581
Depreciation	1,202,342	1,096,786
Marketing expense	1,108,017	1,022,465
Occupancy expense	799,590	725,383
Governance	434,785	381,611
	10,145,038	9,131,319
<b>Total operating surplus</b>	8,408,496	6,064,859
Less: Provision for loan losses	(2,200,000)	(984,000)
Provision of vacation accrual	(108,095)	(385,843)
Surplus for the year before appropriation	6,100,401	4,695,016
Appropriations		
Transfer to: Statutory Reserve	1,525,100	1,173,754
Education of members fund	305,020	234,751
Education of savings plan fund	305,020	234,751
Development fund	305,020	140,851
Provident fund	91,506	50,000
<b>Total comprehensive income for the year</b>	\$ 3,568,735	2,860,909

The notes on pages 67 to 110 are an integral part of these financial statements.



ARIZA CREDIT UNION LIMITED  
Statement of Changes in Members' Equity  
December 31, 2019  
(expressed in Eastern Caribbean dollars)

	Qualifying Equity Shares	Statutory Reserve	Other Funds and Reserves	Accumulated Surplus	Total
<b>Balance at December 31, 2017</b>	13,870,215	11,683,668	1,812,329	10,667,648	38,033,860
Change in accounting policy – IFRS 9	-	-	-	(316,000)	(316,000)
<b>Restated balance at January 1, 2018</b>	13,870,215	11,683,668	1,812,329	10,351,648	37,717,860
Net movement in shares	2,402,864	-	-	-	2,402,864
Entrance fees	-	42,420	-	-	42,420
Net movement on other funds and reserves	-	1,543,904	992,970	(1,834,107)	702,767
Dividends paid	-	-	-	(1,041,400)	(1,041,400)
Net surplus for the year	-	-	-	4,695,016	4,695,016
<b>Balance at December 31, 2018</b>	16,273,079	13,269,992	2,805,299	12,171,157	44,519,527
Net movement in shares	2,371,474	-	-	-	2,371,474
Entrance fees	-	43,410	-	-	43,410
Net movement on other funds and reserves	-	1,664,544	747,085	(2,531,666)	(120,037)
Dividends paid	-	-	-	(1,231,656)	(1,231,656)
Net surplus for the year	-	-	-	6,100,401	6,100,401
<b>Balance at December 31, 2019</b>	18,644,553	14,977,946	3,552,384	14,508,236	<b>51,683,119</b>

The notes on pages 67 to 110 are an integral part of these financial statements.

## ARIZA CREDIT UNION LIMITED

## Statement of Cash Flows

December 31, 2019

(expressed in Eastern Caribbean dollars)

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>			
Surplus for the year before appropriation		\$ 6,100,401	4,695,016
<b>Adjustments for:</b>			
Provision for credit loss		2,200,000	984,000
Provision for vacation accrual		108,095	385,843
Provision for risk assets		(1,057,224)	-
Depreciation	12	1,202,342	1,096,786
Interest income		(29,489,965)	(26,457,767)
Interest expense		11,764,201	11,048,030
Net movement in reserves		(120,037)	702,767
<b>Operating loss before changes in working capital</b>		(9,292,187)	(7,545,325)
Change in accounts receivable and prepayments		(2,676,232)	572,137
Change in members' loans		(31,254,523)	(44,933,416)
Change in members' deposits		26,346,287	22,960,002
Change in other deposits		32,738,608	13,983,160
Change in non-interest bearing liabilities		7,063,153	1,692,390
Change in other liabilities		223	327
<b>Cash provided by/(used in) operations</b>		22,971,793	(13,270,725)
Interest received		29,260,269	26,024,639
Interest paid		(11,708,279)	(10,753,639)
<b>Net cash generated from operating activities</b>		40,523,783	2,000,275
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	12	(3,227,692)	(4,036,823)
Change in investment property	10	(15,034)	(421,822)
Increase in investment securities		(31,273,123)	(468,863)
Sales of investment securities		-	3,262,994
<b>Net cash used in investing activities</b>		(34,515,849)	(1,664,514)
<b>Cash flows from financing activities</b>			
Entrance fees		43,410	42,420
Dividends paid		(1,231,656)	(1,041,400)
Increase in members' shares		2,371,474	2,402,864
<b>Net cash generated from financing activities</b>		1,183,228	1,403,884
<b>Increase in cash and cash equivalents</b>		7,191,162	1,739,645
<b>Cash and cash equivalents, beginning of year</b>		13,636,161	11,896,516
<b>Cash and cash equivalents, end of year</b>		\$ 20,827,323	13,636,161

The notes on pages 67 to 110 are an integral part of these financial statements.

1. **Nature of Operations**

The principal activities of Ariza Credit Union Limited ("the Credit Union") (previously named Grenada Public Service Co-operative Credit Union Limited) are to provide ways and means through which savings can be effected and a source of credit made available to its members.

2. **General information and statement of compliance with IFRS**

The Ariza Credit Union Limited (previously named Grenada Public Service Co-operative Credit Union Limited) 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 an average of eighty-nine (89) persons during the year compared to seventy-six (76) persons in 2018.

The Credit Union's registered office is located at Bruce Street, St. Georges, Grenada and it conducts business from three locations: the branch offices at Grenville, St. Andrew and Church Street, Hillsborough, Carriacou and the head office at Bruce Street, St. Georges.

The accompanying financial statements are the financial statements of the Credit Union and have been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Standards Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB) under the historical cost convention, as modified by the revaluation of land and buildings and financial assets at fair value through other comprehensive income. The measurement bases are fully described in the summary of accounting policies.

3. **Basis of Preparation**

(a) *Statement of Compliance:*

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standard Board (IASB). These financial statements were approved by the Board of Directors on September 1, 2020.

3. **Basis of Preparation** (*cont'd*)

(b) *Going Concern:*

These financial statements have been prepared on the going concern basis, which assumes that the Credit Union will continue in operation for the foreseeable future. They do not purport to give effect to adjustments, if any, that may be necessary should the Credit Union be unable to realise its assets and discharge its liabilities in other than the ordinary course of business.

(c) *Adoption of New or Revised Standards, Amendments to Standards and Interpretations*

The Credit Union has adopted the following amendments to standards and new interpretations effective from January 1, 2019. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Credit Union's financial statements.

*IFRS 16 – Leases*

In these financial statements, the Credit Union has applied IFRS 16 *Leases* for the first time. IFRS 16, supersedes IAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases-Incentives* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. The Credit Union is not currently a lessee under IFRS 16.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Credit Union is the lessor.

*Amendments to IFRS 9: Prepayment Features with Negative Compensation*

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the 'SPPI' criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. Where the prepayment is made at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instruments, the Credit Union assesses the specific contractual cash flows for the relevant debt instruments in order to determine whether they meet the SPPI criterion. These amendments had no impact on the financial statements of the Credit Union.



3. **Basis of Preparation** (*cont'd*)

(c) **Adoption of New or Revised Standards, Amendments to Standards and Interpretations** (*cont'd*)

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the Credit Union's financial statements. The new and amended standards and interpretations are effective for annual periods beginning on or after January 1, 2019, unless otherwise stated.

- (d) *New Standards and interpretation of amendments to existing standards issued but not effective during the year:*  
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Credit Union's financial statements are disclosed below. The Credit Union intends to adopt these standards, if applicable, when they become effective.

*IFRS 17 Insurance contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4). IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. IFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. This standard is not applicable to the Credit Union.

*Amendments to IFRS 3: Definition of a Business*

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Credit Union will not be affected by these amendments on the date of transition.

3. **Basis of Preparation** (*cont'd*)

(d) **New Standards and interpretation of amendments to existing standards issued but not effective during the year:** (*cont'd*)

*Amendments to IAS 1 and IAS 8: Definition of Material*

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Credit Union's financial statements.

4. **Summary of Significant Accounting Policies**

4.1 Overall considerations:

The significant accounting policies set out below have been applied consistently by the Credit Union to all periods presented in these financial statements, except as otherwise stated.

4.2 Revenue recognition:

Revenue arises from the rendering of services. The Credit Union recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for the Credit Union's activities. It is measured at the fair value of consideration received or receivable. Revenue is recognised as follows:

(i) *Interest income*

Interest income is recognised in profit or loss, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability.

The Credit Union's calculation of the effective interest rate includes all material fees received, transaction costs, discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

(ii) *Other income*

Other income is recognised on the accrual basis except for dividend income which is accounted for on the cash basis.

**4. Summary of Significant Accounting Policies (cont'd)**

**4.3 Foreign currency translation: Functional and presentation currency**

These financial statements are presented in Eastern Caribbean Dollars, which is the Credit Union's functional and presentation currency. All financial information presented in Eastern Caribbean Dollars has been rounded to the nearest dollar.

*Foreign currency transactions and balances*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Eastern Caribbean Dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Eastern Caribbean Dollars at foreign exchange rates ruling at the dates the values were determined.

**4.4 Leases (Policy applicable after January 1, 2019)**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on the straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

*Credit Union as a lessee*

The Credit Union applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Credit Union recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Credit Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

*Credit Union as a lessor*

Leases in which the Credit Union does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs

**4. Summary of Significant Accounting Policies** (*cont'd*)

**4.4 Leases (Policy applicable after January 1, 2019)** (*cont'd*)

incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**4.5 Financial instruments:**

The Credit Union recognises a financial asset or a liability in the statement of financial position when it becomes party to the contractual provision of the instruments.

**(a) Initial recognition and measurement of financial instruments**

At initial recognition, the Credit Union measures its financial assets and financial liabilities at their fair values plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions.

If the Credit Union determines that the fair value of its financial assets and liabilities at initial recognition differs from the transaction price, the difference is recognised as follows:

- If that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is recognised as a gain or loss.
- In all other cases, the difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, the Credit Union recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

**(a) Classification and subsequent measurement of financial assets**

The Credit Union classifies the financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (i) the Credit Union's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial asset.

**4. Summary of Significant Accounting Policies (cont'd)**

**4.5 Financial Instruments (cont'd)**

Based on these factors, the Credit Union classifies its asset into one of the following three measurements:

*Financial assets at amortised cost*

A financial asset is measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified as non- current assets.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset. When calculating the effective interest rate, the estimates the expected cash flows by considering all the contractual terms of the financial instrument, but does not consider the expected credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The Credit Union's financial assets measured at amortised cost include loans to members, investments in fixed deposits and treasury bills and cash and cash equivalents.

**(b) *Financial assets at fair value through other comprehensive income (FVTOCI)***

A financial asset is measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial assets at fair value through other profit or loss (FVTPL)*

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.



**4. Summary of Significant Accounting Policies (cont'd)**

**4.5 Financial Instruments (cont'd)**

**(b) Financial assets at fair value through other profit or loss (FVTPL) (cont'd)**

However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. The Credit Union does not have any assets measured at FVTPL.

*Undrawn loan commitments*

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Credit Union is required to provide a loan with pre-specified terms to the member. These contracts are in the scope of the ECL requirements. The nominal contractual value of letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

*Reclassifications*

If the business model under which the holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Credit Union's financial assets. During the current financial year and previous accounting period there were no changes in the business models under which the Credit Union holds financial assets and therefore no reclassifications were made except for the new classifications under IFRS 9. Changes in contractual cash flows are considered under the accounting policy on *Modification of loans to members* in Note 4.5 (d) and *Derecognition of financial assets* in Note 4.5 (f).

**(c) Impairment of Financial Assets**

The Credit Union recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost and the exposure arising from loan commitments and financial guarantee contracts. The expected credit losses are assessed on a forward looking basis. The Credit Union's measurement of ECL reflects:

- a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4. **Summary of Significant Accounting Policies** (*cont'd*)

4.5 **Financial Instruments** (*cont'd*)

(c) *Impairment of Financial Assets* (*cont'd*)

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD - The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD - The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

The financial assets are grouped on the basis of shared credit risk characteristics to determine the average credit losses for each group of assets. The Credit Union considers this approach to be a reasonable estimate of the probability-weighted amount. The lifetime expected credit losses for the nonperforming financial assets are assessed on an individual basis. The Credit Union considers if there have been significant increases in credit risk since initial recognition — whether assessed on an individual or collective basis — considering all reasonable and supportable information, including that which is forward-looking. At each reporting date, the Credit Union measures the loss allowance at an amount equal to the lifetime expected credit losses, if the credit risk on that financial instrument has increased significantly since initial recognition.

The Credit Union considers the following factors in assessing changes in credit risk since initial recognition:

- significant changes in internal price indicators of credit risk;
- changes in the rates or terms of an existing instrument that would be significantly different if the instrument was newly issued (e.g. more stringent covenants);
- significant increases in credit risk on other financial instruments from the same borrower;

**4. Summary of Significant Accounting Policies** (*cont'd*)

**4.5 Financial Instruments** (*cont'd*)

**(c) Impairment of Financial Assets** (*cont'd*)

- an actual or forecast significant adverse changes in the business, financial or economic conditions that are expected to significantly affect the borrower's ability to meet its debt obligations (e.g. increase in interest rates and unemployment rates);
- an actual or expected significant change in the financial instrument's external credit rating;
- an actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally;
- an actual or expected significant change in the operating results of the borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of guarantees or credit enhancements reductions in financial support from a parent entity that are expected to reduce the borrower's incentive to make scheduled contractual payments;
- expected breaches of contract that may, for example, lead to covenant waivers or amendments, or interest payment holidays;
- existing or expected adverse changes in the regulatory, economic, or technological environment that significantly affect, or are expected to affect, the borrower's ability to meet its debt obligations;
- changes in the Credit Union's credit management approach in relation to the financial instrument (e.g. specific intervention with the borrower, more active or close monitoring of the instrument by the Credit Union);
- significant changes in the expected performance and behaviour of the borrower including changes in the payment status of borrowers in the (e.g. expected increase in delayed contractual payments); and
- past due information, including the rebuttable presumption of more than 30 days past due.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

**4. Summary of Significant Accounting Policies** (*cont'd*)

**4.5 Financial Instruments** (*cont'd*)

**(c) Impairment of Financial Assets** (*cont'd*)

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Credit Union under the contract and the cash flows that the Credit Union expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Credit Union if the holder of the commitment draws down the loan and the cash flows that the Credit Union expects to receive if the loan is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Credit Union expects to receive from the holder, the debtor or any other party.

The Credit Union measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

**4. Summary of Significant Accounting Policies** (*cont'd*)

**4.5 Financial Instruments** (*cont'd*)

**(c) Impairment of Financial Assets** (*cont'd*)

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Credit Union assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Credit Union considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a backstop if amounts are overdue for 90 days or more.

*Definition of default*

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

- the borrower is past due more than 90 days on any material credit obligation to the Credit Union; or
- the borrower is unlikely to pay its credit obligations to the Credit Union in full.

This definition of default is used by the Credit Union for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

**(c)**

When assessing if the borrower is unlikely to pay its credit obligation, the Credit Union considers both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Credit Union uses a variety of sources of information to



4. **Summary of Significant Accounting Policies** (*cont'd*)

4.5 **Financial Instruments** (*cont'd*)

(c) *Impairment of Financial Assets* (*cont'd*)

assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired.

Therefore, credit impaired assets will include defaulted assets, but will also include other non- defaulted given the definition of credit impaired is broader than the definition of default.

(d) *Modification of loans to members*

When the Credit Union renegotiates or otherwise modifies, the contractual cash flows of its customer loans, the Credit Union assesses whether or not the new terms are substantially different from the original terms of the agreement. The Credit Union derecognises the original loan if the terms are substantially different and recognises the new loan at its fair value. The Credit Union also recalculates the new effective interest rate for the loan. The date of the modification is considered to be the date of initial recognition of the new loan when applying the impairment requirements and also assessing whether a significant increase in credit risk has occurred. The Credit Union also considers whether there may be evidence that the modified loan is credit-impaired at initial recognition. In this situation, the loan is recognised as an originated credit-impaired financial asset. This might occur, for example, in a situation in which there was a substantial modification of a distressed asset as a result of the borrower being unable to make the originally agreed payments. Differences in the carrying amount are recognised as a gain or loss on derecognition in the profit or loss.

If the new terms are not substantially different the original loan is not derecognised. The Credit Union recalculates the gross carrying amount of the loan and recognises a modification gain or loss in the profit and loss. The gross carrying amount of the loan is recalculated as the present value of the renegotiated contractual cash flows discounted at the loan's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified loan and are amortised over the remaining term of the modified financial asset.

(e) *Write offs*

The Credit Union directly reduces the gross carrying amount of a financial asset when the Credit Union has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event. This is the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

**4. Summary of Significant Accounting Policies (cont'd)**

**4.5 Financial Instruments (cont'd)**

*(e) Write-offs (cont'd)*

The Credit Union may apply enforcement activities to financial assets written off. Recoveries resulting from the Credit Union's enforcement activities will result in impairment gains, which will be presented in net impairment loss on financial assets in the statement of profit or loss.

*(e) Write offs (cont'd)*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*(f) Derecognition of financial assets*

The Credit Union derecognises financial assets when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to receive the cash flows of the financial asset are retained but the contractual obligation to the pay the cash flows to one or more recipients is assumed in an arrangement where:

- (i) The Credit Union has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition;
- (ii) The Credit Union is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- (iii) The Credit Union has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

*(g) Forward looking information*

In its ECL models, the Credit Union relies on a range of forward-looking information as economic inputs, such as:

- GDP growth
- Central Bank base rates

**4. Summary of Significant Accounting Policies (cont'd)**

**4.5 Financial Instruments (cont'd)**

*(h) Financial Liabilities:*

*Classification and subsequent measurement of financial liabilities*

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost. Other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

*Derecognition of financial liabilities*

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specific in the contract is discharged, cancelled or expires).

**4.6 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Credit Union in the management of its short-term commitments.

Cash and cash equivalents are measured at amortised cost.

**4.7 Property and equipment**

*i. Initial measurement*

Property and equipment are initially stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributed to the acquisition of items.

*ii. Subsequent measurement Land and building*

After recognition, land and building whose fair value can be measured reliably are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

#### 4. **Summary of Significant Accounting Policies** (*cont'd*)

##### 4.7 **Property and equipment** (*cont'd*)

###### *ii. Subsequent measurement Land and building (cont'd)*

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in members' equity under the heading of revaluation reserves. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserves in respect of that asset.

The decrease recognised in other comprehensive income reduces the amount accumulated in members' equity under the heading of revaluation reserve.

When a building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

###### *Furniture, equipment and motor vehicle*

After recognition, an item of furniture, equipment and motor vehicle is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

###### *iii. Depreciation*

Depreciation is calculated on the straight line method to write down the cost less estimated residual values of the assets. The following depreciation rates are applied:

Freehold Land and Building	40 years
Car Park	40 years
Furniture, Fixtures and Equipment	10 years
Motor vehicles	5 years
Automatic Teller Machine	4 years
Computer Equipment and Software	3 years

Land and work in progress are not depreciated.

**4. Summary of Significant Accounting Policies (cont'd)**

**4.7 Property and equipment (cont'd)**

*iii. Depreciation (cont'd)*

The assets' residual values and estimated useful lives are reviewed and adjusted, if appropriate, at each reporting 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 amounts. These are included in profit or loss.

**4.8 Impairment of non-financial assets**

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed only to the extent that the asset's or cash-generating unit's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**4.9 Provisions**

Provision for legal disputes or other claims are recognized when the Credit Union has a present or legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Credit Union to settle the obligation and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

**4. Summary of Significant Accounting Policies (cont'd)**

**4.9 Provisions (cont'd)**

Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Credit Union can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

**4.10 Employee benefits**

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or losses incurred.

**4.11 Equity, reserves and dividend payments**

**a) Permanent shares**

Permanent shares issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability.

**b) Reserves**

Statutory reserves comprise amounts required to be set aside as stipulated by the Co-operative Societies Act (see note 16).

**c) Retained earnings**

Retained earnings include all current and prior period retained profits.

**d) Dividends**

Shares that contain redemption features subject to the Credit Union maintaining adequate regulatory capital are accounted for using the partial treatment requirements of IFRIC 2, *Members' Shares in Cooperative Entities and Similar Instruments*.

Dividends paid are recognised in equity in the period in which they are approved by the Credit Union's members at the Annual General Meeting.



**4. Summary of Significant Accounting Policies (cont'd)**

**4.12 Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

**5. Significant management judgement in applying accounting policies and estimation uncertainty:**

In the application of the Credit Union's accounting policies, which are described in note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have the most significant effect on the amounts recognised on the financial statements are described below:

**(a) Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Credit Union determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Credit Union monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Credit Union's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**(b) Measurement of the expected credit loss allowance**

The measurement of the expected credit loss allowance for the financial assets measured at amortized cost, FVTPL and FVTOCI is an area that requires the use of modeling and assumptions about future economic conditions and credit behaviors (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgement are also required in applying the account requirements for measuring ECL, such as:

**5. Significant management judgement in applying accounting policies and estimation uncertainty (cont'd)**

*(b) Measurement of the expected credit loss allowance (cont'd)*

- Determining credit for significant increase in credit risk
- Choosing appropriate model and assumptions for the measurement of proportional loss
- Establishing groups of similar financial assets for the purposes of measuring ECL
- Recovery rates on unsecured exposures
- Drawdown of approved facilities
- Determination of macroeconomic drivers (management overlay)
- Determination of life of revolving credit facilities
- Models and assumptions used

*(c) Valuation of Stage 3 facilities:*

The proposed cash flow was discounted using the yield of the facilities. The Credit Union makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

*(d) Expected Credit Loss Financial Asset held FVOCI - Equity Investments:*

The Credit Union determines Fair Value equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgement, the Credit Union evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. These factors may give rise to uncertainty regarding the recoverability of the carrying value in the subsequent period and/or the eventual recoverability of the amounts invested in full.

The Credit Union recognised ECL on equity investments during the year of nil (2018: nil) due to doubts about the recoverability of the amount.

## 6. **Financial instrument risk**

### *Risk management objectives and policies*

The Credit Union has exposure to the following risks arising from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the Credit Union's exposure to each of the above risks, the Credit Union's objectives, policies and processes for measuring and managing risk, and the Credit Union's management of capital.

The Board of Directors has overall responsibility for the determination of the Credit Union's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Credit Union's finance function.

The Board of Directors receives monthly reports from the Credit Union's Management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Credit Union's risk management processes are essentially those mandated by the Board of Directors and are structured to facilitate identification of risks in its various business activities and to formulate risk management strategies, policies and procedures.

Risks are maintained within established limits. The Credit Union's risk management policies entail diversification of risk in its portfolios, the establishment of risk rating indicators for individual members and lines of credit and continuous review of risk profiles for its members and portfolios. Risk limits are also set in relation to groups of borrowers and industry and geographical segments. The policies also include review, analysis and valuation of all risk taking activities.

### 6.1 *Credit risk analysis*

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations. The Credit Union is exposed to this risk for various financial instruments, for example, granting loans to members, placing deposits and investing in bonds.

**6. Financial instrument risk (cont'd)**

**6.1 Credit risk analysis (cont'd)**

**i. Loans to members**

The Credit Union's exposure to credit risk is influenced mainly by the individual characteristics of each member. The demographics of the Credit Union's member base, including the default risk of the country in which members operate, has less of an influence on credit risk. Geographically there is concentration of credit risk as all members are located in Grenada.

**ii. Cash and cash equivalents**

Cash and cash equivalents are held with established and reputable financial institutions, which represent minimum risk of default.

**iii. Maximum exposure to credit risk**

The maximum on-balance sheet and off-balance sheet exposure to credit risk at the reporting date.

	2019	2018
<b>On-balance sheet</b>		
Cash and cash equivalents	\$ 20,827,323	13,636,161
Accounts receivables (excluding Prepayments and deferred expenses)	4,796,761	2,995,992
Member's loans	335,804,886	305,693,139
Investment securities	50,070,384	18,797,261
	<b>\$ 411,499,354</b>	<b>341,122,553</b>
<b>Off-balance sheet</b>		
Loan commitments and other credit related facilities	2019	2018
	<b>\$ 9,250,000</b>	<b>9,210,000</b>

*Loan to Members*

*(a) Expected credit loss on loans to members*

*(b)* The Expected Credit Loss, commonly referred to as ECL, represents the amount the Credit Union is likely to lose in the event of a default. The Credit Union is required to categorise the loans in their respective stages as outlined in the IFRS 9 Standard.

6. **Financial instrument risk** (*cont'd*)

6.1 *Credit risk analysis (cont'd)*

(a) *Expected loss of loans to members (cont'd)*

Expected credit loss (ECL) on loans to members are analysed below:

		<b>Gross Amount</b>	<b>ECL</b>	<b>Net Amount</b>
Stage 1	\$	319,248,123	334,330	318,913,793
Stage 2		639,933	6,399	633,534
Stage 3		23,249,630	6,992,071	16,257,559
<b>As at December 31, 2019</b>	\$	<b>343,137,686</b>	<b>7,332,800</b>	<b>335,804,886</b>

		<b>Gross Amount</b>	<b>ECL</b>	<b>Net Amount</b>
Stage 1	\$	286,915,126	343,016	286,572,110
Stage 2		1,724,820	17,248	1,707,572
Stage 3		23,243,217	5,829,760	17,413,457
<b>As at January 1, 2018</b>	\$	<b>311,883,163</b>	<b>6,190,024</b>	<b>305,693,139</b>

Stage 1 loans

Loans placed in this stage include loans past due between for 0 to 30 days and loans for which there is no evidence of a significant increase in credit risk since the origination date.

Stage 2 loans

Loans placed in this stage include loans past due between for 31 to 60 days and loans that experienced a significant increase in credit risk even if past due days threshold is not met.

Stage 3 loans

Loans placed in this stage are loans that are past due 60 days and over and loans that show evidence of impairment even if the 60 days threshold is not met.

One of the crucial requirements of IFRS 9 is for the Credit Union to determine whether there is a significant increase in credit risk (SIICR) from the date of loan origination to the current or the reporting date. In the event of a SIICR, the loan must be placed in Stage 2 and will require a lifetime provision. The loan should remain in this Stage until there is evidence that the event(s) that resulted in the increase in the credit risks have been satisfactorily cured. It is only then that these loans should be transitioned back to Stage 1. SIICR is determined by observing to the extent to which adverse changes in one or more of the credit risk drivers could increase the likelihood of the default since the origin of the loan. A change in members' employment arrangement, payment method, industry or personal conditions could be deemed significant enough to trigger a migration of loans to Stage 2 even if the past due days quantitative SIICR threshold is not met.

**6. Financial instrument risk (cont'd)**

**6.1 Credit risk analysis (cont'd)**

*(c) Loans to members re-negotiated*

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferred payments. Following restructuring, a previously overdue account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators of criteria which, in the judgement of local management, indicate that payment will most likely continue. These policies are kept under continual review. Restructuring is most commonly applied to term loans, in particular customer finance loans. There were no renegotiated loans which were impaired as of December 31, 2019 and December 31, 2018.

*(d) Bonds and equity investments*

There is no formal rating of the credit quality of bonds, treasury bills and equity investments. A number of qualitative and quantitative factors are considered in assessing the risk associated with each investment; however, there is no hierarchy of ranking. There are no external ratings of the securities. None of the securities is pledged as collateral.

*(e) Repossessed collateral*

The Credit Union had no repossessed collateral in its statement of financial position as of December 31, 2019 (2018: nil).

**6.2 Liquidity risk analysis**

Liquidity risk is the risk that the Credit Union will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Credit Union's liquidity risk is subject to risk management controls and is managed within the framework of regulatory requirements, policies and limits approved by the Board. The Board receives reports on liquidity risk exposures and performance against approved limits. Management provides the Board with information on liquidity risk for Board oversight purposes through its monthly meetings. The key elements of the Credit Union's liquidity risk management framework include:

- liquidity risk measurement and management limits, including limits on maximum net cash outflow over a specified short-term horizon;
- holdings of liquid assets to support its operations, which can generally be converted to cash within a reasonable time;
- liquidity stress testing PEARLS-specific ratios; and
- liquidity contingency planning.



6. **Financial instrument risk** (*cont'd*)

6.2 *Liquidity risk analysis (cont'd)*

Non-derivative financial liabilities and assets held for managing liquidity risk.

The table below presents the cash flows payable by the Credit Union under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual and undiscounted cash flows.

**As of December 31, 2019**

		Carrying amount	On demand	Up to 1 year	1-5 years	Over 5 years	Total
Liabilities							
Members' life time savings	\$	191,847,083	124,392,197	1,126,257	24,625,882	41,702,747	191,847,083
Other deposits		190,457,502	190,457,502	-	-	-	190,457,502
Non-interest bearing liabilities		16,344,595	16,344,595	-	-	-	16,344,595
Other liabilities		2,008	2,008	-	-	-	2,008
	\$	398,651,188	331,196,302	1,126,257	24,625,882	41,702,747	398,651,188

**As of December 31, 2018**

		Carrying amount	On demand	Up to 1 year	1-5 years	Over 5 years	Total
Liabilities							
Members' life time savings	\$	165,500,796	105,086,194	11,882,828	28,308,678	20,223,096	165,500,796
Other deposits		157,718,897	157,718,897	-	-	-	157,718,897
Non-interest bearing liabilities		9,117,425	9,117,425	-	-	-	9,117,425
Other liabilities		1,785	1,785	-	-	-	1,785
	\$	332,338,903	271,924,301	11,882,828	28,308,678	20,233,096	332,338,903

6. **Financial instrument risk** (*cont'd*)

6.2 *Liquidity risk analysis (cont'd)*

*Assets held for managing liquidity risk*

The Credit Union holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Credit Union's assets held for managing liquidity risk comprise:

- Un-restricted cash in bank
- Certificates of deposit
- Loans and receivables investment securities
- Unimpaired loans

6.3 *Market risk analysis*

The Credit Union is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

(i) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Credit Union does not face any such risk since its transactions are substantially in Eastern Caribbean Dollars, which is its functional currency. The United States Dollar, in which the Credit Union also transacts business, is fixed in relation to the Eastern Caribbean Dollar.

(ii) *Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. The Credit Union has no exposure to such risk since its existing investments are not listed in any stock exchange or market.

(iii) *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest earning assets and interest bearing liabilities, which are subject to interest rate adjustments within a specified period.

The Credit Union actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk arising from the Credit Union's funding and investment activities is managed in accordance with Board-approved policies.

6. **Financial instrument risk** (*cont'd*)

6.3 *Market risk analysis (cont'd)*

(iii) *Interest rate risk (cont'd)*

The table below summarizes the Credit Union's exposure to interest rate risks. Included in the table are the Credit Union's assets and liabilities at carrying amounts categorized by the earlier of contractual repricing and maturity dates.

	Interest rate %	On demand	Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
<b>Assets</b>							
Cash and cash equivalents		\$ 20,827,323	-	-	-	-	20,827,323
Accounts receivables (excluding prepayments and deferred expenses)		-	-	-	-	4,796,761	4,796,761
Members' loans	3.5%-14%	481,808	21,532,846	66,108,001	247,682,231	-	335,804,886
Investment securities	2.5%-5.21%	16,981,739	29,797,555	2,000,000	-	1,291,090	50,070,384
<b>Total financial assets</b>		38,290,870	51,330,401	68,108,001	247,682,231	6,087,851	411,499,354
<b>Liabilities</b>							
Members' lifetime savings	3.5%	124,392,197	1,126,257	24,625,882	41,702,747	-	191,847,083
Other deposits 2-4%		190,457,502	-	-	-	-	190,457,502
Non-interest bearing liabilities		-	-	-	-	16,344,595	16,344,595
Other liabilities		-	-	-	-	2,008	2,008
<b>Total financial liabilities</b>		\$ 314,849,699	1,126,257	24,625,882	41,702,747	16,346,603	398,651,188
<b>Total interest repricing gap</b>		\$ (276,558,829)	50,204,144	\$ 43,482,119	205,979,484	(10,258,752)	12,848,166

6. **Financial instrument risk** (*cont'd*)

6.3 *Market risk analysis (cont'd)*

(iii) *Interest rate risk (cont'd)*

	Interest rate %	On demand	Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
<b>Assets</b>							
Cash and cash equivalents		\$ 13,636,161	-	-	-	-	13,636,161
Accounts receivables (excluding Prepayments and deferred expenses)		-	-	-	-	2,995,992	2,995,992
Members' loans	3.5%-12%	367,673	14,095,716	70,459,358	220,770,392	-	305,693,139
Investment securities	2.5%-5.21%	8,727,526	8,778,645	-	-	1,291,090	18,797,261
<b>Total financial assets</b>		<b>22,731,360</b>	<b>22,874,361</b>	<b>70,459,358</b>	<b>220,770,392</b>	<b>4,287,082</b>	<b>341,122,553</b>
<b>Liabilities</b>							
Members' lifetime savings	4%	123,511,249	383,637	13,713,831	27,892,079	-	165,500,796
Other deposits	3.1%-6%	157,718,897	-	-	-	-	157,718,897
Non-interest bearing liabilities		-	-	-	-	9,117,425	9,117,425
Other liabilities		-	-	-	-	1,785	1,785
<b>Total financial liabilities</b>		<b>\$ 281,230,146</b>	<b>383,637</b>	<b>13,713,831</b>	<b>27,892,079</b>	<b>9,119,210</b>	<b>332,338,903</b>
<b>Total interest repricing gap</b>		<b>\$ 258,498,786)</b>	<b>22,490,724</b>	<b>56,745,527</b>	<b>192,878,313</b>	<b>(4,832,128)</b>	<b>8,783,650</b>

6. **Financial instrument risk** (*cont'd*)

6.3 *Market risk analysis (cont'd)*

(iii) *Interest rate risk (cont'd)*

*Fair value interest rate sensitivity analysis*

The Credit Union does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

*Cash flow interest rate sensitivity analysis*

The Credit Union is not exposed to any cash flow interest rate risk as it has no variable rate financial instruments.

6.4 *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 involvement with financial instruments, including 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 corporate behaviour.

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 management within the Credit Union. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk by establishing requirements for:

- appropriate segregation of duties, including the independent authorization of transactions;
- the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

6. **Financial instrument risk** (*cont'd*)

6.4 *Operational risk (cont'd)*

Compliance with the Credit Union's standards is supported by a programme of periodic reviews undertaken by the Supervisory Committee. The results of the Supervisory Committee reviews are discussed with management, with summaries to the Board of Directors.

7. **Fair value of financial assets and liabilities**

a) *Financial instruments not measured at fair value*

The table below summarises the carrying amounts and fair values of the Credit Union's financial assets and liabilities not presented on the statement of financial position at their fair values.

		<b>Carrying Value</b>		<b>Fair Value</b>	
		2019	2018	2019	2018
<b>Financial assets</b>					
Cash and cash equivalents	\$	20,827,323	13,636,161	20,827,323	13,636,161
<i>Investment securities:</i>					
– Financial assets at amortised costs		35,802,031	11,429,929	35,802,031	11,429,929
Members' loans		335,804,886	305,693,139	335,804,886	305,693,139
Accounts receivables (excluding Prepayments and deferred expenses)		4,796,761	2,995,992	4,796,761	2,995,992
	\$	397,231,001	333,755,221	397,231,001	333,755,221
<b>Financial liabilities</b>					
Members' deposits		191,847,083	165,500,796	191,847,083	165,500,796
Other deposits		190,457,502	157,718,897	190,457,502	157,718,897
Non-interest bearing liabilities		16,344,595	9,117,425	16,344,595	9,117,425
Other liabilities		2,008	1,785	2,008	1,785
	\$	398,651,188	332,338,903	398,651,188	332,338,903



**7. Fair value of financial assets and liabilities (cont'd)**

**a) Financial instruments not measured at fair value (cont'd)**

**(i) Loans and advances**

The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

**(ii) Investment securities**

The fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated for debt investment securities based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining maturity.

**(iii) Members' deposits**

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new deposits with similar remaining maturity.

**b) Fair value measurement of financial instruments**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at December 31, 2019 and December 31, 2018.

7. **Fair value of financial assets and liabilities** (*cont'd*)

(b) Fair value measurement of financial instruments (*cont'd*)

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into Level 3 of the fair value hierarchy.

	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2019</b>		
<b>Financial assets</b>		
Investment securities:		
- Financial assets at fair value through other comprehensive income (OCI)	\$ 14,268,353	14,268,353
	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2017</b>		
<b>Financial assets</b>		
Investment securities:		
- Financial assets at fair value through other comprehensive income (OCI)	\$ 7,367,332	7,367,332

*Measurement of fair value of financial instruments*

The Credit Union's finance team performs valuations of financial items for financial reporting purposes. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the General Manager and to the Board of Directors. Valuation processes and fair value changes are discussed among the Board of Directors and the valuation team at least every year, in line with the Credit Union's reporting dates. The valuation techniques used for instruments categorised in Level 3 are described below:

*Financial assets at FVTOCI*

The fair value is generally on broker/dealer price quotations. Where this information is not available, fair value is based on cost less any impairment recognised.

7. **Fair value of financial assets and liabilities** (cont'd)

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

c) *Fair value measurement of non-financial assets*

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at December 31, 2019 and December 31, 2018.

	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2019</b>		
<b>Property and equipment</b>		
Freehold Land and Building	\$ 24,021,457	24,021,457
<b>Investment property</b>		
Land	11,656,925	11,656,925
Buildings	906,407	906,407
<b>Total assets</b>	<u>\$ 36,584,789</u>	<u>36,584,789</u>
	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2018</b>		
<b>Property and equipment</b>		
Freehold Land and Building	\$ 23,807,717	23,807,717
<b>Investment property</b>		
Land	6,599,758	6,599,758
Buildings	896,656	896,656
<b>Total assets</b>	<u>\$ 31,304,131</u>	<u>31,304,131</u>

Fair value of the Credit Union’s main property assets is estimated based on appraisals performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date. Further information is set out below.

*Land and buildings*

The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use.

8. **Capital management policies and procedures**

The Credit Union has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve three major objectives:

- exceed regulatory thresholds;
- meet longer-term internal capital targets; and
- provide the Credit Union’s members with a source of finance.

Capital is managed in accordance with the Board-approved Capital Management Policy which is based on regulatory requirements of the Co-operative Societies Act and the PEARLS regulations. Management and the Board of Directors develop the capital strategy and oversee the capital management processes of the Credit Union. The Credit Union’s management and Supervisory Committee are key in implementing the Credit Union’s capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal metrics.

The three primary regulatory capital ratios used to assess capital adequacy are as follows:

	Regulatory requirement	2019 %	2018 %
1. Net Loans/Total Assets	70% to 80%	75%	81%
2. Institutional Capital/Total Assets	10% minimum	7.43%	7.70%
3. Total Delinquency/Total Loans	5% maximum	6.63%	6.63%

9. **Members' loans**

		<b>2019</b>	<b>2018</b>
General loans	\$	342,655,878	311,515,490
Members overdraft accounts		481,808	367,673
		343,137,686	311,883,163
Allowance for doubtful loans		7,332,800	(6,190,024)
Total members' loans		335,804,886	305,693,139
Current		311,583,278	14,463,389
Non-current		291,229,750	291,229,750
		335,804,886	305,693,139

		<b>2019</b>	<b>2018</b>
<b>Allowance for doubtful loans</b>			
Balance at beginning of the year	\$	6,190,024	4,890,024
Amounts written off during the year		(1,057,224)	-
Provisions for loan losses for the year		2,200,000	984,000
Provision for loan losses 2017 through equity		-	316,000
<b>Balance at end of the year</b>	\$	<b>7,332,800</b>	<b>6,190,024</b>

The average interest rate earned on the members' loans during the financial year was 8.74% (2018: 9.14%).

The Credit Union's loan loss provision has been made in accordance with the requirements of IAS39. Under the PEARLS methodology, the Credit Union provides for loan losses at the rate of thirty-five (35%) percent on balances less than twelve (12) months old and one hundred (100%) percent on balances more than twelve (12) months old on the net amount of delinquent loans according to the policy set by the Board of Directors. This basis of provision is a requirement of Grenada Co-operative Societies Regulations 2010, Section 201 (compliance with PEARLS). As of December 31, 2019, the provision for credit losses in accordance with the PEARLS methodology amounted to \$6,992,071 (2018: \$5,829,759).

10. **Investment property**

	<b>Land</b>	<b>Building</b>	<b>Total</b>
<b>Balance at December 31, 2017</b>	\$ 6,596,958	477,634	7,074,592
Additions during the year	2,800	419,022	421,822
Sale during the year	(32,434)	-	-
<b>Balance at December 31, 2018</b>	6,596,958	896,656	7,496,414
Reclassifications	5,051,884	-	5,051,884
Additions during the year	5,283	9,751	15,034
<b>Balance at December 31, 2019</b>	\$ 477,634	906,407	12,563,332

11. **Investment securities**

**Financial assets at fair value through other comprehensive income (FVTOCI)**

	<b>2019</b>	<b>2018</b>
<b>(a) Equity financial assets</b>		
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	6,399,513
- 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	334,355	334,355
<b>(b) Treasury bills</b>		
Government of Antigua & Barbuda	5,659,625	2,617,413
Government of St. Lucia	2,501,936	2,458,829
Government of Grenada	4,815,702	1,000,000
<b>Total Financial assets at fair value through OCI</b>	\$ 14,268,353	7,367,332



11. **Investment securities** (*cont'd*)

**Financial assets at amortised costs**

**Fixed deposits**

	<b>2019</b>	<b>2018</b>
Grenada Union of Teachers Credit Union	\$ 6,399,513	3,300,498
Communal Co-operative Credit Union Ltd	4,366,770	2,303,917
Grenada Co-operative League Limited	1,586,337	1,541,443
First Citizens Investment Limited	1,079,550	1,053,219
Community First Credit Union Limited	4,060,900	1,030,000
Grenville Co-operative Credit Union Limited	568,219	551,668
First Citizen Investment Limited	7,555,719	493,064
Bank of St. Lucia	2,000,000	-
ECHMB Corporation	7,000,000	

**Fixed rate bond**

Government of St. Lucia	1,185,023	1,156,120
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<b>Total Financial assets at amortised costs</b>	<b>\$ 35,802,031</b>	<b>11,429,929</b>
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<b>Total Investment securities</b>	<b>48,779,294</b>	<b>18,797,261</b>
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<b>Current</b>	<b>\$ 17,506,171</b>	<b>17,506,171</b>
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<b>Non-current</b>	<b>1,291,090</b>	<b>1,291,090</b>
	<b>\$ 50,070,384</b>	<b>18,797,261</b>

## 12. Property and equipments

		Work in Progress	Freehold Land and Building	Furniture, Fixtures and equipment	Computer Equipment and Software	Automatic Teller Machines	Motor vehicles	Car Park	International Debit Card Development	Leasehold Improvements	Total
<b>Cost/valuation</b>											
<b>At December 31, 2017</b>	\$	355,255	23,521,842	1,830,201	1,801,406	943,269	259,600	-	188,630	-	28,900,203
Additions		2,515,592	285,875	28,020	1,130,094	-	-	77,242	-	-	4,036,823
Transfer		137,077	-	-	-	-	-	-	-	-	137,077
<b>At December 31, 2018</b>		3,007,924	23,807,717	1,858,221	2,931,500	943,269	259,600	77,242	188,630	-	33,074,103
Additions		233,857	2,312,365	221,755	231,345	176,878	-	3,145	-	48,347	3,227,692
Transfer		(2,953,259)	2,953,259	-	-	-	-	-	-	-	-
Disposals				(975)	-	(306,091)	-	-	-	-	(307,066)
Reclassifications											(5,051,884)
<b>At December 31, 2019</b>	\$	288,522	24,021,457	2,079,001	3,162,845	814,056	259,600	80,387	188,630	48,347	30,942,845
<b>Accumulated depreciation</b>											
<b>At December 31, 2017</b>	\$	-	927,899	596,258	1,337,226	728,789	176,473	-	188,630		3,955,275
Charge for the year		-	331,291	156,808	492,509	72,132	43,324	722	-		1,096,786
<b>At December 31, 2018</b>		-	1,259,190	753,066	1,829,735	800,921	219,797	722	188,630		5,052,061
Charge for the year		-	346,958	156,808	579,551	85,578	23,000	1,934	-	5,718	1,202,345
Written back on disposals		-	-	(78)	-	(306,091)	-	-	-	-	(306,169)
Reclassifications		-	(36,433)	-	-	-	-	-	-	-	(36,433)
<b>At December 31, 2019</b>	\$	-	1,569,715	912,594	2,409,286	580,408	242,797	2,656	188,630	5,718	5,911,804
<b>Carrying value</b>											
<b>At December 31, 2019</b>	\$	288,522	22,451,742	1,166,407	753,559	233,648	16,803	77,731	-	25,031,041	28,022,042
<b>At December 31, 2018</b>	\$	3,007,924	22,548,527	1,105,155	1,101,765	142,348	39,803	76,520	-		28,022,042

**13. Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
Cash on hand	\$ 3,084,021	2,103,138
Cash in bank	17,743,302	11,533,023
<b>Total cash and cash equivalents</b>	<b>\$ 20,827,323</b>	<b>13,636,161</b>

**14. Accounts receivables and payments**

	<b>2019</b>	<b>2018</b>
Due from Grenada Co-operative Bank Limited – ATM	\$ 2,614,101	1,674,400
Other accounts receivable	1,109,458	61,762
Interest receivable	958,838	729,142
Due from Grenada Union of Teachers Credit Union	636,209	285,612
Due from Communal Co-operative Credit Union Limited	613,813	322,366
Prepaid expenses	131,122	155,659
	<b>6,063,541</b>	<b>3,228,941</b>
Less: Provision for Fraud Loss	(26,200)	(15,528)
<b>Total Accounts receivables and prepayments</b>	<b>\$ 6,037,341</b>	<b>3,213,413</b>

**15. Members' qualifying equity**

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.

**16. Statutory reserve**

	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 13,269,992	11,683,668
Allocation for the year – 25% of surplus	1,525,100	1,173,754
Receipts from British American Investment	88,158	333,238
Receipts from loans written-off	51,286	36,912
Entrance fees	43,410	42,420
<b>Balance at December 31</b>	<b>\$ 14,977,946</b>	<b>13,269,992</b>

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

17. **Members' equity shares**

This amount represents non-mandatory shares purchase by members and shares which have not met the mandatory amount of \$200.00

18. **Other funds and reserves**

(a) *Development fund*

	2019	2018
Balance at January 1	\$ 218,413	135,747
Allocation for the year	305,020	140,851
Directors Accreditation Programme	(36,951)	-
Remittance to Grenada Co-operative League Limited	(140,850)	(30,999)
Remittance to Dominica Co-operative League	(13,602)	(27,186)
<b>Balance at December 31</b>	<b>\$ 332,030</b>	<b>218,413</b>

(b) *Education fund*

	2019	2018
Balance at January 1	\$ 527,049	292,298
Allocation for the year	305,020	234,751
Disbursements during the year	(11,999)	-
<b>Balance at December 31</b>	<b>\$ 820,070</b>	<b>527,049</b>

(c) *Education savings plan fund*

	2019	2018
Balance at January 1	\$ 457,325	213,253
Allocation for the year	305,020	234,751
Interest allocated for the year	9,318	9,321
<b>Balance at December 31</b>	<b>\$ 771,663</b>	<b>457,325</b>

This fund was set up to provide scholarship to members.

18. **Other funds and reserves** (*cont'd*)

(d) *Provident fund*

	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 168,438	134,960
Allocation for the year	91,506	50,000
Disbursements during the year	(46,745)	(16,522)
<b>Balance at December 31</b>	<b>\$ 213,199</b>	<b>168,438</b>

This fund is held to provide life savings and loans protection benefits to beneficiaries of members of the Credit Union.

(e) *LP/LS Insurance fund*

	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 1,434,074	1,036,071
Contributions during the year	-	590,095
Settlement during the year	(18,652)	(192,092)
<b>Balance at December 31</b>	<b>\$ 1,415,422</b>	<b>1,434,074</b>

This fund is held to provide life savings and loans protection benefits to beneficiaries of members of the Credit Union.

19. **Other funds and reserves**

	<b>2019</b>	<b>2018</b>
Members' long-term savings deposit	\$ 191,847,083	165,500,796

These deposits are members' long-term savings at the Credit Union. This is the first form of security held against member's loans. Interest is payable on these deposits at the rate of 4% per annum.

**20. Other deposits**

	<b>2019</b>	<b>2018</b>
Term deposits	\$ 100,875,587	83,273,412
Savings	59,481,823	47,704,658
Education savings plan	12,443,376	12,079,130
Retirement savings	10,394,683	9,326,220
Internal holding	2,860,017	1,931,815
Insurance and group life savings plan	1,856,846	1,550,079
Loan payment savings	1,407,587	869,839
Excel savings	414,437	549,262
Business Savings	285,425	73,515
Trust accounts	189,206	-
Estate Management	134,827	272,435
Golden nest	81,294	-
Standing order	16,878	31,157
Micro-finance savings	15,207	57,285
Other deposits	309	90
	<b>\$ 190,457,502</b>	<b>157,718,897</b>

These deposits have various maturity profiles with interest rates varying from 2% to 4% (2018: 2% to 4%).

**21. Non-interest bearing liabilities**

	<b>2019</b>	<b>2018</b>
Interest payable	\$ 2,392,936	2,337,014
Sundry creditors and accruals	1,049,025	816,853
International Debit Card payables	7,493,165	2,438,998
Other accounts payable	5,409,469	3,524,560
	<b>\$ 16,344,595</b>	<b>9,117,425</b>

## 22. Income tax

Under the income tax levy of Grenada, the Credit Union is classified as a non-profit organization and therefore exempt from the payment of income tax.

## 23. Related party balances and transactions

A related party is a person or entity that is related to the Credit Union:

- a) A person or a close member of that person's family is related to the Credit Union if that person:
  - i) has control or joint control over the Credit Union;
  - ii) has significant influence over the Credit Union; or
  - iii) is a member of the key management personnel of the Credit Union, or of a parent of the Credit Union.
- b) An entity is related to the Credit Union if any of the following conditions apply:
  - i) The entity and the Credit Union are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii) Both entities are joint ventures of the same third party.
  - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v) The entity is a post-employment benefit plan for the benefit of employees of either the Credit Union or an entity related to the Credit Union.
  - vi) The entity is controlled, or jointly controlled by a person identified in (a).
  - vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### *Related party balances*

		Total loans		Total deposits	
		2019	2018	2019	2018
Board of directors	\$	3,102,475	1,543,831	644,222	1,237,437
Credit committee		638,187	647,609	282,857	250,318
Supervisory committee		149,200	557,164	779,007	801,311
Key management personnel		1,923,641	1,421,339	1,268,478	883,631
<b>Total related party balances</b>	\$	<b>5,813,503</b>	<b>4,169,943</b>	<b>2,974,564</b>	<b>3,172,697</b>



**23. Related party balances and transactions (cont'd)**

*Related party transactions*

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions except for certain loans made available to officers.

	2019	2018
Interest income on loans	\$ 315,880	280,457
Interest expense on deposits	87,846	85,346
Accrued interest payable on deposits	19,304	16,660

Interest rates on related party deposits range from 3% to 4% (2018: 3% to 4%). Interest rates on related party loans range from 3.5% to 12% (2018: 3.5% to 12%).


*Remuneration of key management personnel*

During the year, salaries and related benefits paid to key members of management were as follows:

	2019	2018
Salaries and allowances	\$ 665,924	613,922

**24. Dividends**

During the year, the Credit Union paid \$1,231,656 as dividends (2018:\$1,041,400 ) to its members.



*Shakespeare Mas is an annual highlight of the island's pre-Lenten carnival. Costumed masqueraders converge on crossroads with sticks and words as they face off in pairs and challenge one another by declaiming from memory long passages from Shakespeare's tragedy Julius Caesar*



# Budgeted Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	2019	BUDGET 2020	BUDGET 2021
Earning Assets			
<b>Gross loans</b>	<b>342,655,878</b>	<b>376,921,465</b>	<b>422,152,040</b>
Members Overdraft	481,808	505,375	518,029
	343,137,686	377,426,840	422,670,069
Less: Provision for loan bad debts	(7,332,800)	(7,832,800)	(8,332,800)
<b>Net loans</b>	<b>335,804,886</b>	<b>369,594,040</b>	<b>414,337,269</b>
Investment Securities	50,070,384	56,570,384	64,570,384
Investment Properties	12,563,332	12,527,218	12,527,218
<b>Total Earning Assets</b>	<b>398,438,602</b>	<b>438,691,642</b>	<b>491,434,871</b>
Non-earning Assets			
Property and Equipment	25,031,041	32,599,029	31,520,863
Accounts Receivables & prepayments	6,037,341	5,265,146	4,950,804
Cash and Cash Equivalents	20,827,323	7,356,327	20,876,690
<b>Total Non-Earning Assets</b>	<b>51,895,705</b>	<b>45,220,502</b>	<b>57,348,356</b>
<b>Total Assets</b>	<b>450,334,307</b>	<b>483,912,144</b>	<b>548,783,227</b>

STATEMENT OF FINANCIAL POSITION	2019	BUDGET 2020	BUDGET 2021
Liabilities			
Members' Regular Shares	191,847,083	210,147,083	238,682,741
Savings	190,457,502	206,034,052	227,440,130
External Credit			
Non Interest Bearing Liabilities	16,344,595	5,205,860	5,355,860
Staff pension benefit	2,008	-	-
<b>Total Liabilities</b>	<b>398,651,188</b>	<b>421,386,995</b>	<b>471,478,731</b>
Capital			
Equity Shares	14,668,678	15,368,678	19,318,678
<b>Institutional Capital</b>			
Qualifying Shares	3,975,875	7,475,875	8,475,875
Statutory Reserve	14,977,946	17,065,480	20,041,942
Accumulated Surplus	14,508,236	18,191,510	23,429,645
<b>Total Institutional Capital</b>	<b>33,462,057</b>	<b>42,732,864</b>	<b>51,947,463</b>
<b>Other Funds &amp; Reserves</b>			
Development Fund Reserve	332,030	69,747	123,911
Education of Members Reserve	820,070	1,237,576	1,832,868
Education Savings Plan Fund	771,663	1,189,169	1,784,461
LP/LS Insurance Fund	1,415,422	1,825,422	2,235,422
Provident Fund	213,199	101,693	61,693
<b>Total Capital</b>	<b>51,683,119</b>	<b>62,525,149</b>	<b>77,304,496</b>
<b>Total Liabilities &amp; Capital</b>	<b>450,334,307</b>	<b>483,912,144</b>	<b>548,783,227</b>

## Budgeted Statement of Comprehensive Income

	BUDGET 2019	ACTUAL 2019	VARIANCE	BUDGET 2020	BUDGET 2021
<b>Income</b>					
Net Loan Income	31,471,912	29,362,305	(2,109,607)	32,059,994	36,129,514
Total Non- Interest Income	1,375,000	1,796,058	398,250	3,043,022	4,752,334
<b>Total Income</b>	<b>32,846,912</b>	<b>31,158,363</b>	<b>(1,711,357)</b>	<b>35,103,016</b>	<b>40,881,847</b>
<b>Cost/Expenses</b>					
<b>Total Financial Cost</b>	<b>13,691,730</b>	<b>12,604,829</b>	<b>1,086,901</b>	<b>12,927,286</b>	<b>14,420,628</b>
<b>Gross Margin</b>	<b>19,155,183</b>	<b>18,553,534</b>	<b>(601,649)</b>	<b>22,175,730</b>	<b>26,461,219</b>
<b>Operating Expenses</b>					
Personnel Expenses	6,177,200	5,098,012	1,079,189	7,142,240	7,451,502
Member Interest Protection	583,000	434,785	139,205	510,000	565,000
Marketing Expenses	1,075,000	1,108,017	(33,017)	1,155,000	1,235,000
General & Admin Expenses	2,436,132	2,301,882	182,126	2,981,500	3,175,700
Depreciation	1,283,661	1,202,342	81,319	1,452,012	1,478,166
<b>Total Operating Expenses</b>	<b>11,554,993</b>	<b>10,145,038</b>	<b>1,448,822</b>	<b>13,240,752</b>	<b>13,905,368</b>
<b>Operating Surplus</b>	<b>7,600,190</b>	<b>8,408,496</b>	<b>847,173</b>	<b>8,934,978</b>	<b>12,555,851</b>
Provision for Risk Assets	500,000	2,200,000	(1,700,000)	500,000	500,000
Provision for Vacation Accrual	50,000	108,095	(58,095)	100,000	150,000
<b>Surplus Before Appropriation</b>	<b>7,050,190</b>	<b>6,100,401</b>	<b>(949,789)</b>	<b>8,334,978</b>	<b>11,905,851</b>



# Capital Budget 2020 & 2021

A young sailor from Bequia participates in the Annual Carriacou Regatta

	2020	2021
Computer Hardware	400,000	200,000
Computer Software	150,000	100,000
Furniture and Equipment	470,000	100,000
Vehicle	150,000	
Grand Anse Land	3,500,000	
Car Park	350,000	
Building Church Street	4,000,000	
TOTAL	9,020,000	400,000

# Resolutions

## 1. ALLOCATION OF SURPLUS

**WHEREAS** the Credit Union paid interest of 3.5% on Lifetime Savings amounting to **\$6,152,733** to its Members during 2019;

**And WHEREAS**, the Board has approved a further payment in the form of LOAN INTEREST REBATE of 2% amounting to \$572,814 which will be paid to members within one week of the AGM;

**And WHEREAS** the Credit Union earned a surplus of \$6,100,401 for the year ended December 31<sup>st</sup>, 2019 and a balance of \$3,568,735 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 \$882,248 is paid to Members.

## 2. APPOINTMENT OF AUDITORS - 2020

**WHEREAS** the Annual General Meetings held in June 2018 and 2019 approved the firm of BDO Eastern Caribbean as the Credit Union's Auditor.

**AND WHEREAS** these approvals were in keeping with provision 136 (1) of the Cooperative Society Act, which states that an auditor ceases to hold office when he or she has held office for five consecutive years;

**AND WHEREAS** the firm of BDO Eastern Caribbean is based outside of Grenada;

**AND WHEREAS** the firm being based outside of Grenada impacted the efficient flow of documents, confirmations, and verifications during the audit process;

**AND WHEREAS** an efficient audit process is critical to a timely AGM;

**AND WHEREAS** the Credit Union has been satisfied with the service provided by PKF Accountant and business advisors prior to 2018;



**BE IT RESOLVED** that the firm of PKF Accountant and business advisors be appointed as the Credit Union’s auditors for the year 2020.

**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 112-115 of the Annual Report and is highlighted as follows:

	2020	2021
Total Assets	\$483.9m	\$548.8m
Net Loans	369.5m	414.3m
Total Income	35.1m	40.8m
Total Expenses	26.8m	28.9m
Surplus	8.3m	11.9m
Capital Expenditures	9.02m	400k

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

## **72<sup>nd</sup> Annual General Meeting of Ariza Credit Union** **Held on Thursday 27<sup>th</sup> June 2019 at The Spice Basket, Beaulieu, St. George**

### **AGM 19/01    Call to Order and Welcome**

The meeting commenced at 3:15 p.m. with two hundred and forty-eight (248) members present. It was chaired by the President Bro. Javan Williams.

The Prayer was done by Bro. Kippling Charles followed by the National Anthem sung by Sis. Tamara St. Bernard.

Bro. Javan Williams welcomed everyone. He graciously acknowledged the presence of specially invited guests; Sir Daniel and Lady Williams, former Governor General and his wife, and the Honourable Oliver Joseph, Minister of Trade, Industry, Co-operatives and CARICOM Affairs, and Parliamentary Representative for the Parish of St. David, and guests from sister societies and other stakeholder organizations.

A moment of silence was observed in honour of deceased members.

Apologies for absences were given on behalf of Sis. Meryl Forsyth, Bro. Ambrose Phillip, Bro. Rodney George, Bro. Ernie James and Bro. Ray Roberts.

### **AGM 19/02    Greetings from Guest Societies**

#### **Communal Co-operative Credit Union Ltd.**

The representative from the Communal Credit Union, Sis. Chinnel Andrews, extended congratulations to Ariza Credit Union on the hosting of its Annual General Meeting for the 2018 financial year.

She commented that the selection of the theme for the AGM - "Save. Invest. Progress." - was considered commendable. The theme signified the very essence of what credit unionism was all

about. It highlighted one of the Credit Union's main objectives, that of ensuring that members achieve financial freedom by providing quality and affordable financial services; to facilitate savings; and creating avenues for investment that would enable them to progress.

She observed that over the past decade, the credit union movement has proven to be resilient and financially stable in the midst of a volatile financial landscape characterized by many commercial banks in a narrow financial space.

This resilience was achieved through a combination of circumstances in which the loyalty of members stood as number one. This should always be maintained. In closing, on behalf of the Board, Management and Members of Staff at the Communal Co-operative Credit Union, she expressed thanks to Ariza for the invitation to attend the AGM and extended best wishes for a successful meeting.

#### **Grenville Co-operative Credit Union Ltd.**

A message of congratulations, sent from Grenville Co-operative Credit Union, was read by Sis. Claudette James, Secretary of the Board of Directors.

They highlighted that the theme illustrated a very powerful message to members, "Save. Invest. Progress." Grenville Co-operative Credit Union endorsed the embedded message and believed it was one that was relevant to every credit unionist and household.

They congratulated Ariza and prayed God's blessings for a very successful AGM.

#### **Grenada Union of Teachers Co-operative Credit Union**

Bro. Randy Frank, a representative from the GUT Co-operative Credit Union expressed congratulations to Ariza Credit Union on another successful year and wished the best for 2019 and beyond.

He observed that Ariza had done well, recording some very impressive figures of increase in loans, assets, and savings. Given the level of competition in the market, this performance was very impressive. *He commented on the section of the report on social responsibility and community outreach, stating that he had a passion for what co-operatives were meant to be and with that, he believed that more should be done to help change the circumstance of members and members' children.*

He expressed the view that the Co-operative Movement could change the condition of members within one generation, and by doing so, children would have a very different experience than their parents.

He made mention of two areas; small business lending and financing higher education, where the theme could be exemplified. He urged Ariza to join forces with other credit unions and co-operatives to build a platform to harness the power of technology and globalization for higher education.

### **River Sallee Co-operative Credit Union**

Sis. Andria Alexander brought warm greetings to Ariza Credit Union on its 72<sup>nd</sup> Annual General Meeting.

She stated that it was an honour to be at this meeting as Ariza crossed and surpassed goals and set new milestones in its pursuit to fulfill its corporate social responsibility towards nation building and bettering lives.

In keeping with the theme for the AGM, Sis. Alexander stated that it was quite evident that Ariza had indeed talked the talk and walked the walk, as highlighted by its financial performance, growth in membership, and other features that illustrate Ariza's continuous growth.

The River Sallee Credit Union congratulated Ariza on the achievements attained in 2018 and extended best wishes for the upcoming year.

### **Grenada Co-operative League Ltd.**

Bro. William Joseph, General Manager of the Grenada Co-operative League, extended commendations to Ariza Credit Union on its 72<sup>nd</sup> Annual General Meeting.

He observed that Ariza had a lot to celebrate and to be thankful for as disclosed in the AGM Report. Bro. Williams took the opportunity to commend Bro. Randy Frank on what he considered was a very profound and important statement.

He stated that the theme for the Annual General Meeting required some deep thought to understand what was being said. He said that at first, it appeared to be a very ordinary statement, however, after some further analysis, it revealed that it was about consolidation for the next phase of the upward

movement. It was a very convincing evidence of visionary leadership. Members must understand what happens when they save and invest. They are placing their resources at the disposal of their preferred financial institution in trust, with the expectation that their financial and social prosperity will be multiplied.

On the other hand, he mentioned that it meant that Ariza's leadership must judiciously manage members' savings and investments so that progress could be achieved for both the member and the organization. Members cannot progress financially or socially if Ariza remains stagnant.

In closing, he reminded the meeting that under his presidency of The Public Service Co-operative Credit Union during 1998, the decision was made to modernize the Credit Union. He made mention that Bro. Ambrose Phillip, Secretary at the time, brought in Sis. Lucia Livingston-Andall as manager and it was then that the task of modernizing commenced. He noted that Bro. Ambrose had been present at every AGM for the past several years, positively sharing his experience and expertise. Today he was being excused from the meeting due to his life circumstance.

Bro. Joseph considered it appropriate that a resolution be passed at the AGM to pay tribute to Bro. Ambrose Phillip and so recommended.

## **AGM 19/ 03    Official Remarks**

### **GARFIN**

The representative from GARFIN, Bro. Albert Andall, thanked the Credit Union for the invitation and honour in addressing the Annual General Meeting. He placed on record their deep appreciation to the Board, management and staff for the continued strong collaboration and good relationship that exist between GARFIN and Ariza.

He commended the Board for its stewardship and performance of the Credit Union for the period 2017 to 2018. He also placed on record GARFIN'S continued support for the programmes and activities of the Credit Union.

Bro. Andall mentioned that GARFIN had proactively engaged with the sector and valued the direct interactions with the leadership and extensive level of engagement with individual credit unions.

He observed that the AGM's theme was noted as a broad part of an institutional agenda and a road map towards sustainability. He stated that GARFIN would like to see a vibrant, sustainable, safe, and sound credit union sector, having the capacity to fully meet the members' growing needs and expectations, which include a shared vision of the future.

He stated that it is the view of GARFIN that the protection of members' savings must take precedent over all other aims and objectives of the credit unions, and that boards and management must act with prudence while managing the affairs of members. Compliance with operational standards and existing legislations would continue to be a key focus of regulatory oversight. It was GARFIN'S expectation that the board and management would continue to monitor operations and take timely corrective measures, when necessary, to ensure continuing compliance.

He ended by once again thanking Ariza for the opportunity to address the Annual General Meeting.

**Minister of Trade, Industry, Co-operatives, and CARICOM Affairs**

Honourable Oliver Joseph, Minister of Trade, Industry, Co-operatives and CARICOM Affairs, and Parliamentary Representative for the Parish of St. David expressed his delight in being invited once again to Ariza's AGM.

He observed that over the last twenty (20) years, Ariza Credit Union had grown exponentially and should be commended for such. This, he said was a demonstration of strong leadership, a key requirement for growth and development. Ariza had demonstrated what leadership means to an organization by making some decisions that had a significant impact on the organization and the way it was being perceived. He expressed profound appreciation for the opening of the first ATM in St. David and the sponsorship of the parish's 2019 carnival.

Credit unions, he said, can play a significant role in national development and community enhancement. He challenged Ariza to become more involved in assisting the Government in addressing the two major problems facing the country; youth unemployment and housing. This, he said, could be done through scholarships for training in the areas of Information Technology (IT) and other high demand areas. This would build the skills of young people and empower them to take up jobs in society.



He wished Ariza a successful meeting and encouraged the Credit Union to continue on its growth path while being fully compliant with the rules and regulations and protecting members' savings.

**AGM 19/04    End of Official Session**

The President thanked the speakers for their words of congratulations, advice, and commendations. The Official Session of the meeting ended with a short break before the Business Session commenced.

**AGM 19/05    Tokens to outgoing Board and Committee Members**

The President thanked the members of the Board and committees who served and were not eligible for re-election; and those who served one term and were eligible to serve another term.

The outgoing members were:

- |                        |                                      |
|------------------------|--------------------------------------|
| 1. Bro. Ernie James    | Board of Directors                   |
| 2. Bro. Orlando Romain | Board of Directors                   |
| 3. Bro. Rodney George  | Board of Directors                   |
| 4. Sis. Merina Jessamy | Supervisory and Compliance Committee |
| 5. Sis. Karel Hood     | Supervisory and Compliance Committee |
| 6. Bro. Wayne Radix    | Supervisory and Compliance Committee |

Tokens were presented to these members in appreciation for their years of service to the Credit Union.

**AGM 19/06    Nominating Committee's Report**

Bro. Dennis Cornwall, Chairman of the Nominating Committee presented the Report. He outlined the process adopted by the Committee and the basis upon which recommendations were made.

***Board of Directors***

There were four (4) vacancies to be filled on the Board of Directors.

- Bro. Javan Williams completed his first three-year term
- Bro. Ernie James completed his second three-year term
- Bro. Orlando Romain completed Bro. Duane Noel's second three-year term
- Bro. Rodney George resigned from the Board due to pressing commitments

The Nominating Committee made the following recommendations for the Board of Directors:

- Bro. Javan Williams for a second three-year term
- Bro. Otis Gay to complete the term of Bro. Rodney George
- Sis. Peterlyn H. Cooper for a first three-year term
- Sis. Michelle Sayers-Griffith for a first three-year term

#### ***Supervisory and Compliance Committee***

There were three (3) vacancies to be filled.

- Sis. Merina Jessamy completed her second three-year term
- Sis. Karen Hood completed her second three-year term
- Bro. Wayne Radix resigned from the Committee due to pressing commitments

The Nominating Committee made the following recommendations:

- Bro. Terrence Victor for a first three-year term
- Bro. Alan Francis for a first three-year term
- Bro. Adrian Strachan to complete the term of Bro. Wayne Radix

#### **Adoption of the Report**

A motion for the adoption of the report by the meeting was moved by Bro. Dennis Cornwall, seconded by Sis. Claudette James and carried.

### **AGM/ 19/07 Election of Officers**

Bro. Hudson Mc Phail, as Returning Officer, was invited to conduct elections.

He invited nominations from the floor. There were none. There being no other nominations, the positions were declared elected as nominated.

The composition of the Board and Committees following this election was as follows:

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He invited nominations from the floor. There were none. There being no other nominations, the positions were declared elected as nominated.

The composition of the Board and Committees following this election was as follows:

**Board of Directors**

Sis. Peterlyn Cooper

Sis. Claudette James

Sis. Michelle Sayers-Griffith

Sis. Carla Thomas-Ross

Bro. Lyndon Bubb

Bro. Dennis Cornwall

Bro. Otis Gay

Bro. Aaron Moses

Bro. Javan Williams

**Credit Committee**

Sis. Ann Isaac

Sis. Judy Pivotte

Bro. Justin Hazzard

Bro. Simon Lewis

Bro. Brian Pascal

**Supervisory & Compliance Committee**

Sis. Pearlana Sylvester

Bro. Alan Francis

Bro. Francis Robertson

Bro. Adrian Strachan

Bro. Terrence Victor

**AGM 19/08    RESOLUTIONS 2019**

**1    AMENDMENT OF BY-LAWS**

A Resolution to **Amend the Credit Union's By-Laws** was presented by President Javan Williams as follows:

**WHEREAS** Section VII 13 (1) (b) of the By-laws requires every member of the Credit Union to invest in ten (10) Qualifying Shares;

**AND WHEREAS** these qualifying shares form part of the Credit Union's Institutional Capital;

**AND WHEREAS** the Co-operatives Societies Act 2017 requires that a Credit Union achieve an Institutional Capital to Total Asset ratio of at least 7%;

**AND WHEREAS** this 7% Institutional Capital threshold is the qualifying determinant for the payment of a dividend to members;

**AND WHEREAS** the Credit Unions have been informed that the Institutional Capital threshold as prescribed in the Act will be increased to at least 10% of total assets;

**AND WHEREAS** one of the ways in which this ratio can be improved is through increased qualifying share investment by members;

**BE IT RESOLVED** that Ariza Credit Union amends its membership requirement as per section VII 13 (1) (b) of its By-laws to provide for every member to invest in twenty-five (25) Qualifying shares.

The motion for the adoption and approval of the resolution to **Amend the By-Laws** was moved by the President and seconded by Sis. Merryll Phillip-Sylvester.

The Resolution was passed with one hundred and seventy-two (172) members in agreement and five (5) against.

## **2 INCREASE IN QUALIFYING SHARES REQUIREMENT**

A Resolution to **Increase the Qualifying Shares Requirement** for membership in Ariza Credit Union was presented by President Javan Williams as follows:

**WHEREAS** section VII 13 (1) (b) of the By-laws provides for every member of the Credit Union to invest in ten (10) qualifying shares;

**AND WHEREAS** these qualifying shares form part of the Credit Unions institutional capital;

**AND WHEREAS** the Co-operative Societies Act 2017 requires that a Credit Union achieve an institutional capital to total asset ratio of at least 7%;

**AND WHEREAS** this 7% institutional Capital threshold is the qualifying determinant for the payment of a dividend to members;

**AND WHEREAS** the credit unions have been informed that the institutional capital threshold as prescribed in the Act will be increased to at least 10% of total assets;

**AND WHEREAS** one of the ways in which this ratio can be improved is through increased qualifying share investment by members;

**BE IT RESOLVED** that Ariza Credit Union amends its membership requirement as per section VII 13 (1) (b) of its By-Laws to provide for every member to invest in twenty-five (25) qualifying shares.

Further, that existing members increase their qualifying shareholding to twenty-five (25) shares by December 2019, through deposits or transfer from other equity shares or deposits.

The motion for the adoption and approval of the resolution to **increase the Qualifying Shares Requirement** was moved by President Javan Williams and seconded by Bro. Kippling Charles.

The resolution was passed with one hundred and seventy-five (175) members in agreement and five (5) against.

### **3 APPROVAL OF MAXIMUM LIABILITY LIMIT**

A Resolution to **Increase the maximum Liability Limit** of Ariza Credit Union was presented by President Javan Williams as follows:

**WHEREAS** it is required under section 35 of the Co-Op Societies' Regulations that every registered society shall from time to time fix at a General Meeting, the Maximum Liability the society may incur in loans and deposits from a member or non-member;

**AND WHEREAS** it is provided under By-Law nine (9) of the Credit Union's By-Laws that the Board may borrow or raise money from any source in any manner it thinks fit, provided that it does not exceed the maximum liability limit ceiling set at the Annual General Meeting;

**AND WHEREAS** it is provided in By-Law ten (10) that members in general meeting shall, in accordance with the provisions of the act and the regulations, from time to time, fix the maximum amount which the Credit Union may at any time owe in respect of deposit and loans;

**AND WHEREAS** it is provided for under By-Law fifty-five (55) that the Board of Directors may borrow up to four (4) times the retained earnings and reserves of the Credit Union, provided that this is within the maximum liability limit fixed by a resolution of members at a general meeting and approved by the registrar;

**AND WHEREAS** the Annual General Meeting in its meeting of 2008 approved the following maximum liability limits:

*Minimum liability limit \$500m*

*Maximum limit per depositor \$5m*

*Maximum loan limit \$55m*

**AND WHEREAS** the Credit Union has experienced significant growth since;

**BE IT RESOLVED** that the maximum liability limit of the Credit Union be set as follows:

*Maximum Liability Limit \$1B*

*Maximum limit per depositor \$15m*

*Maximum Borrowing Limit \$55m*

The motion for the adoption and approval of the resolution to **Increase the Maximum Liability Limit** was moved by President Javan Williams and seconded by Bro. Kippling Charles.

The resolution was passed with one hundred and thirty-eight (138) members in favour and one (1) member against.

#### 4 RESOLUTION TRIBUTE TO BRO. AMBROSE PHILLIP

A Resolution to **Pay Tribute to Bro. Ambrose Phillip** was presented by Bro. Aaron Moses as follows:

**WHEREAS** the Ariza Credit Union has as an important mandate, the enhancement of the welfare and well-being of all its members in an inclusive and equitable way;

**AND WHEREAS** Bro. Ambrose Phillip has been an energetic, committed visionary and dedicated member who has consistently and selflessly contributed to the growth and development of the Ariza Credit Union;

**AND WHEREAS** he is currently unable to attend this Annual General Meeting due to incapacitation;

**BE IT RESOLVED** that the AGM recognizes the significant contribution of Bro. Ambrose Phillip and extends its support and best wishes for a full recovery.

The motion for the adoption and approval of the resolution to **Pay Tribute to Bro. Ambrose Phillip** was moved by Bro. Aaron Moses and seconded by Bro. William Joseph.

The resolution was passed without dissent.

#### AGM/ 19/09 MINUTES OF THE 71<sup>ST</sup> ANNUAL GENERAL MEETING

A motion that the Minutes of the 71<sup>st</sup> Annual General Meeting be taken as read was moved by Sis. Merryl Phillip and seconded by Sis. Merina Jessamy.

*There were no corrections to the minutes.*

A motion to confirm the Minutes was moved by Sis. Merryl Baptiste-Lord and seconded by Sis. Cadore.

#### Matters arising from the Minutes

##### Morne Jaloux Property

Sis. Rona Andrew requested a status report on the Morne Jaloux Project.



The President responded stating that the Morne Jaloux Project had a long history with many attempts made to develop the area. He explained that the Board and Management had sought to reach agreement with three different developers which did not materialize because of differing interests. After lengthy discussions with the principals of LegendWay International, a Memorandum of Understanding (MOU) was signed in 2015.

The President informed that Ariza experienced some difficulties with LegendWay, as they did not deliver the five (5) model houses as promised. Due to the many difficulties experienced, the decision was made to terminate the relationship in 2018.

He went on to inform that a decision was taken to hire a Project Manager who was qualified in Engineering. That staff member was currently engaged in managing the project. Three (3) model houses were almost completed and awaiting sale.

### **Grand Anse Property**

Bro. Learrie Barry sought clarification on the Grand Anse property, requesting confirmation as to whether there was a best use survey to inform the inclusion of the project in the capital budget for 2020.

The President responded stating that the Board was holding discussions with a developer and a market survey was being conducted as to the best use of the property. The strategic budgetary plan for 2019/2020, did envisage some progress being made in this regard.

Bro. Barry stated that it appears that a decision was already made to invest, although the survey was not quite complete, so it is envisioned that there was sufficient preliminary evidence-based information to justify the investment. He cautioned against repeating the errors made in Morne Jaloux.

Sis. Lucia Livingston-Andall gave some preliminary insights into what was being conceptualized for Grand Anse which would involve investment by both the Credit Union and its members.

Bro. Barry commended Ariza on the carpark initiative that was developed last year in August and as at December 2018, made \$42,000 in profit.

Bro. Barry stated that if we could make such profit just by acquiring a parking facility, imagine what could be accomplished with our property in Grand Anse.

He applauded Ariza for being cautious with Grand Anse after learning from the experience with Morne Jaloux.

Bro. Kerron Penny enquired about the occupancy of the Credit Union's building on Church Street regarding its occupancy of vagrants. Sis. Andall informed that this matter was dealt with and was no longer an issue.

Sis. Philbert enquired about the Cyber Fraud issue stating that members lack the understanding of it and how they could be protected from such.

The President informed that the Credit Union will provide training in the future to enable members to gain a better understanding of Cyber Fraud.

Sis. Claudette Gilchrist sought clarification on the building on Church Street as to how soon it will be sold. The President informed that the Church Street building was still being used by the Filing Department. A decision would be made on the completion of the project.

#### **AGM/ 19/10    The President's Message**

The President presented his report.

He began by thanking the membership for the opportunity to serve and his fellow directors, management and staff for the support provided to him over the past year.

"We should all be proud of ourselves," he said, "as our Credit Union, for the second year running, captured the 'Business of the Year' award from the Grenada Chamber and Industry and Commerce." He referenced the Board of Directors' report, which highlighted the Credit Union's many achievements during 2018 . He asked for the indulgence of the meeting as he highlighted the fact that the Board was a "listening" Board that listened to and responded to the concerns of members, and was committed to working together to develop a level of trust that will continue to strengthen the organization.

He encouraged everyone to invite their family and friends to be a part of the Ariza family so that they too could benefit from the advantages of membership. The Credit Union was continuing to perform excellently. With all the pressures of change, however, it was imperative that everyone remain committed and connected to the organization.

He ended by once again thanking everyone and extending best wishes for the future.

#### **AGM/ 19/11    The Board of Directors' Report**

The President highlighted key details within the Board of Directors' Report after first expressing sincere gratitude to management and staff for their support to the Board in carrying out its mandate. He congratulated Ariza for maintaining a healthy financial position in 2018 and encouraged everyone to work diligently to ensure that the Credit Union continued to be strong.

He emphasized the need to always operate within proper Corporate Governance principles. Steps were already taken to ensure Corporate Governance training for all directors. As a Board they were not oblivious to the risk surrounding the business and every effort was being made to stay within the ECCB, GARFIN and international guidelines and regulations.

Under marketing highlights, he assured the meeting that Ariza was continuing to observe its social responsibility by supporting, by way of sponsorship, many community events throughout Grenada, Carriacou and Petite Martinique. Ariza also continued to provide scholarships and job training opportunities to assist in building the nation's human capital.

Bro. Andrew questioned the reasonableness of \$17,000 extended to individuals as donations during the year and opined that this was insufficient.

Bro. Learrie Barry queried the inclusion of Imani workers as part of the new membership since, in his opinion, this was not permanent or full employment.

He went on to applaud the Credit Union for coming to the rescue of GRENCODA and picking up the sponsorship when the previous sponsor was unable to continue. This was commendable and signified the Credit Union's commitment to the development of people.

The motion to adopt the report was moved by President Javan Williams and seconded Sis. Roxanne Antoine.

#### **AGM/ 19/12 Credit Committee's Report**

Bro. Hazzard, Chairman of the Credit Committee presented the report.

He reminded the meeting that the mandate of the committee was to consider and approve loan applications, make recommendations for improved policies, procedures and practices as well as to ensure that all members use Ariza as their financial institution of choice.

He reported that the Credit Union continued to make great strides in terms of its loan portfolio. In 2018 the gross loans stood at \$311.8m compared to \$266.6m in 2017. There continued to be steady growth in loans to members between the ages of 31-40 and he commended the young members in taking this initiative and applying for loans. These loans were both for productive and personal purposes.

Alternatively, however, there were signs of increasing delinquency which had to be curbed. This matter was being taken very seriously by both the Board and the Credit Committee. At the end of 2018, Ariza's delinquency ratio stood at 6% against a regulatory standard of 5%.

A new expanded team was put together internally to address this growing concern and they would be focusing on collections and recovery.

He concluded by expressing heartfelt thanks to the Board of Directors, the Credit Committee, the staff of the Loans department, the CEO and Staff of Ariza Credit Union, and the general membership. The report was adopted by the meeting by a motion moved by Bro. Justin Hazzard seconded by Bro. Dexter Williams, and carried.

#### **AGM/ 19/13 Supervisory and Compliance Report**

A motion that the Supervisory and Compliance Committee Report be taken as read was moved by Bro. Kelly Patrick and seconded by Sis. Claudette Gilchrist.

The Chairman of the Supervisory and Compliance Committee, Sis. Merina Jessamy presented the report. She stated that the role of the Supervisory and Compliance Committee was a statutory one

and the committee operated on the principle of collective responsibilities, making the decisions and recommendations together.

In 2018, the Committee had one main goal, which was to contribute to the strengthening of the Corporate Governance of Ariza Credit Union.

She mentioned that the Committee had both Regular Sessions and Working Sessions and then there were joint meetings with the Board of Directors and other Committees.

She highlighted that with the reporting schedule, once the committee met within a certain amount of days, it was expected that the report would be forwarded to the Board. This was, however, not always possible, as some sessions were not concluded in one sitting. She illustrated an example of the challenges in obtaining files for review due to the ongoing e-filing project

She went on to inform the meeting of the scope of work for 2018. She confirmed to the meeting that the committee had found that all loans to Board and Committee members to be in order.

She stated that the recommendations that were made were from the review of 2018. She mentioned that the terms of reference (TOR) for all the standing committees should be reviewed regularly especially the TOR for the Audit Committee. She recommended that the frequency of the review must be established, and dates of approval must be stated to ensure that the policies remain current. Sis. Jessamy went on to advise the new members of the committee that they need to understand that the Supervisory task is very challenging and requires commitment.

She expressed appreciation to the Members, the Board of Directors, Management and Staff for the support received to perform their duties for another year and for their vote of confidence.

A motion to adopt the report was moved by Bro. Francis Balwant and seconded by Bro. Penny.

#### **AGM /19 /14 Auditor's Report**

The Auditor's Report was presented by a representative from the Auditing Firm of BDO, Sis. Lou-Ann Phillips-Henry.

Sis. Phillips-Henry read the Auditor's Report, stating that BDO had audited the Financial Statements of the Ariza Credit Union which included the financial position as at 31<sup>st</sup> December 2018.

They found that the accompanying Financial Statements presented fairly in all material respects, the Credit Union's financial position as of 31<sup>st</sup> December 2018, and its financial performance and cash flows for the year then ended were in accordance with international financial reporting standards.

#### **AGM/ 19/15    Treasurer's Report**

Treasurer, Sis. Carla Thomas-Ross summarized the Financial Reports of 2018. She highlighted that at the end of 2018, the total deposit portfolio stood at \$323.2m which represented a growth of 12.9 % over 2017. The increase was driven by members' investments in Lifetime Savings. The loans for 2018, grew by \$44.9m.

She explained the investments held by Ariza, which were mainly in the form of Term deposits, Treasury bills, and Investment in shares, informing that at the end of 2018, the total financial assets stood at \$18.7m. During the period, the Credit Union was able to generate a return on these investments of 3.38% amounting to \$664.6k. The average return on the market was 2.5%.

On the income side, the Credit Union earned a total income of \$27.05m during the year 2018, with income from loans being \$25.8m and non-interest income totaling \$1.19m. Loan interest income recorded an increase of \$5.16m over 2017.

She highlighted that Ariza recorded a surplus before provision of \$6.06m which represented the best operating performance recorded by the Credit Union to date. Further, surplus before appropriation amounted to \$4.69m, with an increase of \$1.59m over 2017. At the end of 2018, the Credit Union was able to transfer \$2.86m of unallocated surplus to accumulated reserve.

She commended Ariza's team for an excellent job in breaking down the Financials and for easier comprehension.

She went on to state that the Credit Union continued to play a pivotal role in helping to shape the lives of members as a viable vehicle towards financial freedom. She thanked the members for their unwavering support throughout the year and commended the Board, Management, Staff, and membership for another successful year at Ariza.

Bro. Dennis Lashington questioned the difference in the reported delinquency ratio between the Treasurer's Report and the Supervisory Report. He requested clarity.

Bro. Kippling Charles clarified that they both were correct, as they related to different measures; one being at 60 days in arrears and the other at 90 days in arrears.

A motion to adopt the Treasurer's report was moved by Bro. Kelly Patrick and seconded by Bro. Francis Roberts.

#### **AGM/19/16 Budget 2019/2020**

Sis. Carla Thomas-Ross gave highlights of the budget as stated on page 121 of the AGM booklet 2018.

Bro. Charles indicated that an adjustment would be made to the Morne Jaloux/Grand Anse Project to exclude the provision for \$10m in 2020.

A member sought clarity as to the reason for the absence of a budgetary allocation for purchasing a building in Grenville.

Sis. Livingston-Andall indicated that the preference was to build out rather than purchase an existing building. Management was therefore actively looking for suitable lands.

A motion to adopt the budget for 2019 / 2020 was moved by Sis. Merryl Baptiste-Lord and seconded by Sis. Merryl Phillip-Sylvester.

#### **AGM/19/17 APPROVAL OF BUDGET RESOLUTION**

The following resolution to approve the budget was presented by Treasurer Carla Thomas-Ross as follows:

**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 page 118-121 of the Annual Report and is highlighted as follows:

	2019	2020
Total Assets	\$438.54m	\$507.97m
Net Loans	355.72m	410.87m
Total Income	32.85m	36.87m
Total Expenses	25.79m	27.27m
Surplus	7.05m	9.58m
Capital Expenditures	5.25m	10.63m

**BE IT RESOLVED** that the budget, as presented and amended be approved.

A motion to approve the budget for 2019 and 2020 was moved by Sis. Christa Pascal and seconded by Sis. Claudia Lewis.

**AGM/19/18    ALLOCATION OF SURPLUS**

A resolution for allocating surplus for the year 2018 was presented by the Treasurer as follows:

**WHEREAS** the Credit Union paid interest of 3.5% on Lifetime Savings amounting to \$5,756,515 to its members during 2018;

**AND WHEREAS** the Board had approved a further payment in the form of LOAN INTEREST REBATE of 2% amounting to \$516,375 which would be paid to members within one (1) week of the AGM;

**AND WHEREAS** the Credit Union earned a surplus of \$4,695,017 for the year ended December 31<sup>st</sup> 2018 and a balance of \$2,860,911 remained 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 was 5%;

**BE IT RESOLVED** that a dividend payment on EQUITY SHARES OF 5% amounting to \$764,413.33 be paid to members.

A motion for the approval of the resolution for the allocation of surplus was moved by Sis. Merina Jessamy, seconded by Sis. Neika Johnson and carried.

#### **AGM/19/19 Appointment of Auditors for 2019**

A resolution for appointing auditors for the year 2019 was presented by the Treasurer as follows:

**WHEREAS** the Annual General Meeting of 2018 approved the firm of BDO as the Credit Union's Auditor and the firm has been their audited services to the Credit Union since that day.

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

**BE IT RESOLVED** that the firm of BDO Eastern Caribbean be appointed as the auditors of the Credit Union for the year 2019.

This resolution was approved on a motion moved by Sis Neika Johnson and seconded by Sis. Roxanne Antoine.

#### **AGM 19/ 20 Any other Business**

Sis. Merryl Phillip-Sylvester recommended a Human Resource Department to deal with all human resource functions. The President responded that this was already in the making.

Bro. Kelly Patrick commended Sis. Livingston-Andall and her team of management and staff for doing a splendid job in operating and growing the Credit Union.

#### **AGM 19/ 21 Adjournment**

A motion was moved to end the meeting at 7:45 p.m. by Sis. Princess Herry-John and seconded by Bro. Justin Hazzard.



.....

**President**



.....

**Secretary**

# Nominees

## BOARD OF DIRECTORS



**Aaron Moses**

Mr. Aaron Moses has been a member of the GPSCCU T/A Ariza since 1980. He is a past president of the Grenada Cooperative League Ltd and a past President of the Grenada Public Service Cooperative Credit Union. Mr. Moses is currently a director of the WOCCU & Director of the CCCU. During the past thirty years, Mr. Moses has held senior management positions in both the public and private sectors and served as the president of the Grenada Chamber of Industry of Commerce and deputy president of the Senate in Grenada. A graduate of UWI and the University of Missouri, he holds an MSc in Telecommunications Regulation and an MBA.



**Carla Thomas-Ross**

Sister Carla Thomas-Ross is a Chartered Accountant with over 15 years of senior management experience in Finance and Accounting, she is a multi-skilled professional who is able to manage stakeholder expectations and willing to take full responsibility for the delivery of project objectives with experience in both Project Management and Finance. She is a visionary leader, critical thinker, proactive, and consummate team builder, and very passionate about improving processes and people.



**Dennis Cornwall**

Mr. Cornwall is a qualified professional with over 25 years' experience in senior management positions both within the Public Service in Grenada and the private sector in the Eastern Caribbean Currency Union (ECCU), particularly in the Federation of St. Kitts and Nevis and the Cayman Islands. He holds an MSc. Degree in Economics from the University Centre of Pinar Del Rio. He also holds Diplomas in the subject areas of Spanish, Mathematics, and History from the Preparatory Department, University of Camaguey, and a Diploma in Spanish from the School for Foreign Students "Pepito Mendoza", Havana, Cuba.

Mr. Cornwall is a current member of the Real Estate Institute of Canada (REIC) and the holder of the Professional Designation - Certified Residential Underwriter (CRU) from the Real Estate Institute of Canada (REIC). He is also a member of Lions Club International and has held several senior positions in the St. Kitts (Basseterre) Lions Club including President and several District 60 positions.

## CREDIT COMMITTEE



**Ann B. Isaac**

Ann B. Isaac is a career public officer who has served in various capacities within the Public Service for the past thirty-two years. She was appointed as Permanent Secretary, Office of the Prime Minister in 2008. Currently, she holds the post of Permanent Secretary with responsibility for Cooperatives.

Mrs. Isaac received her formative education at the Dover Government School and Bishop's College in Carriacou. She later pursued higher education at the University of the West Indies and the University of Manchester where she acquired a Bachelor's Degree in Management Studies and a Post Grad Certificate in Personnel Management.

During her career, she attended several training sessions, particularly relating to the areas of management and leadership. Mrs. Isaac served on the Supervisory Authority for the Anti-Money Laundering Commission for four years.



**Justin Hazzard**

Justin Hazzard has been employed by the Government of Grenada from November 1988. Presently he works at the Ministry of Finance, Division of Economic Management and Planning- Budget Unit and holds the post of Chief Budget Officer.

He has been a member of the Public Service Cooperative Credit Union (PSCCU)/Ariza, for over twenty-five (25) years. During this time, he served as a member of the Credit Committee which he also chaired. Justin also served as Chairman of the Grenada Credit Union League Credit Committee and was instrumental in the revision of the League's By-Laws. As a result of these engagements, he has acquired quite a wealth of knowledge and experience about the operations of the credit union family.



**Adrian Strachan**

Adrian Strachan is an Affiliate of the Association of Chartered Certified Accountants (ACCA). His experience in accounting and finance spans over a sixteen (16) year period. Currently, he serves as Financial Officer of the T. A. Marryshow Community College, where he has been responsible for, among other things, ensuring proper accounting procedures, conducting routine financial controls, and supervision.

In 2018, Bro. Adrian attended the Credit Union's Governance Training and has had numerous exposures by way of studies and trainings in governance, risk, ethics, leadership, and management.

Bro. Adrian has held leadership roles in service organisations, is result-oriented, and has good leadership, motivational, analytical, interpersonal, and communication skills.

He has been a member of the Ariza Credit Union (formerly the Grenada Public Service Cooperative Credit Union) for over fifteen (15) years.

## SUPERVISORY COMMITTEE



**Zoe Hagley**

Zoe Hagley has over 6 (six) years of experience in Communications and Project Management.

In her current career, she is required to have an attention to detail, organization, the ability to multi-task and effectively communicate.

She possesses a Bachelor of Science in International Relations & Journalism from the University of the West Indies, Mona Campus, as well as a Master in Development Management from the London School of Economics. Her skill and competencies are extensive and have been cultivated from years of growth and experience within the field of Communications and Project Management. She is versed in finance management, public speaking, content writing, advances critical thinking, research, and analysis among many other desirable traits.



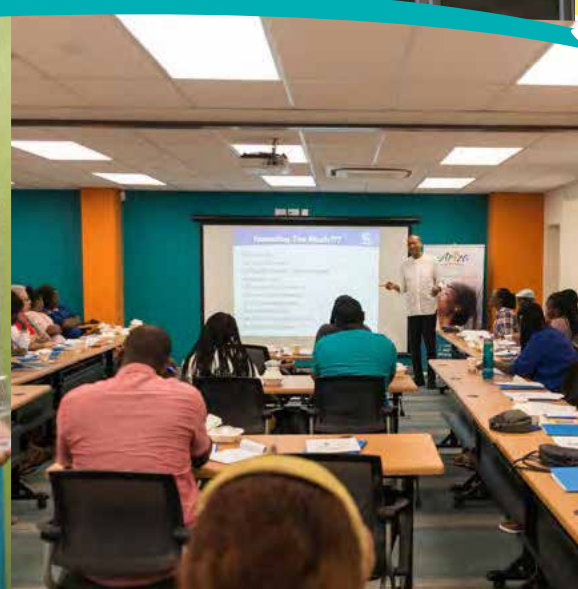
Ariza Branch, Carriacou



# Investing in *You*

HIGHLIGHTS 2019

















## Notes

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