



annualreport2017

intuit
innovate
inspire



annualreport2017



mission

TO MAINTAIN OUR ROLE
AS LEADER IN PROVIDING
ALL-INCLUSIVE FINANCIAL
SOLUTIONS BASED ON
CO-OPERATIVE IDEALS

vision

TO IMPROVE THE QUALITY
OF LIFE OF OUR MEMBERS
THROUGH SOUND
FINANCIAL SOLUTIONS
TAILORED TO THEIR
NEEDS.

core values

1. MEMBER FOCUS
2. PROFESSIONALISM AND COMMITMENT
3. EXCELLENCE AND INNOVATION
4. COLLABORATION AND TEAMWORK
5. GROWTH

TABLE OF CONTENTS

CREDIT UNION
PRAYER & SONG
6

CORPORATE
INFORMATION
7

NOTICE OF
MEETING
8

STANDING
ORDERS
9

OPERATING
HIGHLIGHTS
10

MANAGEMENT
TEAM
12

YOUR ARIZA
AMBASSADORS
14

**PRESIDENT'S
MESSAGE
16**

BOARD OF
DIRECTORS'
REPORT
20

CREDIT
COMMITTEE
REPORT
32

SUPERVISORY
& COMPLIANCE
COMMITTEE
REPORT
38

NOMINATING
COMMITTEE
REPORT
46

TREASURER'S
REPORT
49

PEARLS
REPORT
54

AUDITED
FINANCIAL
STATEMENTS
56

BUDGET
STATEMENT OF
FINANCIAL POSITION
94

BUDGETED
STATEMENT OF
COMPREHENSIVE
INCOME
96

CAPITAL
BUDGET
97

RESOLUTIONS
98

MINUTES OF
70TH AGM
100

NOMINEES
116

HIGHLIGHTS OF
2017 IN PHOTOS
119

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

 www.facebook.com/arizacreditunion
www.facebook.com/excelclub

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:

Pannell Kerr Foster

Bankers:

RBTT Bank (Grenada) Ltd

Grenada Co-operative Bank Ltd.

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 the Ariza Credit Union Ltd. is scheduled for Tuesday June 26th 2018 at 3:00 p.m. at the Spice Basket, Beaulieu, St. George 's.

AGENDA

OPENING SESSION

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

BUSINESS SESSION

1. Elections
- 1.2 Nominating Committee Report
- 1.3 Voting
- 1.4 Sitting of new Directors
2. Consideration of the Minutes of the Annual General Meeting (AGM) held 29th June 2017
3. Committee Reports
- 3.1. Board of Directors'
- 3.2. Credit
- 3.3. Supervisory & Compliance
- 3.4. Treasurer and Auditors
- 3.5 Budget 2018 and 2019
4. Resolutions
- 4.1 Allocation of Surplus
- 4.2 Appointment of Auditors
- 4.3. Approval of Budget



.....
Sis. Gemma Bain Thomas
Secretary

Standing Orders

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

Operating Highlights

	2,017	2,016	2,015	2,014	2,013
Gross Loans	<u>266,646,770</u>	226,051,348	201,819,571	184,918,340	169,675,663
Net Loans	<u>261,756,746</u>	220,860,859	197,129,081	181,227,850	165,618,297
Investments	<u>28,665,984</u>	25,588,385	23,277,759	20,861,531	19,740,317
Fixed Assets	<u>24,944,928</u>	19,114,702	12,810,256	11,591,861	2,870,311
Total Assets	<u>331,056,650</u>	287,192,262	253,305,663	226,862,880	194,114,968
LIABILITIES					
Member's Lifetime Savings	<u>142,540,794</u>	119,094,956	105,244,887	92,375,572	80,963,969
Other Deposits	<u>143,737,195</u>	128,411,905	114,202,054	104,250,972	80,169,838
Total deposits	<u>286,277,989</u>	247,506,861	219,446,941	196,626,544	161,133,807
CAPITAL					
Member Equity	<u>10,986,015</u>	9,070,289	7,781,891	6,178,921	4,790,559
Member Qualifying Shares	<u>2,884,200</u>	2,731,038	2,346,896	2,154,431	1,882,600
Surplus and Reserves	<u>22,351,316</u>	19,234,169	17,773,146	16,137,960	14,379,511
Institutional Capital	<u>25,235,516</u>	21,965,207	20,120,042	18,292,391	16,262,111
INCOME					
Interest on loans	<u>20,658,225</u>	18,644,171	17,389,237	16,348,778	14,875,261
Other Income	<u>1,201,002</u>	1,049,704	1,541,034	1,016,403	1,334,894
Total income	<u>21,859,227</u>	19,693,875	18,930,271	17,365,181	16,210,155
EXPENDITURE					
Interest on Deposits	<u>9,490,754</u>	8,670,913	8,715,028	8,738,811	7,614,551
Other Expenses	<u>8,768,609</u>	8,193,226	5,732,161	6,084,578	6,710,744
Total expenses	<u>18,259,363</u>	16,864,139	14,447,189	14,823,389	14,325,295
SURPLUS					
Operating Surplus for the Year	<u>3,599,864</u>	2,829,734	4,483,082	3,027,939	3,112,186
Provision for Risk Assets	<u>500,000</u>	500,000	1,000,000	1,000,000	1,227,326
Impairment of Financial Assets	<u>0</u>	0	0	0	0
unappropriated surplus/(deficit)	<u>3,099,864</u>	2,329,734	3,483,082	2,027,939	1,884,860
DIVIDEND	<u>614,595</u>	0	444,964	431,825	355,247
REBATE	<u>426,805</u>	0	523,340	509,141	478,530
Incentive Bonus		*651,262	0	0	0
MEMBERSHIP	<u>15,114</u>	13,002	11,309	10,377	9,413

* 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.



ASSETS



CAPITAL



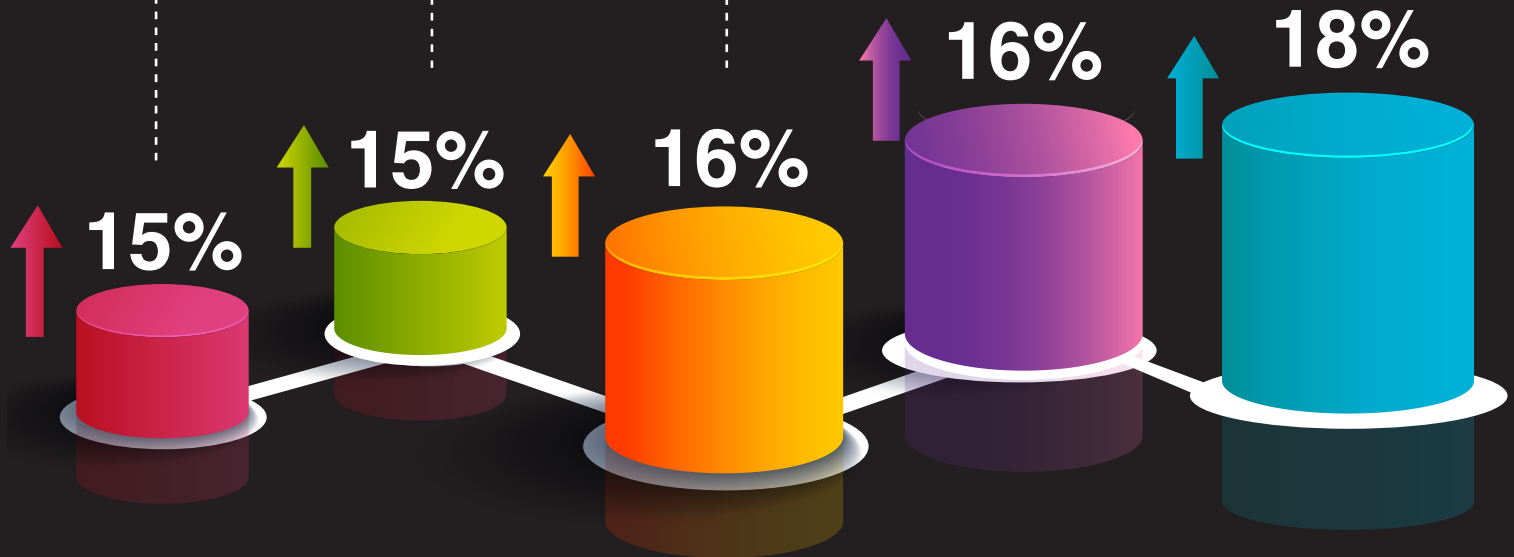
MEMBERSHIP



DEPOSITS



LOANS



Management Executives



Lucia Livingston-Andall
Chief Executive Officer



Kippling Charles
Executive Manager
Finance & Operations



Florence Williams
Executive Manager
Loans & Credit Administration

Management Team



ADMINISTRATION



Abigail Alexander



Roxanne Antoine



Iyana Brown



Sonia La Touche
Cadet



Edwin Francis



Richard George



Nghia Haynes



Cristel Lalite



Ashia Lewis



Michael Marshall



Kinesha Moses



Kishon Palmer



Gerard St. Louis

Not pictured: Michelle Cambridge Marryshow,
Tiffani Hall, Geanelle Mitchell
Ozimba Toussaint, Jenelle Viechweg-Harbin

FINANCE & OPERATIONS



Kurt Bartholomew



Kenson Cumberbatch



Frances Gilbert



Naquam Gilbert



Rick Hastick



Neilon La Touche



Alisa Mc Lawrence-Lewis



Chenelle Mitchell



Terissa Mitchell



Candia Nicholas



Francis Balwant Jr.



Jaime Phillip

Not pictured:
Nerissa Chitterman, Jerilee Edwards, Nerissa
Read

LOANS & CREDIT ADMINISTRATION



Kesha Bartholomew



Christopher De Allie



Dayna Francis-Roberts



Kevin Gilbert



Geoffrey Grey



Caryl Hayes



Jade Henry



Stephen Joseph



Edlyn Lalsee



Mondella Lynch-Alleyne



Marietta Mitchell



Sindyann Morain



Kendra Noel



Heather Thomas

CARRIACOU BRANCH



Princess Herry-John



Wineth Stewart

GRENVILLE BRANCH



Neisha Allard



Aidan Peters



Theresa Francique

President's Message



Carlyle Felix
President

MY DEAR BROTHERS AND SISTERS.

LET ME BEGIN BY THANKING ALL OF YOU, AND OUR BOARD OF DIRECTORS, FOR GIVING ME THE PRIVILEGE TO SERVE AS YOUR PRESIDENT FOR THE PAST 12 MONTHS.

I HAVE ALWAYS BEEN A PROUD MEMBER OF THE PUBLIC SERVICE CREDIT UNION, BUT BEING A MEMBER OF ARIZA CREDIT UNION, AND AT THE SAME TIME SERVING AS PRESIDENT DURING ITS FIRST YEAR OF EXISTENCE, WAS INDEED A ONCE IN A LIFE TIME OPPORTUNITY, AN HONOR AND EXPERIENCE OF THE HIGHEST MAGNITUDE.

The year of my Presidency started right after the last AGM and that meant we had to hit the ground running as the plans and programs for 2017 were already approved by the outgoing Board of Directors and set in motion by the Management Team and Staff.

As I do recall, it was indeed a very ambitious plan. Of course, most of the objectives were geared either towards achieving the new strategic direction of the Credit Union or consolidating some of the gains that were achieved in prior years. Nevertheless, as a Board of Directors we were not perturbed because we were fully aware of the excellent track record that the Credit Union, your management team and staff had of achieving its planned goals and objectives.

Brothers and Sisters, as at December 31, 2017 we were not at all disappointed, because our Credit Union registered yet another resounding year of successes. In fact, in many respects, your Credit Union performed better in 2017 than it did in 2016, and in some respects even did better than the credit union sector as a whole.

Highlights of Achievement in 2017

Brothers and sisters, the following are some of the areas that I consider to be the highlights of our achievements in 2017. First and foremost, and in terms of financial performance, I do hope that you were pleased to note that as at December 31, 2017, we achieved a **net surplus** of \$3.09 million, which was over half a million dollars more than what was achieved in 2016.

Secondly, and in the area of **asset growth**, you would recall that in 2016 our total asset grew by “an impressive 13.4 percent”. However, in 2017 asset growth was 15.3 percent, which was equally impressive and a remarkable achievement.

Our third area of outstanding achievements, was in **membership growth**. While in 2016 we welcomed 1693 new members, in 2017 another 2112 individuals became members of the Ariza Credit Union family. The percentage increase over 2016 was 16.24%. However, what was more significant was the fact that at the same time the entire credit union sector grew by only 6.22%. The 2017 growth also brought our total membership over the 15,000 membership milestone, and at the same time allowed us to increase our market share of credit union membership from 20.42 percent in 2016 to 22.4 percent in 2017.

Fourthly, Brothers and Sisters, was our excellent performance in the area of **loan portfolio**. In 2016 when we were reporting on the growth in that area, we referred to it as “a healthy 12% growth”. Yet, in 2017 we outperformed our 2016 effort with a growth of 18%. Also, the growth from \$220.9 million in 2016 to \$266.6 million in 2017 resulting in our noteworthy increase in market share 0.3% in 2017 over our share in 2016.

Last but by no means least, Brothers and Sisters in 2017 we were able to correct our capital deficiency experienced in 2016. Thus we ended the year with an **institutional capital ratio** of 7.66% against a regulatory requirement of 7%. It was as a result of this critical achievement, Brothers and Sisters that the payment of dividend on shares and the rebate on loan interest was made possible.

Brothers and Sisters, the aforementioned are some very significant results, and I believe our rebranding and new headquarters had a lot to do with it. Or, as our CEO recently remarked, “it would appear that we have begun to reap the benefits of the change in location and the renewal of the brand.”

Other 2017 Accomplishments

Brothers and sisters, it would be remiss of me if I leave you with the impression that the foregoing was all of the major achievements of your credit union in 2017. That being said, kindly allow me to mention a few more important accomplishments.

- In the all-important area of corporate governance, we had effective functioning of all volunteer committees and the maintenance of health relationship within and among them.
- We were able to remain compliant with all regulatory requirements and increase our due diligence and on-boarding procedures by strengthening our Anti-money Laundering and Know Your Customer Program.
- In the area of IT, the decision was taken to purchase the new operating software (ShareTec) and prepared the union's data and systems for the implementation of the new system. As a result, membership information in our system was updated, cleaned up and processes improved.
- We also undertook a number of activities to increase our visibility and awareness of the new brand.
- Being ever-vigilant, we were able to capitalize on the opportunity to purchase the lot of land adjacent to our new headquarters building on Bruce Street. This new lot of land complements the existing property and provides for future expansion and development.
- We completed construction of two of the five model homes of the Morne Jaloux housing project.
- Our social responsibility, community outreach and scholarship programs were either adequately maintained or enhanced.
- With a number of customer appreciation activities we celebrated one year at our new headquarters and one year under the Ariza Brand; and 10 years of service in Grenville
- Finally, with a sense of satisfaction and joy, we became the first credit union to win the prestigious Grenada Chamber of Industry and Commerce "*Business of the Year*" Award.

Brother and Sisters and as mentioned before, your credit union has had a long and distinguished track record of achieving results. From the above, I am sure you will all agree that the year 2017 was no exception. In other words, once again the Public Service Credit Union/Ariza Credit Union/Your Credit Union, has delivered.

I therefore think it is fitting to place on record my sincerest appreciation to the CEO, her Management Team and Staff for their hard work and dedication in 2017 thus contributing to the foregoing result.

An Impressive start to 2018

Brothers and Sisters, the performance at the end of any given year should always serve as a benchmark or platform for the ensuing year. The results for this year so far is clearly suggesting that Ariza Credit Union is using the 2017 results as a springboard for this current year. The results have been impressive thus far.

Some of the highlights are:

- Early in the year we celebrated a decade of service to our members and the people of Carriacou.
- In January the Board approved the recommendation for the award of contract for the construction of brand new state-of-the art office complex in Carriacou and work has recently started.

- Recently a contractor was selected and work commenced on the construction of a short term car park on the new lot of land purchased at Melville Street.
- We have already adopted the new financial reporting standard for financial instruments with effect from January 2018 [International Reporting Standard (IFRS) 9]
- The new operating software (ShareTec) has been implemented.
- Member engagement, training & education is a top priority in 2018 with a series of initiatives in the making.
- Most importantly, almost all of the key financial performance indicators for the first quarter ending March 31, 2018, have shown positive variances whether it was against budget or the same quarter of last year.

Conclusion/Ingredients for Continued Success

I believe Ariza Credit Union is well poised for significant achievements in 2018 and beyond. However, we cannot afford to become complacent and therefore the following are some of the imperatives that we have to focus on going forward.

- Ensuring that our members continue to make Ariza their first choice financial institution.
- The need for our members to become more active and less passive in terms of advocacy and at times in defense of their credit union.
- The need for the customer service culture to take deeper roots within our operations.
- The maintenance of the high quality of Board and Committee members.
- Continue investing in our management and staff, including in the area of risk management and compliance, so that the high level of performance is maintained.
- The issue of succession planning needs to be given special attention.
- Finding creative ways to make the use of electronic services a more popular option.
- New measures are required to address ongoing concerns re delinquency management.

Finally, as I demit office, let me once again take this opportunity to thank all of you-members, the Board of Directors and Management Team and staff for the opportunity to serve as President, as well as the support I have received during my short tenure.

I also take this opportunity to wish the new Board, management and staff and you our dear members every success in the future.

May God Bless You All.



.....
Bro Carlyle Felix
President

Board of Directors Report 2017



(L. - R.) Bro. Carlyle Felix, Bro. Javan Williams, Sis. Gemma Bain-Thomas, Sis. Carla Thomas-Ross,
Bro. Ernie James, Bro. Dennis Cornwall, Bro. Aaron Moses., Bro. Orlando Romain.

Not pictured: Sis. Annette Henry.

BOARD COMPOSITION

As of January 2017 and at the conclusion of the Annual General Meeting in June 2017 the following members constituted the Board of Directors:

- Bro. Javan Williams
- Bro. Dennis Cornwall
- Bro. Aaron Moses
- Sis. Gemma Bain – Thomas
- Bro. Ernie James
- Sis. Annette Henry
- Bro. Carlyle Felix
- Sis Carla Thomas-Ross

At the first meeting of the Board of Directors following the June 2017 AGM, the following executive officers were elected:

- | | | |
|-------------------------|---|-----------------|
| Bro. Carlyle Felix | - | President |
| Bro. Javan Williams | - | Vice President |
| Sis. Gemma Bain-Thomas | - | Secretary |
| Sis. Annette Henry | - | Asst. Secretary |
| Sis. Carla Thomas- Ross | - | Treasurer |
| Bro. Ernie James | - | Asst. Treasurer |

The Board, on the recommendation of the Nominating Committee, subsequently appointed Bro. Orlando Romain to serve the unexpired term of Bro. Duane Noel who had tendered his resignation.

INTRODUCTION

BROTHERS AND SISTERS IT IS WITH A SENSE OF PRIDE THAT YOUR BOARD OF DIRECTORS PRESENTS ITS REPORT TO YOU ON OUR CREDIT UNION’S FIRST YEAR OF OPERATIONS UNDER THE ARIZA BRAND.

On 5th December 2016 we opened our doors for the first time in our new Headquarter building in downtown St. George’s under the new Ariza brand. We traded under this brand name until 1st August 2017 after which our name was officially changed to Ariza Credit Union Ltd.

During this first year of operations we saw the coming together of the various subcomponents of our organizational renewal project. Under this project we sought to enhance our internal processes, managerial capacity and customer service delivery skills in order to fulfill our brand promise of continuous innovations, superior member care, and a focus on each member as an individual. As with all things new, integration of all the subcomponents of the new brand, new building and new processes has not been without its challenges and our transition continues to be a work-in-progress. You, our members however, have shown your full support by being patient and fully embracing and appreciating the initiatives taken. We believe that the strides made during our first year of implementation is definitely a promising precursor to the success we anticipate for the future.

Our rebranding initiative has not gone unnoticed among our peers in the wider Caribbean region. We have been very pleased to host senior executives from six different credit union from across the region and to share information on our rebranding and organizational renewal journey. A visit was also hosted from as far afield as the UK.

Ariza's mission, vision and values all serve to tell the story of who we are. These factors differentiate us from our peers and competitors, and can be expressed succinctly in one simple statement, "We Care." While the statement is simple, the ways we demonstrate we care tell not just one story, but fifteen thousand stories, all with a common message. That message is that, as a cooperative, Ariza is a financial institution that cares for its members and the community. As a Board we make decisions and take actions that are mutually beneficial to our members, our employees and the organization. We focus on the needs of members and reward them for making the Credit Union successful. The fact that we care shines through when we create products that are member-focused and when we reinvest in our communities with financial education and charitable giving. "We Care" embodies not just who we are, but what our members expect us to be. It's what it means to be a credit union, a cooperative, and a growing contributor to a thriving community.

EXTERNAL ENVIRONMENT

Grenada remains a small open economy susceptible to external shocks, from natural disasters, swings in tourism demand and commodity prices. During the last year we were reminded through the experience of some of our Caribbean counterparts of just how vulnerable our economies are with the passage of hurricane's Maria and Irma and the devastation experienced there. Notwithstanding, 2017 saw significant improvement in Grenada's economic standing with growth projected at 2.5%. While prospects for debt sustainability have vastly improved concerns remain with regard to the size of the public debt and unemployment, especially among the youth. These areas remained relatively high, signaling the need for urgent attention in order to sustain an upward trajectory for economic performance.

In the Credit Union world, there continued to be open discussion on compliance, technology, governance, collaboration opportunities and much more. Technologically, Ariza continued to seek opportunities and address challenges arising in

the digital world, while maintaining the more traditional services and delivery channels that members have come to rely on. Your Board and management see this as both our greatest opportunity and our greatest challenge as we try to remain relevant in this ever changing world. We believe that to remain static is not an option!

In this complex financial world, it's imperative that we, as a Board, continue to educate and evaluate ourselves, and maintain an effective recruitment and succession plan to ensure that our Credit Union remains relevant and profitable going forward. This is evident by the diverse, youthful and professional team that we have put together to serve you. As a Board we are always searching for efficiencies that will help keep our Credit Union solid and viable.

CREDIT UNION SECTOR PERFORMANCE

In Grenada total assets in the Credit Union sector grew by 18.02% from \$660M in 2016 to \$779M in 2017 with loans accounting for a significant portion of this growth. Loans grew by 20.12% increasing from \$486M to \$583M. Growth in membership was 6.22%. This represent a reduction in the rate of growth from the previous year when it stood at 9.47%. The following table summarizes the performance of all Credit Unions relative to Ariza:

ALL CREDIT UNIONS				ARIZA CREDIT UNION			
	As of December 2017	As of December 2016	% Change	As of December 2017	As of December 2016	% Change	Market share % 2017
Deposits	659,454,007	530,017,040	24.42	286,273,951	247,506,861	15.7	43.4
Loans	583,924,350	486,122,533	20.12	266,646,697	220,860,859	18	45.7
Total Assets	779,302,787	660,295,392	18.02	331,054,648	287,192,262	15.3	42.5
Members	67,463	63,512	6.22	15,114	13,002	16.24	22.4

ARIZA'S PERFORMANCE

Financial Performance

Ariza Credit Union had a very good year in 2017, achieving an operating surplus of \$3.6M with growth in Assets of 15.3 per cent, to \$331M. We have begun reaping the benefits of the change in location and renewal of the brand as evidenced by a 16% increase in membership and 18% increase in the loans portfolio. Solid financial results like these are welcome, especially since we will be required to adjust our impairment requirements for loans and contract assets due to the implementation of IFRS 9 in 2018.

We were also able to correct the capital deficiency experienced in 2016, ending the year with an institutional capital ratio of 7.89% against a regulatory requirement of 7%. This provide a safe margin for the payment of dividend on shares and a rebate on loan interest. Paying a competitive return to members for patronage of the Credit Union is something that we hold as an imperative that should not be compromised.

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. The relationship within and among the committees remained healthy thus auguring well for smooth and effective operations.

The year 2017 also saw the long awaited amendments to the Co-operative Societies Act. These amendments sought to provide greater clarity on the definition of institutional capital and the capital adequacy ratios to be maintained by Credit Unions. They also raised the threshold for investments to allow the Credit Unions to further diversify their investment portfolios. These amendments were welcomed. We await the amendments to the regulations and the coming into force of the CARICOM model Co-operative Societies Regulations.

Compliance and Risk Management

Heightened global regulatory changes have affected Grenada, and by extension the Credit Union movement in various ways. These include increased scrutiny on correspondent banking relationships, monitoring of adherence to the Financial Action Task Force recommendations (FATF), Foreign Account Tax Compliance Act (FATCA) and The Common Standard on Reporting and Due Diligence for Financial Account Information (CRS). Additionally, because of a global focus on managing risks in the financial system, we have had to increased our due diligence and on-boarding procedures by strengthening our Anti-Money Laundering and Know Your Customer (KYC) program. The facts that membership in the Credit Union is open to CARICOM member states and that Grenada offers a Citizenship by Investment program have also impacted on our perceived level of risk.

Organizational Renewal/Projects

1. New Operating Software

During the year the decision was reached on a new operating software and work began on preparing the Credit Union's data and systems to implement the new software. This required full engagement by all staff as the opportunity was taken to update member information, clean up the data and improve on processes.

The Project Management Team charged with the responsibility of overseeing the conversion and implementation performed exceptionally in ensuring readiness for the May 2nd 2018 conversion date.

Work on documenting and mapping processes and procedures continued during the year.

2. Purchase of property

During the year we also capitalized on the opportunity to purchase the lot of land adjacent to our new head quarter building on Bruce Street. This new lot of land complements the existing property and provides for future expansion and development.

3. Ridgeway Residences

The housing development at Morne Jaloux, renamed Ridgeway Residences, commenced with the construction of five model homes. During the year two of the houses were completed. All five houses should be completed and sold within the first half of 2018. The feedback from the market on the quality and designs of the houses has been very positive.

Marketing highlights

The year 2016 ended with our rebranding of Grenada Public Service Co-operative Credit Union to Ariza and therefore our focus for 2017 was to anchor our new brand in the minds of our members, potential members, stakeholders and the general public. Our first brand ad was introduced and aired on all major national television and radio stations. Under our new brand our marketing campaigns were geared towards showing members how we can assist them in achieving financial freedom for themselves and their families as stated in our tagline; “Your Financial Freedom, Your Future”.

Many activities were undertaken to increase visibility and awareness of the new brand. These activities included:

a. Own Your Own Promotion

Through this promotion members seeking to own tangible assets such as a vehicles, house or land were encouraged through a reduction in the interest rates on these loans. The promotion was executed for 6 months and many members took advantage of this opportunity achieve home ownership.

b. Ariza National Junior Championship Games

This was our first major sponsorship for the Year which boasted participation of over 13 schools and clubs competing in over 94 events. The competition was carried live on Facebook with engaging commentating and active discussion by viewers. It was used as an avenue for selecting Grenada’s representatives for the CARIFTA Games.

c. Gouyave Knockout Basketball Tournament

A basketball competition hosted by Sparklers basketball club in their hometown, Curtbert Peters Park, St. John. Basketball clubs from throughout the island compete over an eight week period to win the number one spot in the tournament. This sponsorship was important to Ariza given the fact that we currently do not have any major member activity in the western side of the island and this sponsorship served as an introduction into a new market.

d. Awesome August III

Now a staple of Ariza, Awesome August was made even more awesome with an increase in the maximum amount offered to \$20K per member. This promotion was well received by our membership and catered for the elevated level of needs and wants between the months of June-September annually.

e. SpiceMas Carnival 2017

Spicemas is Grenada's premiere cultural event when many Grenadians in the diaspora return home to enjoy our annual festival and partake in the major events around the Carnival Season. Ariza saw this as an opportune time to showcase our new brand to Grenada and the world by extension. Ariza was able to receive significant mileage by branding and representing the Credit Union at numerous activities throughout the carnival season, starting as early as April through the end of August. Ariza used to occasion to be the title sponsor of the Kids Carnival Frolic (Kiddies Carnival- an event hosted specially for the kids, with a blend of all that carnival has to offer.

f. Rainbow City Mas Promoters

The largest mas band from the parish of St. Andrew, directed under the stewardship of business man and community leader Peter Bain. Ariza has been the title sponsor of this band for over the last 6 years. The band showcased over 400 masqueraders in various creation sections and has continued to grow annually. Last year the band won band of the year together with other notable titles. Ariza is happy to partner with the Rainbow City Mas promoters as we continue our foothold in the St. Andrew market.

g. Carriacou and Petite Martinique Regatta

Our membership and activities in Carriacou continued to grow annually. The Carriacou and Petite Martinique Regatta is held over a month's period with the major activities culminating on the final weekend including boat racing and other cultural activities. The event was branded and other promotional opportunities were exploited for media visits and radio interviews.

h. Grenville 10 year anniversary

Our Grenville branch celebrated 10 years of service to the people of St. Andrew and surrounding parishes. To celebrate this milestone, the branch was decorated, members received tokens after doing transaction and a promotion was held where one lucky member in the name of Lauriston Hosten won a brand new Samsung S7 phone by conducting transactions at the branch. Bro. Hosten was elated that he won and wrote a thank you letter to express his gratitude.

i. Ariza 1 year anniversary

On December 5th 2017 the Ariza celebrated one year under its new brand and opening its state of the art head office in the town of St. George's. To celebrate this achievement the branches were decorated, staff was dressed in anniversary tees with #WeAre1, members received tokens after completing transactions, anniversary cupcakes while listening to live pan music, and member was also able to win tokens via social media and radio.

Social Responsibility and Community Outreach

Ariza continued to give back to the community through gifts and donations to several nonprofit clubs and institutions

- Various primary and secondary school activities
- Church harvest and other fundraisers
- Health fairs
- Charitable causes

Scholarships

1. Blue Ribbon Award

As the Credit Union continues to assist its members financially through the help of our scholarship programs, we recognized the member of the Education Savings Plan who excelled in performance at the Caribbean Primary Exit Assessment. This scholarship is awarded to the savers in the credit union's Education Savings Plan with the highest score in CPEA each year. This year, the Blue Ribbon Award was presented to Michael Sylvester, son of Natasha Marquez-Sylvester and Mike Sylvester who ranked 1st on the island.

2. Brighter Futures Scholarship

This Year the Ariza Credit Union Brighter Futures Scholarship was awarded to T. A. Marryshow Community College Students as follows:

- Bjorn Bubb son of Susan Bubb
- Torrie Noel daughter of Carmella A. Noel

This scholarship would provide them with tuition for the next two years.

3. Secondary School Scholarship

Ariza Credit Union's Secondary School Scholarship Committee met its financial obligations by giving scholarship to two students namely Zane La Rose son of Veronica N. Mc Burnie and Kayla Mitchell, daughter of Stasha Mitchell. The students

in the Ariza Credit Union Secondary School Programme are chosen based on need and academic Performance and were required to keep good grades throughout their school life. The Committee, under the chairmanship of Sis. Meryl Baptiste-Lord has worked diligently to help our students and for this we are grateful.

4. Joseph Bain Scholarship

The Joseph Bain Award 2017 assisted four (4) members in their pursuit of their University level education at various institutions.



Tawina P. Williams

University of the
Southern Caribbean
Bachelors of Finance



Andre Gittens

University of Liverpool
MSc. Information Systems
Management



Rae Thomas

Queen Mary University of London
LLM FT - Public International Law



Tessa Barry

University of the West Indies,
Trinidad
PhD - Agricultural Extension

Human Resource Management

Job Training

The credit union has been assisting schools both secondary and tertiary with their internship programmes for many years and this year was no exception. In 2017, the Credit Union assisted St. Joseph Convent St. Georges, St. Joseph Convent Grenville and T.A Marryshow Community College. These job trainings give the credit union the opportunity to recognize the potential in our upcoming generation, and the organization is proud for the opportunity to be part of this initiative, coaching them to obtain the abilities necessary for the world of work.

Other Training Summary

Our Staff and committee volunteers participated in the following training sessions in 2017:

Participants	Training	Institution	Date
Edwin Francis	Credit Union Development Educator	Credit Union Development Educator	January 15-21, 2017
Roxanne Antoine	Productivity Improvement		February 09, 2017
Gerlan Peters	Caribbean Anti- Money Laundering and Financial Crimes Conference	ComplianceAid, Miami	5th - 7th April 2017
Mondella Lynch-Alleyne	Mortgage Underwriter Training	Eastern Caribbean Home Mortgage Bank	22nd-29th April 2017
Lucia Livingston-Andall Carlyle Felix	CCCU Convention 2017	Caribbean Confederation of Credit Unions	June 14-22, 2017
Carlyle Felix, Maximus Lazarus Javan Williams	Corporate Governance		July 06, 2017
Ozimba Toussaint Nerissa Read	Operational & Production Marketing Seminar	Caribbean Credit Card Corporation Ltd. (4c's)	July 6-8, 2017
Kippling Charles & Lenus Walker	Sharetec User Conference	Bradford Scott, New Orleans	17th - 21st September, 2017
Lenus Walker & Kimalene Regis	Digital Strategies for Business Growth		26- 29th September 2017
Geanelle Mitchell & Cristel Lalite	Business Etiquette for Professionals		12th October 2017
Wayne Radix	Leadership & Strategic Planning	G'da Coop. League	November 23rd 2017
Mondella Lynch-Alleyne	Mortgage Underwriter Training	Eastern Caribbean Home Mortgage Bank	12 th -18 th November, 2017

DONATIONS AND CONTRIBUTIONS

Provident Fund

The Provident Fund Committee administered the Fund and recommended support to deserving members as per the mandates of their constitution. During the year, donations in the amount of \$52K were made. The Committee, under the chairmanship of Sis. Gloria Payne-Banfield, has worked diligently to serve the cause of our members and for this we are grateful.

TRANSITIONS

The following members died during the year 2017. We express condolences to their loved ones.

Josias Alexander	August 22, 2016	Lauriston	Carriacou	
Thomas Chase	December 22, 2016	Marian	St. George's	Grenada
Marjorie Philips	January 5, 2017	Woolwich Road	St. George	Grenada
Nicole Mc Queen	January 15, 2017	Perdmontemps	St. David	Grenada
Lucille Antoine	January 16, 2017	Concord	St. John	Grenada
Allan Duncan	January 17, 2017	Good Hope	St. George	Grenada
Carol Julien	January 25, 2017	Morne Jaloux	St. George	Grenada
Clevina Modeste	February 2, 2017	Mount Royal	Carriacou	
Valentine Francis	February 2, 2017	Paddock	St. George	Grenada
Christopher Telesford	February 13, 2017	Baillies Bacolet	St. David	Grenada
Claudette Alexis	February 16, 2017	Mt. Gay	St. George	Grenada
Jerome Mc Barnette	February 26, 2017	Tanteen Terrace	St. George's	Grenada
Lewis De Bellotte	March 2, 2017	Cherry Hill	St. George	Grenada
Nesra St. Louis	March 21, 2017	Brooklyn	St. John	Grenada
Carl Gaskin	March 25, 2017	Tempe	St. George	Grenada
Ezekiel Ventour	March 27, 2017	Woburn	St. George	Grenada
Denis Da Breo	April 10, 2017	Paddock	St. George	Grenada
Phyllis C. Taitt	April 12, 2017	The Limes	St. George	Grenada
Stanley Roberts	May 10, 2017	Perdmontemps	St. David	Grenada
Jennifer Wiltshire-Victor	May 19, 2017	Vincennes	St. David	Grenada

Nadica Mc Intyre	May 25, 2017	Grand Anse	St. George	Grenada
Linette Haywood	May 29, 2017	Lucas Street	St. George	Grenada
Marsha Walcott	June 4, 2017	River Sallee	St. Patrick	Grenada
Clayton Paul	June 5, 2017	USA		
June Caton	June 26, 2017	Harvey Vale	Carriacou	Carriacou
Ennis Cato	June 28, 2017	Woburn	St. George	Grenada
Keno Charles	July 2, 2017	Cherry Hill	St. George	Grenada
Eslyn L. Andall	July 4, 2017	Mt. Parnassus	St. George	Grenada
Chester Cadoo	July 9, 2017	Grand Anse	St. George	Grenada
Basil Bullen	July 15, 2017	Springs	St. George	Grenada
Gora Decoteau	July 22, 2017	Lucas Street	St. George	Grenada
Judith M. Joseph	August 1, 2017	River Road	St. George	Grenada
Catherine Williams	August 19, 2017	Grand Anse	St. George	Grenada
Martin A. Felix	August 20, 2017	La Borie	St. George	Genada
Ivan Lord	August 30, 2017	La Borie	St. George	Genada
Nicholas Peters	September 1, 2017	Woodlands	St. George	Grenada
Allan Ellis	September 18, 2017	England		
Louisa Calder	October 2, 2017	La Tante	St. David	Grenada
D.A. Mc Donald	October 6, 2017	St. Paul's	St. George	Grenada
Hawkins Brebnor	October 12, 2017	Calivigny	St. George	Grenada
Ronald Marshall	October 17, 2017	St. Clouds	St. Andrew	Grenada
Allan G. Lessey	October 18, 2017	Morne Longue	St. Andrew	Grenada

Credit Committee Report 2017



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

MANDATE

THE CREDIT COMMITTEE IS PLEASED TO PRESENT ITS REPORT FOR THE FINANCIAL YEAR 2017 IN ACCORDANCE WITH OUR BY LAWS AND THE MANDATE GIVEN AT OUR LAST GENERAL MEETING. 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.

January to June 2017	Position	July to December 2017	Position
Bro. Maximus Lazarus	Chairman	Bro. Justin Hazzard	Chairman
Bro. Dorran Strachan	Secretary	Bro. Dorran Strachan	Secretary
Bro. Adrian Joseph	Member	Sis. Ann Isaac	Member
Bro Simon Lewis	Member	Bro. Simon Lewis	Member
Sis. Judy Pivotte	Member	Sis. Judy Pivotte	Member

Overview

For the financial year ending December 31, 2017 the Credit Union realized a growth rate in lending of 18% or net loans of \$40M. This was achieved despite the many challenges and steep competition from other financial institutions who continue to lower the interest rate on lending products. Notwithstanding the competitive offers our members remained steadfast in their support of our Credit Union which is evident by our performance.

Lending Activities

In 2017 we continued our switch promotion to coincide with the unveiling of our new Ariza brand and the opening of the Bruce Street Branch we introduced the “Own Your Own” promotion in the later part of 2016 which continued to June 30, 2017. This promotion targeted loans for the purpose of housing, land and vehicle purchase. We also reintroduced the Awesome August promotion for the third time. One of the objectives of the Awesome August loan promotion was to afford members the opportunity to consolidate personal debts held at other financial institutions where the rate of interest was significantly higher. The other objective was to encourage members to exercise prudent and productive financial practices in the management of their income and expenses.

In 2016 and 2017 the Credit Union experienced a significant shift in the average age of borrowers. The range of borrowers with the highest level of borrowing has moved from the 45-55 years age group in 2013-2014 to the 30-45 years age group. This trend is attributed mainly to the appeal of the Ariza Brand which thereby attracting a wider and younger membership. This trend is also reflective of the growing youthful population in the Country. Through better financial planning persons are investing in long term assets, for example, a home or land at an earlier age rather than at the time when they are approaching retirement.

Loan Approval and Disbursement

We experienced significant growth in most sectors and a drop in lending in fewer sectors as reflected in Table 1. We have seen exceptional growth in loans granted for housing with a growth of 76% in 2017 over 2016, due to the “own your Own” promotion. Debt consolidation due to the “Awesome August Promotion” has grown 188%. Vacation and Travel grew by 131% as members recognize the importance of taking time to rejuvenate themselves by spending time with family and loved ones in the Diaspora. Another strong sector was vehicle loans with a growth of 33%. Education which is the pillar of any economy continues to show steady growth at 8%. Growth in Business lending to our members we believe has created opportunities for our Credit Union, a strategy we hope to pursue to achieve a more balanced portfolio.

SUMMARY OF ACTIVITIES

Table 1. Loan Disbursements 2017

CATEGORY	NUMBER OF LOANS			VALUE OF LOANS		
	2017	2016	% Change	2017	2016	% Change
Debt Consolidation	1,184	682	73.61	\$27,531,019.95	9,531,568	188.84
Personal Expenses	2,777	3,266	-14.97	\$12,470,127.89	17,299,269	-27.92
Educational	303	383	-20.89	\$3,431,347.23	3,163,269	8.47
Housing	665	581	14.46	\$27,778,687.01	15,740,427	76.48
Home Furnishing	117	109	7.34	\$926,126.76	668,319	38.58
Agriculture	40	44	-9.09	\$598,220.49	962,834	-37.87
Land Purchase	51	49	4.08	\$4,609,796.97	3,427,652	34.49
Business	209	286	-26.92	\$5,597,226.31	4,617,327	21.22
Vacation / Travel	178	122	45.90	\$2,098,804.35	906,228	131.60
Motor Vehicles	491	388	26.55	\$10,795,118.32	8,103,199	33.22
TOTAL	6,015	5,910	1.78	\$95,836,475.28	64,420,092	48.77

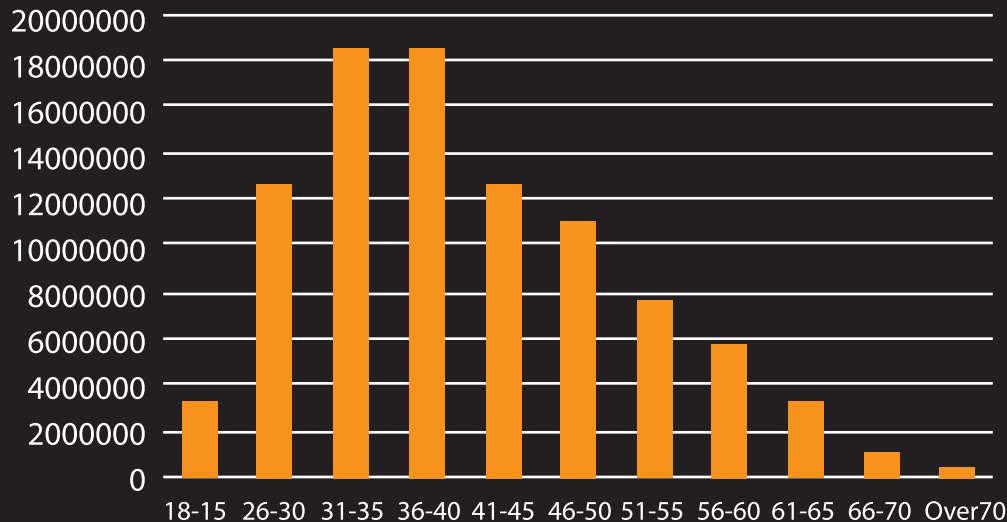
Table 2. Portfolio Growth
Gross loans & Growth Rate 2013-2016

2013	2014	2015	2016	2017
169.6	184.7	201.8	226.1	266.6
14%	8%	9.5%	12%	18%

Table 3. Loan Distribution by Sector

NUMBER OF LOANS				VALUE OF LOANS		
CATEGORY	2017	2016	% Change	2017	2016	% Change
Debt Consolidation	1448	970	49.28	34,285,747	23,663,485	44.89
Personal Expenses	3315	3,367	-1.54	74,379,782	67,494,699	10.20
Educational	417	393	6.11	10,939,834	8,979,058	21.84
Housing	1204	998	20.64	94,053,353	85,073,288	10.56
Home Furnishing	138	122	13.11	1,920,591	1,789,463	7.33
Agriculture	61	50	22.00	1,604,079	1,294,617	23.90
Land Purchase	185	174	6.32	15,133,035	13,145,677	15.12
Business	344	354	-2.82	9,845,069	7,889,729	24.78
Vacation / Travel	241	164	46.95	2,791,525	1,811,959	54.06
Motor Vehicles	633	463	36.72	21,693,169	15,043,649	44.20
TOTAL	7,986	7,055	13.20	266,646,182	226,185,624	17.96

Chart 1. Loan distribution by Age



LOANS DISBURSED BY GENDER - 2017		
GENDER	NUMBER	VALUE
MALE	2,725	47,103,129
FEMALE	3,290	48,733,346

General Observations

As a Credit Committee we are concerned with the risk of high debt and spending by our members.

We recognize the Credit Union's efforts to assist members by consolidating loans with a view to improving their surplus and spending power. Our members must be counselled against the trend of rising personal debt due to easy access to quick money. Members must be encouraged to increase savings after debt consolidation so as to provide a safety net in the event of personal emergencies or financial need.

As a Credit Union Movement we strongly recommend that financial counselling must go hand in hand with borrowings to these members to safeguard and protect them from repeating the cycle. According to Benjamin Franklin, "Beware of little expenses. A small leak will sink a great ship".

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.

Let us continue to put our hearts and hands together to continue to build this noble institution as we progress to make our Credit Union a model for all.

A handwritten signature in black ink, appearing to read 'J. Hazzard', written over a horizontal dotted line.

Justin Hazzard
Chairman

Supervisory and Compliance Committee Report 2017



(L. - R.) Bro. Merina Jessamy, Sis. Shirlyn De Coteau-Sayers, Sis. Karel Hood,
Sis. Pearlana Sylvester, Bro. Wayne Radix.

MANDATE

THE SUPERVISORY & COMPLIANCE COMMITTEE SUBMITS ITS REPORT IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 66(1) (F) OF THE CO-OPERATIVE SOCIETIES ACT NO. 08 OF 2010 AND THE BY-LAWS OF THE CREDIT UNION REVISED MAY 2015.

In addition, the Committee observes, in the execution of its duties, the following seven cooperative principles for Credit Unions endorsed by the Credit Union National Association (CUNA):

- Voluntary and open membership
- Democratic member control
- Member's economic participation
- Autonomy and Independence
- Education, Training and Information
- Cooperation among Cooperatives
- Concern for community

The principles are founded in the philosophy of cooperation and the values of equality, equity and mutual self-help.

Composition

The following members constituted the Supervisory and Compliance Committee following the Annual General Meeting held on June 29, 2017:

Sis. Merina Jessamy

Sis. Shirlyn De Coteau-Sayers

Sis. Karel Hood

Sis. Pearlana Sylvester

Bro. Wayne Radix

At its first meeting held July 11, 2017, Sis. Merina Jessamy and Sis. Shirlyn Sayers were elected to serve as Chair and Secretary respectively.

The Supervisory and Compliance Committee met for regular meetings and working sessions and completed the following tasks:

- Review of Bank Reconciliations
- Review of Deposits

- Review of Loans
- Cash Counts
- Review of Equity Shares
- Review of Fixed Asset Register
- Review of Membership Data
- Review of Committee Reports
- Review of Board Minutes
- Review of Complaints

Report on Bank reconciliations

The Committee reviewed bank reconciliations and the related general ledger control accounts for the months January, March, May, July and September 2017. The review was performed on all the bank accounts held by the entity.

The Committee was satisfied that the Bank Statements and the General Ledger figures agreed. The Committee observed that the reconciliations with statement dates of January, March and May 2017 were completed in May and June 2017. The Committee recognize and commend the improvements seen with the reconciliations for the months of July and September 2017 which were prepared and reviewed before the end of the subsequent month.

Recommendations

The Committee encourages the officers to continue the positive trend in endeavoring completion of the reconciliations within 15 working days after the end of the month to ensure that errors are detected and resolved in a timely manner.

Report on deposits

The Committee conducted an analysis of the fixed deposits for corporate depositors with terms.

Recommendations

The Committee recommends that the Credit Union review the rates bearing in mind the following:

- The current rates being offered by other institutions.
- The interest rates being received on the Credit Union's financial assets.
- The benefit of having the use of these monies versus the interest cost.

Report on loans

The Committee reviewed loan files with the aim of ascertaining whether the processing of loans were in keeping with the Credit Policy and Procedures.

The Committee reviewed the following types of loans:

- ✓ Loans disbursed in 2017
- ✓ Delinquent loans
- ✓ Management, Staff, Directors, Committee Members Loans
- ✓ Ten(10) largest loans

The Committee observed the following:

Loans disbursed in 2017: The Committee reviewed a sample of sixteen (16) loans in the following categories:

<i>Loan Type</i>	<i>Count</i>
Business Investment	2
Bank Pay-off	2
Debt Consolidation	3
House Construction	6
Promotion	1
Not defined	2
Total	16

The security documents for the abovementioned loans were also reviewed. The Committee observed that some documents were docketed but were not present in the file due to the commencement of the E-filing.

The Committee is pleased to note that the processing of loans are in keeping with the loan policy.

Management, Staff, Directors, Committee Members Loans: The Committee reviewed the loans and was satisfied with the timeliness of payments.

Recommendations

In order to improve the efficiency and effectiveness of delinquency management, the Committee recommends that Loan Officers should strictly apply procedures for follow up as soon as signs of delinquency emerges and ensure timely filing of actions undertaken.

During the transition from the manual to E-filing system, it is recommended that proper records are kept of documents transferred so as to ascertain whether or not the computerization of the information is complete and accurate.

Report on cash counts

The Committee conducted surprise cash counts at the branch of the Credit Union at St. George's to determine whether actual total cash in hand was equal to the cash recorded on system at the time of the count. The Committee was unable to do the cash counts at Grenville and Carriacou before year end and agreed that priority will be given to cash count at these branches in the following year.

The Committee was satisfied with the findings and would like to express its satisfaction with the cooperation of all requisite staff.

Report on Equity Shares of Members

The Committee reviewed a list of members whose equity shares balances were less than the stipulated \$200.00.

The Committee noted that as at June 2017, there were 768 accounts with balances ranging from \$5.13 to \$199.72 totaling \$123,655.39. The age range is from 18 years to 94 years with one member's age listed as being twelve (12). The Committee observed that some persons are deceased and 100 (that is 13%) of the members have addresses outside of the State of Grenada.

Recommendations

The Committee recommends a periodic review of the accounts of members to ensure that the balances are current. The Committee is aware that with respect to deceased members, the account can only be cleared after settlement of the estate.

The Committee recommends that active members be encouraged to increase deposits so as to meet the revised equity shares requirement of \$200.00.

Report on Fixed Asset Register

The SCC performed a review of the fixed asset register and noted that the various costs associated with an item of fixed asset are entered in the register at the date incurred which in some cases occurs over a period of months. Accordingly, depreciation is charged on each component from the month in which it was included in the register.

Recommendation

The Committee recommends that corrective measures be taken in keeping with IAS 16 which states that an item of property, plant and equipment should initially be recorded at cost. All costs necessarily incurred in bringing the item to a state where it can be used for its intended purpose are included. Furthermore, depreciation begins when the asset is available for use and continues until the asset is derecognized, even if it is idle. Therefore, going forward the costs of items

of fixed asset should be pooled, and one figure included in the register. This means that any payments outstanding at the time of recognition of the asset would be accrued and included in the cost of the asset.

It is also recommended that amounts paid for items of fixed asset should be recorded in a “fixed asset suspense”, or “prepayment account” and then transferred to fixed assets when the item is physically available for use. Monies spent on the construction of capital items are posted to “working progress account” until it is converted into working condition.

The SCC also noted that items are often time posted to the register in bulk. This can cause difficulty in physically keeping track of individual assets.

Recommendation

The Committee recommends that items of fixed assets should be labeled and entered in the register individually with the number and location recorded. This procedure assigns responsibility to the User for the proper use and safeguarding of the asset. It also aids in facilitating subsequent independent checks.

Report on Membership Data

The SCC conducted a review on membership accounts as at June 30, 2017. The purpose of the review was to verify that the stipulated requirements for membership were met and the necessary documents submitted as outlined in the Bye-Law Section 74(2). The information was provided to the Committee in Excel spreadsheet format. The Excel file contained 14,909 rows of membership data which includes candidate members (that is members under the age of 16). The Committee observed that the membership report submitted to the Board as at June 30, 2017 had a total of 13,967 members and noted that the report to the Board excluded candidate members.

The Committee observed the following:

<i>Categories</i>	<i>Count of members</i>
Missing birth dates	74
Missing addresses	67
Members with birthdates <18 years	31
Members accounts with invalid dates – birth dates and dates of joining the Credit Union is the same	15

The loans as per membership data were analyzed and the summary is as follows:

<i>Loan values</i>	<i>Total loans</i>
Members without loans	9,120
<50,000.00	4,325
>50,000.00	1,464

Recommendations

The Committee recommends that all the required documents for membership are collected and attached to the membership forms.

Report on Internal Auditor's Reports

The Committee would like to commend the Credit Union on the reinstatement of the position of Internal Auditor.

As such, the Committee was able to review the Internal Auditor's Reports for 2017 and gained valuable insight into reviews conducted and the recommendations to be implemented.

Report on Monthly Management Accounts

The Committee received Monthly Management Accounts for the period January to June 2017 upon request. The Committee was of the view that the statements were correct to the best of our knowledge.

However, the reports for subsequent months were not received. The protocol established was that reports are to be submitted monthly to the Committee for review and subsequent sign-off. However, this protocol was not adhered to this year.

Therefore the Committee was unable to conduct an analysis of the management accounts using the PEARLs ratio.

Report on GARFIN Reports

The Committee requested a copy of the latest GARFIN Report so as to ascertain whether or not recommendations are being addressed by the Credit Union. The 2013 GARFIN Report was submitted to the Committee. Management advised that this report was the last one received by the Credit Union from GARFIN.

The Committee expresses concern that a more current report is not available given its importance to the functions of the Credit Union and its significance in ensuring compliance to GARFIN requirements.

Report on Board Minutes

The Committee reviewed Board Minutes for the fiscal year and observed that sign off of Minutes was completed by the Secretary and the President. The Committee has a better appreciation of the Minutes as the Board papers are now being submitted for perusal and wish to recommend this as a standing procedure for subsequent Committees.

The Committee would like to see timely updates by management to Action Matrix of recommendations made by the Supervisory and Compliance Committee to the Board.

Recommendation

Joint Committee meetings are called to ratify loans for staff and Committee Members. This Committee is appreciative of the fact that sometimes updates on projects and programmes are given and recommends that this be institutionalized.

Review of Complaints from Members

The purpose of this task was to ensure that all members were treated with fairness, equity and in accordance with the By-Laws and Cooperative Society Act. The Committee received one complaint from a member. The member filed the complaint by email to the Chairman of the SCC. The Committee expressed appreciation to Management for taking swift action to settle the matter in an amicable manner.

Conclusion

In conclusion, we extend our gratitude to the general membership for affording us the opportunity to serve on this Committee.

We would like to thank the Board, Credit Committee, Management and Staff for their cooperation in ensuring that our tasks were completed within a reasonable time. Above all, we will like to thank God for his protection, wisdom and guidance in our deliberations and team spirit.



.....

Merina Jessamy (Mrs.)
Chair, Supervisory and Compliance Committee

Nominating Committee Report 2017

Composition

Bro. Carlyle Felix	-	Chairman
Bro. Christopher De Allie	-	Member
Bro. Wayne Radix	-	Member
Bro. Simon Lewis	-	Member
Sis. Shirley Modeste-Buckmire	-	Member

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

Meeting:

The Nomination Committee met on Wednesday 6th June 2018 at 10:45am. The Chairman welcomed all members of the Committee and excused Sis. Shirley Modeste-Buckmire who was unavoidably absent.

Notices

Notices of the vacancies and invitation for nominations to positions on the Board of Directors, the Credit and Supervisory and Compliance Committees were placed in the local printed press, on notice boards within the various workplaces, through SMS text messages and on Ariza Website.

Vacancies

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

Board of Directors:

1. Bro. Carlyle Felix was completing his second three-year term
2. Sis. Gemma Bain-Thomas was completing her second three-year term
3. Sis. Annette Henry was completing her second three-year term

Supervisory & Compliance Committee:

1. Sis. Pearlina Sylvester was completing her first three year term
2. Sis. Shirlyn De Coteau-Sayers was completing her Second three year term.

Credit Committee:

1. Bro. Dorran Strachan was completing his second three-year term
2. Bro. Simon Lewis was completing his first three -year term
3. Sis. Judy Pivotte was completing her first three -year term

Nominations

The Nominating Committee considered twenty-eight (28) nominations (*in addition to the incumbents*) as follows:

Board

- 1) *Bro. Rodney P. George*
- 2) *Sis. Hannah Thomas-Campbell*
- 3) *Bro. Roger Williams*
- 4) *Bro. Lyndon Bubb*
- 5) *Sis. Cyndra Winsborrow*
- 6) *Bro. Michael Stephen*
- 7) *Sis. Marva Bowen-Neptune*
- 8) *Sis. Claudette James*
- 9) *Bro. Cuthbert Mc Queen*
- 10) *Sis Desiree Stephen*

Supervisory & Compliance

- 11) *Sis Marilyn Mootoo-Winsborrow*
- 12) *Sis Adeltris Belfon-Roberts*
- 13) *Bro. Roger Williams*
- 14) *Bro. Lyndon Bubb*
- 15) *Sis. Cyndra Winsborrow*
- 16) *Bro. Francis Robertson*
- 17) *Sis. Kisha Gellineau*
- 18) *Sis. Desiree Stephen*

Credit Committee

- 18) *Bro. Ajamu Phillip*
- 19) *Bro. Valantine Pascal*
- 20) *Sis Nakita Francis*
- 21) *Sis. Cyndra Winsborrow*
- 22) *Sis. Desiree Stephen*

Unspecified Placement

- 23) *Bro. Joseph Matthew*
- 24) *Bro. Michael Frederick*
- 25) *Sis. Stephanie Sylvester*
- 26) *Sis. Tonya Hyacinth*
- 27) *Sis Jean Yolande Gulston*
- 28) *Bro. Joseph Baptiste*

Guidelines

The Committee adopted the guidelines and score card for considering nominees to the committees. These guidelines detailed the skills-set that was recommended for each committee.

Recommendations

After giving careful consideration to the guidelines and taking into account the current stage of the credit union’s development and the skills set needed to propel its development further, the Committee unanimously decided to recommend the following nominees:

Board of Directors

- 1. *Bro. Lyndon Bubb*
- 2. *Sis. Claudette James*
- 3. *Bro. Rodney P. George*

Supervisory & Compliance Committee

Sis. Pearlana Sylvester (for a second three year term)
Bro. Francis Robertson

Credit Committee

Bro. Simon Lewis (for a second three year term)
Sis. Judy Pivotte (for a second three year term)
Sis Desiree Stephen

Bro. Simon Lewis was excused from the meeting during the discussions on nominations to the Credit committee. In recommending continuation into a second three- year term the Committee gave consideration to the performance evaluation of the incumbents as conducted by their peers.

The Committee also recommended that a succession plan be established for future presidents to serve at least a full three year term as well as to amend the nomination process to allow for early scouting of potential volunteers to whom training could be provided in advance. This would form a cadre of trained persons from whom vacancies on the various committees would be filled.

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 to its work. The Committee also extends thanks to all those who have expressed interest in serving the Credit Union as well as to all members who had taken time off to attend the governance training organized for this purpose.



Carlyle Felix
President

Treasurer's Report 2017

THE YEAR 2017 WAS AN IMPORTANT YEAR FOR OUR CREDIT UNION AS IT MARKED THE FIRST YEAR OF OPERATIONS UNDER OUR NEW ARIZA BRAND. THE FINANCIAL PERFORMANCE WAS ONCE AGAIN VERY PROMISING. AMONG THE FINANCIAL HIGHLIGHTS WAS THE SIGNIFICANT GROWTH IN THE AREAS OF DEPOSITS AND LOANS COUPLED WITH AN OPERATING SURPLUS OF OVER \$3M.

This growth is indicative of the confidence you have placed in the new Brand, Board and Management of your Credit Union.

This performance signaled a very optimistic outlook for the years ahead at Ariza. As a Credit Union we remain focused in partnering with our members on their journey to financial freedom through quality service delivery and product offering.

Operating Surplus

Notwithstanding the anticipated increase in operating costs as a result of the move to our new location at Bruce Street, 2017 recorded an operating surplus of \$3.5M, which represents an increase of 27.2% over the year 2016. Management's efficient cost measures resulted in a sustained operating cost ratio of 2.55%. In 2017, your Credit Union also recorded loan interest in the amount of \$20.6M which was an increase of 10.8% on the year 2016.

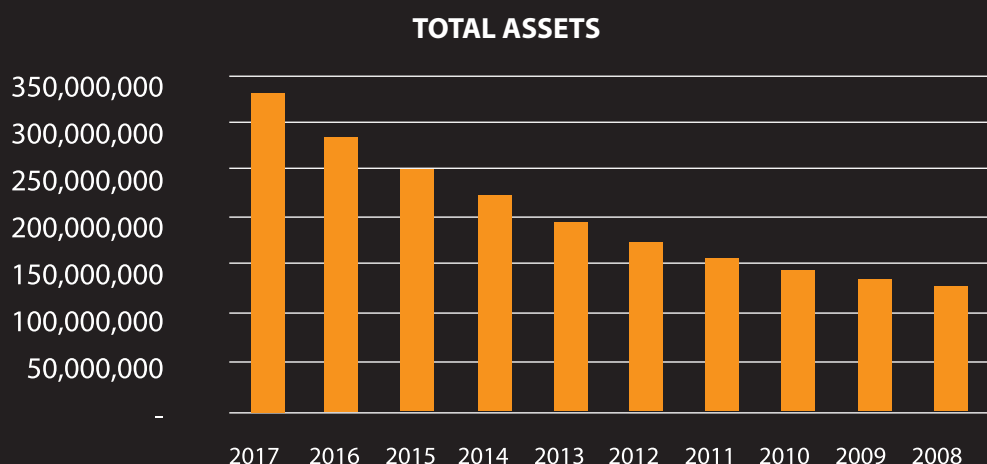
Our performance is as a result of prudent, sound management decisions with a direct focus on cost control and the trust you the members have placed in us as your Credit Union of choice.

As at 31st December 2017 provision for risk assets grew by \$500K. This resulted in an operational surplus of \$3.09M **after** provision for risk assets and impairment. This represents an increase of \$945.2K compared to 2016.



Assets

The growth in total assets was 15.3% or \$43.8M. Total assets at year's end stood at \$331M. The overall growth in the asset base continued to be attributed to the growth in the loans and deposits portfolio. Fixed Assets grew by \$5.8M which resulted mainly from the purchase of annex lot 8 property at Bruce Street.



Loans

The loans portfolio experienced a growth of \$40.5M or 18.0%. Gross Loans stood at \$266.6M as at December 31st 2017. Total disbursements in 2017 were \$95.8M. Total disbursements in 2016 stood at \$64.4M. The net loans portfolio stood at \$261.7M at the end of 2017 as compared to \$220.8M in 2016. The loan loss provision stood at \$ 4.89M in 2017 compared to \$5.19M in 2016.

The 90 day delinquency ratio stood at 6.38% in 2017 compared to 5.62% in 2016. This represents an increase of 0.76%. I once again appeal to you our members to continue to honor your loan commitments to the Credit Union and do not hesitate to inform us of any changes in your financial position that may hinder you from meeting your monthly loan obligations.

Deposits

Members' deposits grew by 15.6% or \$38.6M in 2017 as against 12.8% or \$28.2M in 2016. The portfolio stood at \$286.2M at the end of 2017. Lifetime Savings grew to \$142.5M in 2017 from \$119.1M in 2016 representing a growth of \$23.4M or 19.7%. Fixed Deposits grew by \$3.59M or 4.7% to \$79.7M in 2017 compared to \$3.6M or 5% in 2016.

Comparative Operating Highlights				
	2017 % Change	2017	2016	2015
Assets				
Net Loans	20.73%	266,646,770	220,860,859	197,129,081
Investments	40.68%	26,976,333	19,176,071	18,079,544
Development Land	10.33%	7,074,592	6,412,314	5,198,215
Fixed Assets	30.50%	24,944,928	19,114,763	12,810,256
Liabilities				
Lifetime Savings	19.69%	142,540,794	119,094,956	105,244,887
Other Deposits	11.93%	143,737,195	128,411,905	114,202,054
Capital				
Equity/Qualifying Shares	17.53%	13,870,215	11,801,327	10,128,542
Income				
Interest from Loans	10.80%	20,658,225	18,644,171	17,389,237
Other Income	14.41%	1,201,002	1,049,702	1,541,034
Expenditure				
Interest on Deposits	9.46%	9,490,754	8,670,913	8,715,028
Other Expenditure	7.02%	8,768,609	8,193,226	5,732,161
Surplus				
Operating surplus	27.22%	3,599,864	2,829,734	3,483,082
Unallocated Surplus	32.19%	2,217,401	1,677,408	2,264,004

KEY PERFORMANCE INDICATORS

The PEARLS prudential standards set the benchmarks that Credit Unions should achieve and maintain to ensure viability. The system assesses Protection, Effective Financial Structure, Asset Quality, and Rate of Return on Costs, Liquidity Levels and Signs of Growth. An evaluation is provided hereunder as to the Credit Unions performance against that of a Model Credit Union.

Protection:

This ratio measures the adequacy of the allowances made for delinquent loans by the Credit Union. PEARLS require that a provision of 35% be made for all delinquent loans less than 12 months and provision of 100% for loans more than 12 months.

As at December 31st 2017 Ariza was fully protected against all delinquent loans that were greater than 12 months. The Credit Union had adequate provision in place for such loans less than 12 months.

Effective Financial Structure:

The financial structure of the Credit Union is the single most important factor in determining growth potential, earnings capacity, and overall financial strength. This looks at the ideal structure of a Credit Union in terms of its assets, liabilities and capital.

The Savings/Total Asset ratio of 86.47% was at the higher end of the standard range of 70-80%. The Net Loans/Total Asset ratio of 79.07% was within the standard of 70-80% range. The Credit Union's Institutional Capital/Total Assets ratio stood at 7.62%.

Asset Quality:

The assets of the Credit Union should be primarily involved in the generation of income. A non-productive or non-earning asset is one that does not generate income.

An excess of non-earning assets is an indication of the assets held that are not generating any income for the Credit Union. Two key ratios used are: Non-Earning Assets/Total Assets Ratio and Delinquency Ratio.

Non-Earning Assets/Total Assets ratio stood at 12.69% which was above the model standard of 5%.

Using the benchmark of 90 days, the delinquency ratio at year end 2017 was 6.38% of the loan portfolio. This was an increase on the 5.62% experienced at December 31st 2016 and is slightly above the standard of 5% by 1.38%. The ideal goal is to maintain the delinquency rate below 5% of total loans outstanding.

Rates of Return & Cost:

These ratios allow one to compare whether the credit union is earning and paying market rates on its assets, liabilities and capital. It also measures the Operational Costs of the Credit Union against its assets. The Operating Expenses/ Average Total Assets ratio stood at 2.55% which was within the standard of <=5%. Rates of return on investments stood at 3.45% while interest on Savings Deposit/Average Savings Deposit was at 3.32% at year end.

Liquidity:

Liquidity determines the ability of the Credit Union to meet its short-term & long-term obligations. The liquid assets /~~ess~~ short term payables/total savings deposits stood at 9.71% at the end of year 2017 which was just below the standard of 15%.

Signs of Growth:

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

The Credit Union's total asset growth percentage was 15.3%, Loans growth at 18% was above the benchmark of 5%. Savings at 15.60% was also above the 5% benchmark. Institutional capital growth (annualized) stood at 15.38%, the standard is 10% minimum. The total membership has increased by 16.24% or 2112 for the year 2017. Membership stood at **15,114** as at December 31st 2017. This again signifies the overall confidence placed in our Credit Union by you our members.

Conclusion

The Board of Directors, Management and Staff continue to focus on managing operational costs and providing quality financial products and services that are aimed at creating value to you our members so with no wings you can.....**FLY!!**



.....
Carla Thomas-Ross
Treasurer

Pearl's Report 2017

PEARLS Ratios	Goal	Dec-17	Dec-16
Protection			
Provision for Loan Losses /Del>12 Months	100	100%	100%
Provision for loan losses /Loans del<12 months	35	35%	35%
Solvency	>=110%	113%	113%
Effective Financial Structure			
Net Loans/Total Assets	70-80%	79.07%	76.90%
Liquid Investments/Total Assets	Max 16%	6.13%	6.21%
Savings deposits/total assets	70-80%	86.47%	86.18%
Member Share Capital/Total Assets	Max 20%	3.32%	3.16%
Institutional Capital (other)/Total Assets	Min 10%	7.66%	7.67%
Asset Quality			
Balance of Del loans >90 /Gross Loan Portfolio	<=5%	6.38%	5.62%
Non-Earning Assets/Total Assets	<=5%	12.69%	14.10%

PEARLS Ratios	Goal	Dec-17	Dec-16
Rates of Return and Cost (Annualized)			
Fin Investment Income/Avg. fin investments	Market Rate 3%	3.45%	3.81%
Fin costs:savings deposit/average sav deposits	Market Rate 3%	3.32%	3.71%
Operating Expenses/average Total Assets	<=5%	2.55%	2.60%
Liquidity			
Liquid Assets-ST payables/total deposits	Min 15%	9.71%	12.36%
Signs of Growth (annualized Growth Rate)			
Total Assets	> inflation	15.27%	13.38%
Loans to Members	5%	17.96%	12.01%
Savings deposits	5%	15.60%	12.72%
Share Capital	Min 15%	21.12%	16.56%
Institutional Capital	Min 10%	15.38%	8.22%
Membership	Min 15%	16.24%	14.97%

An abstract graphic in the background consisting of a network of thin grey lines connecting various circular nodes. The nodes are scattered across the page, with some colored in orange, teal, and white, while others are grey. The overall effect is a complex, interconnected web-like structure.

Audited Financial Statements



ARIZA CREDIT UNION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2017

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	58 to 60
STATEMENT OF FINANCIAL POSITION	61
STATEMENT OF COMPREHENSIVE INCOME	62
STATEMENT OF CHANGES IN MEMBERS' EQUITY	63
STATEMENT OF CASH FLOWS	64
NOTES TO THE FINANCIAL STATEMENTS	65 to 93

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ARIZA CREDIT UNION LIMITED

Opinion

We have audited the financial statements of the Ariza Credit Union Limited, which comprise the statement of financial position at December 31, 2017, and the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2017 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 ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRSs, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ARIZA CREDIT UNION LIMITED (continued)

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.

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.
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ARIZA CREDIT UNION LIMITED (continued)

- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause 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.

GRENADA

May 24th, 2018



Accountants & Business Advisers

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2017

	Notes	2017	2016
	EARNING ASSETS		
Members' loans	4	261,756,746	220,860,858
Investment property	5	7,074,592	6,412,314
Loans and receivables financial assets	6	20,300,302	17,834,982
Available-for-sale financial assets	6	<u>1,291,090</u>	<u>1,341,090</u>
Total earning assets		<u>290,422,730</u>	<u>246,449,244</u>
NON-EARNING ASSETS			
Property, plant and equipment	7	24,944,928	19,114,702
OTHER ASSETS			
Accounts receivables and prepayments	8	3,792,476	4,511,556
Cash and cash equivalents	9	<u>11,896,516</u>	<u>17,116,760</u>
Total non-earning assets		<u>40,633,920</u>	<u>40,743,018</u>
TOTAL ASSETS		<u>\$331,056,650</u>	<u>\$287,192,262</u>
EQUITY AND LIABILITIES			
Equity			
Members qualifying equity	10	2,884,200	2,495,000
Statutory reserve	11	11,683,668	10,783,920
Accumulated surplus		<u>10,667,648</u>	<u>8,450,247</u>
Institutional Capital		<u>25,235,516</u>	<u>21,729,167</u>
Members' equity shares	10	<u>10,986,015</u>	<u>9,306,327</u>
OTHER FUNDS AND RESERVES		135,747	139,323
Development fund	12	292,298	214,801
Education fund	13	213,253	196,268
Education savings plan fund	14	134,960	186,629
Provident fund	15	<u>1,036,071</u>	<u>787,350</u>
LP/LS insurance fund	16	<u>1,812,329</u>	<u>1,524,371</u>
Total equity		<u>38,033,860</u>	<u>32,559,865</u>
Current Liabilities			
Members' life time savings	17	142,540,794	119,094,956
Other deposits	18	143,735,737	128,411,905
Non-interest bearing liabilities	19	6,744,801	6,984,533
Other liabilities		<u>1,458</u>	<u>141,003</u>
TOTAL LIABILITIES		<u>293,022,790</u>	<u>254,632,397</u>
TOTAL EQUITY AND LIABILITIES		<u>\$331,056,650</u>	<u>\$287,192,262</u>

The notes on pages 65 to 93 form an integral part of these financial statements

 : Director

 : Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2017

INCOME	2017	2016
Income from loans	20,658,225	18,644,171
Interest from member loans	491,453	424,244
Fees and charges	(568,379)	(363,915)
Loan protection	<u>49,483</u>	<u>-</u>
Other income from loans	<u>20,630,782</u>	<u>18,704,500</u>
Net loan income		
Income from liquid investments	658,518	656,217
Interest on investments– dated securities	41,528	22,299
Dividends on investments	<u>528,399</u>	<u>310,859</u>
Non-related income	<u>1,228,445</u>	<u>989,375</u>
Total non-interest income	<u>21,859,227</u>	<u>19,693,875</u>
Total income		
LESS: EXPENSES		
FINANCIAL COST	9,490,754	8,670,913
Interest expenses on savings	519,297	342,340
Life savings insurance	260,692	161,962
Other financial cost	<u>-</u>	<u>651,262</u>
Members' incentive payment	<u>10,270,743</u>	<u>9,826,477</u>
Total financial cost	<u>11,588,484</u>	<u>9,867,398</u>
Gross Margin		
OPERATING EXPENSES	3,799,026	3,395,480
Personnel expenses	367,135	652,243
Governance	648,983	497,133
Occupancy expenses	940,350	799,343
Marketing expenses	1,310,249	1,275,260
Administration	922,877	362,707
Depreciation	<u>-</u>	<u>55,498</u>
Loss on asset disposal	<u>7,988,620</u>	<u>7,037,664</u>
Total operating expenses		
Total operating surplus	3,599,864	2,829,734
Less: Provision for risk assets	(500,000)	(500,000)
Surplus for the year before appropriation	3,099,864	2,329,734
Appropriations:	77,497	69,892
Transfer to: Education fund	774,966	582,433
Statutory reserve	30,000	<u>-</u>
Development fund	<u>-</u>	<u>-</u>
Net surplus for the year	<u>\$2,217,401</u>	<u>\$1,677,409</u>

The notes on pages 65 to 93 form an integral part of these financial statements

STATEMENT OF CHANGES IN MEMBERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2017

	Qualifying and Equity Shares	Statutory Reserve	Other Fund and Reserves	Accumulated Surplus	Total Equity
Balance at 1 st January, 2016	10,128,542	10,032,003	1,366,208	7,741,143	29,267,896
Net movement in shares	1,672,785	-	-	-	1,672,785
Entrance fees	-	34,020	-	-	34,020
Net movement on other funds and reserves	-	717,897	158,163	(652,325)	223,735
Dividends paid	-	-	-	(968,305)	(968,305)
Net surplus for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,329,734</u>	<u>2,329,734</u>
Balance at 31 st December, 2016	11,801,327	10,783,920	1,524,371	8,450,247	32,559,865
Net movement in shares	2,068,888	-	-	-	2,068,888
Entrance fees	-	42,550	-	-	42,550
Net movement on other funds and reserve	-	857,198	287,958	(882,463)	262,693
Net surplus for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,099,864</u>	<u>3,099,864</u>
Balance at 31 st December, 2017	<u>\$13,870,215</u>	<u>\$11,683,668</u>	<u>\$1,812,329</u>	<u>\$10,667,648</u>	<u>\$38,033,860</u>

The notes on pages 65 to 93 form an integral part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2017

	Note	2017	2016
OPERATING ACTIVITIES			
Net surplus for the year		3,099,864	2,329,734
Adjustments for:			
Depreciation		922,877	362,707
Net movements in reserves		<u>305,243</u>	<u>257,754</u>
Cash provided by operating activities before working capital changes		4,327,984	2,950,195
Decrease/(increase) in accounts receivable and prepayments		719,080	(1,766,660)
(Decrease)/increase in non-interest bearing liabilities		(239,732)	2,640,678
Decrease in other liabilities		<u>(139,545)</u>	<u>(105,967)</u>
		<u>4,667,787</u>	<u>3,718,246</u>
Cash provided by operating activities			
INVESTING ACTIVITIES			
Transfer/disposal of equipment		-	738,929
Purchase of property, plant and equipment		(6,753,103)	(7,406,082)
Increase in investment property		(662,278)	(1,214,099)
Increase in financial assets		(2,465,320)	(1,196,528)
Decrease in available-for-sale financial asset		50000	100,000
Increase in members' loans		<u>(40,895,888)</u>	<u>(23,731,777)</u>
Cash used in investing activities		<u>(50,726,589)</u>	<u>(32,709,557)</u>
FINANCING ACTIVITIES			
Dividends paid		-	(968,305)
Increase in members' shares		2,068,888	1,672,785
Increase in members' deposits		<u>38,769,670</u>	<u>28,059,920</u>
Cash provided by financing activities		<u>40,838,558</u>	<u>28,764,400</u>
Decrease in cash and cash equivalents		(5,220,244)	(226,911)
Cash and cash equivalents - at the beginning of the year		<u>17,116,760</u>	<u>17,343,671</u>
- at the end of the year		<u>\$11,896,516</u>	<u>\$17,116,760</u>

The notes on pages 65 to 93 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

1. CORPORATE INFORMATION

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 on average sixty-nine (69) persons during the year compared to fifty-three (53) persons in 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

(b) New Accounting Standards Policies

- (i) There are no new standards, amendments or interpretations that are effective for the first time for the financial year beginning on or after 1st January, 2017 that would be expected to have a material impact on the Credit Union's financial statement.
- (ii) Amendments and interpretations issued but not effective for the financial year beginning 1st January, 2017 and not early adopted. These either do not apply to the activities of the Credit Union or have no material impact on its financial statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Standard	Description	Effective for annual periods beginning on or after
IAS 28	Investments in Associates and Joint Ventures	1 st January, 2019
IAS 40	Investment Property: Transfers of Investment Property (amendments)	1 st January, 2018
	Investment Property: Long-term Interests in Associates and Joint Ventures (amendments)	1 st January, 2019
IFRS 2	Share-based payment: Classification and Measurement of Share-based payment Transactions (amendments)	1 st January, 2018
IFRS 4	Insurance contracts: Overlay/deferral approach (amendment)	1 st January, 2018
IFRS 9	Financial Instruments: Classification and Measurement	1 st January, 2018
	Financial Instruments: Prepayment features with negative compensation (amendment)	1 st January, 2019
IFRS 15	Revenue from Contracts with Customers	1 st January, 2018
IFRS 16	Leases	1 st January, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

<i>Standard</i>	<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
IFRS 17	Insurance Contracts	1 st January, 2021
IFRIC 22	Foreign Currency Transactions and Advance Consideration (interpretation)	1 st January, 2018
IFRIC 23	Uncertainty over Income Tax Treatments (interpretation)	1 st January, 2019

(c) *Property, Plant and Equipment*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, Plant and Equipment (continued)

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

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

(d) Financial instruments

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

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

Recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

Financial assets

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

Loans and receivables

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

Available-for-sale

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

Fair Value

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

Impairment of financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

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

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

(i) Financial assets measured at amortised cost

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

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

Financial Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign Currencies

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

(f) Use of Estimates

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

(g) Provision for loan losses

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

(h) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Dividends

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

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

(j) Accounts Receivables

Accounts receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets, if not, they are presented as non-current assets.

(k) Employee Benefits

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

(l) Investment Property

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Leases

Lease 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 charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(n) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered into with related parties in the normal course of business are carried out on commercial terms and conditions during the year.

(o) Provisions

Provisions are recognised when the Credit Union has a present legal or constructive obligation, as result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(p) Revenue Recognition

i) Interest income

Interest income is recognized on a cash basis.

ii) Interest and investment income

Investment income is recognized on the accrual basis except for dividend income, which is accounted for on the cash basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Shares Equity

Members' shares are classified as equity.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Valuation of property

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

Impairment of loans

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

Fair value of available-for-sale investments

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

4. MEMBERS' LOANS

	2017	2016
General loans	266,646,770	226,051,348
Less: allowance for doubtful loans	<u>4,890,024</u>	<u>5,190,490</u>
	<u>\$261,756,746</u>	<u>\$220,860,858</u>

5. INVESTMENT PROPERTY

	Land	Building	Total
Balance at 1 st January, 2016	5,198,215	-	5,198,215
Additions during the year	<u>1,214,099</u>	<u>-</u>	<u>1,214,099</u>
Balance at 31 st December, 2016	6,412,314	-	6,412,314
Additions during the year	217,078	477,634	694,712
Sale during the year	<u>(32,434)</u>	<u>-</u>	<u>(32,434)</u>
Balance at 31 st December, 2017	<u>\$6,596,958</u>	<u>\$477,634</u>	<u>\$7,074,592</u>

6. FINANCIAL ASSETS

Loans and Receivables	535,600	520,000
Grenville Co-operative Credit Union Limited – Fixed deposit	-	934,920
Bank of St. Lucia – Fixed rate note	1,162,994	1,139,073
Grenada Co-operative Bank Limited - Fixed deposit	3,100,000	3,023,810
Government of Grenada - Treasury bills	2,396,591	1,415,906
Government of St. Lucia - Treasury bills	2,529,603	1,493,325
Government of Antigua & Barbuda – Treasury bills	1,127,922	1,100,412
Government of St. Lucia– Fixed rate bond		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

6. FINANCIAL ASSETS (continued)

	2017	2016
Loans and Receivables		
	1,431,043	1,389,362
Grenada Co-operative League Limited - Fixed deposit	66,801	66,140
- Deposit account	481,037	469,305
First Citizens Investment Limited	3,204,367	3,111,036
Grenada Union of Teachers Credit Union - Fixed deposit	2,236,813	2,171,663
Communal Co-operative Credit Union Ltd - Fixed deposit	1,027,531	1,000,030
	<u>1,000,000</u>	-
First Citizen – Fixed income paper		
Community First Credit Union	<u>\$20,300,302</u>	<u>\$17,834,982</u>

Available - for - Sale

East Caribbean Cooperative Central Limited	-	50,000
- 5,000 shares of \$100 each		
Grenada Co-operative League Limited	76,095	76,095
- 11,717 ordinary shares of \$5.00 each		
East Caribbean Home Mortgage Bank	31,040	31,040
- 194 shares of \$160 each	100,000	100,000
- 625 shares of \$160 each	249,600	249,600
- 1,560 shares of \$160 each		
Corporation Enterprise Finance Facility Limited	500,000	500,000
- 10,000 shares \$50 each		
Grenada Co-operative Bank Limited	<u>334,355</u>	<u>334,355</u>
- 47,765 shares of \$7.00 each		
	<u>\$1,291,090</u>	<u>\$1,341,090</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

7. PROPERTY, PLANT AND EQUIPMENT

	Work in Progress	Freehold land and Building	Furniture, Fixtures and Equipment	Computer Equipment and Software	Automatic Teller Machine
Balance at 1st January, 2016					
Cost	713,708	11,609,091	696,757	1,214,949	662,535
Accumulated depreciation	_____ -	(463,062)	(409,474)	(896,756)	(635,410)
NET BOOK VALUE	<u>\$713,708</u>	<u>\$11,146,029</u>	<u>\$287,283</u>	<u>\$318,193</u>	<u>\$27,125</u>
For year ended 31st December, 2016					
Opening book value	713,708	11,146,029	287,283	318,193	27,125
Additions for the year		5,946,059	809,152	399,813	251,058
Transfer	(683,433)				
Depreciation charge for year	_____ -	(53,726)	(53,103)	(149,257)	(16,975)
NET BOOK VALUE	<u>\$30,275</u>	<u>\$17,038,362</u>	<u>\$1,043,332</u>	<u>\$568,749</u>	<u>\$261,208</u>
Balance at 31st December, 2016					
Cost	30,275	17,555,150	1,505,909	1,614,762	913,593
	_____ -	(516,788)	(462,577)	(1,046,013)	(652,385)
Accumulated depreciation					
NET BOOK VALUE	<u>\$30,275</u>	<u>\$17,038,362</u>	<u>\$1,043,332</u>	<u>\$568,749</u>	<u>\$261,208</u>
For year ended 31st December, 2017					
Opening book value	30,275	17,038,362	1,043,332	568,749	261,208
Additions for the year	355,255	5,852,653	328,875	186,644	29,676
Transfer	(30,275)	30,275	-	-	-
Depreciation charge for year	_____ -	(327,350)	(138,264)	(291,213)	(76,404)
NET BOOK VALUE	<u>\$355,255</u>	<u>\$22,593,940</u>	<u>\$1,233,943</u>	<u>\$464,180</u>	<u>\$214,480</u>
Balance at 31st December, 2017					
Cost	355,255	23,438,078	1,834,784	1,801,406	943,269
Accumulated depreciation	_____ -	(844,138)	(600,841)	(1,337,226)	(728,789)
NET BOOK VALUE	<u>\$355,255</u>	<u>\$22,593,940</u>	<u>\$1,233,943</u>	<u>\$464,180</u>	<u>\$214,480</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

7. PROPRERTY, PLANT AND EQUIPMENT (continued)

	Motor Vehicle	Leasehold Improvement	IDC Development	Total
Balance at 1st January, 2016				
Cost	359,600	282,154	188,630	15,727,424
Accumulated depreciation	(172,630)	(226,658)	(113,178)	(2,917,168)
NET BOOK VALUE	<u>\$186,970</u>	<u>\$55,496</u>	<u>\$75,452</u>	<u>\$12,810,256</u>
For year ended 31st December, 2016				
Opening book value	186,970	55,496	75,452	12,810,256
Additions for the year	-	-	-	7,406,082
Transfers	-	-	-	(683,433)
Disposals for the year	-	(55,496)	-	(55,496)
Depreciation charge for year	(51,920)	-	(37,726)	(362,707)
NET BOOK VALUE	<u>\$135,050</u>	<u>\$ -</u>	<u>\$37,726</u>	<u>\$19,114,702</u>
Balance at 31st December, 2017				
Cost	359,600	-	188,630	22,167,919
Accumulated depreciation	(224,550)	-	(150,904)	(3,053,217)
NET BOOK VALUE	<u>\$135,050</u>	<u>\$ -</u>	<u>\$37,726</u>	<u>\$19,114,702</u>
For year ended 31st December, 2017				
Opening book value	135,050	-	37,726	19,114,702
Additions for the year	-	-	-	6,753,103
Depreciation charge for year	(51,920)	-	(37,726)	(922,877)
NET BOOK VALUE	<u>\$83,130</u>	<u>\$ -</u>	<u>-</u>	<u>\$24,944,928</u>
Balance at 31st December, 2017				
Cost	359,600	-	188,630	28,921,022
Accumulated depreciation	(276,470)	-	(188,630)	(3,976,094)
NET BOOK VALUE	<u>\$83,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$24,944,928</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2017	2016
Due from Grenada Union of Teachers Credit Union	20,576	-
Due from Communal Co-operative Credit Union Limited	475,725	266,935
Due from Grenada Co-operative Bank Limited – ATM	1,659,247	2,290,851
Other accounts receivable	44,602	475,560
Interest receivable	296,014	260,489
Prepaid expenses	782,886	513,099
Re-Branding prepayment	219,644	441,771
Government payroll receivable	2,245	-
Members overdraft accounts	<u>302,977</u>	<u>262,851</u>
	3,803,916	4,511,556
	<u>11,440</u>	<u>-</u>
Less: Provision for fraud loss	<u>\$3,792,476</u>	<u>\$4,511,556</u>

9. CASH AND CASH EQUIVALENTS

Cash on hand	2,888,343	2,159,699
RBTT Bank Grenada Limited		
- Current account	6,333,987	10,347,736
Grenada Co-operative Bank Limited		
- Current account (i)	58,616	57,482
- Current account (ii)	249,427	260,234
- Current account (iii)	976,802	818,238
Republic Bank (Grenada) Limited		
- Current account	<u>1,389,341</u>	<u>3,473,371</u>
Cash and cash equivalents in the statement of cash flows	<u>\$11,896,516</u>	<u>\$17,116,760</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

10. MEMBERS' EQUITY SHARES

(i) Members' qualifying equity shares

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

(ii) Members' equity shares

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

11. STATUTORY RESERVE

	2017	2016
Balance at 1st January, 2017	10,783,920	10,032,003
Transfer - St. Patrick's Credit Union	-	(4,137)
- Education expense	-	(850)
Add: Receipts from loans written off	82,232	140,451
Entrance fees	42,550	34,020
Allocations for the year - 25% of surplus	<u>774,966</u>	<u>582,433</u>
Balance at 31 st December, 2017	<u>\$11,683,668</u>	<u>\$10,783,920</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

12. DEVELOPMENT FUND

	2017	2016
Balance at 1 st January, 2017	139,323	174,154
Add: Allocation for year	<u>30,000</u>	<u>-</u>
Less: Remittance to Grenada Co-operative League Limited	169,323	174,154
Dominica Co-operative League	23,297	34,831
	<u>10,279</u>	<u>-</u>
Balance at 31 st December, 2017	<u>\$135,747</u>	<u>\$139,323</u>

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

13. EDUCATION FUND

Balance at 1 st January, 2017	214,801	165,495
Add: Allocation for the year	<u>77,497</u>	<u>69,892</u>
	292,298	235,387
Less: Disbursements during the year	<u>-</u>	<u>(20,586)</u>
Balance at 31 st December, 2017	<u>\$292,298</u>	<u>\$214,801</u>

This fund is dedicated for the provision of educational initiatives for members of the Credit Union.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

14. EDUCATION SAVINGS PLAN FUND

	2017	2016
Balance at 1 st January, 2017	196,268	172,355
Add: Interest allocated for the year	<u>16,985</u>	<u>23,913</u>
Balance at 31 st December, 2017	<u>\$213,253</u>	<u>\$196,268</u>

This fund was set up to provide scholarships to members.

15. PROVIDENT FUND

Balance at 1 st January, 2017	186,629	211,570
Less: Disbursements during the year	<u>(51,669)</u>	<u>(24,941)</u>
Balance at 31 st December, 2017	<u>\$134,960</u>	<u>\$186,629</u>

This fund was set up to assist members who are not in a position to access loan facilities.

16. LP/LS INSURANCE FUND

Balance at 1 st January, 2017	787,350	642,634
Add: Contributions during the year	<u>1,087,676</u>	<u>706,255</u>
	1,875,026	1,348,889
Less: Settlements during the year	<u>838,955</u>	<u>561,539</u>
Balance at 31 st December, 2017	<u>\$1,036,071</u>	<u>\$787,350</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

17. MEMBERS' LIFE TIME SAVINGS

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

18. OTHER DEPOSITS

	2017	2016
Term deposits	79,768,806	76,174,020
Savings	41,296,310	33,685,273
Education savings plan	11,282,346	9,956,685
Retirement savings	7,821,773	6,570,515
Internal holding	1,601,842	-
Insurance and group life savings plan	1,337,493	1,111,256
Excel savings	538,269	316,866
Other deposits	1,927	481,402
Micro-finance savings	<u>86,971</u>	<u>115,888</u>
	<u>\$143,735,737</u>	<u>\$128,411,905</u>

Interest is payable on these accounts ranging from 3% to 6% per annum.

19. NON-INTEREST BEARING LIABILITIES

	-	651,262
Members' incentive payable	2,042,623	1,927,232
Interest payable	447,739	679,816
Sundry creditors and accruals	<u>4,254,439</u>	<u>3,726,223</u>
Other accounts payable	<u>\$6,744,801</u>	<u>\$6,984,533</u>

20. FINANCIAL RISK MANAGEMENT

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

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

Risk management structure

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

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

Credit Risk

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

20. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk (continued)

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

Management of Credit Risk

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

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

i) Members' loans

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

ii) Other financial assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

20. FINANCIAL RISK MANAGEMENT

Management of Credit Risk (continued)

Exposure to credit risk

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

	Maximum exposure	
	2017	2016
Members' loans	261,756,746	220,860,858
Loans and receivables financial assets	20,300,302	17,834,982
Available-for-sale financial assets	1,291,090	1,341,090
Accounts receivables and prepayments	3,792,476	4,511,556
Cash and cash equivalents	<u>11,896,516</u>	<u>17,116,760</u>
	<u>\$299,037,130</u>	<u>\$261,665,246</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

	Members' Loans	Loans and Receivables Financial Assets	Available-for- Sale financial Assets	Accounts Receivable and Prepayments	Cash and Cash Equivalents	Total
Balance at 31st December, 2017						
Agriculture	1,604,079		-	-	-	1,604,079
Small business	9,845,069	-	-	-	-	9,845,069
Mortgages	117,348,828	-	-	-	-	117,348,828
Personal	67,135,867	-	-	-	-	67,135,867
Other	70,712,927	-	-	-	-	70,712,927
Finance	<u>-</u>	<u>20,300,302</u>	<u>1,291,090</u>	<u>3,792,476</u>	<u>11,896,516</u>	<u>37,280,384</u>
	266,646,770	20,300,302	1,291,090	3,792,476	11,896,516	303,927,154
Allowance for doubtful loans	<u>(4,890,024)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,890,024)</u>
	<u>\$261,756,746</u>	<u>\$20,300,302</u>	<u>\$1,291,090</u>	<u>\$3,792,476</u>	<u>\$11,896,516</u>	<u>\$299,037,130</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

Analysis of members' loans past due and not impaired:

	Past due and not impaired		
	Neither past due nor impaired	1-3 months	Total
	\$	\$	\$
2017	<u>248,168,259</u>	<u>963,789</u>	<u>249,132,048</u>
2016	<u>211,115,583</u>	<u>-</u>	<u>211,115,583</u>

Analysis of individually impaired financial assets:

	Carrying Value	Provision	Net book value	
	\$	\$	2017 \$	2016 \$
Members' loans	<u>18,478,511</u>	<u>4,890,024</u>	<u>13,588,487</u>	<u>9,749,275</u>

Write off Policy

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

Collateral

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk:

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

Management of liquidity risk

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

Exposure to liquidity risk

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

	On Demand	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities					
Other deposits	143,735,737	-	-	-	143,735,737
Members' life time savings	48,801,026	17,703,191	42,174,635	33,861,942	142,540,794
Non-interest bearing liabilities	6,744,801	-	-	-	6,744,801
Other liabilities	<u>1,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,458</u>
Balance at 31 st December, 2017	<u>\$199,283,022</u>	<u>\$17,703,191</u>	<u>\$42,174,635</u>	<u>\$33,861,942</u>	<u>\$293,022,790</u>

	On Demand	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities					
Others deposits	128,411,905	-	-	-	128,411,905
Members' life time savings	41,125,371	16,695,586	30,953,568	30,320,431	119,094,956
Non-interest bearing liabilities	6,984,533	-	-	-	6,984,533
Other liabilities	<u>141,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,003</u>
Balance at 31 st December, 2016	<u>\$176,662,812</u>	<u>\$16,695,586</u>	<u>\$30,953,568</u>	<u>\$30,320,431</u>	<u>\$254,632,397</u>

20. FINANCIAL RISK MANAGEMENT (continued)

Currency Risk:

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

Interest Rate Risk:

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

Exposure to interest rate risk

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

Management of interest rate risk

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

Operational Risk:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

20. FINANCIAL RISK MANAGEMENT (continued)

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

21. INCOME TAX

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

22. COMMITMENT

At the date of the statement of financial position, the un-disbursed loans committed amounted to approximately \$15.5 million.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (continued)

23. RELATED PARTY TRANSACTIONS

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

	2017	2016
Loans	<u>\$4,264,751</u>	<u>\$3,436,718</u>
Deposits and shares	<u>\$2,339,301</u>	<u>\$1,930,911</u>

- (ii) Compensation to senior staff during the year

Salaries and benefits	<u>\$521,699</u>	<u>\$513,960</u>
-----------------------	------------------	------------------

Budget Statement of Financial Position

Balance Sheet	Actual 2017	2018 Final	2019 Final
Earning Assets			
Gross Loans	266,646,770	307,296,770	357,946,770
Less: Provision for loan bad debts	(4,890,024)	(5,390,024)	(5,890,024)
Net loans	261,756,746	301,906,746	352,056,746
Short Term Investments	20,300,302	25,984,311	33,984,311
Long Term Investments	1,291,090	1,791,090	1,791,090
Development Lands	7,074,592	7,074,592	7,074,592
Total Earning Assets	290,422,730	336,756,739	394,906,739
Non Earning Assets		-	
Fixed Assets	24,944,928	30,079,621	31,495,652
Morne Jaloux WIP			
Receivables & prepayments	3,792,476	3,851,896	3,887,860
Cash on Hand & in Bank	11,896,516	9,736,031	6,220,196
Total Non-Earning Assets	40,633,920	43,667,548	41,603,709
Total Assets	331,056,650	380,424,287	436,510,448
Liabilities		-	
Members' Regular Shares	142,540,794	161,890,794	182,240,794
Savings	143,735,737	168,355,737	195,977,332

Balance Sheet	Actual 2017	2018 Final	2019 Final
Non Interest Bearing Liabilities	6,744,801	7,121,333	7,498,318
Staff pension benefit	1,458	2,958	3,116
Total Liabilities	293,022,790	337,370,822	385,719,560
Capital	-	-	-
Equity Shares	10,725,995	12,125,995	13,525,995
Institutional Capital	-	-	-
Qualifying Shares	3,144,220	3,544,220	3,944,220
Statutory Reserve	11,683,667	11,663,959	13,416,264
Accumulated Surplus	10,667,648	13,151,444	16,193,659
Total Institutional Capital	25,495,535	28,359,623	33,554,143
Other Funds & Reserves	-	-	-
Development Fund Reserve	135,747	128,350	128,595
Education of Members Reserve	292,298	496,636	847,097
Education Savings Plan Fund	213,254	417,592	768,053
LP/LS Insurance Fund	1,036,071	1,420,308	1,862,045
Provident Fund	134,960	104,960	104,960
Total Capital	38,033,860	43,053,465	50,790,888
Total Liabilities & Capital	331,056,650	380,424,287	436,510,448

Budgeted Statement of Comprehensive Income

	Budget 2017	Actual 2017	Variance	Budget 2018	Budget 2019
Income					
Income from loans					
Net Loan Income	21,109,708	20,683,488	(528,409)	24,579,572	28,475,472
Income from liquid investments					
Total Non- Interest Income	1,544,731	1,175,739	81,008	1,574,009	2,639,529
Total Income	22,654,439	21,859,227	(447,401)	26,153,581	31,115,002
Cost/Expenses					
Financial Costs					
Total Financial Cost	10,632,110	10,270,743	361,367	11,330,892	12,921,399
Gross Margin	12,022,329	11,588,484	(433,845)	14,822,689	18,193,602
Operating Expenses					
Personnel Expenses					
Total Personnel Expenses	3,834,724	3,805,798	46,115	5,033,371	5,304,054
Members Interest Protection -Governance					
Total Member Interest Protection	541,200	383,517	157,683	541,200	541,200
Marketing Expenses					
Total Marketing Expenses	900,883	981,473	(80,590)	1,120,883	930,000
General & Admin Expenses					
Total General & Admin Expenses	1,815,560	1,894,955	(79,395)	2,260,160	2,265,160
Depreciation					
Total Depreciation	903,406	922,877	(19,471)	1,280,307	1,643,969
Total Operating Expenses	7,995,773	7,988,620	24,342	10,235,921	10,684,383
Operating Surplus	4,026,556	3,599,864	(458,187)	4,586,768	7,509,220
Provision for Risk Assets	500,000	500,000	-	500,000	500,000
Surplus Before Appropriation	3,526,556	3,099,864	(426,692)	4,086,768	7,009,220

Capital Budget 2018 & 2019

	2018	2019
Computer Hardware	360,000	100,000
Computer Software	630,000	300,000
Car Park	80,000	
Furniture and Equipment	715,000	510,000
ATM	250,000	150,000
Grenville Land	500,000	
Morne Jaloux Land	880,000	-
Carriacou Land/Building	3,000,000	2,000,000
	6,415,000	3,060,000

Resolutions 2018

1. ALLOCATION OF SURPLUS

WHEREAS the Credit Union paid interest of 4% on Regular Shares amounting to **\$3,215,107** to its Members during 2017

And WHEREAS the Board has approved a further payment in the form of LOAN INTEREST REBATE of 2% amounting to \$426,805 which will to be paid to members within one week of the AGM

And WHEREAS the Credit Union earned a surplus of \$3,099,864 for the year ended December 31st 2017 and a balance of \$2,217,401 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 \$614,595 be paid to members.

2. APPOINTMENT OF AUDITORS - 2018

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

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

BE IT RESOLVED that the firm of Pannell Kerr Forster be appointed as the Credit Union's auditors for the year 2018.

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 94 and 97 of the Annual Report and is highlighted as follows:

	<u>2018</u>	<u>2019</u>
Total Assets	\$380.4M	\$436.5M
Net Loans	301.9M	352.05M
Total Income	26.15M	31.11M
Total Expenses	22.06M	24.1M
Surplus	4.08M	7.0M
Capital Expenditures	6.3M	3.06M

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

Minutes of 70TH AGM

Minutes of the 70th Annual General Meeting of the Ariza Credit Union Held on Thursday 29th June 2017 at Spice Basket, Beaulieu, St. George

AGM 17/01 Call to order and Welcome

The meeting began at 3:00 pm, chaired by President Bro. Christopher De Allie.
The prayer was led by Bro. Francis Balwant followed by the National Anthem sung by Sabrina Francis.
The President welcomed everyone to the 70th Annual General Meeting, including specially invited guests.
A moment of silence was observed in respect for all deceased members for the period 2016 as listed on page 28-29 of the Annual Report.
Excuses for absence were given on behalf of the following members.
Sir. Daniel Williams and Bro. Terrance Victor.

AGM 17/02 Greetings from Guest Societies

Bro. William Joseph, General Manager of the Grenada Co-operative League extended commendations to Ariza Credit Union on the holding of another AGM. He specifically commended the Credit Union for the name change as well as its very strong performance over the last financial year.

He stated that Ariza's standing in the sector was not about a boast, but about the assurance of delivery of high quality services and products, vital to its members' prosperity and responsive to their lifestyle preferences as a matter of habit.

He informed that to be the leading Credit Union in Grenada, meant that Ariza had almost perfected the cooperative philosophy of bringing people to the financial table. He also stated that Ariza carried immense responsibility for the future success of the Credit Union sector in Grenada which meant therefore that all other Credit Unions had a stake in the success of Ariza.

In closing, he stated that Ariza needed to bear in mind that successful brands were those that were well managed, agile in the market place and uncompromising regarding brand values.

Bro Alister Bain Manager of the Grenville Credit Union congratulated Ariza Credit Union on another successful financial year. He made mention that the theme for this years' Annual General Meeting

“Expanding Horizons: Same Values” depicted the soul of the Credit Union movement, as we strived as a sector to meet the needs of the membership in a competitive market while holding on to the principles and values of the cooperative identity.

He stated that despite the challenges, once Credit Unions remain focused, we would be able to effectively compete and remain relevant as financial institutions. He also mentioned that we must continue to find creative methods to ease the effects of the increasing financial service charges implemented by the commercial banks by continuing to re-engineer our existing products and create new products to meet the needs of our members.

Sis. Chinnel Andrews representative from Communal Co-operative Credit Union extended congratulations to Ariza on the hosting of its 70th Annual General Meeting and its’ rebranding as well as the first Annual General Meeting under the brand name Ariza.

She applauded Ariza on it’s chosen theme, stating that it was evident that the institution was committed to the growth and transformation in the financial sector and continued to play a pivotal role in maintaining the philosophy of the Credit Union movement.

She reminded cooperatives that even in the collective effects to grow and strengthen the movement, always be guided by its’ principles and philosophy.

Sis. Alma Dubois, representative from the Grenada Union of Teachers Cooperative Credit Union also extended congratulations to Ariza on its 70th Annual General Meeting.

She stated that as Credit Unions we were recognized as a force for positive economic and social change and had provided significant value in both developed and emerging nations. She indicated that Credit Unions were known for placing their members first and for seeking to assist them in whatever way possible, providing them with the freedom to achieve their dreams.

She explained that what made the Credit Unions unique was their focus on their members, making decisions in their best interest.

GUT commended Ariza on its achievements for the past year including the rebranding and wished Ariza continued success in its financial future.

The President, Bro. De Allie read the Greetings sent from River Saltee Co-operative Credit Union which congratulated Ariza on its 70th Annual General Meeting under its theme; stating that the theme was in keeping with the demands of a contemporary Credit Union, remaining steadfast and resolute to the core values that had made the Credit Unions what they were today.

AGM 17/03 President's Message

The president, Bro Christopher De Allie highlighted a few areas within the president's message that were important to be noted before his departure as president.

He informed that this year, Ariza continued to have a successful financial performance, achieving an operating surplus of \$2.6 Million, growth in total assets of \$33.8 Million over the last year and total assets of \$287 million as at 31st December 2016.

The President indicated that Ariza was the only Credit Union with such high asset base in Grenada, mentioning that in the region we were the second largest with an asset base of \$300 Million.

He mentioned that the Credit Union had grown significantly since the decision was made to rebrand. Averaging over 200 members monthly which was reflective of the changes made and the fact that focus was geared towards the members and the services offered.

Bro. De Allie informed that at our last AGM, our previous President, Bro. Telesford indicated a number of projects that were on stream like the review and reengineering of our processes, the developing of a service oriented culture and changing the perception of the Credit Union movement. To date, he informed that we had accomplished the name change, changed our brand and had been doing ongoing work in digitalizing our information with intent to be less paper intensive. That he stated was going to make Ariza more efficient, minimize cost and also be able to respond quicker to our members.

Bro. De Allie indicated that Ariza's aim was to bring our members up to date with the advancement of technology, and that can only be achieved with the investment of our members' finances and developing the securities protocols that were imperative to its success.

The President mentioned that Ariza's most important resource was its staff and its members. The Credit Union had invested a lot of time and effort in training them to deliver the level of service that was expected of them.

As it related to succession planning for the Credit Union movement, there was a need to identify young, intelligent and talented brothers and sisters within our movement to take our Credit Union to the next level. Therefore as some of our committee members departed, the president stated that it was important for our members to consider our succession plan as we go forward.

Regarding the Morne Jaloux Project, Bro. De Allie informed that the Credit Union was financing the building of five modeled homes. Two were 95% completed and would be open for viewing very soon. Another model house was 80% completed and the other two at different stages of completion. He informed that there were challenges encountered with this project however the Credit Union was working through them. He stated that there were many persons showing interest within the marketing sector as it related to the homes being offered and the prices they were offered at.

As it related to delinquency in our loan portfolio, Bro. De Allie indicated that when there were delinquent loans, it affected our financing by damaging the profitability within the Credit Union. He stated that this area was a continuous work in progress as we adjust the lending division and expand in other areas to address the issue.

In conclusion, Bro. De Allie stated that his one year of presidency had its challenges, however he had the support from the Board and Committee Members. He informed that what made the Credit Union special was the camaraderie and commitment of its staff members.

AGM 17/04 Official Remarks

GARFIN

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

Bro. Felix expressed appreciation for the invitation to Ariza Credit Union 70th Annual General Meeting and the opportunity given to make some remarks.

He indicated that Annual General Meetings were significant events that were geared towards seeking accountability and therefore it was important for of these meetings to be held in a timely manner. He informed that all Credit Unions including the League must be commended for having such done in this regard, making it another year of full compliance in this area.

Overall, Bro. Felix informed that Credit Unions must continue taking the cautious approach in managing their affairs, all Credit Unions were required to manage their level of growth as this could pose its own challenges, therefore growth in total assets should be coordinated by growth in capital in order to maintain the financial health of the Credit Union. All Credit Unions he said were required to meet their target of a minimum of 7% of total assets.

He concluded by stating that GARFIN continued to place emphasis on compliance in critical areas while at the same time a more risk based approach was being adopted.

Tokens to outgoing Committee Members

The Credit Unions' Chief Executive Officer Sis. Lucia Livingston-Andall stated that Ariza had a cohesive group of committed volunteers who worked as a team to ensure that our Credit Union continued to be successful.

Tokens of appreciation were given out as follows:

*Supervisory and Compliance Committee - **Sis. Merryl Phillip-Sylvester***

*Credit Committee- **Bro. Adrian Joseph and Chairman Bro. Maximus Lazarus***

*Board of Directors- **Bro. Francis Balwant, Treasurer, Bro. Garvin Roberts and Chairman Bro. Christopher De Allie.***

AGM 17/05 Nominating Committee Report

Bro. Christopher De Allie, Chariman of the Nominations Committee presented the Nominating Committee's Report. He outlined the process adopted by the Committee and the basis upon which recommendations were made.

Board of Directors:

There were three vacancies to be filled on the Board of Directors, all three completing their 2nd term and not eligible for re-election.

- Bro. Christopher De Allie
- Bro Garvin Roberts
- Bro Francis Balwant

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

- Bro Dennis Cornwall
- Bro. Aaron Moses
- Sis. Carla Thomas-Ross

Supervisory and Compliance Committee

There was one position to be filled on the Supervisory and Compliance Committee as follows:

- Sis. Merryl Phillip-Sylvester

The Nominating Committee made the recommendations that the following person be nominated for the Supervisory and Compliance Committee:

- Bro. Wayne Radix

Credit Committee

There were two positions to be filled on the Credit Committee as follows:

- Bro. Maximus Lazarus
- Bro. Adrian Joseph

The Nominating Committee made the recommendation that the following persons be nominated for the Credit Committee

-Bro. Justin Hazzard

-Sis. Ann Isaac

There were no nominations from the floor and as such the Committee's recommendations were accepted by the meeting.

AGM 17/06 Consideration of the minutes of the 69th Annual General Meeting 2016

The minutes of the 69th Annual General Meeting was taken as read.

Corrections to the minutes

There were no corrections to the minutes.

The minutes was confirmed and a motion moved by Bro. Garvin Roberts, Seconded by Bro. George Sandiford.

AGM/17/07 Matters arising from the minutes

There were no matters arising from the minutes

AGM/17/08 Supervisory and Compliance Report

In the absence of the Chairperson. Sis. Merina Jessamy, the Supervisory and Compliance Committee Report was presented by Sis. Pearlena Sylvester.

In the form of a power point presentation, Sis. Sylvester presented the Committee's Report, highlighting various tasks that were undertaken as stated in the report.

Following the task undertaken for the year 2016, the Supervisory and Compliance Committee made recommendations that would alleviate the concerns encountered, including ongoing training for the Loan Officers in undertaking loan analysis and that of the updating of the Dormant Account Policy.

It was recommended that a fee be administered for all dormant account holders.

It was also recommended that greater care be taken in accepting new members and taking over loans that were in arrears with other financial institutions. At times the Credit Union may run a significant risk by inheriting certain loans and therefore had to be vigilant ensuring strict adherence to our policies and procedures.

Bro. George Sandiford sort clarification on page 37 under Computation of Pearls Ratio; in 2016 delinquent loans was over 5% , he therefore questioned whether it was possible to provide figures instead of percentages.

Sis. Sylvester responded that answers could be given at a later date.

Bro. Learie Barry expressed how honored he was to be part of Ariza and conveyed congratulations on the rebranding. He endorsed the report from the Supervisory Committee however sort for clarification on the word "realized" on pg. 38 bullet 2.

Sis. Sylvester responded by explaining that the word "*realized*" in that case meant to recover or reclaim. Bro. Barry also made a recommendation regarding Report on Loans, stating that one of the reasons for the

failure of Credit Unions on a whole came down to the issue of Report on Loans, he asserted that it only took a few members to collapse a \$1m Credit Union.

He also expressed concerns with regard to the committee making recommendations without reporting findings, when there were no indication of a premise. Bro. Barry insisted that the committee should give a summary especially on these Reports.

Concerning the recommendation for introducing an administrative fee for Dormant Accounts, Bro. Barry expressed his opinion that that recommendation may yield a banking behavior and he did not concur on follow that path.

Bro. Richard De Allie sort for clarification on page 37 under Review of Bank reconciliations, regarding the recommendations made, which stated that efforts were made to complete the reconciliations within 15 working days after the end of the month, that he stated was already recommended in the Supervisory and Compliance Report of 2015.

The President informed that there were difficulties in attaining a bank statement within 15 working days based on the different types of accounts being held and the services offered online; he stated that it was not as straight forward as it appeared. However the Credit Union was moving forward on that despite its challenges.

Bro. Sandiford sort for clarification, whether our major delinquent persons were foreigners. In response Bro. De Allie stated that they were mostly locals.

Bro. Ambrose Phillip raised three questions, the first being that of the short term treasury bills in respect to reducing the cash situation.

The President responded that the Credit Union made investments, however the challenge was in obtaining them. He stated that normally there would be a rush in this regard and as a result, at times Ariza appeared to be too late due to procedures that had to be followed.

Bro Ambrose questioned whether Ariza had Cyber Insurance in the event that someone wiped out a member's account, stating that the web site was completely silent in that regard.

As it pertains to Cyber issues, Bro. Christopher De Allie informed that there was a 2% provision made on the total portfolio in the event that that occurred, however, the Credit Union had not explored the issue of insurance for the portfolio.

Bro. Aaron Moses applauded Bro. Phillip's observation that Cyber Security was becoming extremely important, and that the CCCU had recognized that. He stated that there were very few companies that offered Cyber Security Insurance, and fortunately the CCCU had negotiated with a company who was prepared to offer this Security Services to Credit Unions across the region. However, for the past year the take up had been very low.

Bro. Ambrose also shared his views regarding the construction of a building in Carriacou informing that very soon the port at Hillsborough, which was the major financial point in Carriacou, would be moved elsewhere, therefore we needed to reconsider our property placement, as location was of vital importance. A motion to adopt the Supervisory and Compliance Committee's Report was moved by Sis. Merryl Phillip-Sylvester and seconded by Bro. Garvin Roberts.

AGM/17/09 Credit Committee Report

A motion that the Credit Committee Report be taken as read was moved by Bro. Learie Barry and seconded by Cleo Netta Davidson.

Bro. Lazarus, Chairman of the Credit Committee informed that Ariza had continued to experience significant growth in the loan portfolio despite the competitive economy. This was accomplished by the lowering of the interest rates on mortgages and other personal loans and the continuation of having different promotions throughout the year.

Regarding the approval of loans and disbursements, Ariza had also noticed a significant amount of growth within Education, Business and Agriculture and fishing loans, stating that that trend presented opportunities in growth for the Credit Union.

As an observation, Bro. Lazarus spoke of the committees' concern about the risk of over-indebtedness and the apparent lack of prudent borrowing and spending by some of our members.

The Chairman advised that members who did not learn to live with a budget were more than likely to

suffer a great deal of stress and financial uncertainty in the years ahead.

He stated that the committee continued to encourage members to adhere to the co-operative principles supported by the lending policies and procedures which provide better benefits in the long term over the short term advances.

He stated that the benefits provided to members continued to be the Credit Union's greatest strengths. After some discussions a motion to adopt the Credit Committee's Report was moved by Bro. Maximus Lazarus and seconded by Sis. Judy Pivotte.

AGM/17/09 Treasurers Report

A motion that the Treasurers Report be taken as read was moved by Bro. Garvin Roberts and seconded by Bro. Richard De Allie.

Treasurer, Bro. Garvin Roberts informed that the 2016 financial performance for the Credit Union was a successful one. Stating that in the past year, the Credit Union had rapid growth in membership of 15%, strong loan growth of 12% and asset growth of 13.4%, this he states is indicative of another year of strong financial performance.

As at 31st December 2016 the provision for risk assets grew, which resulted in an operational surplus of 2.3m after providing for risk assets and losses.

He informed that the overall growth in the asset base continued to be compelled by the growth in loans and deposits. He indicated that the reason for the Fixed Assets growth was a result from the purchase of furniture and computer equipment for the new building.

Regarding the loans portfolio, Bro. Roberts indicated that the net loans portfolio stood at \$220.8 m at the end of 2016 compared to \$197m in 2015. He also stated that the delinquency ratio increased in 2016 by 0.43%, and the ideal goal was to maintain the delinquency rate below 5%, appealing to members to continue to honor their loan commitments.

Bro. Roberts indicated that the assets of the Credit Union should be primarily involved in the generating of income.

Overall, the Treasurer indicated that the performance of the Credit Union had been commendable as management continued to keep their tight rein on expenses and to ensure that the loan portfolio was

well managed.

The Treasurer thanked everyone for the opportunity to serve on the Board of Directors as he had completed his final term and wished the Credit Union continued success in going forward.

After some discussions a motion to adapt the Treasurer's Report was moved by Bro. Garvin Roberts and seconded by Bro. Richard De Allie.

AGM/17/10 Auditors' Report

The Auditors' Report was presented by a representative from the Auditing firm PKF, Lorenzo Sylvester.

Bro. Sylvester summarized the Auditors' opinion, affirming that PKF had audited the Financial Statements for Grenada Public Service Co-operative Credit Union trading as Ariza which included the financial position as at 31st December 2016.

He stated that they conducted the audit in accordance with international standards on Auditing (ISAs) and assured that they were independent of the Credit Union in accordance with the ethical requirements that were relevant to their audit of financial statements in Grenada.

Bro. Sylvester asserted that the accompanying financial statements presented fairly, in all material respects, the financial position of the Credit Union as at December 31st 2016 and its financial performance and its cash flow for the year then ended in accordance with international Financial Reporting Standards (IFRSs). Bro. Ambrose Phillip questioned the Auditor on pg. 71 of the Financial Report- note 8 regarding CLICO Insurance, which stated that, *"amount due from British American Insurance Company Ltd. And CLICO Ltd. Have been provided for in full as there is considerable doubt as to their recovery."* Bro. Phillip questioned why that line item continued to appear in these statements annually.

It was agreed that that information must be expunged from the financials as the auditors agree that it was not necessary.

Bro. Phillip also had an opinion regarding dormant fees, asserting that the sentiments expressed by Bro. Barry regarding no initiation of dormant fees, was one that he did not support. He was of the view that the Credit Union should not operate like the banks, however he stated that the members would like for the Credit Union to be able to provide all the benefits and products that the banks do, when the Credit Union fails to meet this demand, the members then, approach the banks to obtain those services.

Bro. Phillip continued, stating that unfortunately in all the services that the Credit Union provided, there were cost which had to be funded from somewhere, there was a cost for doing business and that had to be approached realistically.

Bro. Phillip commended the Supervisory Committee on their recommendation in this regard.

On Pg. 71. Bro. Phillip commented on the amount of money that the Credit Union had being held in the bank, stating that the finances stored in these institutions were not providing any returns for the Credit Union. He added that the liquidity situation was not only affecting the Credit Union movement but other financial institutions as well including the National Insurance Scheme.

He informed, that if the Credit Union could not loan out the money held, due to low demand for loans, it was not wise to keep the money at these institutions with no returns. If that was not possible then Credit Union would have to look towards external markets.

On pg. 57 regarding total non-interest income, Bro. Phillip stated that the growth was on a decline, affirming that there was a need for the management and board to review the projections made in the budget for non-interest income, a need for the Credit Union to target at least 15-20%. The Credit Union had to find ways to cover the Credit Union's expenses without suffering the members.

The President responded stating that there was minimal growth in total non-interest income however, he took the point that more needed to be done in this regard and it was a work in progress, re-negotiations were in progress with our partners in this area in order to improve the percentage as well as the volumes in the uptake of the debit cards. He affirmed that the Credit Union was working with promotional items that could increase volumes.

Regarding Investments, Bro. C. De Allie stated that a stumbling block faced with many financial sectors was under the Cooperative Societies Act for the movement of money outside of the region above a certain percentage, the approval was needed first from the Minister of Finance, which was proving to be very difficult. An amendment to the Act was already proposed so that a certain percentage could be allowed, in turn, that issue could be sorted once approved.

Bro. Ambrose Phillip had a question on pg. 68 pertaining to the GRENCAN Investment being presented as nil, and in a previous section, it was said that the company was sold.

CEO Sis. Andall informed that the Credit Union had invested \$100k with GRENCAN, and to date, that company had been sold, Ariza was only able to obtain 20% of that, therefore there was a balance of \$80k that had been fully provided for by the Auditors hence the balance showed zero.

Sis. Andall reiterated that the money was not lost, however the Credit Union had a signed agreement for the repayment of that fund over a period of time. Therefore this money was expected to be recovered, however, due to the time period and the fact that the company no longer existed, it had been provided for by the Auditors.

Bro. Richard De Allie had a query on page 8. Under operating highlights- surplus, with regards to the figure for impairment financial Assets, he questioned whether the figure was reflected in the financial reports and if so where was it stated.

Sis. Andall, responded stating that the \$80k had already been spoken for with the GRENCAN issue, with regards to it being in the financials, Bro. Charles, Executive Finance Manager, explained that it was captured under the General Admin Expenses, adding that it was not common practice to make public the specific details, this was dealt with at management level.

Bro. Richard De Allie, had a comment regarding note 10, page 72 re: Equity Shares, stating that it would have been ideal to note that the analysis corresponded to that of the balance sheet. He stated that in note 10, it did not give any breakdown as to how these figures came about. He stated that he was unable to connect it back to note 10 on the balance sheet.

The President responded stating that it was not the norm for the Credit Union to say exactly how these figures were broken down, he affirmed that the share value was normally stated but not in details. It was never done in that method.

Bro. R. De Allie, recommended that the Credit Union could implement that going forward.

Regarding the Statutory Review on pg 72. Bro. R. De Allie questioned the 20% of the surplus, he questioned if it was 20% or 25%.

Treasurer, Bro. Roberts indicated that the Credit Union chose to do more than what the Acts stipulated hence 25% was used.

On page 57. Bro Ambrose Phillip had a question under the statement of comprehensive income under *"members' incentive payment"* Bro. Phillip sought for clarity as to what this was and was informed that same would be provided in the Board of Directors Report.

AGM/17/11 Board of Directors Report

Within the presentation of the Board Report, Bro. De Allie responded to Bro. Phillip, explaining that ordinarily, for dividends to be paid, the Credit Union had to achieve at least 7% of the institutional capital, this however did not materialize, as the amount achieved was 6.85%, hence no payment of dividends were paid.

It was decided however, that members should still be incentivized for their patronage to the Credit Union, therefore the board approved an additional payment to members based on their equity shares and interest payments made on loans during the year. Hence, *" members' incentive payment"* was indicated in the financials.

Regarding Carriacou, the President indicated that the Credit Union would be constructing its own building, \$4.5m dollars was budgeted for that project and an architect was awarded to handle the designs.

The initial concept was to have the Credit Union office on the ground floor, a conference facility on the top floor with an apartment to accommodate travelling officers and voluntary members when visiting.

This project was presently in the designing stages and it was expected that a submission of this would be in the next couple months.

As it related to Compliance and Risk Management, that area should be taken seriously, and Ariza had been chosen as the pilot project from the Financial Intelligent Unit as it related to the way forward for the other Credit Unions.

The president stated that the Credit Union had established a staffed Compliance Department and there was ongoing training which went with the requirements under the law.

This he stated, was an expensive undertaking and it was in the best interest if other Credit Unions could share the cost so that all could benefit. The result of the new laws and requirement would possibly drive all the Credit Unions to amalgamate or merge.

Bro. Barry gave compliments to the Board of Directors, CEO and Staff for a job well done at this strong and indigenous institution. He affirmed that the decision to pay dividend even if the old law would have prohibited it was a mark of true solidarity with the membership.

AGM 17/12 Budget 2017 and 2018

Bro. De Allie referred to the budget on page 84 and obtained its approval from the Annual General Meeting as stipulated in the report.

A motion to approve the budget for 2017 and 2018 was moved by Bro. Learie Barry and seconded by Bro. Garvin Roberts.

AGM 17/13 Resolutions

The following resolutions were approved/passed:

1. ***Change of name***

Be it resolved that the members, in accordance with section 95 of the Bye-laws and section 13(4) of the Cooperatives Societies Act No8/2011 approves the change of the name of the Credit Union from Grenada Public Service Cooperative Union (GPSCCU) to Ariza Credit Union Ltd.

2. ***Amending of Bylaws***

Be it resolved that the members, in accordance with section 95 of the Bye-laws and section 13(4) of the Cooperative societies Act no 8/2011 approve the amendment to the bye-laws to reflect the new name of the Credit Union.

3. ***Register the address of Ariza Credit Union***

Be it resolved that the registered address of the Ariza Credit Union Ltd is Bruce Street, St. George.

4. ***Approval of the Auditor***

Be it resolved that the firm of Pannel Kerr Foster be appointed as Auditors for 2017.

Approval of the Resolution as presented on pages 84-85 of the Annual Report was moved by Bro. Ambrose Phillip and Bro. Justin Hazzard.

AGM17/14 Any other Business

A recommendation was made by Sis. Geanelle Mason-Francis that we need to obtain as much history about the Grenada Public Service Credit Union as possible, as the future members needed to understand the path from which the Credit Union once came.

Members from the floor expressed their appreciation for the great services, especially for the staff at the Grenville Branch.

AGM 17/15 Adjournment

A motion was moved to adjourn the meeting at 6:37pm by Bro. Maximus Lazarus and seconded by Sis. Princess Herry-John.



.....
President



.....
Secretary

Nominees

BOARD OF DIRECTORS



Claudette James

Ms. Claudette James is a dedicated and result driven professional whose career spans both the private and public sector, with experience in banking, tourism, airline, IT, telecommunications and project management.

She is an MBA/MIB Graduate and a Certified Project Management Professional (PMP), proficient in General Management and Service Excellence, with a strong background in Information Systems.

Ms. James has had over 11 years' experience as an Information Systems Administrator with a successful track record in change management before transitioning to General Management. Her people skills and passion for service excellence enabled her to manage the Customer Service Department at FLOW for over ten (10) years. She also held the position of Ag. Country Manager, during the difficult transition period while awaiting the completion of the company's merger/acquisition with Cable & Wireless Ltd.

BOARD OF DIRECTORS



Rodney P. George

Rodney P. George is Vice President, Caribbean, Wartsila Energy Solutions (Wartsila is a multi-national Corporation with headquarters in Finland). Mr. George is responsible for power plant sales and business development strategies for the Caribbean area.

Mr. George's career has spanned Engineering and Managerial positions with the electric utility industry in the Caribbean and North America.

He joined Wartsila in 1989, serving in the capacities of Project Manager for power plant construction projects, and as Senior Business Development Manager related to power plant sales and marketing. Mr. George holds a Bachelor of Science Honours degree in Electrical Engineering from the University of the West Indies and a Master of Science in Management Engineering from the University Of Bridgeport, Connecticut.

In Grenada, he has served as Chairman of the Grenada Airport Authority and is currently Chairman of the Grenada Tourism Authority.

BOARD OF DIRECTORS



Lyndon Bubb

Lyndon Bubb is a BSc. graduate in Accounting and minor in Business Administration, he is also an entrepreneur providing computerized accounting and consulting services to businesses in Grenada with valuable experience in developing and implementing business and strategic plans, management of physical, human and financial resources, proven success in management professional skills, and a subscriber to excellence.

Mr. Bubb has over ten years' experience as an accountant and business administrator from various companies and business sectors. He presently holds the position of Branch Manager-Grenada at the G4S Secure Solutions (Gda) Ltd. His capable skills also allowed him to also be the General Manager of Quality Services Ltd.

SUPERVISORY & COMPLIANCE COMMITTEE



Francis A. Robertson

Francis A. Robertson is a graduate of the University of the West Indies (B.Sc. Agronomy) and at the St. George's University (MBA), who is endowed with working experience that spans the private, quasi-public, civil society and public sectors.

Previous employment includes the Grenada Development Bank (Senior Agricultural Credit Officer, Senior Loans Administration Officer, Secretary to the Board), Agency for Rural Transformation (Program Manager), and the Grenada Public Service (Ministry of Tourism, Department of Public Administration and the Cabinet Office). Currently is employed as the Project Manager of the World Bank funded OECS Regional Tourism Competitiveness Project.

His years of experience in development financing as well as his association with regional and international financial agencies and their reporting requirements indeed enables him to be a tremendous asset to our Credit Union's Supervisory Committee.

SUPERVISORY & COMPLIANCE COMMITTEE



Pearlena Sylvester FCCA CA

Sis. Pearlena Sylvester is a chartered certified accountant with over 24 years of external auditing experience in the financial, manufacturing, hotel and retail industries and also statutory bodies and government projects funded by international institutions.

Sis. Sylvester started her career with Touche Ross Thorburn, Jamaica in 1989. She later joined another firm of Chartered Accountants in Grenada where she spent 23 years serving as audit partner from 2007 until her departure at the end of 2013. She is currently an independent consultant involved in accounting and external and internal auditing and has been serving on the Supervisory and Compliance Committee since 2014.

CREDIT COMMITTEE



Judy Pivotte

Sis. Judy Pivotte is a Public Officer attached to the Ministry of Finance, Inland Revenue Division. She joined the Public Service in June 1987 and presently holds the post of Tax Inspector. She attended the St. Joseph Convent from 1979-1983 and the Institute for Further Education, from 1983-1985.

She also attended the University of the West Indies from 1992-1994 and obtained a Certificate in Public Administration. Sis Pivotte is also a member of Ariza Credit Union Ltd. and has also served on the Credit Committee from 2006-2012 and 2014 to present. She is presently in the process of pursuing a degree course in Accounting and Finance from the St. George's University.

CREDIT COMMITTEE



Desiree Stephens

Ms Desiree Stephens has been a member of the Ariza Credit Union for approximately ten (10) years having joined the Credit Union after she was appointed to the Grenada Public Service in August 2008.

Currently Ms Stephens is attached to the Office of the Public Service Commission (PSC) in the capacity of Chief Personnel Officer, a post to which she was appointed in February 2017. Prior to being appointed at the PSC She served as the Deputy Permanent Secretary with responsibility for Administration in the Ministry of Finance and Energy, Senior Human Resource Officer and Human Resource Management Officer at the Department of Public Administration. Subsequent to joining the Public Service Ms Stephens worked in the Private Sector in the areas of Accounting/Finance and Human Resource for approximately seven (7) years.

Academically Ms Stephens attained her qualifications from Midwestern State University in 1999 gaining a Bachelor's Degree in Finance and in 2013, a Master's Degree in International Business from the St. George's University.

Outside of her professional career Ms Stephens has given voluntary service to her community and country specifically in the following capacities:

- Captain of the National Under 23 Netball Team
- Member of the National Senior Netball Team
- Member of the National Female Basketball Team
- Vice President of the Grenada Netball Association
- Director/Treasurer of Fontenoy United Club.

CREDIT COMMITTEE



Simon Lewis

Sis. Judy Pivotte is a Public Officer attached to the Ministry of Finance, Inland Revenue Division. She joined the Public Service in June 1987 and presently holds the post of Tax Inspector. She attended the St. Joseph Convent from 1979-1983 and the Institute for Further Education, from 1983-1985.

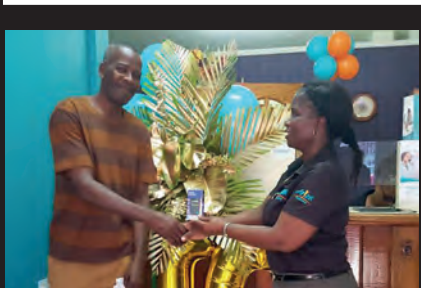
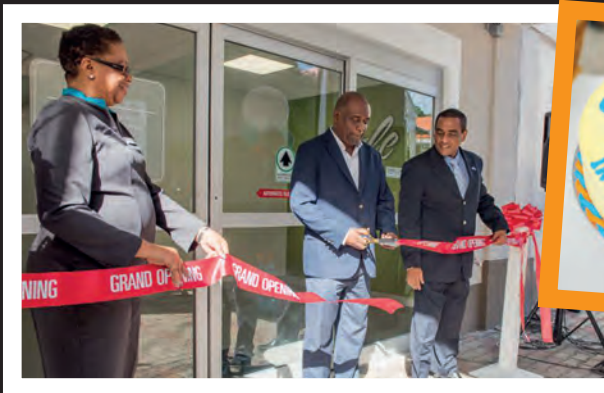
She also attended the University of the West Indies from 1992-1994 and obtained a Certificate in Public Administration. Sis Pivotte is also a member of Ariza Credit Union Ltd. and has also served on the Credit Committee from 2006-2012 and 2014 to present. She is presently in the process of pursuing a degree course in Accounting and Finance from the St. George's University.

Ariza

Credit Union

Highlights of 2017 in Photos







NOTES



Bruce Street,
St. George's, Grenada
P.O. Box 886

Telephone: (473) 440 1759 / 8296 / 2099

Fax: (473) 440 8031

Email: info@arizacu.com

Facebook: www.facebook.com/arizacreditunion / www.facebook.com/excelclub

Website: www.arizacu.com