



# ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED

Chisel Street, Castries | Tel# 452-6820

## The Challenge of Change; Together Towards Tomorrow



# 2020

# ANNUAL REPORT

### 43rd Annual General Meeting

Wednesday June 23rd, 2021 at 5:00 pm  
Venue: FINANCE ADMINISTRATIVE CENTER,  
POINT SERAPHINE AND / VIRTUAL

## NATIONAL ANTHEM

Sons and daughters of Saint Lucia,  
love the land that gave us birth,  
land of beaches, hills and valleys,  
fairest isle of all the earth.  
Wheresoever you may roam,  
love, oh, love our island home.

Gone the times when nations battled  
for this 'Helen of the West',  
gone the days when strife and discord  
Dimmed her children's toil and rest.  
Dawns at last a brighter day,  
stretches out a glad new way.

May the good Lord bless our island,  
guard her sons from woe and harm,  
may our people live united,  
strong in soul and strong in arm!  
Justice, Truth and Charity,  
our ideal for ever be!

## PRAYER OF ST. FRANCIS OF ASSISI

Lord, make me an instrument of Thy peace;  
Where there is hatred, let me sow love;  
Where there is injury, pardon;  
Where there is doubt, faith;  
Where there is despair, hope;  
Where there is darkness, light;  
And where there is sadness, joy.

O Divine Master, Grant that I may not so much seek  
To be consoled as to console;  
To be understood as to understand;  
To be loved as to love.  
For it is in giving that we receive;  
It is in pardoning that we are pardoned;  
And it is in dying that we are born to eternal Life.

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# STANDING Orders

1. (a) A member shall stand and state his name when addressing the chair.  
(b) Speeches shall be clear and relevant to the subject before the meeting.
2. A member shall address the meeting when recognized or called upon by the Chairman to do so, after which, he shall immediately take his seat.
3. No member shall address the meeting except; through the chairman.
4. A member shall not speak twice on the same subject, except:
5. the mover of a motion who has a right to reply
6. the member rises to object to or explain any matter (with the permission of the Chair).
7. No speeches shall be made after the ‘Question’ has been put to the meeting.
8. The Mover of a ‘Procedural Motion’ – (that is a motion for adjournment laid on the table, or motion to postpone) shall have no right to reply.
9. A member rising on a “Point of Order” shall state the point clearly and concisely. (A Point of Order must have relevance to the Standing Orders.)
10. A member shall “Call” another member “to order.”
11. A member may draw the attention of the Chair to a ‘breach of order’
12. On no account can a member call the Chair “to Order”.
13. Only one amendment shall be before the meeting at one and the same time.
14. When a motion is withdrawn, an amendment to it fails.
15. The Chairman shall have the right to a ‘casting vote’.
16. If there is an equality of voting on amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.
17. Provision shall be made for protection by chairman for vilification (personal abuse) among members.
18. No member shall impute improper motives against another.

# ELKS CREDIT UNION Information Sheet

Registered Office	# 79 Brazil Street Castries, St. Lucia
Postal Address	Elks Credit Union Limited P.O Box 1924 Castries, St. Lucia
Email Address	elks@candw.lc
Website Address	www.elkscreditunion.com
Telephone Numbers	(758) 452-6820 or (758) 453-2951
Affiliations	Member of St. Lucia Co-operative League Ltd.  Caribbean Confederation of Credit Unions P.O Box 1213 New Street Basseterre. St. Kitts & Nevis  St. Lucia Employers Federation (SLEF)
Regulator	Financial Services Regulatory Authority (FSRA) 6 <sup>th</sup> Floor Francis Compton Building Waterfront Castries, St. Lucia
Attorney at Law	Alvin St. Clair & Associates 12 Laborie Street Castries
Auditors	G.Llewellyn Gill & Co. – Chartered Accounts Mc. Vane Drive Sans Souci Castries
Bankers	1 <sup>st</sup> National Bank St. Lucia Ltd Bridge Street Castries



# NOTICE OF Annual General Meeting

NOTICE is hereby given that the 43<sup>rd</sup> Annual General Meeting of the Elks City of Castries Co-operative Credit Union Limited will be held Virtually and at the Finance Administrative Centre, Pointe Seraphine, Castries, on Wednesday June 23<sup>rd</sup>, 2021 at 5pm.

## AGENDA

### OPEN SESSION


1. Credit Union Prayer
2. Prayers
3. Welcome Address – President
4. Fraternal Greetings
5. Feature Address
6. Vote of Thanks

### CLOSED SESSION

1. Call to Order
  2. Ascertainment of Quorum (Rule 40)
  3. Apologies for Absence
  4. Reading and confirmation of minutes of the last A.G.M and matters arising
  5. Adoption/Confirmation of Reports:-
    - (a) Board of Directors
    - (b) Treasurer
    - (c) Auditor
    - (d) Credit Committee
    - (e) Supervisory Committee
  - i. Appointment of Returning Officer
- 
6. Elections to:-
    - (a) Board of Directors
    - (b) Supervisory Committee
    - (c) Credit Committee

Appointment of Auditor  
Resolutions if any  
Other Business  
Adjournment

BY ORDER OF THE BOARD OF DIRECTORS

  
.....  
Sherane Long  
Secretary

# PRESIDENTS' Message

Esteemed members and committee members, executive, management and staff welcome to our 43rd annual general meeting. I thank all the aforementioned members for affording me the opportunity to be of service to the credit union. This is an opportunity that has and will continue to change my life. My address today can speak only of the COVID-19 pandemic and the tremendous challenges and impact it has had on the economy and by extension the financial sector with Elks Credit Union not being immune.

However, our presence here today is a good indication of our skillful ability to manage the various financial challenges that was brought on our membership due to the unprecedented world pandemic, during the fiscal year 2020. During this time and as mentioned at our last AGM the mobile banking app that allows for transactions to be done online became a reality. The app is available for both android and IOS devices and if members do not currently have the app installed, I highly recommend that you download on the play store or app store. Members you can also walk-in for assistance.

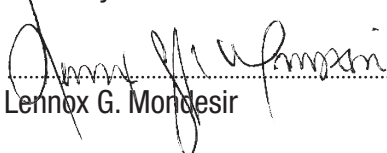
Unfortunately Covid-19 has affected most of our members in their employment resulting in a reduction or total loss of their income. To cushion the financial burden the following were offered to members: Moratoriums for a maximum of six (6) months, debt restructuring including refinancing and debt consolidation. Affected members have taken full advantage of this service at reduced rates and it is recommended that all affected members continue to take advantage of this opportunity. Let me thank

the Financial Service Regulatory Authority (FSRA) for their guidance in ensuring that the moratoriums were sanctioned for action.

You may have noticed, that we implemented measures to allow for reduced activity and movement of members and staff in addition to reduced cost. Those include the closure of the Credit Union on Saturdays with only the first Saturday of the month being opened for business; the hosting of all meetings virtually which in effect reduces the overall utility cost to the credit union. We continue to comply with all measures instituted by the Ministry of Health as we play our part in controlling the spread while also ensuring that you our members are kept safe.

Members the credit union is managed and governed by members volunteering to serve under various committees. At every annual general meeting there is a need to replace committee members who have reached their term limits and this year is no exception. Members who will be elected I urge you to ensure that all your legal prerequisites as per the By-Laws are met before you accept a nomination. This information would have been handed to you and is also on the website for your review. The service that you are elected to provide is a professional and voluntary service that is sometimes demanding, as your activities must fall in line with all regulatory requirements. As such, your total commitment and ability to serve and contribute to the development of your Credit Union is what is required. I would like to take this opportunity to thank all outgoing committee members who have served their required term in office and wish all of you a happy 43rd AGM.

Sincerely President

  
Lennox G. Mondesir

# BOARD OF DIRECTORS Report

At the 42nd Annual General Meeting of the Elks City of Castries Cooperative Credit Union Limited, nine (9) Directors were elected to serve. At the first meeting of the Board on held on October 12, 2020 directors were appointed for periods varying from one to three years in the following positions:

NAME	POSITION	TENURE	DATE COMMENCED
Lennox Mondesir	President	1 year	April 2014
Errold P. Cyril	Vice President	3 years	May 2017
Cynthia Laurent	Treasurer	1 year	April 2015
Winsbert Regis	Assistant Treasurer	2 years	May 2017
Sherane Long	Secretary	1 years	April 2017
Eleanor Francis	Assistant Secretary	3 years	May 2018
Wendy Duprey	Ordinary Director	2 years	May 2019
Linus St. Clair	Ordinary Director	3 years	May 2019
Scott Lubin	Ordinary Director	2 years	May 2019

## REVIEW OF 2020

The financial year 2020 will go down in our history books as the most uncertain and disruptive year for financial institutions. Not only was it disruptive and uncertain but brought with it financial and social hardship on our membership. 2020 disrupted all projections and strategies formulated to ensure continued growth, leaving policy makers uncertain about the future. Elks Credit Union was no exception, as the Board of Directors in collaboration with management continuously tried to grapple with the change in circumstances that brought about the “New Normal” caused by the global pandemic, COVID-19.

## The Challenge of Change; Together Towards Tomorrow

### Staff and Membership Safety

Following WHO (World Health Organization) declaration of the COVID-19 pandemic, immediate

steps were taken to develop and document a COVID-19 Risk Management Policy that detailed all procedures from prevention to actually dealing with a case of COVID-19 within the workplace.

One of the areas that has seen continuous change is the working hours that fluctuates to ensure that we protect members and staff as the infection rate of COVID-19 fluctuate. As we convene the meeting, the opening hours are back to normal with the exception of Saturdays when we open only on the first Saturday monthly.

### Cost Management

Though we guided your journey and ended on a sound financial footing in 2019, our expectation of “Growth and Success through Change” in 2020 did not materialize. A number of costs cutting measures were employed including Saturday closure due to reduced member traffic. Although additional expenses relating to PPE (Personal Protection Equipment) were realized, management was able



# BOARD OF DIRECTORS Report *Cont'd*

to effectively contain expenses with a marginal increase of \$5k from 2019.

Having envisioned the impact that COVID-19 continued to have on the economy, the 2020 budget was revised taking into consideration all internal and external factors in addition to unforeseen circumstances. The ability to continue to be sustainable is reliant on capitalizing on our liquidity position by increasing lending through loan promotions that are in line with the current economic environment. Sustainable self-sufficient businesses for members that could contribute to their well being and their community, is one area that the Board will be focused on in 2021 as we seek to further develop “Concern for Community”, together towards tomorrow.

## Risk Management

Planned training did not materialize during the year with the exception of some staff receiving some AML (Anti-Money Laundering) training during the year. In keeping with regulations training for all staff and volunteers is again scheduled for 2021 to further enable the compliance culture within the Elks Credit Union.

Enhanced technology has been applied contributing significantly towards risk mitigation. With our products geared mainly at lending and deposits, employees and by extension the technology will be well placed to safe guard the finances of you the membership and by extension the integrity of the Credit Union.

## Training & Development

The restrictions of COVID-19 did not allow training to cease completely but on the contrary provided

opportunities for more efficient training online. Thorough management training was capitalized in the following areas:

- Certified Associate in Anti-Money Laundering for two (2) employees
- Six (6) staff trained in Anti-Money Laundering
- Loans Security Document Training
- Debt-Collection Workshop
- Covid-19 Cleaning Workshop

The training and development of our staff and volunteers is of paramount importance and we will continue to ensure that adequate training is provided.

## Update on previous location

The Board reported on this matter and needs to engage the membership in proposals received for sale to date.

## Delinquency Management

The Board cannot as was done in 2019, report on decreased delinquency but to elaborate on the Treasurer’s report, a thorough assessment has been done on all loans that allowed for the application of moratoriums where applicable. With the moratorium period ending September 30, 2020 an elaborate policy was drawn up to assist members with debt consolidation and refinancing at rates well below the normal rates including financial counseling.

Although delinquency has increased above 5% the current ratio is well below expectations given the significant impact of the pandemic on member’s ability to pay. All members are urged to continue taking advantage of this opportunity that is designed to lessen the financial burden and provide more disposable income to members.

# BOARD OF DIRECTORS Report *Cont'd*

Annual Scholarship and Bursary Recipients- 2020  
The following students received the prestigious scholarship award which was based on their academic achievement and financial need:

- **Jolene Velinor** –St. Joseph’s Convent
- **Bjoin Fanis**- Leon Hess Secondary

Assistance to the membership was increased due to the heightened need for assistance brought about by the onset of the pandemic. As such, the Board granted a total of ten (10) bursaries at \$500.00 each to needy members. Additionally, two (2) tablets were donated to students of the membership who are holders of the scholarships to assist with their on-line schooling.

The Credit Union continue to provide scholarships and bursaries to the children of the membership on an annual basis and we encourage members to apply for the assistance from your Credit Union.

## Caring for Community

Our existence as a Credit Union would not be complete if Principle 7 (Caring for Community) of the Cooperative Principles was not fulfilled. During the year 2020 the following donations were made:

- **Marian Home Poverty Meal** - \$420.00
- **NCF Front Line workers COVID-19**- \$2,700.00
- **St. Lucia Cancer Society**- \$275.00

**The Board, Management and Staff together with the Committee members would like to extend condolences to the family of the members who passed away during the year 2020. May their memories comfort you daily.**

The economic environment has transitioned drastically in 2020 amidst the unprecedented pandemic wave. Growth expectations continue to

remain uncertain and although there may be signs of reopening the economy to allow for business growth, revenue generation remains low. Refinanced and consolidated loans extend way beyond their normal terms resulting in the slow generation of revenue that is already affected by a decline in lending. We urge members to continue to support your Credit Union as we navigate those unprecedented times that sometimes look like there is no end in sight.

To the incoming Board of Directors, you are faced with the “challenge of change” and your ability to govern, will be measured not by merely attending meetings but by ensuring that strategic policies that focus on the current economic environment, is drawn up and duly executed, to positively impact the membership whom you serve, while mitigating risk to ensure the continued stability of the Credit Union.

The Board of Directors extend sincere thanks and appreciation to the Committee members for volunteering your time when called upon and demonstrating your commitment to the well-being of the membership. Thanks to you our loyal member-shareholders for continuing to make us your premier financial institution and to management and staff for your endurance during 2020. You continue to show that together we can do anything especially when ensuring that sustainability of the Credit Union is paramount. Your commitment to serving the membership is invaluable. Members your continued confidence and support is required in making the change during these times of uncertainty.

To Director Laurent and Director Long, we bid you a fond farewell having completed your term in office as Directors. During your tenure despite your other work commitments, you served your Credit Union and by extension the movement well. Your contributions have surely impacted positively and


# BOARD OF DIRECTORS Report *Cont'd*

we hope to see you again soon enough.

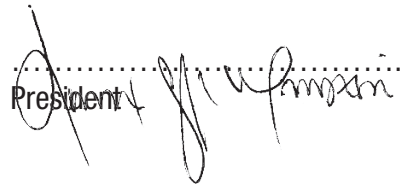
The Board would like to make a special appeal to all members who would like to volunteer to serve that, as a volunteer your responsibilities are not limited to attendance at meetings but goes beyond. Strategic thinking and visionary leadership together with sound financial understanding and governance

is required at all levels. Collaboration between Committee members, Board and staff is paramount while the task at hand lends to total commitment and dedication to the Credit Union, with a view to ensuring growth and stability knowing that our ultimate responsibility is to the wider membership of which we are all part.

Sherane Long

.....  
Secretary 

Lennox Mondesir

.....  
President 

# CREDIT COMMITTEE Report

The credit Committee extends warmest greetings to you fellow members of the Elks City of Castries Credit Union. The committee comprises of Mr. Mario Boyce- Chairperson, Ms. Earline Modeste-Secretary, Mrs. Patricia Paula Thomas, Ms. Claudia Hippolyte and Ms. Gisellyn Simon.

The committee upon review of loan applications approve in compliance with the Loans Policy of the credit union and also functions to make referrals to the Board of Directors for loans above its approval

limit of \$50,000.00.

A total of 140 loans were reviewed by the committee in 2020. Of these loans one hundred and twenty-three (123) loans were approved, one (1) rejected, two (2) referred to the Board of Directors, seven (7) were for joint committee and seven (7) deferred. A total of \$1,029,044.19 was approved, a total of \$350,000.00 were referred to the Board of Directors, \$26,870.12 for Joint Committee, \$121,024.53 were deferred and \$17,209.83 rejected.

Category	#of Loans	Amount	Security
Education	17	\$79,719.00	\$94,985.22
Debt Consolidation	11	\$91,961.52	\$106,789.43
Personal Expenses	35	\$250,575.55	\$181,195.79
Medical Expenses	11	\$25,621.49	\$45,682.66
Vehicle	10	\$263,546.78	\$338,009.82
Independence Loan Promo	1	\$2,500.00	\$1,316.76
Business Loan	1	\$28,000.00	\$21,335.98
Household Appliances	3	\$8,866.00	\$17,695.65
Vehicle Repairs	4	\$21,500.00	\$9,363.61
Renovations	19	\$184,786.64	\$199,750.71
Funeral Expenses	1	\$2,000.00	\$3,855.67
Legal Fees	2	\$8,800.00	\$11,019.83
Christmas Expenses	7	\$33,167.21	\$30,251.44
Mortgage	1	\$28,000.00	\$4,107.50
	123	\$1,029,044.19	\$1,065,360.07

Due to the effects of covid-19, the credit union recorded an increase in the rate of delinquency from 4.52% in 2019 to 10% in 2020, an increase of %5.48. The impact was cushioned by the application of moratoriums during the period April to September 2020. We also mindful of the decrease in borrowing by the membership during the year

2020, another direct impact of the pandemic resulting in unemployment and loss of income. The committee wishes to remind members that the ability of the credit union to continue to provide loans at a reasonable cost, rests on members saving regularly and honouring loan repayment. We would like to take this opportunity to encourage members

# CREDIT COMMITTEE Report *Cont'd*

to service their loans. Please be advised that if you are encountering any difficulty with meeting your loan payment, visit with your loans officer so that they can work with you in the restructuring of your

loan to better suit your needs.

The credit committee would like to thank the membership for affording us the opportunity to serve you in 2020.



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Mario Boyce  
Chairperson



# SUPERVISORY COMMITTEE Report

At the 42nd annual general meeting of the Elk's City of Castries Credit Union held on October 7th, 2020 one new member Kim Smith was elected to serve on the Supervisory committee.

At the first meeting of the Supervisory Committee held on the 11th of October, 2020 members were appointed to serve in the following positions:

Nadia Momerelle- Chair Person- 2 years

Pontius Clery- Assistant Chairperson- 3 years

Levonne Vitalis- Assistant Secretary- 2 years

Kim Smith- Secretary- 1 year

Due to the measures put in place to curb the COVID-19 pandemic such as the closure of many business places and curfew implementations, the committee experienced difficulty in meeting as regularly as specified in the By Laws. However, an effort was made in order to ensure that the continuation of operations of the organization were carried out as specified by the laws of the City of Castries Credit Union.

During the financial year 2020 the Supervisory Committee focused on the following areas and reviewed and audited documents relative to same as follows:

- Dormant Accounts
- Loans Granted by Month
- Covid 19- Loans Refinanced policy
- Anti-Money Laundering - Declaration of source of Funds
- Management Letter from the Auditor
- Board Minutes

## Dormant accounts:

Accounts inactive for 36 months and beyond have been deemed Dormant and proper control measures as per the Dormant Policy have been put in place to manage same. We recommend that more frequent checks be done to allow for continuous separation from regular files.

## Loans:

All new and existing loans were granted in accordance with the loans policy. The Supervisory recommends that the during loan reviews for approval that the Credit Committee ensure that all loans a properly analyzed for the probability of default based on all documentation.

The Supervisory committee reviewed the Special COVID-19 refinanced loans policy and procedures put in place and would like to commend the Board and Management for recognizing the need and taking action in extending loans and taking further steps to find a solution for members most impacted by the pandemic in an effort to ease their financial burden.

## Operations:

The Supervisory Committee intently observed the internal operations of the Credit Union namely the efforts in ensuring the safety of staff and members during the COVID-19 crisis by strictly adhering to the necessary protocols mandated by the Governmental Authorities.

The Supervisory Committee recognizes that the Credit Union went above and beyond to ensure the safety of all staff and members also ensuring that there is a Risk Management Policy in place to address same. We are honored to be a part of this pliable Organization which was capable of bending without breaking while adhering to regulations to adapt to an environment of increasing economic challenges and financial difficulties.

With a number of challenges faced during the financial year 2020 we urge members who would like to serve on the Supervisory Committee to be knowledgeable and committed, as the task at hand is demanding and require that you give of your time to ensure proper governance of the Credit Union. This is the only way that the Committee would not

# SUPERVISORY COMMITTEE Report *Cont'd*

seem in breach of Section 63 of the Cooperative Society Act.

We thank the members of Elk's City of Castries Credit Union for giving us the opportunity to serve the Organization. Our extension of gratitude goes out to the Board of Directors, the Management and

staff and the other committees for their continued hard work within the organization and for their assistance to the Supervisory Committee.

*None of Us is as Strong as All of Us*



Nadia Momrelle  
Chairperson

# TREASURER'S Report

Members the last statement of the 2019 report alluded to a dismal 2020. Here's what was stated "Notwithstanding, as we meet today, the economic situation has drastically changed due to the pandemic and increased unemployment has resulted in increased delinquency and a decline in revenue. It is expected that the results for the year 2020 with IFRS9, will negatively impact the Credit Union".

'The Challenge of Change; Together Towards Tomorrow". The year 2019 although setting the stage for another successful year in 2020 saw the global pandemic eroding all previous gains with financial institutions still looming in uncertainty. Thankfully for Elks Credit Union the gains made in 2019 though eroded, did set the foundation for a

level of uncertainty.

## FINANCIAL STATUS

Assets of the Credit Union decreased by \$692,787.00 or 3.38% from 2019 as a result of the decline in the loans portfolio due to decreased lending brought about by the pandemic. Investments grew by \$85,385 as a result of maturing investments being rolled-over or reinvested with interest. Again, share capital realized another positive increase of \$101,185.00 or 10.58% continuing to impact positively on the overall member's equity. The decrease in lending during the year 2020 has resulted in increased liquidity now reflected as 35.80% for the period.

## GENERAL STATISTICS 2020

<b>Financial (\$'000)</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Assets</b>	15,234	17,431	18,871	21,167	20,474
<i>Cash &amp; Cash Equivalents</i>	1,221	2,041	1,458	1,529	3,231
<i>Accounts Receivable</i>	83	100	133	176	158
<i>Treasury Bills</i>	0	0	412	409	1,132
<i>Investment Securities</i>	2,985	3,683	3,358	3,956	3,319
<i>Loans to Members</i>	9,770	11,070	13,020	14,186	11,874
<i>Fixed Assets</i>	529	528	466	911	761
<b>Total Liabilities</b>	13,949	15,913	16,968	18,943	18,952
<i>Payables &amp; Accruals</i>	91	91	108	93	119
<i>Shares</i>	12,465	14,304	15,514	16,988	16,814
<i>Deposits</i>	1,393	1,518	1,545	1,862	2020
<i>Member's Share Capital</i>	450	575	708	855	956
<i>Borrowings</i>	0	0	0	0	0
<i>Statutory Reserve</i>	352	360	416	488	557
<i>Education Fund</i>	7	19	21	49	49
<i>Undivided Earnings</i>	294	494	506	658	(40)
<i>Members' Equity</i>	1,046	1,314	1,518	1,903	1522

# TREASURER'S Report *Cont'd*

## Overview Loans portfolio

Our main revenue earner saw a decline that reflected a loan to asset ratio of 62.99% below the PEARLS benchmark of 70-80%. A number of factors negatively impacted this area and with increased economic challenges member's ability to borrow diminished as a result of less disposable income.

Again, having taken delinquency to 4.52% in 2019 the financial year has seen an increase in the delinquent portfolio to 10.18%. This is consistent with the decline in economic activity and loss of employment brought about by the pandemic with the tourism sector suffering a major blow. The year 2020 saw the processing of moratoriums for the membership, financial counselling and a decline in aggressive collections as was previously done due to the economic hardship.

As a result of increased unemployment resulting in members not being able to service their loans, the risk of default has increased. The uncertainty in the economy continued throughout 2020; with the increased unemployment the probability of default is reflected in the significant increase in provisioning under IFRS9. This has resulted in an overall loss of surplus for the financial year 2020, a result that is in keeping with last year's predictions.

We continued to build on our existing Loans Policy through-out 2020 given the heightened anxiety,

to ensure that the necessary reviews impact the membership positively and by extension the financial situation of the Credit Union. This we expect to generate improved ratios as we continue to monitor and observe what we describe as the "fluidity and uncertainty" of the pandemic on the economy.

## Members Equity

Our member's equity moved from 12.79% in 2019 to 7.43% in 2020. The loss resulting from provisioning has significantly reduced the retained earnings and by extension members equity.

Despite the economic downturn members continued to exhibit the level of confidence in their Credit Union by contributing to Permanent Shares. This sentiment was echoed in 2019 and resulted in a 10.58% increase in non-withdrawable shares. The percentage of Permanent Shares to total assets increased from 4.03% (\$854,709) in 2019 to 4.67% (955,895) in 2020 the acceptable bench mark by PEARLS standard being 5% of total assets. This investment enables us to build the capital base and reduce any potential risks as required by Section 119 Sub-section 3 (b) of the Cooperative Societies Act. In light of the current pandemic, it is even urgent that you continue to invest by purchasing shares to ensure overall stability.

## PEARLS RATIOS DECEMBER 31, 2020

PEARLS RATIO	Actual -2019	Actual 2020	STANDARD RATINGS
<b><i>PROTECTION</i></b>			
Provisions for Loans Delinquent >12 months	<b>94.66%</b>	<b>125.09%</b>	<b>100%</b>
Provision for Loans Delinquent < 12 months	<b>67.23%</b>	<b>88.97%</b>	<b>35%</b>
Solvency (Net Value of Assets/Total Shares & Deposits)	<b>109.30%</b>	<b>109.84%</b>	

# TREASURER'S Report *Cont'd*

<b><i>EFFECTIVE STRUCTURE (Financial)</i></b>			
Loans/Total Assets	<b>70.63%</b>	<b>62.99%</b>	<b>80%</b>
Savings Deposits /Total Assets	<b>90.79%</b>	<b>89.31%</b>	<b>80%</b>
Members Share Capital/Total Assets	<b>4.03%</b>	<b>4.53%</b>	
Net Institutional Capital/Total Assets	<b>12.79%</b>	<b>7.43%</b>	<b>10</b>
<b><i>ASSET QUALITY</i></b>			
Total Delinquency/Gross Loan	<b>4.52%</b>	<b>10.18%</b>	<b>Max-</b>
Non-Earning Assets/Total Assets	<b>3.21%</b>	<b>9.31%</b>	<b>Max-</b>
<b><i>RATES OF RETURN</i></b>			
Operating Expenses/Total Assets	<b>5.97%</b>	<b>7.42%</b>	
Net Income/Average Total Assets	<b>1.29%</b>	<b>-0.76%</b>	<b>2%</b>
<b><i>LIQUIDITY</i></b>			
Liquid Assets-Short Term Payables/ Total Deposits & Withdraw-able shares	<b>30.71%</b>	<b>35.80%</b>	<b>Min-15%</b>
<b><i>SIGNS OF GROWTH</i></b>			
Growth in Total Assets	<b>19.11%</b>	<b>3%</b>	<b>Min-10%</b>



Cynthia Laurent  
Treasurer



ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT  
UNION LIMITED

# FINANCIAL STATEMENTS DECEMBER 31, 2020



G LLEWELLYN GILL & CO.  
CHARTERED ACCOUNTANTS  
P O BOX 546, CASTRIES

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**

**DECEMBER 31, 2020**

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# ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED

## INDEPENDENT AUDITORS' REPORT

To the Members of:

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**

Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of **ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**. ("the Credit Union"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, 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 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *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.

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

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**

Report on the Audit of the Financial Statements  
(Continued)

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

- o 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.
- o 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.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- o 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.
- o 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.

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED  
INDEPENDENT AUDITOR'S REPORT**

Report on the Audit of the Financial Statements  
(Continued)

*Other Legal Matters*

This report is made solely to the Credit Union's members as a body. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report, or for the opinion we have formed.

Castries, St Lucia  
May 29, 2021

  
Chartered Accountants



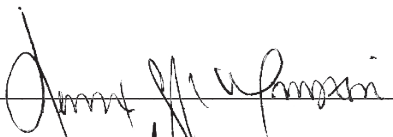
**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**


**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and balances with banks (Note 7)	\$ 3,231,080	\$ 1,528,676
Financial assets (Note 8)	4,034,881	3,956,373
Trade and other receivables (Note 9)	157,900	175,705
Investments (Note 10)	415,769	408,892
Loans to members (Note 11)	11,873,582	14,186,056
Capital assets (Note 12)	<u>761,034</u>	<u>911,331</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 20,474,246</u></b>	<b><u>\$ 21,167,033</u></b>
<b>LIABILITIES</b>		
Members withdrawable shares and deposits	\$ 18,833,585	\$ 18,849,905
Accounts payable and accruals (Note 13)	<u>118,620</u>	<u>92,905</u>
<b>Total Liabilities</b>	<b><u>18,952,205</u></b>	<b><u>18,942,810</u></b>
<b>MEMBERS' EQUITY</b>		
Share Capital (Note 14)	955,895	854,710
Member Funds (Note 15)	49,279	57,850
Reserves (Note 16)	557,121	554,296
Retained earnings	<u>(40,254)</u>	<u>757,367</u>
<b>Total Members' Equity</b>	<b><u>1,522,041</u></b>	<b><u>2,224,223</u></b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u>\$ 20,474,246</u></b>	<b><u>\$ 21,167,033</u></b>

**APPROVED BY THE BOARD:**

  
 \_\_\_\_\_ President

  
 \_\_\_\_\_ Secretary

The accompanying notes form an integral part of these statements.

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF CHANGES IN MEMBERS' EQUITY**

**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>SHARE CAPITAL</b>		
Share capital at beginning of year	\$ 854,710	\$ 707,688
Net shares purchased	<u>101,185</u>	<u>147,022</u>
Share capital at end of year	<u><u>955,895</u></u>	<u><u>854,710</u></u>
<b>RESERVES</b>		
<b>Statutory reserve</b>		
At beginning of year	554,296	488,211
Add : 25% of net surplus for the year	-	62,340
Entrance Fees	<u>2,825</u>	<u>3,745</u>
At end of year	<u><u>557,121</u></u>	<u><u>554,296</u></u>
<b>MEMBER FUNDS</b>		
<b>Education fund</b>		
At beginning of year	57,850	48,778
Add : 10% of net surplus for the year	-	24,936
Training expenses for the year	<u>(8,571)</u>	<u>(15,864)</u>
At end of year	<u><u>49,279</u></u>	<u><u>57,850</u></u>
<b>TOTAL MEMBER FUNDS</b>	<u><u>49,279</u></u>	<u><u>57,850</u></u>
<b>UNDIVIDED EARNINGS</b>		
At beginning of year	757,367	657,979
Total Comprehensive (Loss)/Income for the year	<u>(797,621)</u>	<u>249,359</u>
	<u>(40,254)</u>	907,338
Statutory reserve	-	(62,340)
Education fund	-	(24,936)
Dividends	<u>-</u>	<u>(62,695)</u>
At end of year	<u><u>(40,254)</u></u>	<u><u>757,367</u></u>
<b>MEMBERS' EQUITY, END OF YEAR</b>	\$ <u><u>1,522,041</u></u>	\$ <u><u>2,224,223</u></u>

The accompanying notes form an integral part of these statements.

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>INCOME</b>		
Interest on members' loans	\$ 1,454,940	\$ 1,535,854
Interest on fixed and savings deposits	<u>165,814</u>	<u>170,287</u>
	<u>1,620,754</u>	<u>1,706,141</u>
<b>Interest Expense</b>		
Interest and bank charges	4,263	4,847
Members deposit interest	<u>277,311</u>	<u>259,499</u>
	<u>281,574</u>	<u>264,346</u>
Net Interest Income	1,339,180	1,441,795
Provision for Impairment of loans & advances	(931,004)	(7,329)
Provision for Impairment of Investments	6,877	(10,316)
CUNA Insurance	(237,996)	(230,820)
Other Income (Note 19)	<u>62,375</u>	<u>87,886</u>
<b>Net Interest and Other Income</b>	<u>239,432</u>	<u>1,281,216</u>
<b>OPERATING EXPENSES</b>		
Advertising and promotions	36,368	44,088
Depreciation	155,097	105,882
Insurance	13,380	11,108
Office supplies and stationery	47,706	40,815
Other expenses (Note 20)	149,731	214,666
Rent	97,950	96,938
Salaries, benefits and allowances	424,150	403,186
Security services	45,513	46,022
Utilities	<u>67,158</u>	<u>69,152</u>
	<u>1,037,053</u>	<u>1,031,857</u>
<b>TOTAL COMPREHENSIVE(LOSS)/INCOME FOR THE YEAR</b>	\$ <u><u>(797,621)</u></u>	\$ <u><u>249,359</u></u>

The accompanying notes form an integral part of these statements.

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from Operating Activities</b>		
Total Comprehensive (Loss)/Income for the year	\$ (797,621)	\$ 249,359
Add (deduct): charges to income not involving cash		
Depreciation	155,097	105,882
Provision for Impairment of Loans	931,004	7,329
Loss on disposal of assets	-	8,068
Provision for impairment of Investments	<u>(6,877)</u>	<u>10,316</u>
	<b>281,603</b>	<b>380,954</b>
Net change in non-cash working capital balances related to operations		
(Increase) in accounts receivable	29,575	(17,076)
(Increase) in held-top maturity financial assets	(78,508)	(597,851)
(Increase) in loans to members	1,381,470	(1,173,045)
Increase in members fixed and other deposits	(16,320)	1,990,372
Increase in accounts payable and accruals	25,715	(15,510)
Decrease/(Increase) in investments	-	(6,999)
Prepaid Expenses	<u>(11,770)</u>	<u>(3,314)</u>
Net cash flow provided by (used in) operating activities	<u><b>1,611,765</b></u>	<u><b>557,531</b></u>
<b>Cash flows from Investing Activities</b>		
Purchase of fixed assets	<u>(4,800)</u>	<u>(559,032)</u>
Net cash flow provided by (used in) investing activities	<u><b>(4,800)</b></u>	<u><b>(559,032)</b></u>
<b>Cash flows from Financing Activities</b>		
Dividends	-	(62,695)
Payments from education fund	(8,571)	(15,864)
Increase in members' shares	101,185	147,022
Entrance fees	<u>2,825</u>	<u>3,745</u>
Net cash flow provided by (used in) financing activities	<u><b>95,439</b></u>	<u><b>72,208</b></u>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>1,702,404</b>	<b>70,707</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u><b>1,528,676</b></u>	<u><b>1,457,969</b></u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u><b>\$ 3,231,080</b></u></u>	<u><u><b>\$ 1,528,676</b></u></u>

The accompanying notes form an integral part of these statements.

# ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 1. LEGAL STATUS

Elk's City of Castries Co-operative Credit Union Limited was registered on March 19, 1962 in accordance with the Co-operative societies law, chapter 82 of the Laws of St Lucia (1957 revision). The Credit Union was renamed on August 10, 1994. The Credit Union was issued with a Certificate of Continuance by the Registrar of Co-operatives under the new Act No. 28 of 1999.

The principal activity of the Credit Union is to provide cost effective financial services to its members by way of loan facilities and deposit instruments.

The registered office and principal place of business of the Credit Union is No. 79, Brazil Street Castries, St.Lucia.

### 2. BASIS OF PRESENTATION

The financial statements have been prepared under the historical basis except for financial assets and liabilities designated at fair value through profit or loss, all of which have been measured at fair value. The financial statements are presented in Eastern Caribbean dollars (ECD\$)

### 3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. The Society is also required to comply with Sections 119 (3) (a) and (b) re its liquidity reserve and other reserves. The Credit Union has not complied with part (b) of the provisions.

### 4. PRESENTATION OF FINANCIAL STATEMENTS

The Credit Union presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 23 (b).

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### FINANCIAL ASSETS

#### Financial Assets - initial recognition and subsequent measurement

##### Date of recognition

Financial assets and liabilities, with the exception of loans and advances to members and balances due to members, are initially recognised on the date that the Credit Union becomes a party to the contractual provisions of the instrument. Loans and advances to members are recognised when funds are transferred to the members' account. The Credit Union recognises due to members balances when funds reach the Credit Union.

##### Initial measurement of financial assets

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

##### Financial assets at amortised cost

The Credit Union classifies financial assets or financial liabilities at amortised cost if it is held within its business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

# ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

### **Financial assets measured at fair value through other comprehensive income**

A debt instrument shall be measured at fair value through other comprehensive income if it is held in a business model whose objective is both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. The credit union did not hold any such assets at December 31, 2020.

### **Financial assets and financial liabilities designated at fair value through profit or loss**

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at FVPL upon initial recognition when one of the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- o The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or
- o The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in net gain or loss on financial assets and liabilities designated at FVPL.

### **Loans and advances to Members**

Loans and advances to Members include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, loans and advances to members are subsequently measured at amortised cost less allowance for impairment.

### **Impairment of financial assets**

The Credit Union assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset, or a group of financial assets, is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the member is experiencing significant financial difficulty; or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Under IFRS 9 which became effective on January 1, 2018, new impairment requirements require the use of an expected credit loss model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The credit union applied this the new method in its determination of impairments for 2020.

# ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

### Recognition of Revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

As regards the credit union, interest on members' loans is recognized as income only to the extent that payments are received and or accrued for not more than ninety (90) days. Income on fixed and other deposits are recognized on the accrual basis. Commissions and non-productive loan income is recognized when received.

### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand and short term deposits with original maturities of less than one year. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. For the purpose of the cash flow statement, cash and cash equivalents comprise balances of cash on hand and current accounts.

### Property, Plant & Equipment

Land and Building comprise the main office. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisitions of the items.

Subsequent costs are recognized as a separate asset when it is probable that future economic benefits will flow to the organization and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred. Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives as follows:

Building	- 5%
Furniture and equipment	- 10%- 15%
Leasehold Improvements	20%- 33%

### Impairment of Loans

Loans originate by the Credit Union by providing money directly to the borrower with fixed or determinable payments that are not quoted in an active market. Third party expenses, such as legal fees incurred in securing the loans are treated as part of the cost of the transaction. All loans and advances are recognized when cash is advanced to borrowers.

An allowance for impairment is established if there is objective evidence that the Credit Union will not be able to collect all amounts due according to the original contractual terms of loans.

Objective evidence that loans are impaired includes observable data, historical patterns and information on loans pending legal consultation. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows discounted at the loans original interest rate.



# ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognized in the Income Statement.

The provision for impairment is considered to be adequate. When a loan is written off it is charged off against the impairment account. Subsequent recoveries are credited to the impairment account.

### **Provisions**

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

### **Income Tax**

The credit union is not liable to Income taxes in accordance with Section 25 (1) (q) of the Income Tax Act Cap. 15.02 of Revised Laws of St. Lucia.

### **Dividends**

Dividends are recognized in equity in the period in which they are paid.

### **Shares**

The market value of shares is at the nominal value of \$ 5.00 per share in accordance with the By Laws of the Credit Union.

### **Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Credit Union's financial statements are disclosed below. The Credit Union intends to adopt these standards, if applicable, when they become effective.

IFRS 17- Insurance Contracts - This standard is applicable to annual reporting periods beginning on or after January 1, 2021. The standard established the principles for the recognition, measurement, presentation and disclosure of insurance contracts. An entity shall apply IFRS 17 to: Insurance and Reinsurance Contracts.

### **Comparative figures**

Where changes have been made in the presentation of the current years' figures, comparative amounts have been restated.

### **Approval of Financial Statements**

The financial statements were approved for issue by the Board of Directors on May 29, 2021.

## **6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Credit Union's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Credit Union's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Credit Union's control and are reflected in the assumptions if and when they occur.

# ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

### Going concern

The Credit Union's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is aware of the many challenges faced as a result of the Covid 19 pandemic by its members and is taking the necessary action to ensure that the Credit Union is able to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### 7. CASH AND BALANCES WITH BANKS

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 155,224	\$ 80,081
Cash at banks	<u>3,075,856</u>	<u>1,448,595</u>
	<u>\$ 3,231,080</u>	<u>\$ 1,528,676</u>

### 8. FINANCIAL ASSETS

	<u>2020</u>	<u>2019</u>
Certificate of deposits	\$ 2,902,779	\$ 2,824,271
Government of St. Lucia Treasury Bills	<u>1,132,102</u>	<u>1,132,102</u>
	<u>\$ 4,034,881</u>	<u>\$ 3,956,373</u>

The rates of Interest on the Certificates of Deposits and Government Treasury Bills range from 2.5% to 4.5%. The Certificate of deposits are held in principal to meet the requirements for the liquidity reserve required to be maintained under Section 119(3) of the Co-operatives Act, Cap 12.06, Revised Laws of St. Lucia. At the end of 2020 the reserve was met.

### 9. TRADE AND OTHER RECEIVABLE

	<u>2020</u>	<u>2019</u>
Fixed and other interest receivable	\$ 99,232	\$ 93,214
FIP Death Benefit	-	41,995
Prepaid expenses	36,736	24,966
Other	<u>21,932</u>	<u>15,529</u>
	<u>\$ 157,900</u>	<u>\$ 175,704</u>

### 10. INVESTMENTS

	<u>2020</u>	<u>2019</u>
<b>Financial assets measured at fair value through profit and loss</b>		
Eastern Caribbean Financial Holdings Ltd		
2020 - 28,656 shares (2019 - 28,656 shares)	\$ 128,665	\$ 121,788
St Lucia Co-operative League	250,105	250,105
First National Bank 2020 - 12,333 Shares, ( 2019- 12,333)	<u>36,999</u>	<u>36,999</u>
	<u>\$ 415,769</u>	<u>\$ 408,892</u>

The shares held at the First National Bank are not traded and are recorded at the price paid on acquisition.

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**11. LOANS TO MEMBERS**

	<u>2020</u>	<u>2019</u>
Personal Loans	\$ 2,973,668	\$ 3,327,121
Mortgages	2,780,270	2,581,882
Vehicle and Consumer Loans	3,481,659	4,535,800
Loans within shares	1,385,056	1,764,829
Other	<u>2,663,050</u>	<u>2,455,540</u>
	13,283,703	14,665,172
Provision for Impairment of Loans	<u>(1,410,121)</u>	<u>(479,117)</u>
	<u>\$ 11,873,582</u>	<u>\$ 14,186,055</u>

**Provision for Impairment of Loans**

Balance at beginning of year	\$ 479,117	\$ 529,908
Charges for the year	931,004	7,329
Write Offs/Recoveries	<u>-</u>	<u>(58,120)</u>
	<u>\$ 1,410,121</u>	<u>\$ 479,117</u>

The Credit Union uses the IFRS 9 guidance and documentation provided by the World Council of Credit Unions for the expected credit loss calculation. This is arrived at by taking into consideration a number of factors to determine the probability of default using a range of (0%-100%) on all loans individually. The factors include but are not limited to, consideration of the social and economic factors, the members and spouse's where applicable employment status, members income, members history of loan payments particularly within the last twelve month period, nature and the value of collateral assigned to the loan. Based on these assessments the loans are classified into the various buckets with their individual probability of default assigned. The expected loss provision is made for each loan individually.

The loan loss provision at December 31, 2020 is as follows:

IFRS 9 **\$ 1,410,121**

In accordance with Schedule of the Co-operative Societies Regulations the Value of delinquent loans and their exposure are as follows:

<b>Duration and Period of Overdue Loans</b>	<b>Percentage of Outstanding Loan Balance that is deemed Loss Exposure</b>		
3 months but less than 6 months	25%	\$ 302,256	\$ 75,564
6 months but less than 9 months	50%	\$ 163,706	\$ 81,853
9 months but less than 1 year	75%	\$ 79,548	\$ 59,661
1 year or more	100%	<u>\$ 516,498</u>	<u>\$ 516,498</u>
		<u>\$ 1,062,008</u>	<u>\$ 733,576</u>

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**12.PROPERTY, PLANT & EQUIPMENT**

	<u>2018</u>			<u>2019</u>
	<u>B/forward</u>	<u>Additions</u>	<u>Disposals</u>	<u>C/forward</u>
<b>Cost</b>				
Land	\$ 169,500	\$ -	\$ -	\$ 169,500
Buildings	438,361	-	-	438,361
Furniture & Equipment	331,627	171,654	95,972	407,309
Leasehold improvements	296,781	387,378	-	684,159
	<u>1,236,269</u>	<u>559,032</u>	<u>95,972</u>	<u>1,699,329</u>
<b>Depreciation</b>				
Buildings	278,157	21,918	-	300,075
Furniture & Equipment	238,818	31,424	87,904	182,338
Leasehold improvements	253,045	52,540	-	305,585
	<u>770,020</u>	<u>105,882</u>	<u>-</u>	<u>787,998</u>
Net book value	<u>\$ 466,249</u>			<u>\$ 911,331</u>
	<u>2019</u>			<u>2020</u>
	<u>B/forward</u>	<u>Additions</u>	<u>Disposals</u>	<u>C/forward</u>
<b>Cost</b>				
Land	\$ 169,500	\$ -	\$ -	\$ 169,500
Buildings	438,361	-	-	438,361
Furniture & Equipment	407,309	4,800	-	412,109
Leasehold improvements	684,159	-	-	684,159
	<u>1,699,329</u>	<u>4,800</u>	<u>-</u>	<u>1,704,129</u>
<b>Depreciation</b>				
Buildings	300,075	21,918	-	321,993
Furniture & Equipment	182,338	45,142	-	227,480
Leasehold improvements	305,585	88,037	-	393,622
	<u>787,998</u>	<u>155,097</u>	<u>-</u>	<u>943,095</u>
Net book value	<u>\$ 911,331</u>			<u>\$ 761,034</u>

**13.ACCOUNTS PAYABLE AND ACCRUALS**

	<u>2020</u>	<u>2019</u>
Utilities	\$ 8,179	\$ 5,813
Security	5,123	5,284
Audit fees	12,000	6,125
Staff Incentive	-	1,700
Accruals and sundry payables	93,318	73,983
	<u>\$ 118,620</u>	<u>92,905</u>

**14.SHARE CAPITAL**

This represents the paid up shares of members at a par value of \$ 5 per share. Members are encouraged to maintain a minimum of 60 shares with a value of \$ 300.

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**15. MEMBER FUNDS**

These comprised of Funds for the benefit of members established by the Credit Union. These funds are supported from allocations from the Net Surplus for the year as follows:

Education fund - 10%

**16. RESERVES**

Under Section 119(2) of the Co-operative Societies Act Cap. 12.06, Laws of St. Lucia, the credit union is required to appropriate at least 20% of the net surplus for each year to the statutory reserve fund. As per the By-laws of the credit union this appropriation has been set at 25%.

**17. RELATED PARTY TRANSACTIONS**

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 by making financial and operational decisions. In this regard the balances of the Directors, Officers and Management at December 31, 2020 were as follows:

	<u>2020</u>	<u>2019</u>
Loans	\$ 984,919	\$ 1,050,615
Shares and Deposits	\$ 196,568	\$ 375,393

**18. SENIOR MANAGEMENT COMPENSATION**

	<u>2020</u>	<u>2019</u>
Senior management compensation	\$ <u>180,360</u>	\$ <u>137,980</u>

**19. OTHER INCOME**

	<u>2020</u>	<u>2019</u>
Other Income	\$ 3,573	\$ 37,263
Commissions on FIP	41,440	17,050
Loan processing fees	13,955	26,395
Sundry	3,407	7,177
	<u>\$ 62,375</u>	<u>\$ 87,885</u>

# ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 20. OTHER EXPENSES

	<u>2020</u>	<u>2019</u>
Annual general meeting	\$ 16,568	\$ 18,483
Board and Committee expenses	5,599	10,692
Donations	3,395	5,580
League dues	16,934	15,096
Legal and professional fees	4,950	6,291
Audit	12,000	12,125
Property tax	2,300	2,300
Loss on disposal of property, plant & equipment	-	8,068
Repairs and maintenance	71,643	61,303
Scholarships	8,625	10,125
Meetings and seminars	5,690	51,422
Staff and officers appreciation	2,027	13,181
	<u>\$ 149,731</u>	<u>\$ 214,666</u>

### 21. CONTINGENT LIABILITIES

- (a) There were no legal obligations at the year end.
- (b) There were no capital commitments outstanding
- (c) At the year end, loans approved by the credit union with an undisbursed amount stood at \$ 113,423.

### 22. LEGAL CLAIMS

There were no Legal Claims against the Society at December 31, 2020.

### 23. FINANCIAL RISK MANAGEMENT

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Credit Union is exposed to a variety of Credit, Liquidity and Market Risk as well as other Operational and Business Risks. The credit union seeks to minimize the effect that these risk will pose to the Business. The credit union's overall risk management policies and processes focus on identifying, analysing and monitoring all potential risks such as interest rate risk and credit risk that are faced by the Credit Union.. All treasury transactions are reported to and approved by the Directors.

#### (a) Credit risk

Credit risk is the risk that the Credit Union will incur a loss because its members or counterparties fail to discharge their contractual obligations. The Credit Union manages and controls credit risk by setting limits on the amount of risk it is willing to accept for its members and by monitoring exposures in relation to such limits.

The Credit Union has established a credit quality review process to provide early identification of possible changes in the credit worthiness of its members, including regular collateral revisions..

The credit quality review process aims to allow the Credit Union to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

Impairment provisions are provided for losses that have been incurred at the Balance Sheet date. The credit union is guided by its loan policy and the regulations in the Co-operative Societies Act, taking into consideration changes in the economy or any particular segment that may represent a concentration in the credit union's portfolio.

The Maximum Exposure to Credit Risk is as follows:

	<b>December 31, 2020</b>	December 31, 2019
Cash Balances with Banks	\$ 3,231,080	\$ 1,528,676
Investments Loans and receivables	4,034,881	3,956,373
Trade and other Receivables	121,164	150,739
Loans to members	<u>11,873,582</u>	<u>14,186,056</u>
	<u>\$ 19,260,707</u>	<u>\$ 19,821,844</u>

**(b) Liquidity risk**

Liquidity risk is defined as the risk that the Credit Union will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Credit Union might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Credit Union on acceptable terms. The Credit Union has developed internal control processes and contingency plans for managing liquidity risk.

The following table presents an aging of current assets and liabilities of the Credit Union for 2020:

**DECEMBER 2020**

	Up to 1 year	Beyond 1 year	Total
<b>Current Assets</b>			
Cash	\$ 3,231,080	\$ -	\$ 3,231,080
Financial assets	4,034,881	-	4,034,881
Accounts receivable	157,900	-	157,900
Loans to members	<u>2,968,395</u>	<u>8,905,187</u>	<u>11,873,582</u>
	<u>10,392,256</u>	<u>8,905,187</u>	<u>19,297,443</u>
<b>Current Liabilities</b>			
Accounts payable	118,620	-	118,620
Members deposits	2,019,925	-	2,019,925
Member's withdrawable shares	<u>5,044,098</u>	<u>11,769,562</u>	<u>16,813,660</u>
	<u>7,182,643</u>	<u>11,769,562</u>	<u>18,952,205</u>
Net position	<u>\$ 3,209,613</u>	<u>\$ (2,864,375)</u>	<u>\$ 345,238</u>



**ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**DECEMBER 31, 2019**

	Up to 1 year	Beyond 1 year	Total
Current Assets			
Cash	\$ 1,528,676	\$ -	\$ 1,528,676
Financial assets	3,956,373	-	3,956,373
Accounts receivable	175,705	-	175,705
Loans to members	<u>3,546,514</u>	<u>10,639,542</u>	<u>14,186,056</u>
	<u>9,207,268</u>	<u>10,639,542</u>	<u>19,846,810</u>
Current Liabilities			
Accounts payable	92,905	-	92,905
Member's deposits	1,861,511	-	1,861,511
Member's withdrawable shares	<u>5,096,518</u>	<u>11,891,876</u>	<u>16,988,394</u>
	<u>7,050,934</u>	<u>11,891,876</u>	<u>18,942,810</u>
Net position	\$ <u>2,156,334</u>	\$ <u>(1,252,334)</u>	\$ <u>904,000</u>

**(c) Market Risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Credit Union classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately. Market risk arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The interest rates on term contracts are fixed to the term of maturity. Rates on members deposits held are reviewed on an annual basis The rate for 2020 ranged from 2.5% to 4.5%.

The credit union is exposed to equity risks (fair value). Shareholdings in the Eastern Caribbean Financial Holding Company are traded on the open market through the Eastern Caribbean Securities Exchange. Investments are monitored by management and changes in value taken through the profit and loss account.

**(d) Operational and Business Risk**

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Credit Union cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

**24. Events after reporting date**

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activities and business operations. The pandemic is still with us, and the Credit Union has extended moratoriums to its members on their Loan Repayments based on guidance from the Eastern Caribbean Central Bank. These moratoriums have affected the Interest earning ability of the Credit Union. The full extent of the negative financial effects on the Credit Union cannot be reasonably estimated at this time, The Credit Union, however is taking measures to control the extent of the losses which may be incurred due to the prolonged nature of the pandemic and the economic impact of same on its members.

# LEAGUE Report

The Delegates of Elk's Credit Union to the league are:

- Wendy Duprey
- Winsburt Regis

The league Board of Directors was constituted as follows, at the Annual General Meeting held on October 27, 2021

Gilroy Satney- President

Brian Samuel- Vice President

McOville Combie- Secretary

Lana Alexander- Assistant Secretary

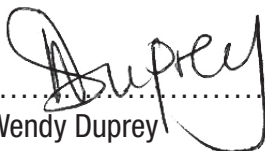
Daniel Jn. Baptiste- Assistant Treasurer

Nancy Charles- Director

The year 2020 presented many challenges for the Credit Union sector and by extension it's umbrella body, the League. The first league meeting which took place at the Heritage Chateau in Dennery, was held on Friday October 02nd 2020. The topics of discussion was mainly the implementation of the credit union ATM project and the call for continued cooperation between the credit unions and the League.

As Covid progressed, the training sponsored by the league held its first class covering Cooperative Principles and Governance of the Credit Union. The Training was attended by representatives of all the Credit Union which form the League. Training was facilitated by Mrs. Geraldine Lendor-Gabriel of Celestial Self Development Centre. Training was informative and well received.

The League also worked with the Credit Union during Covid 19, when approached by the Government for help in purchasing Bonds to facilitate salary payment for Government workers. Overall, during the year 2020, the league was been involved and in constant communication with its members in helping find solutions and improving handling of Covid19 challenges.



.....  
Wendy Duprey  
Delegate









## **VISION STATEMENT**

BUILDING A STRONGER COMMUNITY ONE  
MEMBER AT A TIME

## **MISSION STATEMENT**

TO EXIST AS A VIABLE FINANCIAL  
INSTITUTION, DIRECTED AND OWNED  
BY MEMBERS, PROVIDING VIABLE AND  
SUPERIOR SERVICES, FOR THEIR PERSONAL  
AND FINANCIAL  
WELL- BEING AND THE DEVELOPMENT OF  
THE WIDER COMMUNITY

**Elks City of Castries Cooperative  
Credit Union Limited**

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Castries

St. Lucia

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