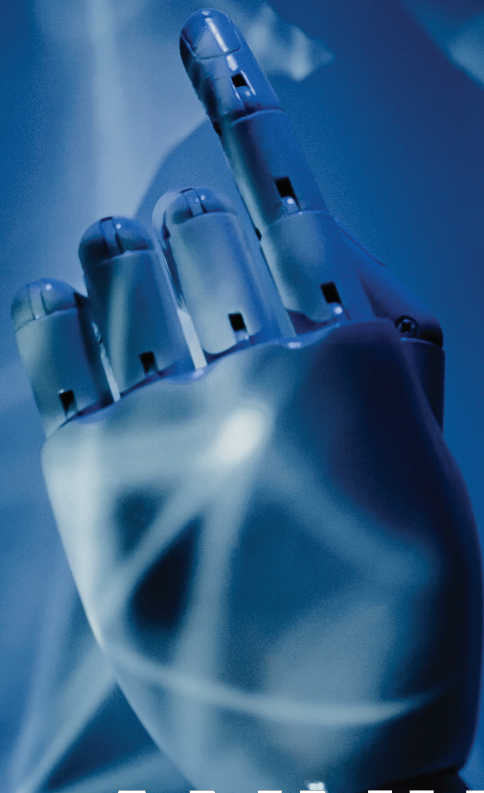




**ELK'S CITY OF CASTRIES
CO-OPERATIVE CREDIT
UNION LIMITED**

**NAVIGATING THE FUTURE;
A SPECTRUM OF OPPORTUNITY**



**ANNUAL 20
REPORT 21**

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.

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**

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STANDING ORDERS

1. (a) A member shall stand and state their 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, they shall immediately take their 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 a motion who has a right to reply
 - (b) the member rises to object to or explain any matter (with the permission of the Chair).
5. No speeches shall be made after the ‘Question’ has been put to the meeting.
6. 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.
7. 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.)
8. A member shall “Call” another member “to order.”
 - (a) A member may draw the attention of the Chair to a ‘breach of order’
 - (b) On no account can a member call the Chair “to Order”.
9. Only one amendment shall be before the meeting at one and the same time.
10. When a motion is withdrawn, an amendment to it fails.
11. The Chairman shall have the right to a ‘casting vote’.
12. If there is an equality of voting on amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.
13. Provision shall be made for protection by chairman for vilification (personal abuse) among members.
14. No member shall impute improper motives against another.

ELKS CREDIT UNION INFORMATION SHEET

Registered Office	Chisel Street Castries, St. Lucia
Postal Address	Elks Credit Union Limited P.O Box 1924 Castries, St. Lucia
Email Address	info@elkscreditunion.com
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 th 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 st National Bank St. Lucia Ltd Bridge Street Castries

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 44th 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 Saturday August 13, 2022 at 2pm.

AGENDA

OPEN SESSION

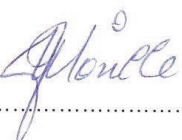
1. Credit Union Prayer
2. Prayers
3. Welcome Address – President
4. Fraternal Greetings
5. Feature Address
6. Vote of Thanks

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) Credit Committee
 - (c) Supervisory Committee
 - (d) Treasurer
 - (e) Auditor
6. Appointment of Returning Officer
7. Elections to:-
 - (a) Board of Directors
 - (b) Supervisory Committee
 - (c) Credit Committee

Appointment of Auditor
Resolutions if any
Amendment to By-Laws
Other Business
Adjournment

BY ORDER OF THE BOARD OF DIRECTORS



.....

Secretary

PRESIDENT'S MESSAGE

Let me take this momentous opportunity to welcome each and every one of you to our 44th Annual General Meeting. For all who sit here today and those in virtual world via Zoom, we will all agree that we are blessed that we have survived the wraths of the pandemic that destroyed lives and the economic environment in which we operate.

To the management and staff of Elks Credit Union I say thank you for recommending and executing the approved plan of action that sought to find innovative ways to assist our members and help cushion that unplanned financial phenomenon that they had to experience.

Our theme for the upcoming year “Navigating the future; a Spectrum of Opportunity” is aligned to the slight relief from the pandemic and the strict measures that are now relaxed with economic activity on the rebound. Members, while we have remained relatively stable in the area of lending, our ability to continue to create a surplus that would benefit you depends on you taking advantage of the lending opportunities put forward by the Credit Union. As such, I must invite you to take advantage of the loan promotions that we are currently offering with low interest rates on mortgages and also remodeling homes, refinancing and debt consolidation.

While the Board report will expound, the introduction of online banking, has made it possible for the members to conduct their transactions online and soon from now you will be able to have access to an international debit card. I urge members to take advantage of this ever-growing digital technology; Opportunities brought about by the global pandemic.

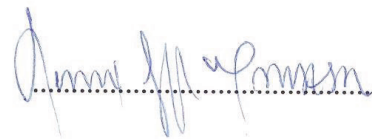
In 2021 the World Bank listed St. Lucia's inflation rate as 2.4% and as we convene this meeting, preliminary statistics list the inflation rate as 6.4%. We are fully aware of the impact that this growing inflation rate has on the economy and by extension our membership; restricting their purchasing power

to adequately service loans and borrow. However, our strategic objectives are well aligned to assist in this situation and your collaboration and involvement as members is required.

We exist to cushion your burden and if you are unfortunate to get caught up in this economic crisis, please drop by the office for assistance in restructuring your loan payments where our loan officers would be glad to be of service to you. So dear members, I urge you to continue your patronage of your credit union, because it exists to serve all your financial needs as shareholders.

Board of Directors, volunteers and staff I say thank you for another year of dedication and commitment.

I thank you all and wish you a very successful Annual General Meeting.



Lennox G. Mondesir
President

BOARD OF DIRECTORS REPORT

At the 43rd 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 held on June 28th 2021, directors were appointed for periods varying from one to three years in the following positions:

NAME	POSITION	TENURE	DATE COM-MENCED
Lennox Mondesir	President	3 years	April 2018
Errold P. Cyril	Vice President	2 years	May 2017
Jean Morille	Secretary	3 years	June 2021
Wendy Duprey	Treasurer	1 year	May 2017
Winsbert Regis	Assistant Treasurer	1 year	April 2017
Eleanor Francis	Assistant Secretary	2 years	May 2018
Daniel Lewis	Ordinary Director	3 years	June 2021
Linus St. Clair	Ordinary Director	2 years	May 2019
Scott Lubin	Ordinary Director	1 year	May 2019

REVIEW OF 2021

Although the year 2021 followed its sister year 2020 with as much disruption and uncertainty, it was a year of reflection, rethinking, reengineering and realigning to a new paradigm shift that followed the most disruptive financial year yet. The financial and social hardships that we made mention of in our 2020 report became even more evident in 2021 and reflected clearly in the assets and liabilities of the organization generally as a result of membership activity for the period. Though the financial outlook remained stable throughout the year, the Board and Management while navigating the future, recognize that out of the dismal situation came about numerous opportunities. Every effort is being made to ensure stability and sustainability while improving the lives of the membership.

Navigating the Future: A Spectrum of Opportunity

In the words of the 35th President of the United States, “When written in Chinese, the word “crisis” is composed of two characters. One represents danger and the other represents opportunity”. We have embraced the inherent Covid-19 crisis, envisioning a spectrum of opportunities for the membership that is focused on rebuilding in the short and long-term.

The Board in collaboration with management has recognized the limited purchasing power of its

members over the past two (2) years and more so during the past year immediately following the Annual General Meeting in June 2021. While the liquidity position of the Credit Union lends itself to increased lending to members, the economic situation and the lingering effects of the pandemic remain, compounded by the competitive nature of other financial institutions and sadly within our movement.

While we seek to build communities one member at a time, during the year 2022 we will seek to review interest rates that would enable existing and potential members to acquire viable investments. This would enable the Credit Union to build its asset base while increasing revenue through interest income and positively impact surplus.

A Focus on the Digital Space

With the need to go digital spoken about constantly, the pandemic reminded us that we can no longer continue to operate within the same physical space that we have occupied over the past fifty-five (55) years. Demand for instant access to services became apparent and created the perfect opportunity to introduce the Mobile Banking service to the membership. On February 02, 2021 this became a reality with members having access to transferring funds to pay loans, transferring funds to and from other accounts, viewing their balances inter alia.

To date just over three hundred (300) members have downloaded and accessed the mobile app. We urge all members to make use of this convenient real-time service that is available on both IOS and Android.

We are currently in discussions with our league representatives to launch the ATM/International Debit Card and members will be appraised as the events unfold in the coming months.

Training & Development

The Credit Union continues to remain dedicated to training and development of its staff and volunteers and all efforts are being made to ensure we execute accordingly. The aim for volunteer training is to ensure that they remain abreast with developments in this constantly changing financial industry locally, regionally and internationally which impact the way we as Credit Unions operate. In July 2021 all volunteers and staff attended the online training in Anti-Money Laundering facilitated by the University of the West Indies.

Additionally, three (3) Board members namely Lennox Mondesir (President), Wendy Duprey (Treasurer) and Winsbert Regis (Assistant Treasurer) attended a workshop on Cooperative Principles and Governance in October 2020 and March 2021, facilitated by Geraldine Lendor-Gabriel. Virtual training in Emortelle for Supervisory Committee was held on May 03, 2022 facilitated by Micro Software Designs of Trinidad and Tobago.

Training and development of our staff and volunteers is of paramount importance and we will continue to ensure that adequate training is provided in 2022, as the knowledge and ability to perform the duties assigned is essential for the required day to day support and continuity within the organization.

Delinquency Management

Delinquency is above the current expected ratio not as a result of lack of follow-up on existing loans but the continued decline in economic activity and increase in unemployment that continued to contribute significantly to some members not being able to service their debts. Notwithstanding, we are appealing to all members to honor their obligations with the Credit Union as the funds extended to you are also your member's funds.

We also encourage you to take advantage of our walk-in service to speak to a loans officer or the Recoveries Officer who would listen to your financial needs and make recommendations that would better improve your finances. Take advantage of the debt consolidation and refinancing that would improve your position and reduce the exorbitant costs associated with the bad debts that continue to plague the performance of the Credit Union. It is your credit union and it is your collective responsibility that would enable us to reduce the debt.

Annual Scholarship and Bursary Recipients- 2021

As the credit union continued to adhere to Principle #5 Education and Training, we again granted two scholarships to students who wrote the common entrance and are now attending Secondary School.

Camille Charles -St. Joseph's Convent
Ryan Charles- St. Mary's College

Additionally, five (5) bursaries were also granted to students who had also applied for scholarships and were not successful.

The Board recognizes the need to continue to provide additional assistance to the membership in the area of education given the negative impact of the pandemic and the rise in the cost of living brought about by the economic hardship.

As we navigate the future, the Credit Union is not immune to the harsh reality of the changing economies regionally and internationally and the impact that has been created locally together with our own realities of economic hardship. In 2021 we continued to feel the effects of declining revenue and slow loan growth that obviously impacted our surplus negatively. However, this is expected to change as the Board recognizes the need to have definitive strategic objectives that would enable growth, increase capital and by extension sustainability; the benefits of which would pass on to the membership.

Again, as said at the 43rd Annual General Meeting and definitely needs re-enforcing, the incoming Board of Directors, 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 objectives 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.

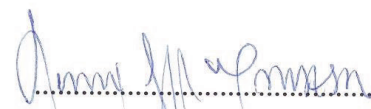
Thanks to you our loyal member-shareholders for continuing to make us your premier financial institution and to management and staff for your continued endurance during 2021. We are calling on you to continue your support to the volunteers and staff to ensure the proper management of your funds. Sincere 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. You continue to show that together we can do anything especially when ensuring that sustainability of the Credit Union is paramount.

Director Winsbert Regis, we bid you a fond farewell as you end your term in office. You have served on the Board with honor, respect, dedication and commitment. Your contribution has indeed impacted the membership and the Credit Union positively and we look forward to still having you around when required. A true Credit Unionist you are!

Once again while there are vacancies on the Board, we 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.


Jean Morille
Secretary


Lennox Mondesir
President

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 2021. May their memories comfort you daily.

CREDIT COMMITTEE REPORT

The credit committee extends a warm welcome to you the members of the Elks City of Castries Credit Union. The committee comprises Mr. Nicolai Lansiquot - Chairperson, Ms. Merlika Meidor - Secretary, Mrs. Patricia Paula Thomas, Ms. Claudia Hippolyte, and Ms. Earline Moseste.

The committee conducts reviews of loan applications approved in compliance with the Loan Policy of the credit union and also functions to make referrals to the Board of Directors for loans above its approval limit.

A total of two hundred and eighteen (218) loans were reviewed by the committee in 2021. Of these loans one hundred and ninety-two (192) loans were approved, ten (10) loans were referred to the Board of Directors, and sixteen (16) to the Joint Committee. A total of \$1,630,186.41 was approved, a total of \$847,573.16 was deferred to the Board of Directors, and \$338,300.01 to the Joint Committee.

two quarters of 2021. The committee would like to take this opportunity to remind members that our ability to issue loans is dependent on how regularly we save and service our debt obligations. We encourage members to service their loans on time; if at any time you may have difficulty in making your loan payments, visit your loan officer so that your loan can be revised to better accommodate your circumstance.

In closing we would like to leave you with a quote from Alvin Toffler, "The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn." We now have an opportunity to learn from our successes and failures, and to now retool ourselves to become more competitive and relevant in these difficult times. The credit committee would like to thank the membership for affording us the opportunity to serve you in 2021.

Category	# of Loans	Amount	Security	Referred to Board	Referred to Joint Committee
Education	16	\$ 71,570.84	\$ 109,679.94		\$ 318,300.01
Debt Consolidation	5	\$ 75,097.86	\$ 72,205.74	\$ 847,573.16	
Personal Expenses	52	\$ 355,423.32	\$ 345,428.70		
Medical Expences	8	\$ 26,946.12	\$ 58,033.54		
Vehicle	9	\$ 207,564.42	\$ 168,854.56		
Business Loans					
Household Appliances	3	\$ 9,500.00	\$ 8,398.27		
Vehicle Repair	11	\$ 96,100.00	\$ 74,917.09		
Renovations	37	\$ 429,122.34	\$ 351,036.94		\$ 20,000.00
Funeral Expenses	1	\$ 5,000.00	\$ 17,705.16		
Personal Loan Promo	7	\$ 47,481.60			
Travel Expenses	1	\$ 5,000.00	\$ 19,276.50		
Legal Fees	2	\$ 23,500.00	\$ 7,872.78		
Small Business Loan	1	\$ 20,000.00	\$ 7,000.00		
Christmas Loans Promo	39	\$ 257,879.91	\$ 3,292.55		
Mortgage					
	192	\$ 1,630,186.41	\$ 1,243,701.77	\$ 847,573.16	\$ 338,300.01

Delinquency rates continue to remain consistently high throughout the year, which may be attributed to the effects of Covid-19 and the high rates of unemployment. It must be noted that there was an increase in the amount of borrowing in the last



 Nicolai Lansiquot

SUPERVISORY REPORT

The Supervisory Committee is pleased to submit this report for the period of June 2021- July 2022

At the 43rd Annual General Meeting of the Elk's City of Castries Credit Union held on 23rd June 2021 two new members were elected to serve on the Supervisory committee.

-Kezie St Brice

-Marcellus Lennie

At the first meeting of the Supervisory Committee held on 30th June, 2021, the members were appointed to serve in the following positions:

Nadia Momerelle- Chairperson- 3 years

Kim Smith- Secretary- 2 years

Levonne Vitalis- Assistant Secretary- 3 years

Marcellus Lennie – 1 Year

Kezie- St Brice- 1 Year

Despite having numerous challenges, the Supervisory committee was able to make a marked improvement in meeting regularly as specified by the by laws of Elk's City of Castries Credit union.

During the term the Supervisory Committee reviewed/audited the following documents:

1. **Loans Granted**
2. **Delinquency Report by Month**
3. **Declaration of Source of Funds**
4. **Management Letter**
5. **Board Minutes**
6. **New members files**
7. **Volunteer files**

Our findings, under the different categories are as follows: -

1. **Loans:** All new and existing loans were granted in accordance with the loans policy. All required documentation was submitted with loan applications for approval.
2. **Delinquency Report:** The pandemic affected some members, and, as a result, those affected were unable to make regular payments towards their loans. In these instances, the Credit Union was able to work with members and reschedule their payments. This approach proved beneficial to members affected secularly and consequently

are unable to make repayments required on loans and this continues to be a challenge for the Credit union.

3. **Declaration of Source of Funds** – Documents reviewed and Credit Union was found compliant.
4. **Board Minutes** – Minutes were reviewed to ensure that decisions taken by the Board and Management were approved and in accordance with the regulations of the Credit Union.
5. **New members files** – Several files were reviewed during the period under the review. While some documents were missing on a few files the majority contained all required documents. The missing documents were brought to the attention of the Management of the Credit Union and was addressed to the satisfaction of the committee.
6. **Volunteer files** – Same as new members files. The Supervisory Committee would like to commend the Management of the Credit union for their continued efforts in taking measures to ensure the safety of its members and staff.

The Committee is pleased to be a part of this Organization as it continues to make changes to keep up with climate change and adapt to efficiently serve its members.

We thank the members of Elk's City of Castries Credit Union for giving us the opportunity to serve the Organization.

We also thank 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.



Nadia Momerelle
Chairperson

TREASURER'S REPORT

Members, the statement being presented today represents the shadow of the pandemic years and its effects.

FINANCIAL STATUS

Assets of the Credit Union decreased by \$692,787.00 or 3.38% from 2020 as a result of the decline in the loans portfolio due to decreased lending brought about by the pandemic. Investments grew by \$1,603,407.00 which is reflective of the decision by the Board to invest the amount of 1.5 million from excess liquidity with the Government of St. Lucia in the form of bonds. The additional \$103,000.00 was as result of maturing investments that were reinvested with interest. Share Capital realized another positive increase of \$83,840.00 or 8.77% continuing to impact positively on the overall member's equity. Lending continued to decrease throughout 2021 and therefore liquidity has increased to 42.04%.

Overview Loans portfolio

While the loans portfolio remained relatively stable between 2020 and 2021 the minimal decrease realized year on year (11k) confirms the need to review our interest rates in 2022 as alluded to in the Board of Directors report. We continue to make every effort to increase and promote lending to the membership. Members as we do our part to provide opportunities, we implore all to take advantage and borrow with the idea that we are contributing to our growth. As we convene the AGM, there are several loan promotions ongoing including mortgage loans, debt consolidation and school loans, all in an effort to help our members during these harsh economic times.

We recognize the increase in delinquency from 10.18% in 2020 to 17.03% in 2021 and every effort is being made to assist the membership to service their loans based on their current income. Members should take advantage of debt consolidation and refinancing offered by the Credit union.

GENERAL STATISTICS 2021

	2017	2018	2019	2020	2021
<i>Assets</i>	17,431	18,871	21,167	20,474	22,126
<i>Cash & Cash Equivalents</i>	2,041	1,458	1,529	3,231	2,981
<i>Accounts Receivable</i>	100	133	176	158	263
<i>Treasury Bills</i>	0	412	409	1,132	2652
<i>Investment Securities</i>	3,683	3,358	3,956	3,319	3384
<i>Loans to Members</i>	11,070	13,020	14,186	11,874	12,225
<i>Fixed Assets</i>	528	466	911	761	631
Total Liabilities	15,913	16,968	18,943	18,952	20266
<i>Payables & Accruals</i>	91	108	93	119	154
<i>Shares</i>	14,304	15,514	16,988	16,814	17,888
<i>Deposits</i>	1,518	1,545	1,862	2020	2,224
<i>Member's Share Capital</i>	575	708	855	956	1,040
<i>Borrowings</i>	0	0	0	0	0
<i>Statutory Reserve</i>	360	416	488	557	623,642
<i>Education Fund</i>	19	21	49	49	72
<i>Undivided Earnings</i>	494	506	658	(40)	125
<i>Members' Equity</i>	1,314	1,518	1,903	1522	1,862

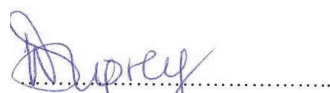
Members Equity

An improvement was realized from 7.43% in 2020 to 13.68% in 2021. Permanent shares remained stable at 4.66% and we recognized the inability of members to increase their shares during the year 2021, however we continue to encourage members to invest in our credit union.

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 more vital that you continue to invest by purchasing shares to ensure overall stability.

PEARLS RATIOS DECEMBER 31, 2021

PEARLS RATIO	Actual 2020	Actual 2021	STANDARD RATINGS
PROTECTION			
Provisions for Loans Delinquent >12 months	125.09%	170.91%	100%
Provision for Loans Delinquent < 12 months	88.97%	83.02%	35%
Solvency (Net Value of Assets/Total Shares & Deposits)	109.84%	109.72%	
EFFECTIVE STRUCTURE (Financial)			
Loans/Total Assets	62.99%	59.56%	70% - 80%
Savings Deposits /Total Assets	89.31%	90.24%	80%
Members Share Capital/Total Assets	4.53%	4.67%	
Net Institutional Capital/Total Assets	7.43%	13.68%	10
ASSET QUALITY			
Total Delinquency/Gross Loan	10.18%	17.03%	Max-
Non-Earning Assets/Total Assets	9.31%	4.88%	Max-
RATES OF RETURN			
Operating Expenses/Total Assets	7.42%	4.93%	
Net Income/Average Total Assets	-0.76%	1.98%	2%
LIQUIDITY			
Liquid Assets-Short Term Payables/Total Deposits & Withdraw-able shares	35.80%	42.04%	Min-15%
SIGNS OF GROWTH			
Growth in Total Assets	3%	8.85%	Min-10%



Wendy D. Duprey

Treasurer

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

FINANCIAL STATEMENTS

DECEMBER 31, 2021



**2020G LLEWELLYN GILL &
CO.CHARTERED ACCOUNTANTS
P O BOX 546, CASTRIES**

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

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

DECEMBER 31, 2021

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

INDEPENDENT AUDITORS' REPORT

To the Members of:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of . ("the Credit Union"), which comprise the statement of financial position as at 31 December 2021, 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 2021 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
July 21, 2022



Chartered Accountants

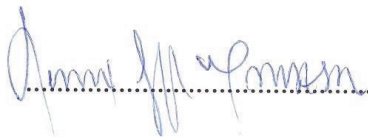
ELK'S CITY OF CASTRIES CO-OPERATIVE CREDIT UNION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and balances with banks (Note 7)	\$ 2,981,338	\$ 3,231,080
Financial assets (Note 8)	5,624,247	4,034,881
Trade and other receivables (Note 9)	262,701	157,900
Investments (Note 10)	401,728	415,769
Loans to members (Note 11)	12,224,925	11,873,582
Capital assets (Note 12)	630,679	761,034
TOTAL ASSETS	\$ <u>22,125,618</u>	\$ <u>20,474,246</u>
LIABILITIES		
Members withdrawable shares and deposits	\$ 20,111,962	\$ 18,833,585
Accounts payable and accruals (Note 13)	153,553	118,620
Total Liabilities	<u>20,265,515</u>	<u>18,952,205</u>
MEMBERS' EQUITY		
Share Capital (Note 14)	1,039,735	955,895
Member Funds (Note 15)	72,139	49,279
Reserves (Note 16)	623,642	557,121
Retained earnings	124,587	(40,254)
Total Members' Equity	<u>1,860,103</u>	<u>1,522,041</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ <u>22,125,618</u>	\$ <u>20,474,246</u>

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, 2021

	<u>2021</u>	<u>2020</u>
SHARE CAPITAL		
Share capital at beginning of year	\$ 955,895	\$ 854,710
Net shares purchased	<u>88,840</u>	<u>101,185</u>
Share capital at end of year	<u><u>1,039,735</u></u>	<u><u>955,895</u></u>
RESERVES		
Statutory reserve		
At beginning of year	557,121	554,296
Add : 25% of net surplus for the year	63,401	-
Entrance Fees	<u>3,120</u>	<u>2,825</u>
At end of year	<u><u>623,642</u></u>	<u><u>557,121</u></u>
MEMBER FUNDS		
Education fund		
At beginning of year	49,279	57,850
Add : 10% of net surplus for the year	25,360	-
Training expenses for the year	<u>(2,500)</u>	<u>(8,571)</u>
At end of year	<u><u>72,139</u></u>	<u><u>49,279</u></u>
TOTAL MEMBER FUNDS	<u><u>72,139</u></u>	<u><u>49,279</u></u>
UNDIVIDED EARNINGS		
At beginning of year	(40,254)	757,367
Total Comprehensive (Loss)/Income for the year	<u>253,602</u>	<u>(797,621)</u>
	213,348	(40,254)
Statutory reserve	<u>(63,401)</u>	-
Education fund	<u>(25,360)</u>	-
At end of year	<u><u>124,587</u></u>	<u><u>(40,254)</u></u>
MEMBERS' EQUITY, END OF YEAR	<u><u>\$ 1,860,103</u></u>	<u><u>\$ 1,522,041</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, 2021

	<u>2021</u>	<u>2020</u>
INCOME		
Interest on members' loans	\$ 1,309,827	\$ 1,454,940
Interest on fixed and savings deposits	<u>166,039</u>	<u>165,814</u>
	<u>1,475,866</u>	<u>1,620,754</u>
Interest Expense		
Interest and bank charges	4,711	4,263
Members deposit interest	<u>276,200</u>	<u>277,311</u>
	<u>280,911</u>	<u>281,574</u>
Net Interest Income	1,194,955	1,339,180
Provision for Impairment of loans & advances	-	(931,004)
Provision for Impairment of Investments	(14,041)	6,877
CUNA Insurance	(214,074)	(237,996)
Other Income (Note 19)	<u>352,249</u>	<u>62,375</u>
Net Interest and Other Income	<u>1,319,089</u>	<u>239,432</u>
OPERATING EXPENSES		
Advertising and promotions	37,340	36,368
Depreciation	143,976	155,097
Insurance	13,720	13,380
Office supplies and stationery	36,648	47,706
Other expenses (Note 20)	164,390	149,731
Rent	95,250	97,950
Salaries, benefits and allowances	409,313	424,150
Security services	62,626	45,513
Utilities	<u>102,224</u>	<u>67,158</u>
	<u>1,065,487</u>	<u>1,037,053</u>
TOTAL COMPREHENSIVE(LOSS)/INCOME FOR THE YEAR	\$ <u>253,602</u>	\$ <u>(797,621)</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, 2021

	<u>2021</u>	<u>2020</u>
Cash flows from Operating Activities		
Total Comprehensive (Loss)/Income for the year	\$ 253,602	\$ (797,621)
Add (deduct): charges to income not involving cash		
Depreciation	143,976	155,097
Provision for Impairment of Loans	-	931,004
Provision for impairment of Investments	<u>14,041</u>	<u>(6,877)</u>
	411,619	281,603
Net change in non-cash working capital		
balances related to operations		
(Increase) in accounts receivable	(101,933)	29,575
(Increase) in held-top maturity financial assets	(1,589,369)	(78,508)
(Increase) in loans to members	(351,342)	1,381,470
Increase in members fixed and other deposits	1,278,377	(16,320)
Increase in accounts payable and accruals	34,935	25,715
Prepaid Expenses	<u>(2,868)</u>	<u>(11,770)</u>
Net cash flow provided by (used in) operating activities	<u>(320,581)</u>	<u>1,611,765</u>
Cash flows from Investing Activities		
Purchase of fixed assets	<u>(13,621)</u>	<u>(4,800)</u>
Net cash flow provided by (used in) investing activities	<u>(13,621)</u>	<u>(4,800)</u>
Cash flows from Financing Activities		
Payments from education fund	(2,500)	(8,571)
Increase in members' shares	83,840	101,185
Entrance fees	<u>3,120</u>	<u>2,825</u>
Net cash flow provided by (used in) financing activities	<u>84,460</u>	<u>95,439</u>
INCREASE/(DECREASE) IN CASH	(249,742)	1,702,404
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,231,080</u>	<u>1,528,676</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,981,338</u>	<u>\$ 3,231,080</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, 2021

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, 2021

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 from 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021

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

New standards and revisions issued and effective for the financial year beginning January 1st, 2021.

IFRS 16 - Covid-19 Related Rent Concessions which became effective on June 1, 2020. The amendment permits leases, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the Covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for these rent concessions as if they were not lease modifications.

IFRS 4- Extension of the Temporary Exemption from applying IFRS 9 as it amends IFRS 4 issued in June 2020, by two years. It will expire for annual reporting periods beginning on or after January 1, 2023.

IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 - Interest rate Benchmark Reform - Phase 2 issued in August 2020 amends IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The objectives of the Phase 2 amendments are to (a) support companies in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the reform and (b) assist companies in providing useful information to users of financial statements.

The above amendments have no effect on our current financial statements.

Standards revised and issued but not yet effective and not early-adopted.

IAS 16 – Property, Plant and Equipment

This amendment addresses Proceeds before Intended Use and prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceed and related cost in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Annual Improvements to IFRS's 2018 to 2020 Cycle was issued in May 2020.

IFRS 1 - First time adoption of International Financial Reporting Standards - This relates to a Subsidiary as a First time Adopter.

IFRS 9, Financial Instruments – Fees in the "10 percent" test for derecognition of financial liabilities and IAS 41 Agriculture - Taxation in fair value Measurements

The amendments to IFRS 17 re Insurance Contracts are not applicable to the Credit Union.

IAS 1- Classification of Liabilities as Current or Non-current - Deferral of effective date issued in July 2020 to become effective on January 1, 2023. This amendment clarifies a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

There are no other IFRS or IFRIC interpretations that are not yet effective and expected to have a material impact on the financial statements of the Credit Union..

Early adoption of standards

The Credit Union did not early-adopt any new or amended standards in 2021.

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 July 21, 2022.

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, 2021

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>2021</u>	<u>2020</u>
Cash on hand	\$ 136,790	\$ 155,224
Cash at banks	<u>2,844,548</u>	<u>3,075,856</u>
	<u>\$ 2,981,338</u>	<u>\$ 3,231,080</u>

8. FINANCIAL ASSETS

	<u>2021</u>	<u>2020</u>
Certificate of deposits	\$ 2,972,665	\$ 2,902,779
Government of St. Lucia Treasury Bills	<u>2,651,582</u>	<u>1,132,102</u>
	<u>\$ 5,624,247</u>	<u>\$ 4,034,881</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 2021 the reserve was met.

9. TRADE AND OTHER RECEIVABLE

	<u>2021</u>	<u>2020</u>
Fixed and other interest receivable	\$ 103,360	\$ 99,232
FIP Death Benefit	104,208	-
Prepaid expenses	39,604	36,736
Other	<u>15,529</u>	<u>21,932</u>
	<u>\$ 262,701</u>	<u>\$ 157,900</u>

10. INVESTMENTS

	<u>2021</u>	<u>2020</u>
Financial assets measured at fair value through profit and loss		
Eastern Caribbean Financial Holdings Ltd		
2021 - 28,656 shares (2020 - 28,656 shares)	\$ 114,624	\$ 128,665
St Lucia Co-operative League	250,105	250,105
First National Bank 2021 - 12,333 Shares, (2020- 12,333)	<u>36,999</u>	<u>36,999</u>
	<u>\$ 401,728</u>	<u>\$ 415,769</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, 2021

11. LOANS TO MEMBERS

	<u>2021</u>	<u>2020</u>
Personal Loans	\$ 2,316,870	\$ 2,973,668
Mortgages	2,616,731	2,780,270
Vehicle and Consumer Loans	3,400,743	3,481,659
Loans within shares	1,470,422	1,385,056
Other	<u>3,467,254</u>	<u>2,663,050</u>
	13,272,020	13,283,703
Provision for Impairment of Loans	<u>(1,047,095)</u>	<u>(1,410,121)</u>
	<u>\$ 12,224,925</u>	<u>\$ 11,873,582</u>

Provision for Impairment of Loans

Balance at beginning of year	\$ 1,410,121	\$ 479,117
Charges for the year	-	931,004
Write Offs/Recoveries	<u>(363,026)</u>	<u>-</u>
	<u>\$ 1,047,095</u>	<u>\$ 1,410,121</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, 2021 is as follows:

IFRS 9 **\$ 945,845**

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

Duration and Period of Overdue Loans	Percentage of Outstanding Loan Balance that is deemed Loss Exposure		
3 months but less than 6 months	25%	\$ 585,279	\$ 146,320
6 months but less than 9 months	50%	\$ 137,903	\$ 68,951
9 months but less than 1 year	75%	\$ 303,616	\$ 227,712
1 year or more	100%	<u>\$ 604,112</u>	<u>\$ 604,112</u>
		<u>\$ 1,630,910</u>	<u>\$ 1,047,095</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

12. PROPERTY, PLANT & EQUIPMENT

	<u>2019</u>			<u>2020</u>
	<u>B/forward</u>	<u>Additions</u>	<u>Disposals</u>	<u>C/forward</u>
Cost				
Land	\$ 169,500	\$ -	\$ -	\$ 169,500
Buildings	438,361	-	-	438,361
Furniture & Equipment	407,309	4,800	-	412,109
Leasehold improvements	<u>684,159</u>	<u>-</u>	<u>-</u>	<u>684,159</u>
	<u>1,699,329</u>	<u>4,800</u>	<u>-</u>	<u>1,704,129</u>
Depreciation				
Buildings	300,075	21,918	-	321,993
Furniture & Equipment	182,338	45,142	-	227,480
Leasehold improvements	<u>305,585</u>	<u>88,037</u>	<u>-</u>	<u>393,622</u>
	<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>
	<u>2020</u>			<u>2021</u>
	<u>B/forward</u>	<u>Additions</u>	<u>Disposals</u>	<u>C/forward</u>
Cost				
Land	\$ 169,500	\$ -	\$ -	\$ 169,500
Buildings	438,361	-	-	438,361
Furniture & Equipment	412,109	13,621	-	425,730
Leasehold improvements	<u>684,159</u>	<u>-</u>	<u>-</u>	<u>684,159</u>
	<u>1,704,129</u>	<u>13,621</u>	<u>-</u>	<u>1,717,750</u>
Depreciation				
Buildings	321,993	21,918	-	343,911
Furniture & Equipment	227,480	44,582	-	272,062
Leasehold improvements	<u>393,622</u>	<u>77,476</u>	<u>-</u>	<u>471,098</u>
	<u>943,095</u>	<u>143,976</u>	<u>-</u>	<u>1,087,071</u>
Net book value	<u>\$ 761,034</u>			<u>\$ 630,679</u>

13. ACCOUNTS PAYABLE AND ACCRUALS

	<u>2021</u>	<u>2020</u>
Utilities	\$ 8,126	\$ 8,179
Security	6,224	5,123
Audit fees	12,000	12,000
Staff Incentive	600	-
Accruals and sundry payables	<u>126,603</u>	<u>93,318</u>
	<u>\$ 153,553</u>	<u>118,620</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, 2021

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, 2021 were as follows:

	<u>2021</u>	<u>2020</u>
Loans	\$ 733,652	\$ 984,919
Shares and Deposits	\$ 352,506	\$ 196,568

18. SENIOR MANAGEMENT COMPENSATION

	<u>2021</u>	<u>2020</u>
Senior management compensation	\$ <u>180,360</u>	\$ <u>180,360</u>

19. OTHER INCOME

	<u>2021</u>	<u>2020</u>
Other Income	\$ 302,889	\$ 3,573
Commissions on FIP	28,157	41,440
Loan processing fees	17,770	13,955
Sundry	3,433	3,407
	<u>\$ 352,249</u>	<u>\$ 62,375</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

20. OTHER EXPENSES

	<u>2021</u>	<u>2020</u>
Annual general meeting	\$ 16,876	\$ 16,568
Board and Committee expenses	5,768	5,599
Donations	2,600	3,395
League dues	14,741	16,934
Legal and professional fees	894	4,950
Audit	12,000	12,000
Property tax	2,300	2,300
Repairs and maintenance	86,096	71,643
Scholarships	10,500	8,625
Meetings and seminars	10,106	5,690
Staff and officers appreciation	2,509	2,027
	<u>\$ 164,390</u>	<u>\$ 149,731</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, there were no loans approved by the credit union with an undisbursed amount. Balance undrawn at December 31, 2020 (\$ 113,423).

22. LEGAL CLAIMS

There were no Legal Claims against the Society at December 31, 2021.

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, 2021

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:

	December 31, 2021	December 31, 2020
Cash Balances with Banks	\$ 2,981,338	\$ 3,231,080
Investments Loans and receivables	5,624,247	4,034,881
Trade and other Receivables	223,097	121,164
Loans to members	<u>12,224,925</u>	<u>11,873,582</u>
	<u>\$ 21,053,607</u>	<u>\$ 19,260,707</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 2021:

DECEMBER 2021

	Up to 1 year	Beyond 1 year	Total
Current Assets			
Cash	\$ 2,981,338	\$ -	\$ 2,981,338
Financial assets	5,624,247	-	5,624,247
Accounts receivable	262,701	-	262,701
Loans to members	<u>3,056,231</u>	<u>9,168,694</u>	<u>12,224,925</u>
	<u>11,924,517</u>	<u>9,168,694</u>	<u>21,093,211</u>
Current Liabilities			
Accounts payable	153,555	-	153,555
Members deposits	2,223,939	-	2,223,939
Member's withdrawable shares	<u>5,366,407</u>	<u>12,521,615</u>	<u>17,888,022</u>
	<u>7,743,901</u>	<u>12,521,615</u>	<u>20,265,516</u>
Net position	<u>\$ 4,180,616</u>	<u>\$ (3,352,921)</u>	<u>\$ 827,695</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

DECEMBER 31, 2020

	Up to 1 year	Beyond 1 year	Total
Current Assets			
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>
Current Liabilities			
Accounts payable	118,620	-	118,620
Member's 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>

(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 2021 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.

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“OUR MEMBERS MATTER MOST”



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