



Elks City of Castries  
Co-operative Credit Union  
L I M I T E D

# EXPANDING THE POSSIBILITIES; **THE POWER OF YOU**



## Annual Report **2022**



## **NATIONAL ANTHEM**

Sons and Daughters of Saint Lucia  
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 forever be!

## **Prayer of Saint Francis of Assisi**

Lord, make me an instrument of your 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;  
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 strong community one member at a time

## **Mission Statement**

A sound credit union providing superior and efficient  
services for members' financial well-being.

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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:
  - (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

<b>Registered Office</b>	# 79 Brazil Street Castries, St. Lucia
<b>Postal Address</b>	Elks Credit Union Limited P.O Box 1924 Castries, St. Lucia
<b>Email Address</b>	info@elkscreditunion.com
<b>Website Address</b>	<a href="http://www.elkscreditunion.com">www.elkscreditunion.com</a>
<b>Telephone Numbers</b>	(758) 452-6820 or (758) 453-2951
<b>Affiliations</b>	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)
<b>Regulator</b>	Financial Services Regulatory Authority (FSRA) 6 <sup>th</sup> Floor Francis Compton Building Waterfront Castries, St. Lucia
<b>Attorney at Law</b>	Alvin St. Clair & Associates 12 Laborie Street Castries
<b>Auditors</b>	G.Llewellyn Gill & Co. – Chartered Accounts Mc. Vane Drive Sans Souci Castries
<b>Bankers</b>	1 <sup>st</sup> National Bank St. Lucia Ltd Bridge Street Castries



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 45th Annual General Meeting of the **Elks City of Castries Co-operative Credit Union Limited** will be held at the Virtually and at the Finance Administrative Centre, Pointe Seraphine, Castries, on Thursday April 27<sup>th</sup>, 2023 at 4:00pm.

## 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) Credit Committee

Appointment of Auditor

Other Business

Adjournment

BY ORDER OF THE BOARD OF DIRECTORS



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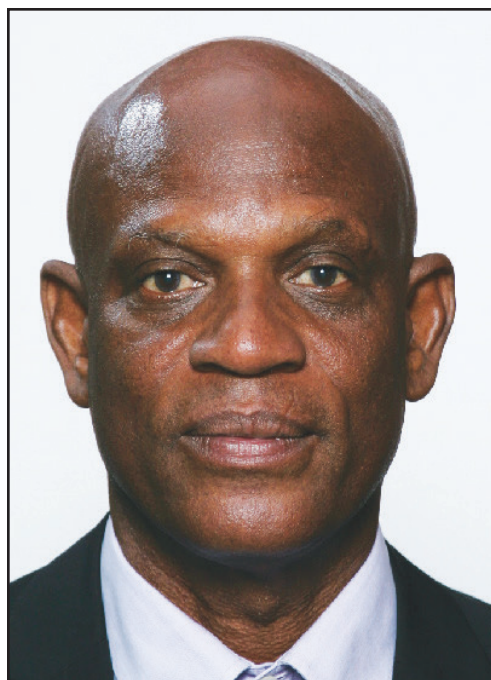
Jean Morille

Secretary





# PRESIDENT'S MESSAGE



Esteemed members, volunteers, management and staff welcome to your 45<sup>TH</sup> Annual General Meeting. We are pleased to have convened the meeting in a timely manner in 2023 as per regulations. Your presence here today demonstrates your interest as shareholders to participate in discussions related to the financial performance of the Credit Union for the financial year 2022.

With our theme for the 45<sup>th</sup> Annual General Meeting being “Expanding the Possibilities; The Power of You”, it speaks to you as the member and shareholder of the Elks Credit Union to be more involved in the growth and development of the organization. You participating in all activities organized by the Education Committee can achieve this. Members, knowledge is power; knowing what your Credit Union offers and how to take advantage of it is your business. You have a responsibility as a shareholder to give suggestions, ask questions, challenge assumptions and share knowledge. There is a lack of participation on your part as members and we are hopeful that this changes in 2023 and beyond.

In 2022 as the population recovered from the effects of the pandemic, we, as a Board was happy to see the membership returning to some form of normalcy with increased employment that reflected in loan payments and restructuring. During that period, the Credit Union offered new products and the response to date has been encouraging. Members, please look forward to new offers in the coming year 2023, which would improve efficiencies through more online services and technology.

We know that most of you would have resumed work; however, inflation that results in the high price of goods and services cannot be ignored. This in itself may result in less disposable income for you and as a result impede your ability to take advantage of the products offered. Notwithstanding, the products being offered and the interest rates on those products will be tailored to work in your best interest.

As part of the Cooperate Governance of the Credit Union, volunteering is your democratic right and responsibility as expressed in Principle #2 of the Cooperative Principles. Additionally, those willing to serve must possess the required knowledge and competences as reflected in the handout that you are currently in possession of.

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 45<sup>th</sup> AGM.

Sincerely President

A handwritten signature in blue ink, appearing to read "Lennox G. Mondesir", written over a horizontal dotted line.

Lennox G. Mondesir

# Board of Directors Report

At the 44<sup>th</sup> 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 August 17<sup>th</sup> 2022 directors were appointed for periods varying from one to three years in the following positions:

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

## REVIEW OF 2022

Continued high inflation remained unabated throughout the year 2022 resulting in less disposable income to the membership. St. Lucia's Social and Economic review as at June 2022 reflected an inflation rate of 7.9%; As an institution whose main revenue contributor is loans, some decisive actions were taken to allow for overall improved performance from 2021 and to overcome any negative impact on members' funds influenced by external factors especially heightened inflation.

With the Annual general meeting unfortunately called after the stipulated deadline of June 30, 2022 (this had not occurred in ten (10) years), the remaining four (4) months left the Board Directors and incoming officers with very little time to implement new strategies that would overcome external impacts. Notwithstanding, some bold initiatives were undertaken that allowed for increased lending, increased membership and by extension positively impacting capital and surplus. This transitioning strategy thankfully reflected signs of effectiveness to the financial year end and it is expected that this trend will continue throughout 2023.

Following the Annual General Meeting the Board of Directors immediately embarked on a Transitioning Strategy that commenced in September 2022. This strategy saw the involvement of volunteers of committees and the Board where five (5) major goals were set focusing strategically on a mission of ensuring that we build a sound Credit Union that provide superior and efficient services for members' well-being. Though transitioning commenced earlier in the year, the strategy cemented and confirmed what was needed to ensure positive results for you the members in 2022.

## BUILDING A RESILIENT ASSET BASE

As promised at the 44<sup>th</sup> Annual General Meeting, mortgage loan interest rates were reviewed as early as May 01, 2022. However, with the slow intake at commencement the impact of the promotion only took effect from October to December with a large percentage of loans being disbursed in January 2023 (1,388,258.51), a trend as previously mentioned that is expected to continue in 2023 with the review of the loans policy incorporating revised lending rates and in improved range of products and services.



Notwithstanding, members and potential members took advantage of the promotions with special focus on the Mortgage Loan that saw the Credit Union transition from a previous asset value of \$22m to \$24m from 2021 to 2022. The lingering effects of the pandemic continued in 2022 from 2021 though not as damaging; in 2022 the improved disposable income of members and potential members who were transitioning back to work, enabled them to take advantage of the promotional offerings. We urge members to continue to take advantage of the new rates and varied products that would become available in 2023.

Our liquidity position continues to provide the opportunity for you the membership to increase the asset base of the Credit Union through your borrowing, which would no doubt result in increased revenue and by extension returns to you in the form of dividends and patronage refunds, through annual surpluses. It is only when you participate in the offerings that those strategic objectives set by the Board of Directors can be achieved and your financial well-being can be improved.

### **RISK ASSESSMENT & INSTITUTIONAL CAPITAL**

Members our ability to manage and mitigate risks, remain sustainable and maintain an effective financial structure, lies in our ability to ensure that our reserves are adequately maintained by being in compliance with Section 119 Sub-section 3 (b) of the Cooperative Societies Act. To achieve this significance performance standard means that the Credit Union needs to reflect consistent surpluses annually, through increased revenue generation and reduced costs.

The year 2022 reflected a decrease in equity share contribution from 2021 as alluded in the Treasurer's report. Members your equity shares is significant in contributing to the stability of the credit union and the overall institutional capital. A sound capital base again mitigates risks and you are encouraged to contribute further to your permanent shares.

Permanent shares attract dividends set by the Board of Directors and this can only be granted if surpluses are achieved and performance ratio standards met. As previously articulated, this can only be achieved with the involvement of you the membership ensuring that the loan products being offered are taken up while contributing to your permanent shares. We would like to again inform that the minimum value for permanent shares is \$300.00 which can be acquired over a three to six month period. Further, potential members have an added advantage and they can apply for membership which is now Open Island wide.

The Board of Directors has taken additional measures in increasing the percentage contribution from surplus to reserves effective 2022 that would be reflect positively, all else being equal.

### **MEMBERSHIP GROWTH**

After a significant deep in new membership from 2019 into 2020, we are beginning to see a move towards increasing membership, this being reflected from the year 2021 into 2022. As at December 2022 the total membership stood at 6825. The records reflect that there were members who are dormant and inactive and we ask all to come in and ensure that your accounts are updated and you acquire the permanent shares which would make you eligible to apply for the loan products being provided.

Application for membership is now available to **ALL** St. Lucians after the Bonds were open by resolution at the 44<sup>th</sup> Annual General Meeting. Members you are encouraged to invite your friends and family to apply for membership and become part of the Elks City of Castries Cooperative Credit Union family. During the coming weeks there will be advocacy in this regard as we reach out to Build a Stronger Community one Member at a time, while Expanding the Possibilities, with the Power of You the member

We would also like to encourage **ALL** existing members to update your accounts to ensure compliance that would reflect your correct profile status with the Credit Union. Additionally, this ensures that your accurate data is on file included and not limited to: updated ID, address, contact information and very importantly your **beneficiaries**.

### **Honoring the passing of our founding member Haynes Cyril**

The last founding member of the Elks Credit Union, Mr. Haynes Cyril passed away on December 21, 2022 at the age of 101.

An avid and committed Credit Union member, he enjoyed sharing memories of the early days of “Elks” that could have you listening for hours, whilst marveling at the modern entity that has evolved since he stepped aside as President. On October 20, 2016, International Credit Union Day, the Board of Directors of the Elks City of Castries Cooperative Credit Union took pride in honoring this legend as its outstanding founder, oldest active member and past President. At his second honoring in September 2021 by the Caribbean Credit Union Development Educators, his appeal to Credit Union leaders was in his words **“Come together and achieve greater heights, so that we will be less dependent on the banks”**.

Once again, the Board of Directors, Committee Members, staff and membership extend condolences to the family of Mr. Haynes Cyril.

### **TECHNOLOGICAL UPDATE AND THE DIGITAL SPACE**

Towards the end of year 2022 and with the transitional strategy in effect, we experienced a thrust towards our social media advocacy having engaged the services of, as we would say a GEN-X. Members we encourage you to pay attention to your phones and ensure that your application for membership and updates contain accurate information, as the Credit Union continues to ensure occupation of the digital space. This is where you will be reached for all the information that we would need to communicate daily, monthly, and weekly or when it is necessary during advertising of products and services.

There was also the recognition to improve efficiencies through the implementation of online forms for membership application, lending, among other products. This initiative commenced in September of 2022 and is currently ongoing. It also includes the payment of your utility bills online and will take effect in 2023. To ensure you are up to date with the digital move you are being encouraged to download the mobile application available on both IOS and Android.

It is disappointing that the Mobile Banking initiative launched in February 2021, has only now attracted 376 downloads. There will be further advocacy on same and you are urged to make use of this service which will be upgraded to be more attractive and user friendly.

The Board is now in the process of signing on to the NDA for commencement of discussions on the ATM/ International Debit Card and members will be further appraised as the events unfold.

### **DELINQUENCY MANAGEMENT**

Trending from a delinquent ratio of 17.03% at the end of the financial year 2021, concerns were heightened that saw directors and management making every effort to ensure that this was reversed in 2022. It was accepted and understood that members were just coming out of a year the pandemic and all measures at ensuring stabilizing was effected in 2021, with a view to ensuring that the benefits to both the members and the financial status of the Credit Union would reflect positively in 2022.

The Board is pleased to inform and as will be alluded in the Treasurer and Credit Committee Reports that after the implementation of initiatives to thoroughly review outstanding delinquent loans that the delinquent ratio dropped to 5.21% which is just .21% over accepted PEARLS standards. Notwithstanding the result, it must be understood

that this decline was also attributed to loans that were refinanced due to the improved status of members that had now demonstrated consistent payments, as a result of improved income status from returning to work.

We call on the membership to service their loans on a timely basis to avoid late fees that will soon be implemented. As previously alluded, the ability of the Credit Union to be sustainable is built on its ability to lend to the membership at reasonable rates for their well-being. However, this cannot be sustained if members are not servicing their loans on a timely basis; failure to do so erodes the possibility of lending to other members in addition to constant reduction in revenue generation, surplus realization and by extension nonpayment of dividends.

### **TRAINING AND DEVELOPMENT VOLUNTEERS & STAFF**

The Credit Union remains dedicated to training and development of staff and volunteers and we executed accordingly in 2022. Though poorly attended by volunteers the following trainings were executed as is customary annually:

- Roles and responsibilities Board of Directors and Committee Members – Facilitated by Financial Services Regulatory Authority (FSRA). This training sets the foundation to allow for the execution of duties in the prescribed manner as per regulation
- Legal Aspects of Lending (Staff & Volunteers) – Facilitated by Attorney at Law Alvin St. Clair, this training reviews and explains the understanding of all aspects of documentation required and submitted during the process of underwriting.

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, serve and manage the membership funds. Training has been and will continue to be executed after the Annual General Meeting on an annual basis.

In addition to trainings held for staff in relation to their duties, the following events were held during the last quarter of 2022 to educate and raise awareness of events:

- Cuna Caribbean Training
- Security Training- St. Lucia Police Force
- Cancer Awareness Month- St. Lucia Cancer Society
- National Insurance Cooperation

Training and development of our staff and volunteers remains a priority and we will continue to ensure that adequate training is provided in 2023, as the knowledge and ability to perform the duties assigned is essential for the required day to day support of the members and continuity within the organization.

*“It is better to train someone and watch them leave than to never have trained them at all”- Chinese Quote- Unknown*

### **ANNUAL SCHOLARSHIP AND BURSARY RECIEPIENTS**

The need to continue adherence to Principle #5 Education and Training and Principle #7 Concern for Community saw the granting again of two scholarships of \$1,500.00 each to students who wrote the common entrance and are now attending Secondary School. The names are as follows:

Quayle Alfred -St. Mary’s College

Ashton Placide- St. Mary’s College

No discrimination intended, we are proud to inform that this is the first year since the implementation of this programme that two (2) young and aspiring men were granted the scholarships, as they actually exceeded the ladies in their grades. Let us always continue to pay attention to our young men who appear to be stigmatized by society based on social discords.

Additionally, six (6) bursaries were also granted to students who had also applied for scholarships and were not successful. Worthy of note is that the Board agreed to increase the bursaries from \$500.00 to \$600.00 based on the current economic situation.

We wish all the awardees well in their studies, as we continue to monitor progress and provide assistance where necessary.

### **PROPERTY UPDATE- Brazil Street**

Members, the mentioned property as you know is up for sale, with real estate agents and also on our social media platform. Though we have received interest in the said property that is strategically located, those did not materialize due to the nature of the business being proposed inter alia.

Members it is your property and your assistance would be greatly appreciated to effect the sale. More information and details can be received from the General Manager.

### **CREDIT UNION GOVERNANCE**

The future of the Credit Union is dependent on effective governance that is embedded in the ability of those who are called to serve, especially at the Board of Directors level, ensuring they are adequately equipped especially in the areas of finance which is the core function of the institution. This calls for the ability to formulate strategy and policy for effective execution by management. Sound knowledge of existing financial and compliance regulations in addition to the Cooperative Act is paramount.

The duties are demanding, endless, time consuming, in addition to being voluntary; as such, demonstrating commitment to serve in addition to a commitment to ethics and values and dedication, is of utmost importance since we are not serving ourselves but the membership who we are accountable to, and who we are mandated to report to annually.

Incoming Board of Directors, your task of governance is set out as you are faced with “Expanding the Possibilities” through effective policies whether through revision or implementation and the setting of strategy to ensure sustainability through visionary leadership. Your ability to govern will be measured not by merely attending meetings but by contributing to the on-going discussions during meetings and challenging assumptions that would add to effective decision making and strategic objectives that focuses on the current economic environment.

From a recent Governance Training facilitated by Swoboda Research Centre- Those whom we elect to serve and those who are currently serving should endeavor to answer the following questions:

1. What power have you got?
2. Where did you get it from?
3. In whose interest do you use it?
4. To whom are you accountable?
5. How do we get rid of you?

A heartfelt thanks to you our loyal member-shareholders for continuing to make us your premier financial institution. For those members who joined in 2022 welcome onboard and thanks for joining the Elks Credit Union Family. To the management and staff, thank you for your continued service of dedication and commitment during 2022 and for coming on board and embracing the transition strategy to see us Expand the Possibilities where we started in 2022 and move on in 2023. You have been exemplary and if it is any indication, the energy that has projected from 2023, will no doubt see us ripping the rewards.

To outgoing Directors and Committee Members, we thank you for your time and efforts over the years that you served and made a difference in the institution that we see today. Your contribution was greatly appreciated. You are still members and your support will still be valued.

Members 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 demonstrate that together we can do anything especially when ensuring that sustainability of the Credit Union is paramount.

Members as we forge ahead into 2023 we look ahead with optimism that the transition strategy that has been put in place with the goals and objectives will no doubt redound to the benefit of “You” the membership. Hence the theme “Expanding the Possibilities; The Power of You”



Wendy Duprey

Treasurer

**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 2022. Let their memories comfort you daily.**



# CREDIT COMMITTEE REPORT

The credit committee wishes to extend a warm welcome to our 45th Annual General Meeting. The committee would also like to express our gratitude to the management, staff and volunteers for their support in making 2022 a successful year for the credit union. The Credit Department remains committed to ensuring that the membership is provided with products which meet their needs at attractive, affordable and competitive financing options; and we the Credit Committee remain steadfast in supporting that effort.

The committee meets every Monday at 5:00 p.m. to review loan applications and delinquent loans, and to discuss new loan promotions. The committee comprises the following members:

Nicolai Lansiquot – Chairman  
Avery Trim – Secretary  
Kiethie Llyod- Member  
Denver Felix- Member

The fifth officer Claudia Hippolyte resigned in December 2022 and a replacement was not requested, as the other committee members were able to carry on their duties unabated until the Annual General Meeting.

A total of 270 loans were reviewed by the committee in 2022, 52 more loans than 2021 totaling \$1,445,879.00. The Credit Union issued 1490 loans in 2022 compared to 1292 loans issued in 2021. The loans reviewed by the Committee indicated that members have been responding well to all of the loan products, especially the mortgage and personal loan promotions. All loans reviewed by the Committee were secured by mortgages on property, vehicles and also combined with shares and in some instances shares only. Additionally, the ongoing personal loan promotion granted at the interest rate of 15% were unsecured and granted under special conditions.

Delinquency rates have been declining steadily as we are recovering from the effects of the Covid-19 pandemic and members are resuming work. As a result, the Credit Committee recognizes that in 2022 loan refinancing/restructuring also contributed significantly to delinquency reduction, and again, as a result of the resumption of regular work that contributed to steady and consistent incomes. The committee would like to take this opportunity to remind members that our ability to issue loans are 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.

The graph below represents a comparison of the loan categories granted for 2021 and 2022

We wish to extend our appreciation and gratitude to the Board of Director, General Manager, Supervisory Committee, staff and members for their support in 2022. We hope that 2023 will be even more successful as we seek to enhance our products to suit the needs of the membership.



**Nicolai Lansiquot**

Chairperson

# SUPERVISORY COMMITTEE REPORT

The Committee is pleased to present this report for the period January 2022 to December 2022.

At the last Annual General Meeting Nadia Momerelle and Levonne Vitalis having served a three-year period stepped down and did not offer themselves for re-election. They were replaced by Margaret Joseph and Pauline Edward. As such the new committee is as follows

Marcellus Lennie - Chairman

Kim Smith – Secretary

Kezie St. Brice.

Margaret Joseph

Pauline Edward

The committee held meetings From January 2022 to December 2022 with the exception of June 2022 when no meetings were held due to various constrains faced by committee members.

During their deliberations the committee examined the following: -

1. Reviewed the files personnel files for volunteers
2. Reviewed the Property plant and equipment register and trace transactions to the general ledger.
3. Review Management response to the Auditor's Management letter.
4. Review the Petty cash policy and vouch some disbursements.
5. Reviewed the files for new FIP members for the last year.
6. Review the lease agreement for the current building
7. Inquired about the formation of a nominations committee
8. Reviewed several loan applications to ensure compliance with the necessary regulations.
9. New members' files.

The committee is happy to report as follows regarding their findings.

1. Personnel files: - All personnel reviewed were found to be in order.
2. Property plant and Equipment: - This is a huge document and the process is ongoing as the committee has requested some information from management.
3. Management Letter: - Issues raised by the Auditor are being actioned by management.
4. Petty Cash vouchers: - Petty cash disbursement contained the necessary supporting documents
5. New FIP members: - All new member files contained the required requested documents.
  
6. Lease agreement: - The lease agreement was reviewed and found to be in order.
7. Nominations committee: - A committee has since been formed with the mandate to ensure the smooth process of elections nominations
8. Loan applications: - Several loan applications were reviewed. The loan applications contained the required supporting documents
9. New members: - A few files were missing some information, though not critical we want to urge that members be given a certain period of time to regularize their membership.

In conclusion, we are happy to report that we found the Credit Union to be compliant with the regulations governing the organization as it relates to the areas that were examined.

We take this opportunity to thank the staff for their assistance in providing the information requested, sometimes at short notice and for always being receptive to staying back to accommodate the work of the committee. Our thanks and appreciation also extended to the Board of Directors and Management of the Credit Union for their efforts.



Marcellus Lennie  
Chairman

# EDUCATION COMMITTEE

The Education Committee members are:

Mrs. Paula Thomas – Chairperson  
Mr. Avery Trim – Secretary  
Mr. Scott Lubin  
Mr. Linus St.Clair  
Mr. Marcellus Lennie  
Mrs. Anthia Branford.

The Education Committee was established in October 2022 after the 44<sup>th</sup> Annual General Meeting held on August 13, 2022. This late formation resulted in time constraints on the committee initiating any activities before year end, December 2022.

However, the Education Committee has outlined a number of activities to be executed during 2023. These include a Health Fair, Member Orientation sessions, and a Workshop for self-employed members. Plans also include lectures on financial management and budgeting among other activities.

The Committee is open to hearing ideas from members and would welcome your feedback in determining members' needs.

We take this opportunity to thank you for allowing us to serve you and look forward to your engagement in the upcoming activities.



Paula Thomas  
Chairperson

# TREASURER'S REPORT

Members the statement being presented today represents the efforts and slow recovery after the pandemic.

## FINANCIAL STATUS

Assets of the Credit Union increased by \$2,217,890.00 or 10% from 2021. The increase in assets is due to increased lending as a result of the implementation of several loan promotions. Investments grew by \$93,083.00 which is revenue derived from rolled over investments. Share Capital realized another positive increase of \$79,755.00 or 7.67% continuing to impact positively on the overall member's equity. Lending continued to increase throughout 2022 resulting in a comparative decrease in liquidity to 41.78% as at December 2022. The continuing efforts to promote lending should help the credit union in reaching the required liquidity standards by 2024.

## **GENERAL STATISTICS 2022**

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
<i>Assets</i>	18,871	21,167	20,474	22,126	24,409
<i>Cash &amp; Cash Equivalents</i>	1,458	1,529	3,231	2,981	3,624
<i>Accounts Receivable</i>	133	176	158	263	151
<i>Treasury Bills</i>	412	409	1,132	2,652	2,700
<i>Investment Securities</i>	3,358	3,956	3,319	3,384	3,132
<i>Loans to Members</i>	13,020	14,186	11,874	12,225	13,910
<i>Fixed Assets</i>	466	911	761	631	501
<i>Total Liabilities</i>	16,968	18,943	18,952	20,266	22,232
<i>Payables &amp; Accruals</i>	108	93	119	154	162
<i>Shares</i>	15,514	16,988	16,814	17,888	19,505
<i>Deposits</i>	1,545	1,862	2020	2,224	2,565
<i>Member's Share Capital</i>	708	855	956	1,040	1,119
<i>Borrowings</i>	0	0	0	0	0
<i>Statutory Reserve</i>	416	488	557	623	674
<i>Education Fund</i>	21	49	49	72	86
<i>Undivided Earnings</i>	506	658	(40)	125	298
<i>Members' Equity</i>	1,518	1,903	1,522	1,862	2,177

## **Overview Loans portfolio**

The decision to reduce interest rates in 2022 showed a positive impact on the loans portfolio reflecting an increase in loans of \$1,294,758.00 or 9.76%. Worthy of note is that although more loans were approved before end of December 2022, disbursement was reflected in January 2023.

Since lending is the core revenue generation of the Credit union we will continue every effort to ensure that the lending product that we promote suits the members requirements as well as increasing the asset base of the credit union.

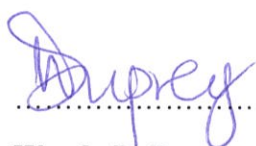
At our 44<sup>th</sup> annual AGM , The board had called on the membership to take advantage of the refinancing and debt consolidation offered by the credit union. We recognized the impact of the membership taking advantage of the promotion which shows a marked improvement in delinquency from the covid pandemic period. As such, delinquency declined from a disturbing 17.03% in 2021 to 5.21% in 2022; 0.21% more than the accepted standard of 5%.

### Members Equity

An improvement was realized from 8.46% in 2021 to 9.13% in 2022. Permanent shares decreased to 4.57% from 4.66% in 2021. The stability of the credit union is dependant of the members investment and we encourage members to continue to invest in their permanent shares which is \$5 per share. 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.

### PEARLS RATIOS DECEMBER 31, 2022

PEARLS RATIO	Actual 2021	Actual 2022	STANDARD RATINGS
<b><i>PROTECTION</i></b>			
Provisions for Loans Delinquent >12 months	<b>170.91%</b>	<b>221.20%</b>	<b>100%</b>
Provision for Loans Delinquent < 12 months	<b>83.02%</b>	<b>346.91%</b>	<b>35%</b>
Solvency (Net Value of Assets/Total Shares & Deposits)	<b>109.72%</b>	<b>107.55%</b>	
<b><i>EFFECTIVE STRUCTURE (Financial)</i></b>			
Loans/Total Assets	<b>59.56%</b>	<b>59.54%</b>	<b>70% - 80%</b>
Savings Deposits /Total Assets	<b>90.24%</b>	<b>90.20%</b>	<b>80%</b>
Members Share Capital/Total Assets	<b>4.67%</b>	<b>4.58%</b>	
Net Institutional Capital/Total Assets	<b>13.68%</b>	<b>11.44%</b>	<b>10</b>
<b><i>ASSET QUALITY</i></b>			
Total Delinquency/Gross Loan	<b>17.03%</b>	<b>4.84%</b>	<b>Max-</b>
Non-Earning Assets/Total Assets	<b>4.88%</b>	<b>3.31%</b>	<b>Max-</b>
<b><i>RATES OF RETURN</i></b>			
Operating Expenses/Total Assets	<b>4.93%</b>	<b>6.10%</b>	
Net Income/Average Total Assets	<b>1.98%</b>	<b>1.14%</b>	<b>2%</b>
<b><i>LIQUIDITY</i></b>			
Liquid Assets-Short Term Payables/Total Deposits & Withdraw-able shares	<b>42.04%</b>	<b>41.78%</b>	<b>Min-15%</b>
<b><i>SIGNS OF GROWTH</i></b>			
Growth in Total Assets	<b>8.85%</b>	<b>10.58%</b>	<b>Min-10%</b>



Wendy Duprey  
Treasurer



## CUNA FIP Staff Training



## St. Lucia Cancer Society - Breast Cancer Awareness Month



# Robbery Prevention Training





# FSRA Training for Volunteers





# International Credit Union Day



# NIC Knowledge is Power Campaign





# FINANCIAL STATEMENTS





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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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

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

**DECEMBER 31, 2022**

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



# *G. Llewellyn Gill & Co.*

*Chartered Accountants*

*McVane Drive  
Sans Soucis  
P.O. Box 546,  
Castries,  
Saint Lucia.*

*Telephone: 758-451-9251  
Fax: 758-451-9324  
E-Mail-gilll@candw.lc*

## **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 2022, 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 2022 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.

## 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.

## 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  
April 15, 2023

  
Chartered Accountants




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

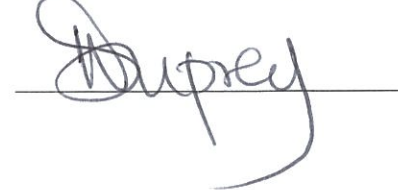
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and balances with banks (Note 7)	\$ 3,624,272	\$ 2,981,338
Financial assets (Note 8)	5,831,293	5,727,607
Trade and other receivables (Note 9)	150,710	159,341
Investments (Note 10)	391,125	401,728
Loans to members (Note 11)	13,910,230	12,290,533
Capital assets (Note 12)	<u>501,486</u>	<u>630,679</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>24,409,116</u></b>	<b>\$ <u>22,191,226</u></b>
<b>LIABILITIES</b>		
Members withdrawable shares and deposits	\$ 22,069,764	\$ 20,111,962
Accounts payable and accruals (Note 13)	<u>162,125</u>	<u>153,553</u>
<b>Total Liabilities</b>	<b><u>22,231,889</u></b>	<b><u>20,265,515</u></b>
<b>MEMBERS' EQUITY</b>		
Share Capital (Note 14)	1,119,490	1,039,735
Member Funds (Note 15)	85,975	70,651
Reserves (Note 16)	674,218	619,922
Retained earnings	<u>297,544</u>	<u>195,403</u>
<b>Total Members' Equity</b>	<b><u>2,177,227</u></b>	<b><u>1,925,711</u></b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ <u>24,409,116</u></b>	<b>\$ <u>22,191,226</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, 2022**

	<u>2022</u>	<u>2021</u>
<b>SHARE CAPITAL</b>		
Share capital at beginning of year	\$ 1,039,735	\$ 955,895
Net shares purchased	<u>79,755</u>	<u>83,840</u>
Share capital at end of year	<u><u>1,119,490</u></u>	<u><u>1,039,735</u></u>
<b>RESERVES</b>		
<b>Statutory reserve</b>		
At beginning of year	619,922	557,121
Add : 30% of net surplus for the year	51,071	59,681
Entrance Fees	<u>3,225</u>	<u>3,120</u>
At end of year	<u><u>674,218</u></u>	<u><u>619,922</u></u>
<b>MEMBER FUNDS</b>		
<b>Education fund</b>		
At beginning of year	70,651	49,279
Add : 10% of net surplus for the year	17,024	23,872
Training expenses for the year	<u>(1,700)</u>	<u>(2,500)</u>
At end of year	<u><u>85,975</u></u>	<u><u>70,651</u></u>
<b>TOTAL MEMBER FUNDS</b>	<u><u>85,975</u></u>	<u><u>70,651</u></u>
<b>UNDIVIDED EARNINGS</b>		
At beginning of year	195,403	40,233
Total Comprehensive Income for the year	<u>170,236</u>	<u>238,723</u>
	365,639	278,956
Statutory reserve	<u>(51,071)</u>	<u>(59,681)</u>
Education fund	<u>(17,024)</u>	<u>(23,872)</u>
At end of year	<u><u>297,544</u></u>	<u><u>195,403</u></u>
<b>MEMBERS' EQUITY, END OF YEAR</b>	<u><u>\$ 2,177,227</u></u>	<u><u>\$ 1,925,711</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, 2022**

	<u>2022</u>	<u>2021</u>
<b>INCOME</b>		
Interest on members' loans	\$ 1,363,286	\$ 1,294,948
Interest on fixed and savings deposits	<u>218,999</u>	<u>166,039</u>
	<u>1,582,285</u>	<u>1,460,987</u>
<b>Interest Expense</b>		
Interest and bank charges	4,679	4,711
Members deposit interest	<u>300,019</u>	<u>276,200</u>
	<u>304,698</u>	<u>280,911</u>
Net Interest Income	1,277,587	1,180,076
Provision for Impairment of Investments	(10,603)	(14,041)
CUNA Insurance	(219,216)	(214,074)
Other Income (Note 19)	<u>380,408</u>	<u>352,249</u>
<b>Net Interest and Other Income</b>	<u>1,428,176</u>	<u>1,304,210</u>
<b>OPERATING EXPENSES</b>		
Advertising and promotions	94,133	37,340
Depreciation	139,256	143,976
Insurance	14,980	13,720
Office supplies and stationery	41,837	36,648
Other expenses (Note 20)	224,302	164,390
Rent	96,600	95,250
Salaries, benefits and allowances	478,549	409,313
Security services	69,960	62,626
Utilities	<u>98,323</u>	<u>102,224</u>
	<u>1,257,940</u>	<u>1,065,487</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 170,236</u>	<u>\$ 238,723</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, 2022**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from Operating Activities</b>		
Total Comprehensive Income for the year	\$ 170,236	\$ 238,723
Add (deduct): charges to income not involving cash		
Depreciation	139,256	143,976
Provision for impairment of Investments	<u>10,603</u>	<u>14,041</u>
	<b>320,095</b>	396,740
Net change in non-cash working capital balances related to operations		
(Increase) in accounts receivable	(5,849)	(97,804)
(Increase) in held-top maturity financial assets	(103,686)	(1,593,498)
(Increase) in loans to members	(1,619,697)	(336,463)
Increase in members fixed and other deposits	1,957,801	1,278,377
Increase in accounts payable and accruals	8,573	34,935
Prepaid Expenses	<u>14,480</u>	<u>(2,868)</u>
Net cash flow provided by (used in) operating activities	<u>571,717</u>	<u>(320,581)</u>
<b>Cash flows from Investing Activities</b>		
Purchase of fixed assets	<u>(10,063)</u>	<u>(13,621)</u>
Net cash flow (used in) investing activities	<u>(10,063)</u>	<u>(13,621)</u>
<b>Cash flows from Financing Activities</b>		
Payments from education fund	(1,700)	(2,500)
Increase in members' shares	79,755	83,840
Entrance fees	<u>3,225</u>	<u>3,120</u>
Net cash flow provided by financing activities	<u>81,280</u>	<u>84,460</u>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>642,934</b>	(249,742)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>2,981,338</u>	<u>3,231,080</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 3,624,272</u>	<u>\$ 2,981,338</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, 2022

### 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, 2022

### **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, 2022

### 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, 2022

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 the 2008 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.

### Revised standards effective and relevant to the Credit Union

a) New standards and revisions issued and effective for the financial year beginning January 1st, 2022.

IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

IAS 17 - Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

Annual Improvements to IFRS Standards 2018-2020 - Standards Amended IFRS 1, IFRS 9, IFRS 16 and IAS 41.

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.

IAS 17 - Onerous Contracts

This amendment specifies that the 'cost of fulfilling ' a contract comprises the 'costs that relate directly to the contract'.

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

IAS 16 - as above and

IAS 41 Agriculture - Taxation in fair value Measurements

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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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 2022.

**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 April 15, 2023.

**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.

**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>2022</u>	<u>2021</u>
Cash on hand	\$ 154,317	\$ 136,790
Cash at banks	<u>3,469,955</u>	<u>2,844,548</u>
	<u>\$ 3,624,272</u>	<u>\$ 2,981,338</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**8. FINANCIAL ASSETS**

	<u>2022</u>	<u>2021</u>
Certificate of deposits	\$ 3,131,659	\$ 3,042,698
Government of St. Lucia Treasury Bills	<u>2,699,634</u>	<u>2,684,909</u>
	<u>\$ 5,831,293</u>	<u>\$ 5,727,607</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 2022 the reserve was met.

**9. TRADE AND OTHER RECEIVABLE**

	<u>2022</u>	<u>2021</u>
FIP Death Benefit	\$ 108,707	\$ 104,208
Prepaid expenses	25,124	39,604
Other	<u>16,879</u>	<u>15,529</u>
	<u>\$ 150,710</u>	<u>\$ 159,341</u>

**10. INVESTMENTS**

	<u>2022</u>	<u>2021</u>
<b>Financial assets measured at fair value through profit and loss</b>		
Eastern Caribbean Financial Holdings Ltd		
2022 - 28,656 shares (2021 - 28,656 shares)	\$ 104,021	\$ 114,624
St Lucia Co-operative League	250,105	250,105
First National Bank 2022 - 12,333 Shares, ( 2021- 12,333)	<u>36,999</u>	<u>36,999</u>
	<u>\$ 391,125</u>	<u>\$ 401,728</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, 2022**

**11. LOANS TO MEMBERS**

	<u>2022</u>	<u>2021</u>
Personal Loans	\$ 1,847,775	\$ 2,316,870
Mortgages	3,704,687	2,616,731
Vehicle and Consumer Loans	3,425,275	3,400,743
Loans within shares	1,631,002	1,470,422
Other	<u>4,036,689</u>	<u>3,532,862</u>
	14,645,428	13,337,628
Provision for Impairment of Loans	<u>(735,198)</u>	<u>(1,047,095)</u>
	<u>\$ 13,910,230</u>	<u>\$ 12,290,533</u>

**Provision for Impairment of Loans**

Balance at beginning of year	\$ 1,047,095	\$ 1,410,121
Write Offs/Recoveries	<u>(311,897)</u>	<u>(363,026)</u>
	<u>\$ 735,198</u>	<u>\$ 1,047,095</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, 2022 is as follows:

IFRS 9 **\$ 568,090**

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</b>	<b>that is deemed Loss Exposure</b>	
3 months but less than 6 months	25%	\$ 64,193	\$ 16,048
6 months but less than 9 months	50%	\$ 42,677	\$ 21,339
9 months but less than 1 year	75%	\$ 78,832	\$ 59,124
1 year or more	100%g	<u>\$ 638,687</u>	<u>\$ 638,687</u>
		<u>\$ 824,389</u>	<u>\$ 735,198</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**12. PROPERTY, PLANT & EQUIPMENT**

	<u>2020</u>			<u>2021</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	13,621	-	425,730
Leasehold improvements	684,159	-	-	684,159
	<u>1,699,329</u>	<u>13,621</u>	<u>-</u>	<u>1,717,750</u>
<b>Depreciation</b>				
Buildings	300,075	21,918	-	343,911
Furniture & Equipment	182,338	44,582	-	272,062
Leasehold improvements	305,585	77,476	-	471,098
	<u>787,998</u>	<u>143,976</u>	<u>-</u>	<u>1,087,071</u>
Net book value	<u>\$ 911,331</u>			<u>\$ 630,679</u>
	<u>2021</u>			<u>2022</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	425,730	10,063	-	435,793
Leasehold improvements	684,159	-	-	684,159
	<u>1,717,750</u>	<u>10,063</u>	<u>-</u>	<u>1,727,813</u>
<b>Depreciation</b>				
Buildings	343,911	21,918	-	365,829
Furniture & Equipment	272,062	39,862	-	311,925
Leasehold improvements	471,098	77,476	-	548,573
	<u>1,087,071</u>	<u>139,256</u>	<u>-</u>	<u>1,226,327</u>
Net book value	<u>\$ 630,679</u>			<u>\$ 501,486</u>

**13. ACCOUNTS PAYABLE AND ACCRUALS**

	<u>2022</u>	<u>2021</u>
Utilities	\$ 6,517	\$ 8,126
Security	5,918	6,224
Audit fees	6,000	12,000
Staff Incentive	13,580	600
Accruals and sundry payables	129,610	126,603
	<u>\$ 161,625</u>	<u>153,553</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, 2022**

**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. The Board agreed to increase the allocation to 30% from 25% in 2022.

**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, 2022 were as follows:

	<u>2022</u>	<u>2021</u>
Loans	\$ 1,098,779	\$ 733,652
Shares and Deposits	\$ 345,433	\$ 352,506

**18. SENIOR MANAGEMENT COMPENSATION**

	<u>2022</u>	<u>2021</u>
Senior management compensation	\$ <u>180,360</u>	\$ <u>180,360</u>

**19. OTHER INCOME**

	<u>2022</u>	<u>2021</u>
Other Income	\$ 8,507	\$ 5,980
Bad debt recovery	312,795	296,909
Commissions on FIP	26,549	28,157
Loan processing fees	18,850	17,770
Sundry	13,707	3,433
	<u>\$ 380,408</u>	<u>\$ 352,249</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**20. OTHER EXPENSES**

	<u>2022</u>	<u>2021</u>
Annual general meeting	\$ 32,400	\$ 16,876
Board and Committee expenses	19,775	5,768
Donations	1,299	2,600
League dues	16,379	14,741
Legal and professional fees	4,050	894
Audit	12,000	12,000
Property tax	2,300	2,300
Repairs and maintenance	105,494	86,096
Scholarships	11,600	10,500
Meetings and seminars	14,640	10,106
Staff and officers appreciation	4,365	2,509
	<u>\$ 224,302</u>	<u>\$ 164,390</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 totaled \$ 1,388,259. Balance undrawn at December 31, 2021 (Nil).

**22. LEGAL CLAIMS**

There were no Legal Claims against the Society at December 31, 2022.

**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, 2022**

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, 2022</b>	December 31, 2021
Cash Balances with Banks	\$ 3,624,272	\$ 2,981,338
Investments Loans and receivables	5,831,293	5,727,607
Trade and other Receivables	125,586	119,737
Loans to members	<u>13,910,230</u>	<u>12,290,533</u>
	<b>\$ 23,491,381</b>	<b>\$ 21,119,215</b>

**(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 2022:

**DECEMBER 2022**

	Up to 1 year	Beyond 1 year	Total
<b>Current Assets</b>			
Cash	\$ 3,624,272	\$ -	\$ 3,624,272
Financial assets	5,831,293	-	5,831,293
Accounts receivable	125,586	-	125,586
Loans to members	<u>3,477,558</u>	<u>10,432,672</u>	<u>13,910,230</u>
	<u>13,058,709</u>	<u>10,432,672</u>	<u>23,491,381</u>
<b>Current Liabilities</b>			
Accounts payable	162,125	-	162,125
Members deposits	2,223,939	-	2,223,939
Member's withdrawable shares	<u>6,620,929</u>	<u>15,448,835</u>	<u>22,069,764</u>
	<u>9,006,993</u>	<u>15,448,835</u>	<u>24,455,828</u>
Net position	<u>\$ 4,051,716</u>	<u>\$ (5,016,163)</u>	<u>\$ (964,447)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**DECEMBER 31, 2021**

	Up to 1 year	Beyond 1 year	Total
Current Assets			
Cash	\$ 2,981,338	\$ -	\$ 2,981,338
Financial assets	5,727,607	-	5,727,607
Accounts receivable	119,737	-	119,737
Loans to members	<u>3,072,633</u>	<u>9,217,900</u>	<u>12,290,533</u>
	<u>11,901,315</u>	<u>9,217,900</u>	<u>21,119,215</u>
Current Liabilities			
Accounts payable	153,553	-	153,553
Member's 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>7,743,899</u>	<u>12,521,615</u>	<u>20,265,514</u>
Net position	\$ <u>4,157,416</u>	\$ <u>(3,303,715)</u>	\$ <u>853,701</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 2022 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.

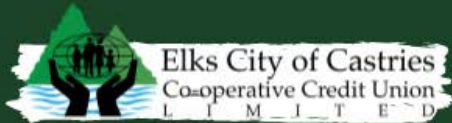
**(d) Operational and Business Risk**

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 Covid 19 Pandemic brought with it many risks not only health but economic as well, The Credit Union was impacted in its operations by the adjustments which had to be made to facilitate its members during this time. At present the Protocols have been relaxed and life has almost returned to what can be deemed to be a state of normalcy. There are still financial risk in the Economy which may continue to affect its members, but the credit union remains responsive to help its members and looks forward to a more stable economic environment.





# NEW MORTGAGE RATES: 4.5% & 5.99%



REQUIREMENTS FOR LOANS 4.5 %  
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# OUR MEMBERS MATTER MOST



Elks City of Castries  
Co-operative Credit Union  
L I M I T E D

**P.O Box 1924**  
**Castries, St. Lucia**

 +1 758 452-6820

 +1 758 453-2961

 [INFO@ELKSCREDITUNION.COM](mailto:INFO@ELKSCREDITUNION.COM)

 [WWW.ELKSCREDITUNION.COM](http://WWW.ELKSCREDITUNION.COM)

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