



# LABORIE CO-OPERATIVE CREDIT UNION LTD.

37th Annual General Meeting  
Sunday 24th April, 2022



BRIDGE STREET  
CASTRIES

ALLAN LOUISY STREET  
LABORIE

NEW DOCK RD.  
VIEUX FORT

# LCCU

## Indeed We Transform Lives!

From Allan Louisy Street to Bridge Street

## Credit Union Prayer

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.

**Amen**

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### **Core Values**

We believe our members come first  
We believe in being human centered  
We believe in unequivocal excellence in all aspects of our operations  
We believe in being community focused  
We believe in the co-operative philosophy

### **Core Purpose | Just Cause:**

To provide the means by which members enhance their capabilities and capacities to achieve wellness for themselves, their families and communities.

### **Vision**

To be the financial institution most adept at enabling each member to thrive, based on his or her potential.

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Notice is hereby given that the 37<sup>th</sup> Annual General Meeting of the Laborie Co-operative Credit Union Ltd. will be held on Sunday 24<sup>th</sup> April 2021 at the Laborie Boys' Primary School at 1:30 p.m.

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# A G E N D A

## Part One

- ✓ Call to Order
- ✓ Prayers & National Anthem
- ✓ Welcome Remarks
- ✓ Apologies
- ✓ Introduction of Guests and Greetings from Fraternal Organizations

## Part Two

- ✓ Ascertainment of quorum
- ✓ Reading and Confirmation of Minutes of the 36<sup>th</sup> Annual General Meeting
- ✓ Reports
  - × Board of Directors
  - × Treasurer
  - × Auditor
  - × Credit Committee
  - × Supervisory Committee
- ✓ Election of Officers
- ✓ Appointment of Auditor
- ✓ Any Other Business
- ✓ Adjournment

  
\_\_\_\_\_  
Eyan St. Helen  
Secretary

# STANDING ORDERS

1. A member shall:
  - a. Stand when addressing the Chairperson.
  - b. Identify himself / herself by name before proceeding to make speeches.
2. Speeches should be clear and relevant to the subject before the meeting.
3. A member shall only address the meeting when recognized or called to do so by the Chairperson after which he/she shall immediately take his / her seat.
4. No member shall address the meeting except through the Chairperson.
5. A member shall not speak twice on the same subject except:
  - a. He/she is the mover of the motion and has the right to reply.
  - b. He/she rises to object or explain (with the permission of the Chairperson).
6. No speeches shall be allowed after the question has been put, carried, or negated.
7. A member rising on a 'Point of Order' must state the point clearly and concisely. (A Point of Order must have relevance to the Standing Orders).
8. The mover of a 'procedural motion' (adjournment, postponement) shall have no right of reply.
9. A member shall:
  - a. Not 'Call' another member 'To Order' but may draw the attention of the Chairperson to a 'Breach of Order'.
  - b. At no time 'Call' the Chairperson 'To Order'.
10. A question should not be put to the vote if a member desires to speak on it or move an amendment to it.
11. Only one motion / amendment should be before the meeting at one and the same time.
12. When a motion is withdrawn any amendment to it fails.
13. The Chairperson shall have the right to a 'Casting Vote' in addition to his/her ordinary vote in the event of an equality of votes.
14. If there is an equality of votes on a motion / amendment, and if the Chairperson does not exercise his/her casting vote the motion / amendment is lost.
15. The Chairperson shall make provisions for the protection of members from vilification or personal abuse at all times.
16. No member shall impute improper motives against the Chairperson, Board of Directors, Officers or any other member.

# Minutes of the 36<sup>th</sup> Annual General Meeting held at the Laborie Boys Primary School on Sunday 30<sup>th</sup> May 2021

## Call to Order

The Meeting was called to order at 2:05 p.m. by the Chairperson, Director Steven Auguste.

## Invocation and National Anthem

Members present joined in the recital of the Prayer of St Francis of Assisi and Laborie Cooperative Credit Union Creed, following which, an instrumental version of the National Anthem was played.

## Attendance

### Board of Directors

Steven Auguste  
Augustine Dominique  
Eyan St Helen  
Dave Jn Pierre  
Lana Alexander (Online)  
Denver Chiquot  
Phils Louis  
Vincent Edward

### Credit Committee

Celia John-Chicot  
Dale Louis  
Jenny Chicot-Louisy  
Carina Snagg  
Nataki James-George

### Supervisory & Compliance Committee

John Lawrence  
Caron Serieux  
Kediana Charlery  
Irma Francis

## **Minutes of the last AGM**

Minutes of the 35<sup>th</sup> AGM held on Sunday 31<sup>st</sup> March 2019 were read by the Secretary.

### **Confirmation of the Minutes**

The Minutes of the 35<sup>th</sup> AGM were confirmed on a motion moved by Mrs. Olive Felicien-Clery and seconded by Mr. Archer George. The motion was carried unanimously.

### **Matters Arising**

Page 6:

Re: status of the 'going national project' and the opening of the new Castries Branch, LCCU's application for establishing the Castries Branch had been approved by the Registrar of Co-operatives. Refurbishment of the building identified has begun and estimated to be completed during the second week of June, following which, plans for the formal opening of the Branch will be announced.

Re: St. Lucia Fish Marketing Corporation's outstanding debt to LCCU, the matter is still unresolved. The General Manager informed that he is awaiting feedback on the matter following dialogue with the Ministry of Agriculture's Permanent Secretary.

Page 7:

Re: Clarification of the term "liquidity trap", it was explained as a situation where (a) the supply of funds available exceeds the demand for loans, (b) interest rates are declining, savings are increasing and creating an environment at LCCU in which loanable funds have increased but demands for those funds by way of loans have dropped.

Page 8:

Re: The minimum amount required to start a Fixed Deposit account is five hundred dollars (\$500).

Re: Concern stated in the Treasurer's Report that "delinquency has declined to a more acceptable level of 6.3%", it was noted that the acceptable standard for delinquency rate is less than 5%.

### **Board of Directors' Report**

The Report for the period under review was presented by President Paul Sammy. The Board of Directors included:

Mr. Steven Auguste – Vice President  
Mr. Augustine Dominique – Secretary  
Mr. Eyan St Helen – Assistant Secretary  
Mr. Dave Jn Pierre – Treasurer  
Ms. Lana Alexander – Director  
Mr. Denver Chiquot – Director  
Mr. Phils Louis – Director  
Mr. Vincent Edward – Director

The President reported that though the past year was replete with challenges and change, LCCU had by 31<sup>st</sup> December 2020, emerged more resilient and resolute to the cause of improving the lives of members. The looming COVID 19 pandemic had propelled the tenets of LCCU's core values and purpose into action and, by the end of June 2020, relief had been brought to some of the more vulnerable members of our community as follows:

- Serving of 1025 hot meals prepared by LCCU members who owned restaurants
- Distributing 150 grocery hampers purchased from the shops owned by members
- Delivering laptops to 29 students to facilitate virtual learning sessions.

LCCU responded to the plight of many members who had been made redundant or settled for reduced income by offering debt relief to 864 members in the form of loan waivers, moratoria, restructuring, and offerings dubbed R3 (R-cube) intended to support, repair, rebuild, and in general, resuscitate the local economy. Two main loans products, namely, “35 for Life” and “Comfort for Life”, granted at unprecedented interest rates of 4.5% to 5.5%, were designed to give members, particularly the youth, the opportunity to establish a secure foundation for their future. The response was overwhelming with 242 members building their homes, purchasing land, or pursuing higher education courses.

LCCU also reviewed its financial performance targets for 2020 in anticipation of the COVID impact, and made the following adjustments:

- Total Assets - projected at \$238 million was adjusted to \$228 million; \$236.5 million was achieved.
- Gross Loans - projected at \$177 million was adjusted to \$166 million. \$183 million was achieved (success of the R3 initiative).
- Total Savings - projected at \$190 million was adjusted to 182 million. \$190.2 million was achieved.



- Total Income - projected at \$16.72 million was adjusted to \$16 million. \$15.36 million was achieved.

In consideration of this remarkable financial achievement amidst the pandemic, a payment of 6% dividends and 10% patronage refund for the year ending December 31, 2020, was recommended. The President thanked his colleague Directors for their unwavering support and commitment to the LCCU, as well as all contributors to LCCU's success as an organization. He informed that both he and Director Phils Louis had reached the end of their tenure and were retiring.

The following discussions were generated from the Board of Directors Report:

- It was argued that this year's AGM theme, "LCCU – A very present help in time of trouble", painted a gloomy picture and conveyed the impression that the Credit Union was only there to help members when in trouble. LCCU's successes and advancements should be touted in future themes.
- Officers and management of the LCCU were lauded for a job well done.
- Though LCCU's COVID-19 pandemic response was deserving of commendations, there was need to address two areas, namely, long lines waiting outside for service especially on rainy days and a return to normal operating hours.

The Board of Directors' report was adopted on a motion moved by Mrs. Luvina St. Brice-Simeon and seconded by Mr. Etheldred James. The motion was unanimously carried.

### **1st Raffle Draw**

Raffle # 1 was won by Darlene Sealy.

### **Treasurer's Report**

Mr. Dave Jn Pierre presented the report. He stated that 2020 was one of the most memorable years for different reasons, such as, COVID-19's impact on the local economy, the continued growth in performance levels despite operating on a revised budget, and the Loan's portfolio growth by an impressive 19% over the 2019 figure. He applauded management and staff for their efforts at monitoring the economic environment and the innovative use of available resources. Key performance indicators identified were as follows:

- Delinquency was under control, notwithstanding the economic climate. Allowance for impairment increased by 3%, moving from \$405,221 in 2019 to \$416 611 in 2020.
- 3.8% growth in membership and new accounts, totaled 19,363, with 9323 and 10,040 at Laborie and Vieux Fort Branches respectively.

- Total Assets moved to \$236.54 million, driven mainly by a 19% increase in loans.
- Liabilities grew by 14%, representing amounts due to third parties, member savings and Fixed Deposits.
- Members' Savings and Fixed Deposits increased by \$20.1 million.
- 10% in Members' Equity - from \$39.8 million, to \$43.68 million.
- Share capital increased by \$1.2 million
- Reserves and Funds expanded by \$2.3 million.
- Retained Earnings increased by \$0.3 million
- 2% increase in Total Income, from \$14.5 to \$14.8 million and generated by the core business activities,
- Interest paid to members moved from \$5.37 million in 2019 to \$5.94 million in 2020, an increase of 10%.
- Administrative expenses grew by 2.6%.
- Surplus declined slightly because of debt relief and consequent loss of loan interest income to members battling the economic effects of COVID-19.

Members were encouraged to take advantage of the many products and services being offered, namely, land, mortgages, student, personal, vehicle, business, line of credit, Kwédi Alèz, Vision Plus, SmartClime Agricultural and Mix and Match loans, Family Indemnity Plan, Fixed Deposit, Western Union, Sure Pay and ATM services.

Discussion on the report is as follows:

- The use of graphics to provide a clearer understanding of the extent of growth or decline under the different indicators presented was suggested.
- The phrase “decline in surplus” was clarified as less surplus when compared to that recorded in 2019.
- Responding to a request on named products, the General Manager explained that ‘Mix and Match’ was a combination of loan products designed to meet a member’s specific needs, and ‘SmartClime’ was geared at assisting farmers with climate-smart agricultural and more sustainable farming practices.

The Treasurer’s Report was adopted on a motion moved by Mr. Julian Du Bois and seconded by Ms. Saturina Louisy. The motion was unanimously carried.

### **Independent Auditor’s Report**

In a virtual presentation of the Auditor’s Report, Mr. Matthew Sargusingh of TRI-FINITY Associates reported that the financial statements represented fairly, in all material respects, LCCU’s financial

position on December 31, 2020, and its financial performance and cash flows for the year in review in accordance with the International Financial Reporting Standards (IFRS).

In replying to an enquiry, the auditor explained that it was standard practice for the Firm's signature to be affixed to the Report rather the individual who prepared it.

The Auditor's Report was adopted on a motion moved by Mrs. Nilla Alphonse and seconded by Mrs. Luvina St. Brice-Simeon. The motion was unanimously carried.

## **2nd Raffle Draw**

Raffle #2 was won by online attendee, Kima Philip.

## **Credit Committee Report**

Mrs. Nazaria John-Chicot presented the Report. The Committee comprised:

- Celia John-Chicot (Chairperson)
- Dale Louis (Vice-Chair)
- Jenny Chicot-Louisy
- Carina Snagg
- Nataki James-George

All members had reached the end of their tenure of service and were eligible for re-election.

During the period under review, forty-three (43) meetings were held, and 3033 loan applications considered, falling short of the 2019 figure by 1,102. The 3028 approved loans totaled \$57.85 million, representing an increase in the Loan portfolio.

The Credit Committee's Report was adopted on a motion moved by Mr. Ethelbert James and seconded by Ms. Emma Glasgow. The motion was unanimously carried.

## **Supervisory and Compliance Committee Report**

Mr. John Lawrence, Chairperson, presented the Report and identified his colleague Officers - Caron Serieux, Kediana Charlery, Keth Thompson and Irma Francis.

Discussion generated on the Report is as follows:

- Re: degree of attention to online security, LCCU continues to deploy resources to safeguard and manage the online presence, including assignment of two (2) dedicated employees

The Supervisory and Compliance Committee’s report was adopted on a motion moved by Mr. Yanic Thomas and seconded by Mrs. Samara Gabriel-Howell. The motion was unanimously carried.

### 3rd Raffle Draw

Raffle # 3 was won by Liza Verneuil-Edward

### Nomination & Election of Officers

The Nominations Committee comprising Peter Alphonse, Cecilia Renee and Lana Alexander proposed:

- Julian Du Bois and Samara Gabriel-Howell to serve on the Board of Directors. Both were elected unopposed by unanimous acclaim.
- Celia John-Chicot, Jenny Chicot-Louisy, Carina Snagg and Nataki James-George to be re-elected on the Credit Committee. The motion was moved and seconded by Agatha Jn Panel and Tresa Jn Jules respectively, and unanimously carried.
- Irma Francis and Kendell Peter to serve on the Supervisory Committee. This motion was moved and seconded by Samara Gabriel-Howell and Cyprian Montrope respectively, and unanimously carried. The nomination and election results are presented in the table below:

COMMITTEE RECOMMENDATIONS	FLOOR NOMINATIONS	ELECTED OFFICERS
Board of Directors		
Julian Du Bois	None	Julian Du Bois
Samara Gabriel-Howel		Samara Gabriel-Howell
Credit Committee		
Retention of all members up for re-election	None	Celia John-Chicot
		Jenny Chicot-Louisy
		Carina Snagg
		Nataki James-George
Supervisory & Compliance Committee		
Irma Francis	None	Irma Francis
Mr. Kendell Peter		Kendell Peter

## **Appointment of Auditor**

A motion authorizing the Board of Directors to appoint an Auditor for the next financial year was moved and seconded by Agatha Jn Panel and Julian Du Bois respectively, and unanimously carried.

## **4th Raffle Draw**

Raffle # 4 was won by Lance Frederick

## **Any Other Business**

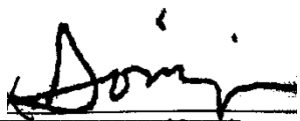
1. The current Family Indemnity Plan's coverage does not allow for the addition of an over-aged family member with a disability.
2. LCCU will act within its current capabilities and legislation to provide relief to members during the island's State of Emergency.
3. LCCU should consider appealing to its members to get vaccinated, although it was the member's prerogative to do so.
4. LCCU has an existing means of acknowledging and recognizing long-standing members who have been loyal. However, it must be noted that as a Co-operative and membership-based organization, selective individualism was not consistent with the Co-operative tenets.

## **5th Raffle Draw**

Raffle # 5 was won by Kera Joseph.

## **Adjournment**

The meeting was adjourned at 4:55 p.m. on a motion moved by Emma Glasgow and seconded by Yanic Thomas.



**Augustine Dominique**  
**Secretary**

# Board of Directors' Report

## For the year ended December 31, 2021

Indeed, Laborie Credit Union transform lives

The time has come once again for you the members of Laborie Credit Union (LCCU) to receive an account of the performance of your directors. The account entails giving a report on the management of the resources of the Credit Union for the year ending December 31, 2021. The report serves as a means by which you the members can assess whether the Board has been enabling the Credit Union to fulfill its purpose, which is to transform the lives of its members.

Your directors for the past year were as follows:

Mr. Steven Auguste	President
Miss Lana Alexander	Vice President
Mr. Eyan St. Helen	Secretary
Mr. Dave Jn Pierre	Treasurer
Mrs. Samara Gabriel- Howell	Assistant Secretary
Mr. Augustine Dominique	P.R.O.
Mr. Vincent Edward	Director
Mr. Julian Dubois	Director
Mr. Denver Chiquot	Director

### **Performance Review**

Still in the throes of the Covid pandemic, the economy of St Lucia experienced a slow recovery nudged in part by the resuscitation of the tourism industry. According to the World Bank, the COVID-19 pandemic has had acute social and economic impacts on the Caribbean particularly those countries, like St Lucia, that are highly dependent on tourism. The World Bank projected that the GDP of St Lucia would contract by 18% during the period 2020 and grow by 5.2% in 2021. This was due to the almost total halt in tourism in 2020 and the gradual recovery expected in 2021.

During 2021 the construction sector created some employment opportunities mainly in government financed projects and the housing sector. The increasing debt to GDP ratio though, remains a cause for concern, based on the negative impact it can have on economic growth. Besides it impacts on the health of the population, the pandemic severely disrupted the global supply chain mechanism. This disruption has resulted in a steady and sustained increase in prices particularly of imported goods and services. The World Bank projected an increase in the rate of inflation of 2.6% for St. Lucia during 2021.

Within this milieu, Laborie Cooperative Credit Union (LCCU) continued to leverage the resources of each individual member to provide high quality competitive products and services to all members as a whole. The results of this Co-operative strategy have been remarkable to the extent that members continue to receive above average market rates of interest on savings. During the year under review members were paid \$7.23 million in interest, representing an average rate of 3.59%. The average interest rate offered by most banks during that period was 2%.

LCCU placed particular attention on providing housing and opportunities for higher learning for members during 2021, and this is reflected in the composition of the total loans disbursed. The loan portfolio grew by \$65.77 million during the period with \$48.22 million of that amount used to finance the housing and education needs of members. One hundred and twenty-two (122) members received finance to pursue higher learning totaling \$2.59 million. Two hundred and twenty-five (225) members built new homes or improved their existing homes at a cost of \$45.63 million. This indicates that 73% of the loans disbursed during 2021 provided housing, and also financed the means by which our members enhanced their capability and capacity to earn. The emphasis on meeting the physiological needs of members is consistent with the assertion that LCCU transforms lives.

Our Credit Union has succeeded in providing economic and social benefits to its members in Laborie and Vieux -Fort. The time had come to use this transformative ability on a national scale, hence the move from Allan Louisy Street to Bridge Street where the LCCU Castries Branch was

opened on November 01, 2021. The presence of the Credit Union had been greatly anticipated by Laborians and other residents of the north of the island. The table below gives particulars of the Branch as at December 31, 2021.

	Balances as at December 31, 2021	Balances transferred from Laborie and Vieux Fort Branches	Business generated from November 01 to December 31
Total Loans	\$4,686,474	\$1,438,863	\$3,247,611
No. of Loans	66	16	50
Member Savings	\$3,883,209	\$305,341	\$3,577,868
Member Accounts	752	109	643

The growth strategies implemented by the Board continues to bear fruit. This is evident by the financial targets achieved by LCCU at the end of the year under review as expressed in the table below.

Key Performance Indicator (KPI)	Achieved 2020	Projection 2021	Achieved 2021
Total Assets	\$236.5 million	\$294.67 million	\$296.20 million
Gross Loans	\$183 million	\$222.26 million	\$248.77 million
Total Savings	\$192.43 million	\$235.70 million	\$246.3 million
Total Income	\$15.36 million	\$18.40 million	\$17.64 million

The level of income achieved continues to elude the projected figure. Loan interest income makes up the bulk of the total income of LCCU. As it stands, loan interest income has proven difficult to project due to the competitive and iterative approach to setting interest rate as presently obtains in the market. The Board is particularly proud though, of the performance achieved in the area of delinquency management. Notwithstanding the 36% increase in loans, loan delinquency at the end of the year was 3.99%. The recognized standard for loan delinquency is a rate of less than 5%. The favourable results achieved in 2021, are the outcome of LCCU implementing strategies informed by the needs of members.



## **Managing the Growth**

Our Credit Union continued to grow rapidly, experiencing over 25% growth in total assets and 13.3% growth in account holders in 2021. This growth was realised even though the Castries Branch was opened for only two months during the period under review. The projection is that by June 2022, the Branch will be flourishing with business activities which will contribute to further growth of LCCU. If not managed carefully, the rapid growth of LCCU can also generate a high rate of increases in cost when compared to benefits. The Board and management will be taking preemptive measures to ensure that our Credit Union continues to grow in a way that inefficiencies are mitigated, thereby continuously creating value for all members.

Office space and accommodation will continue to be a constraint to the delivery of services to members. In addressing that constraint, new modalities will be explored with greater reliance on technological input to render services to members. Initiatives will be implemented to minimize the number of members who come to the Teller window for withdrawals. Greater use of the ATM will be promoted particularly for the disbursement of small loans. This will result in less in branch congestion, and quicker service to you, our members.

## **Helping to Build a Strong Community Economy**

The Laborie Union of Co-operatives (LUC) was established in 2012 as an amalgam of Laborie Credit Union, Black Bay Farmers and Consumers Co-operative (BFCC) and Laborie Fishers and Consumers Co-operative (LFCC). LUC was created to synergize the efforts of the three Co-operative in helping to boost economic activity in what the organizers called the gold (financial services), blue (fishing) and green (farming) economies. Skilled management and the necessary organizational capacity at each Co-operative was needed if LUC had to achieve its objectives. In this regard, LCCU shared management and provided technical support to both BFCC and LFCC. A decade after the establishment of LUC, both BFCC and LFCC are now more capable of creating value for members in their capacity of patrons of the co-operatives. Both co-operatives are now generating a surplus from operations.

Moving forward, the three co-operatives will craft and implement strategies to transition their members from the competing roles of patrons and investors to members with a greater sense of ownership of their co-operatives. Actions will be taken to understand what constitutes value to members and how members perceive the value they receive from their co-operatives. Such understanding will enable board and management of each of the Co-operative to configure appropriately, the business activities and resources of the Co-operative. The objective is to create a value proposition that best satisfies the needs of members. The goal is to achieve member loyalty and develop economic activities that would build a stronger community economy.

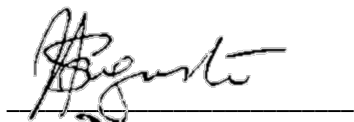
### **Retiring Officer**

We are indeed thankful for the time, effort and commitment displayed over the past year by Directors Alexander and St. Helen. They both served with distinction and their tenure have come to an end and so they are retiring. Again, we say thanks to both of them for helping to make LCCU a great credit union.

### **Dividend and Patronage Refund**

Notwithstanding the difficulties of the business environment LCCU performed well and so the Board is declaring 10% patronage refund and is recommending 6% dividend on equity shares.

Members, we are indeed grateful for your love and commitment to LCCU and may the good Lord continue to bless our Credit Union.



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Steven Auguste  
**President**

# Treasurer's Report

## For the year ended December 31, 2021

Fellow Members:

The Laborie Cooperative Credit Union (LCCU) has shown its resilience, once again, by successfully navigating the fiscal year 2021 with growth despite the continued challenge of COVID 19 pandemic, and the increasingly competitive environment populated by banks, financing companies and other credit unions. LCCU continues to explore opportunities for growth to secure the assets of its members and provide financial facilities which allow them to pursue their hopes and dreams.

LCCU's 2021 mandate of opening a Branch in Castries LCCU was achieved and most of its budgetary targets were also achieved and exceeded. Promotional activities for 2021 such as "Comfort for Life" and "Dream Maker" had the desired impact of increasing the Loans portfolio. However, an overall decline in the rate of return on assets deployed was observed.

Once again, management and staff must be commended for their efforts at monitoring the economic environment and making innovative use of available resources to stay ahead of negative trends. The results speak for itself as member loan portfolio and membership grew by an impressive 35% and 13.3% respectively over the previous year's figures.

**The following is a review of the key performance indicators:**

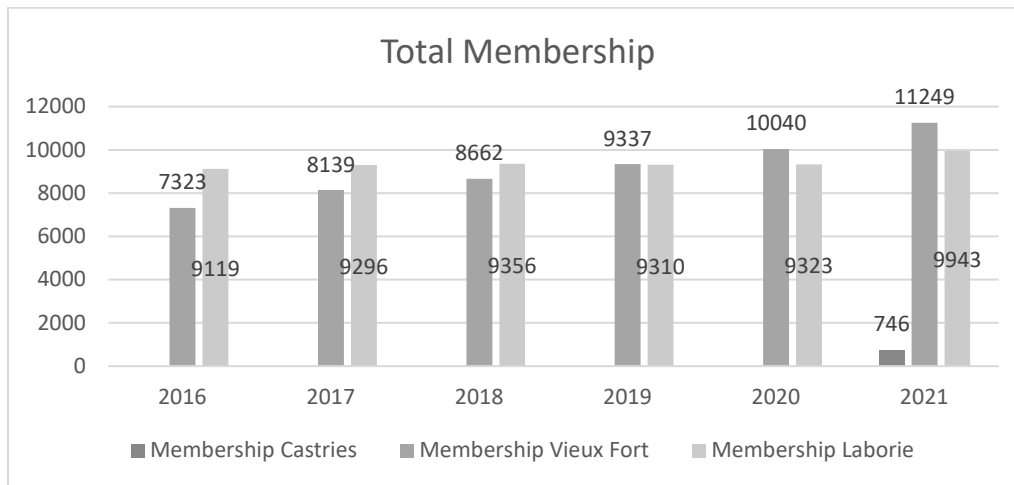
### **Delinquency**

The LCCU closed the fiscal year with a delinquency value representing 3.99% of the total loan portfolio, a monumental achievement. Staff and management are deserving of our highest commendations in attaining this milestone. We must be mindful that the delinquency risk is still high and likely to remain as long as COVID 19 continues to impact the national economy. The economic impact of a global response to Russia's activities in Ukraine suggests that 2022 may be more challenging than 2021. Members are encouraged to give priority to fulfilling their lending obligations as nonpayment of loans will negatively affect LCCU's ability to operate effectively.

Members are encouraged to consult the LCCU Loan Officers if their ability to service their loan becomes compromised through unemployment or other unforeseen circumstances.

## Membership and Account Holders

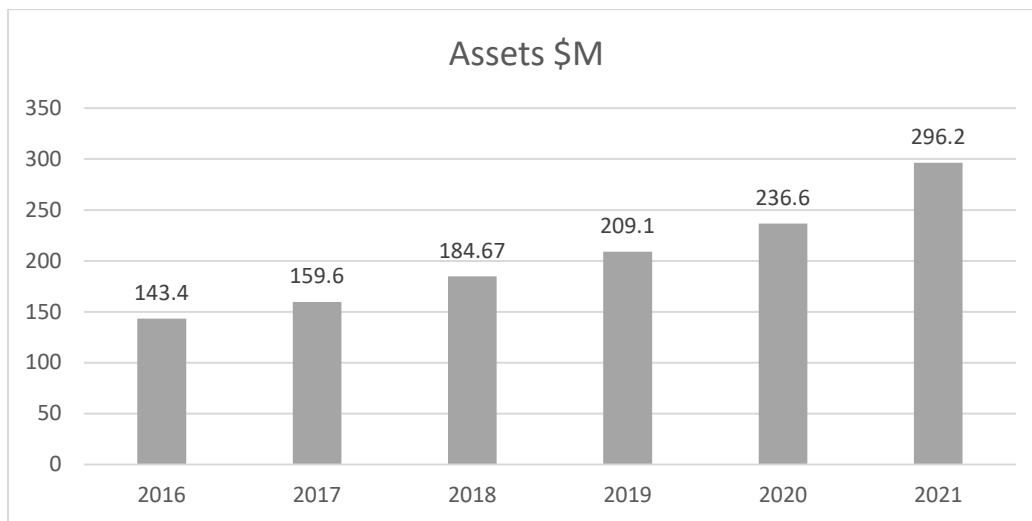
Membership and account holders grew by 13.3% bringing the total to 21,938. New Accounts totaled 2,605 in 2021, with Vieux Fort Branch accounting for 1,209, and Laborie and Castries Branches 620 and 746 respectively. LCCU Branch Accounts totals: Vieux Fort - 11,249, Laborie - 9,943 and Castries - 746.



## Performance Review- Statement of Financial Position

### Assets

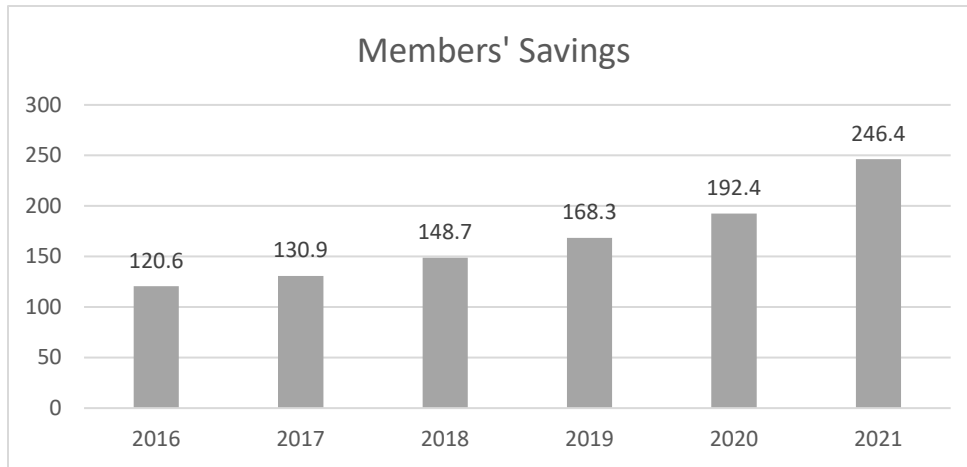
Total Assets grew by 25% over 2020 to \$296.2 million dollars, mainly driven by a 35% increase in members' loans.



### Liabilities

Liabilities, representing amounts due to third parties, member savings and fixed deposits, increased by 28%. Members' fixed deposits, special savings and regular deposits expanded by \$54

million. There is no doubt that LCCU offers more favorable interest rates and our deposits are among some of the better investment opportunities currently available.



### Members' Equity

- Members' Equity increased by \$6.2 million from \$42.9 million to \$49.1 million or 14%.
- Share Capital grew by \$3.1 million.
- Reserves and Funds increased by \$1.7 million.
- Retained earnings expanded by \$1.3 million.

### Performance Review- Statement of Comprehensive Income

#### Income

The total Income generated by the core business activities in 2021 was \$16.5 million compared to \$14.8 million in 2020, an increase of 11%.

#### Interest Expense

Interest paid to members moved from \$6.71 million to \$7.28 million, an increase of 8.5%. This increase in interest expense was the result of member savings growing by 28%. LCCU values the confidence that members have placed in the institution and is therefore committed to providing them with the best possible interest rate on savings, notwithstanding the current offerings by banks and other financial institutions.

#### Administrative Expenses

Total administrative expenses increased by \$495k or 12.7%, most of which was associated with the lease and other expenses associated with the new Castries Branch.

## **Surplus**

LCCU recorded an increase in Surplus of \$1.02m over the results of 2020. This is a commendable outcome for which the efforts of management and staff should be applauded.

## **Conclusion**

LCCU continually pursues its mission to “enhance the standard of living and quality of life of its members” while remaining true to its Core Values. We encourage members to continue to stay informed and take advantage of the many products and services available, such as:

Land Loans

Mortgage Loans

Student Loans

Personal Loans

Smartclime

Kwedi Alez

Vehicle Loans

Line of Credit

And more....

Business Loans

Mix & Match Loans

Vision Plus Loans

Family Indemnity Plan

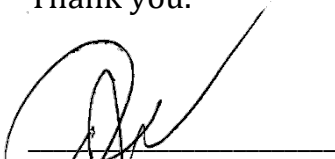
Fixed Deposit

Western Union Services

Surepay Services

ATM

Thank you.



---

**Dave Jn Pierre**  
**Treasurer**

# Credit Committee's Report

## For the year ended December 31, 2021

The Credit Committee takes immense pleasure in presenting its report for the financial year ending December 31, 2021.

The Credit Committee is mandated to assure qualifying members of fair access to members' deposits in the form of loans as stipulated in the Laborie Co-operative Credit Union's (LCCU) Loan Policy. While the Board of Directors is responsible for determining the lending policies, it is important to note that the Credit Committee is the implementation agency. Undoubtedly, the lending process is a serious and fundamental aspect of the organization and a great contributor to its success.

The composition of the Credit Committee was as follows:

Officer Nazaria Celia John-Chicot - Chairperson

Officer Dale Louis - Deputy Chairperson

Officer Carina Snagg - Secretary

Officer Jenny Chicot-Louisy - Member

Officer Nataki James- George - Member

During the year under review, the Committee met weekly, (51 times) and deliberated over three thousand one hundred and fourteen (3114) loan applications. This figure is eighty-one (81) more loans than the previous year and illustrated in Table 1 below.

CATEGORY	No. of Loans	
	2020	2021
Business	82	79
Education	143	93
Agriculture	21	8
Personal	2512	1963
Mortgage	142	155
Medical	133	28
Housing	0	353
Vehicle	0	266
Land	0	153
Kwédi Alez	0	16
<b>TOTAL</b>	<b>3,033</b>	<b>3114</b>

TABLE 1: LOAN APPLICATION BY CATEGORY

The Table reveals that the largest number of loans requested were Personal, Housing, Vehicle, Mortgage and Land. It further denotes a twenty two percent (22%) decrease in personal loan applications as well as significant increases in housing and vehicle when compared to 2020.

Approval was granted for the disbursement of 3076 loans totaling \$ 111,867,522.31, an increase of \$54,021,467.61 over 2020. Mortgage, Personal and Land loans represented the largest amounts approved as reflected in Table 2.

CATEGORY	NUMBER	% OF APPROVED	LOANS AMOUNT	% OF AMOUNT APPROVED
Business	75	2.44	\$ 6,394,558.56	5.72
Education	91	2.99	\$ 1,465,213.71	1.31
Agriculture	8	0.26	\$ 48,200.00	0.04
Personal	1944	63.20	\$ 26,228,419.72	23.45
Mortgage	149	4.84	\$ 40,530,696.92	36.23
Medical	28	0.91	\$ 325,398.27	0.29
Housing	351	11.41	\$ 6,371,427.62	5.70
Vehicle	264	8.58	\$ 8,362,883.89	7.48
Land	150	4.88	\$ 22,068,968.76	19.73
Kwedi Alez	16	0.52	\$ 71,754.86	0.06
Total	3076	100%	\$111,867,522.31	100%

TABLE 2: LOANS APPROVED

It is widely believed that the Covid-19 Pandemic negatively impacted the island's economy as well as peoples' lives and livelihood. However, this notion can be described as a blessing in disguise for the LCCU which used these 'crises to create and develop attractive products that propelled members to invest, resulting in a hefty sum of \$111,867,522.31 for approved loans in 2021.

The Credit Committee meticulously reviews loan applications to ensure fairness and equity of service to members while safeguarding the interest of the institution. In this regard, the Committee denied thirty-eight (38) loan requests for various reasons including insufficient security, uncertainty about ability to repay, prior delinquency and insufficient information. Table 3 highlights the various categories that did not get loan approval.



CATEGORY	NUMBER OF LOANS
Business	4
Education	2
Agriculture	0
Personal	19
Mortgage	6
Medical	0
Housing	2
Vehicle	2
Land	3
<b>Total</b>	<b>38</b>

TABLE 3: LOANS NOT APPROVED

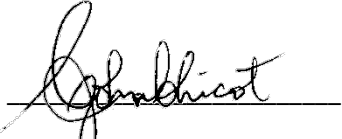
We therefore implore you, our esteemed members, to familiarize yourselves with the requirements for ensuring prompt and successful processing of loan applications. These include cash security, mortgages, bills of sale, co-makers, and life or term insurance. Provisions are also in place for the Manager to disburse loans within shares or savings.

In addition to meeting weekly for processing loan applications, the Committee attended Joint Committee meetings and participated in other organized activities that provided opportunities to clarify pertinent effective loan processing issues, make recommendations, or assist management in implementing projects.

At this juncture, we note that Officer Dale Louis has come to the end of his first term of service on the Credit Committee and is eligible for re-election. We express our gratitude for his invaluable contributions during the review and processing of loans and more importantly, for the welcomed presence of a male officer on the Committee.

In conclusion, we are profoundly grateful to the General Manager, Staff, Board of Directors and Supervisory Committee for their enduring support and cooperation over the past year. Special thanks are extended to those Staff members who readily responded to our calls for clarity on issues during our deliberations, which on a few occasions, deterred the deferment of some loans. Our largest share of gratitude is reserved for you members, the most valuable component of LCCU, for your patience and understanding when loan applications were delayed or when things did not go as you expected. We wish to re-emphasize that while we strive to assist all members, our obligation is to safeguard the interest of LCCU.

We salute the Management of LCCU for working diligently and efficiently to preserve LCCU's mantra of 'We are not a bank, we are better'. We look forward to a productive and progressive 2022.

A handwritten signature in black ink, appearing to read 'Nazavia Celia John-Chicot', written over a horizontal line.

Nazavia Celia John-Chicot (Mrs.)

Chairperson

# Supervisory & Compliance Committee's Report

## For the year ended December 31, 2021

### **Composition, Duties & Responsibilities:**

The Supervisory & Compliance Committee comprises the following:

- Officer Kediana Charlery - Chairperson
- Officer Kendell Peter - Assistant Chairperson
- Officer Irma Francis - Secretary
- Officer John Lawrence - Assistant Secretary
- Mr. Caron Serieux – Member

This Committee is tasked with the responsibility of liaising with the Internal Auditor & Compliance Officer in conducting several audit activities to verify that the Laborie Co-operative Credit Union's (LCCU) internal controls, policies and procedures are in compliance with existing regulations. The findings are presented to the Board of Directors with recommendations to ensure continuity and efficiency of LCCU's operations.

The Committee places on record its gratitude to long serving colleague, Officer Keth Thompson, who had reached the end of his mandatory tenure of service. His successor, Officer Kendell Peter, was elected at the last AGM.

Committee meetings are also attended by Ms. Merle Fontenelle (Internal Auditor & Compliance Officer) and Mr. Tedley Cotter (Acting Internal Audit & Compliance Assistant 1). Committee members also attended Joint Committee meetings and other activities organized by the LCCU. Despite the limitations brought about by the Covid-19 Pandemic, the Committee resolutely carried out its mandate, ensuring minimum disruptions to staff and customer services. Details of the Committee's activities during the year in review are highlighted below.

### **Work Plan:**

- Cash Audits
- LCCU Performance Review using PEARLS Ratio
- Health and Safety Assessment
- Review of Employee Benefits Policy
- Review of Declaration of Source of Funds
- Bursary and Scholarship Review (New Awardees)
- Anti-Money Laundering Policy Review

### **Cash Audits:**

The Committee conducted two desk-review Cash Audits for both Laborie and Vieux-Fort Branches, designed to verify accuracy of information for each written transaction and the relevant documents were completed and duly signed. The Committee reports its satisfaction with the outcome of this exercise, noting that the various transactions had the corresponding documents and necessary signatures affixed.

### **LCCU Performance Review using PEARLS Ratio:**

It is important to note that the PEARLS Ratio is a monitoring system recommended by World Council of Credit Unions Inc (WOCCU) for Credit Unions, and similar ratios are being used by the Financial Services Regulatory Authority (FSRA) for the banking sector. The PEARLS Ratio was used to measure specific areas of performance at the LCCU, and the Committee concurs with the findings of the Regulators. Indeed, LCCU is in good standing and continues to provide information that is relevant and timely.

### **Health and Safety Assessment:**

In the Health & Safety Assessments conducted at both Laborie and Vieux Fort Branches, the Committee was satisfied with the responses of members/customers to the protocols established by LCCU in combatting the Covid-19 pandemic. It was evident that these guidelines had been effectively communicated to staff and members, and adequately covered areas of hygiene and interaction for all persons within the buildings as well as those waiting on the outside. The Committee noted the adherence to, but not limited to the wearing of facemasks, sanitizing of hands, maintaining social distancing, sanitizing of counters after a member is served, and reducing numbers in the waiting areas. LCCU must be commended for the installation of glass barriers at Teller and Reception Stations and encouraging members to access the ATM/online services, thereby minimizing face-to-face transactions.

It was observed that the roll out of scheduled training outlined in the Disaster Preparedness & Emergency Response plan was delayed and may be attributed to COVID-19 Pandemic.

### **Review of Employee Benefits Policy**

The Committee reviewed the Laborie Co-operative Credit Union Ltd. HR Policy and found the Employee Benefits and Amendment to the Staff Gratuity Documents worthy of note. The Committee can confirm that these documents do exist and makes a special appeal to employees to familiarize themselves with the contents as well as be guided accordingly.

### **Review of Declaration of Source of Funds**

The Committee reviewed transactions which require the declaration of source of funds from LCCU Laborie & Vieux-Fort Branches to ascertain the accuracy and availability of proper documentation and information. It was noted that the two tiers currently being utilized are \$10,000.00 up to \$25,000.00 and above \$25,000.00. The Committee is satisfied with the procedure used for documenting Declaration of Source of Funds.

### **Scholarships and Bursaries Review (new Awardees)**

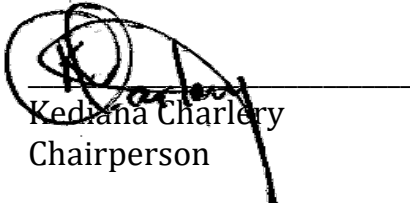
The selection process for granting Scholarships and Bursaries was reviewed to ensure compliance with the awards criteria. Nine (9) scholarships and seven (7) bursaries were awarded during the year in review. The Committee is pleased to report that the process was fair and in accordance with stipulated guidelines. The Education Committee deserves our commendations for its dedication and commitment in carrying out its mandate.

### **Review of Anti Money Laundering Policy**

Miss Fontenelle provided valuable assistance to the Committee in its review of the LCCU Anti-Money Laundering Policy. The Committee was satisfied that the procedures and systems of internal controls used were effective in safeguarding the LCCU. It was also noted that the revised Policy has been reviewed and signed by the Board of Directors

### **Conclusion**

The Supervisory and Compliance Committee Officers are deeply appreciative of the opportunity afforded us to serve you the members. We applaud the management and staff of the LCCU for their support and are thankful for the courtesies received during the year.



Kediana Charleery  
Chairperson

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

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## **Independent Auditor's Report**

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**DECEMBER 31, 2021**

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# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## INDEPENDENT AUDITORS' REPORT

To the Members of:

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**Report on the Audit of the Financial Statements**

### *Opinion*

We have audited the financial statements of **LABORIE CO-OPERATIVE CREDIT UNION LIMITED** ("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 Society 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 Society 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.



**LABORIE 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.

**LABORIE 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  
April 5, 2022

  
Chartered Accountants

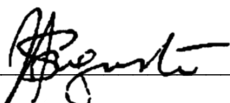
**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and balances with banks (Note 5)	\$ 13,138,893	\$ 6,929,843
Investment securities, available for sale (Note 8)	1,173,477	1,216,174
Accounts receivable (Note 6)	1,474,342	1,956,636
Investment securities, held to maturity (Note 8)	27,036,037	39,510,792
Loans to members (Note 9)	248,373,373	182,878,070
Deferred equipment cost	2,878	7,576
Property, Plant and Equipment (Note 10)	<u>5,006,351</u>	<u>4,038,993</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 296,205,351</u></b>	<b><u>\$ 236,538,084</u></b>
<b>LIABILITIES</b>		
Members fixed deposits (Note 14)	\$ 113,402,633	\$ 82,295,775
Accounts payable and accruals (Note 12)	371,851	724,588
Members' regular deposits (Note 15)	55,006,400	43,189,774
Members special savings (Note 16)	77,992,156	66,947,993
Long term debt (Note 17)	<u>350,473</u>	<u>469,621</u>
<b>Total Liabilities</b>	<b><u>247,123,513</u></b>	<b><u>193,627,751</u></b>
<b>MEMBERS' EQUITY</b>		
Share Capital	15,252,620	12,147,247
Fair Value Reserve	17,786	60,483
Revaluation Reserve	467,055	467,055
Member Funds	2,291,255	1,750,382
Statutory Reserve	12,429,530	11,183,269
Retained earnings	<u>18,623,592</u>	<u>17,301,897</u>
<b>Total Members' Equity</b>	<b><u>49,081,838</u></b>	<b><u>42,910,333</u></b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u>\$ 296,205,351</u></b>	<b><u>\$ 236,538,084</u></b>

**APPROVED BY THE BOARD OF DIRECTORS ON APRIL 5, 2022:**

 \_\_\_\_\_ President

 \_\_\_\_\_ Secretary

The accompanying notes form an integral part of these statements.

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF CHANGES IN MEMBERS' EQUITY**

**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>SHARE CAPITAL</b>		
Share capital at beginning of year	\$ 12,147,247	\$ 10,906,296
Net shares purchased	<u>3,105,373</u>	<u>1,240,951</u>
Share capital at end of year	<u>15,252,620</u>	<u>12,147,247</u>
<b>RESERVES</b>		
<b>Statutory reserve</b>		
At beginning of year	11,183,264	10,203,081
Add : 25% of net surplus for the year	1,225,826	970,303
Entrance Fees	<u>20,440</u>	<u>9,880</u>
At end of year	<u>12,429,530</u>	<u>11,183,264</u>
<b>FAIR VALUE RESERVE</b>		
At beginning of year	60,483	39,135
Fair value increase(decrease) in AFS investments	<u>(42,697)</u>	<u>21,348</u>
At end of year	<u>17,786</u>	<u>60,483</u>
<b>REVALUATION RESERVE</b>	<u>467,055</u>	<u>467,055</u>
<b>MEMBER FUNDS</b>		
<b>Employment benefit fund</b>		
At beginning of year	837,388	697,123
Add : 5% of net surplus for the year	245,165	194,061
Less : payments for the year	<u>(9,297)</u>	<u>(53,796)</u>
At end of year	<u>1,073,256</u>	<u>837,388</u>
<b>Disaster relief fund</b>		
At beginning of year	912,993	-
Add : Transfers	87,007	1,000,000
Reductions	<u>-</u>	<u>(87,007)</u>
At end of year	<u>1,000,000</u>	<u>912,993</u>
<b>LCCU Loan protection fund</b>		
At beginning of year	-	-
Deposits	<u>217,999</u>	<u>-</u>
At end of year	<u>217,999</u>	<u>-</u>
<b>TOTAL MEMBER FUNDS</b>	<u>2,291,255</u>	<u>1,750,381</u>

The accompanying notes form an integral part of these statements.

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF CHANGES IN MEMBERS' EQUITY**

**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>RETAINED EARNINGS</b>		
At beginning of year	\$ 17,301,903	\$ 17,552,826
Total Comprehensive Income for the year	<u>4,860,608</u>	<u>3,902,578</u>
	<b>22,162,511</b>	21,455,404
Statutory reserve	<b>(1,225,826)</b>	(970,303)
Employment benefit fund	<b>(245,165)</b>	(194,061)
Fair Value Reserve	42,697	(21,348)
Disaster fund	<b>(87,007)</b>	(1,000,000)
Dividends and Patronage	<u><b>(2,023,618)</b></u>	<u>(1,967,789)</u>
At end of year	<u><b>18,623,592</b></u>	<u>17,301,903</u>
<b>MEMBERS' EQUITY, END OF YEAR</b>	<u><b>\$ 49,081,838</b></u>	<u>\$ 42,910,333</u>

The accompanying notes form an integral part of these statements.

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>INCOME</b>		
Members' loan interest	\$ 15,373,444	\$ 13,527,910
Investment interest	<u>1,121,929</u>	<u>1,302,567</u>
	<u>16,495,373</u>	<u>14,830,477</u>
<b>Interest Expense</b>		
Interest and bank charges	26,221	22,373
Members fixed deposit interest	4,434,593	4,200,019
Members deposits and special savings interest	2,797,813	2,464,952
Loan term debt interest	<u>20,768</u>	<u>26,851</u>
	<u>7,279,395</u>	<u>6,714,195</u>
Net Interest Income	9,215,978	8,116,282
Provision for Impairment of loans & advances	(434,272)	(192,222)
CUNA Insurance and LCCU Loan protection fund	(466,319)	(520,183)
Other Income (Note 21)	<u>981,076</u>	<u>375,523</u>
<b>Net Interest and Other Income</b>	<u>9,296,463</u>	<u>7,779,400</u>
<b>OPERATING EXPENSES</b>		
Marketing	157,062	202,902
Depreciation	254,491	281,910
Insurance	71,282	58,849
Office supplies and stationery	178,756	141,161
Other expenses (Note 22)	662,604	667,441
Lease	490,192	250,136
Salaries, benefits and allowances	2,154,019	1,918,502
Security services	136,080	119,630
Utilities	<u>288,672</u>	<u>257,659</u>
	<u>4,393,158</u>	<u>3,898,190</u>
<b>SURPLUS FOR THE YEAR</b>	4,903,305	3,881,210
<b>OTHER COMPREHENSIVE INCOME</b>		
Fair value increase (decrease) in available-for- sale investments	<u>(42,697)</u>	<u>21,348</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 4,860,608</u>	<u>\$ 3,902,558</u>

The accompanying notes form an integral part of these statements.

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from Operating Activities</b>		
Total Comprehensive Income for the year	\$ 4,860,608	\$ 3,902,578
Add (deduct): charges to income not involving cash		
Depreciation	254,491	281,910
Provision for Impairment of Loans	434,272	192,222
Loss on disposal of assets	3,507	2,714
Provision for impairment of Investments	<u>42,697</u>	<u>(21,348)</u>
	5,595,575	4,379,424
Net change in non-cash working capital balances related to operations		
(Increase) in accounts receivable	482,294	(1,039,569)
Decrease (Increase) in AFS Investments	-	(21,348)
(Increase) in loans to members	(65,929,576)	(29,632,207)
Increase in members fixed and other deposits	53,967,646	24,121,409
Increase in accounts payable and accruals	(352,736)	392,074
Decrease (Increase) in investments HTM	12,474,755	(9,791,346)
Decrease in investment property	<u>-</u>	<u>80,728</u>
Net cash flow provided by (used in) operating activities	<u>6,237,958</u>	<u>(11,510,835)</u>
<b>Cash flows from Investing Activities</b>		
Purchase of fixed assets	(1,225,405)	(69,095)
Deferred equipment cost	4,698	(6,851)
Proceeds from disposal of assets	<u>50</u>	<u>143</u>
Net cash flow (used in) investing activities	<u>(1,220,657)</u>	<u>(75,803)</u>
<b>Cash flows from Financing Activities</b>		
Dividends and patronage refunds	(2,023,618)	(1,967,789)
Increase in members' shares	3,105,373	1,240,951
Long term debt repayment	(119,148)	(121,283)
Entrance fees	20,440	9,880
Employment benefit fund payment	(9,297)	(53,796)
LCCU Loan Protection fund	217,999	-
Disaster relief fund	<u>-</u>	<u>(87,007)</u>
Net cash flow provided by (used in) financing activities	<u>1,191,749</u>	<u>(979,044)</u>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>6,209,050</b>	<b>(12,565,682)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u><b>6,929,843</b></u>	<u><b>19,495,525</b></u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><b>\$ 13,138,893</b></u>	<u><b>\$ 6,929,843</b></u>

The accompanying notes form an integral part of these statements.

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 1. LEGAL STATUS

The Laborie Co-operative Credit Union Limited (the Co-operative or Credit Union) was duly registered as a Credit Union on May 27, 1981 pursuant to the Co-operative Credit Union Act, Chapter 82 of the Laws of Saint Lucia (1957) Revision, and is continued under Section 241 of the Co-operative Societies Act, No. 28 of 1999. The Credit Union was formed to promote thrift and co-operative principles among its members by providing the means to facilitate savings.

The registered office and principal place of business of the Credit Union is located at Allan Louisy Street, Laborie, Saint Lucia. The principal activities of the Credit Union is the provision of financial services to its members on reasonable terms and conditions for provident and productive purposes.

The Laborie Co-operative Credit Union Limited is not subject to income tax in accordance with Subsection 25(1)(p) of the Income Tax Act No. 1 of 1989.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless specifically stated otherwise.

#### (a) Basis of Presentation

The Laborie Co-operative Credit Union Limited's financial statements have been prepared under the historical cost convention in conformity with International Financial Reporting Standards (IFRS).

The preparation of the financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that could affect the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities, and the amounts of revenue and expenditures during the year. Actual amounts could differ from those reported. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation include: securities impairment, determination of fair value of financial instruments, and the allowance for credit losses.

Management also exercises judgement in the process of applying the Credit Union's accounting policies. Significant judgements have been made in the following areas:

- (i) Fair value of financial instruments and securities impairment, (ii) Allowance for credit losses, (iii) Provisions, (iv) Impairment losses on loans and advances, (v) Impairment of available-for-sale equity investments and (vi) Held-to-maturity investments.

#### (b) Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Eastern Caribbean dollars, which is the Co-operative's functional and presentation currency.

#### (c) Revised standards effective and relevant to the Co-operative

- a) 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.



# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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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.

b) 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.

Annual Improvements to IFRSs 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 Co-operative.

Early adoption of standards

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

### **(d) Financial assets**

The Credit Union allocates financial assets to the following IAS 39 categories: loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### **a) Held-to-maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Credit Union's management has the positive intention and ability to hold to maturity, other than:

(a) those that the Credit Union upon initial recognition designates as at fair value through profit or loss; (b) those that the Credit Union designates as available for sale;

and c) those that meet the definition of loans and receivables. These are initially recognized at fair value including direct and incremental transaction costs and measured subsequently as amortised cost, using the effective interest rate method. Interest on held-to-maturity investments is included in the statement of income. In case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognized in the statement of income.

If the Credit Union were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale investments.

### **b) Available-for-sale**

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognized in the statement of income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the statement of comprehensive income is recognized in the statement of comprehensive income. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognized in the statement of income. Dividends on available for-sale equity instruments are recognized in the statement of income when the Co-operative's right to receive payment is established.

### **c) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short-term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of the initial investment, other than because of credit deterioration.

Loans and receivables are initially recognized at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the statement of financial position as loans and advances to members or as investment securities. Interest on loans and advances to members and investment securities are included in the statement of income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognized in the statement of income.

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### **(d) Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity, if any.

### **(e) Impairment of financial assets**

IFRS 9 has fundamentally changed the Credit Unions's impairment model by replacing IAS 39's incurred loss approach with a forward-looking three-stage expected credit loss (ECL) approach. The expected credit loss model is applicable to the following categories of financial assets:

- (a) Members' Loans
- (b) Individual receivables and prepayments

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Credit Union expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three (3) stages:

#### **Stage 1**

When financial assets are first recognised, the Credit Union recognises an allowance based on 12-months ECLs. Stage 1 financial assets also includes facilities where the credit risk has improved and the financial assets have been reclassified from Stage 2.

#### **Stage 2**

When financial assets have shown a significant increase in credit risk since origination, the Credit Union records an allowance for the Lifetime ECLs. Stage 2 also includes facilities, where the credit risk has improved, and financial assets have been reclassified from Stage 3.

#### **Stage 3**

Stage 3 comprise of financial assets that are considered to be impaired. Here the Credit Union records an allowance for the Lifetime ECLs. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the asserted period, if the facility has not been previously derecognised and is still in the portfolio.

EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including repayments of the principal and interest, whether scheduled by contract or otherwise.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and the cash flows expected to be received. It is usually expressed as a percentage of the EAD.

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

The maximum period for which the credit losses are determined is the contractual life of the financial instrument.

### Calculation of ECLs

#### Stage 1

The 12-month ECL is calculated as the portion of LTECLs that represent the ECLs resulting from default events on a financial instrument that are possible within the 12 months after the reporting date. The Credit Union calculates the 12-month ECL allowance based on the expectation of default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the Expected LGD.

#### Stage 2

When financial assets have shown a significant increase in credit risk since origination, the Credit Union records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the loan.

#### Stage 3

For the financial assets considered credit-impaired, the Credit Union recognises the lifetime ECLs for these financial assets. The method is similar to that of Stage 2 assets.

### Assets carried at amortised cost

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

A loss event includes any of the following (i) significant financial difficulty of the issue or obligor; (ii) a breach of contract, such as default or delinquency in interest or principal or (iii) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;

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

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income. If a loan or held-to-maturity investment has variable interest rates, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Credit Union may measure impairment on the basis of an instrument's fair value using the observable market price.

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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The calculation of the present value of the estimated future cash flows of the collateral financial asset reflects the cash flows that may or may not result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for the loan impairment in the statement of income.

If, in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (subsequent to an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of income.

### **Impairment of other non-financial assets**

#### **Assets carried at fair value**

The Credit Union assesses at each balance sheet date whether there is objective evidence that the financial asset or group of financial asset is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on the net basis, or realize the asset and settle the liability simultaneously. Pursuant to Section 109 of the 2001 Act, the Credit Union has a legally enforceable right to offset members' deposits against any related loan balances that are over 90 days overdue.

### **(f) 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. For the purpose of Cash Flow Statement, cash and cash equivalents comprise balances of cash on hand and current bank accounts less any bank overdraft balances.

### **(g) Accounts receivable**

Accounts receivable represent the principal amounts due at the balance sheet date less, where applicable, any provision for impairment.

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### **(h) Property, plant and equipment**

Property, plant and equipment, except for land, are stated at historical cost less accumulated depreciation. Additions to property, plant and equipment are recognized as separate items when it is probable that future economic benefits will flow to the Credit Union and the cost of the items can be measured reliably. Cost comprises the purchase price, and cost directly attributable to bringing the asset to the location and condition necessary for its intended use, and the initial estimate of any disposal costs. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis, so as to allocate cost to their residual values over their estimated useful lives as follows:

Furniture & Fittings	15%
Computer hardware & software	33.33%
Leasehold improvements	20%
Buildings	2.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amounts are greater than their recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with their carrying amounts. These are included in the statement of income.

### **(i) Financial liabilities**

The Credit Union's financial liabilities are measured at amortised cost and include members' deposits and savings, trade payables and accrued liabilities. Financial liabilities are derecognized when extinguished.

### **(j) Members' shares**

This represents the paid up shares of members at a par value of \$ 5 per share. Members are encouraged to maintain a minimum of 20 shares with a value of \$ 100.

### **(k) Dividends on members' equity shares**

Dividends on ordinary shares are recognized as a reduction of retained earnings under members' equity and in the year declared. Dividend declaration is based on a rate that is not more than that recommended by the Board of Directors for distribution. Members, at Annual General Meeting, may not approve a rate that is higher than that recommended by the Board of Directors.

### **(l) Interest income & expense**

Interest income and expense for all interest-bearing financial instruments are recognized within interest income and interest expense in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate period to the net carrying amount of the financial asset or financial liability.

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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When calculating the effective interest rate, the Credit Union estimates cash flows consisting all contractual terms of the financial instrument but does not consider further credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

### **(m) Fees and commission income**

Fees, commissions and other income are recognized on an accrual basis when related service has been provided.

### **(n) Dividend income**

Dividend income from available-for-sale equities is recognized when the right to receive payment is established.

### **(o) Provisions**

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

### **(p) Financial instruments**

Financial instruments carried on the balance sheet include cash and cash equivalents, investment securities, loans to members, deposits and shares to members. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

### **(q) Comparatives**

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.

## **3. FINANCIAL RISK MANAGEMENT**

The Board of Directors has overall responsibility for risk management. The authority for assigning and operating the processes that address the objectives is delegated to the Treasurer.

### **Financial instruments' strategy**

Consequent on its nature, the Credit Union's activities are principally related to the use of financial instruments. The Credit Union accepts the proceeds of deposits and shares from members and seeks to earn an interest margin by lending these monies to members while maintaining sufficient liquidity to met all claims that may fall due.

The Credit Union also seeks to raise its interest margins by obtaining above average margins, net of allowances, through investing in various financial instruments.

The most common types of risks are credit risk, liquidity risk, market risk, and operational risk. Market risk includes currency and interest rate risks.

### **(a) Credit risk**

The Credit Union takes on exposure to credit risk which is the risk that a counter party will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Credit Union's portfolio, could result in losses that are different from those provided at the balance sheet date. Management, therefore carefully manages its exposure to credit risks.

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis. Limits on the level of credit risk by products are approved by the Board of Directors.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees.

### Impairment & provisioning policies

Impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. Some accounts are reviewed monthly, others quarterly and sometimes when individual circumstances require.

Impairment losses on individually assessed accounts are determined by an evaluation of the incurred loss at the balance sheet date on a case by case basis and are applied to all individually significant accounts. The assessment encompasses collateral held and the anticipated receipts for those individual accounts. This forms the specific provisioning.

The collective provisioning requires management's judgment about the risks of default and loss associated with a pool of accounts. These accounts are in a segment that is considered to be Pass and or Special Mention. Management determines whether objective evidence of impairment exist based on the following criteria:(a) Delinquency in payments of principal and interest (b) Cash flow constraints of members, (c) Breach of loan covenants, (d) Deterioration of members competitive position, (e) Deterioration in the value of collateral and (f) Economic conditions.

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to on-balance sheet assets are as follows

	<u>2021</u>	<u>2020</u>
Cash at Bank	\$ 13,138,893	\$ 6,929,842
Investment Securities	28,209,514	40,726,966
Loans and Advances to members	248,373,373	182,878,070
Accounts receivable	<u>1,474,342</u>	<u>1,956,636</u>
	291,196,122	232,491,514
<b>Loan commitments</b>	<u>19,106,240</u>	<u>12,419,454</u>
Maximum exposure to credit risk	<u>\$ 310,302,362</u>	<u>\$ 244,910,968</u>

### (b) Market risk

Market risk arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific 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 rates for the various deposits and other financial assets are disclosed in their associated notes.

The Credit Union is exposed to market risks (fair value) with it's Share holdings in the Eastern Caribbean Financial Holding Company which are traded on the open market through the Eastern Caribbean Securities Exchange. Other Investments are monitored by management and changes in fair values are reported through the profit and loss accounts.



# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### **(c) Currency risk**

The Credit Union takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The exposure of the Credit Union to currency risk is minimal since most of its assets and liabilities in foreign currencies are held in United States dollars (US\$). The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar has been pegged at EC\$2.7169 to US\$1.00 since 1974.

### **(d) Interest Rate Risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Credit Union takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level mismatch of interest rate repricing that may be undertaken.

### **(e) Liquidity Risk**

Liquidity risk is the risk that the Credit Union is unable to meet its payment obligations associated with the financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lenders. The Credit Union is exposed to daily calls on its available cash resources from maturing members' deposits and loan draw downs. The Credit Union does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board of Directors sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

### **Liquidity risk management**

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Credit Union. It is unusual for the Credit Union to be completely matched as transacted business is often of uncertain terms and types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The contractual maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Credit Union and its exposure to changes in interest rates.

### **(f) COVID –19 Risk**

The Credit Union is exposed to the COVID-19 risks merely by its existence. These risks are manifested from the closure of the Country's borders and the shutting down of commercial activities that cause loss or reduction of the primary earning capacity of members thereby creating an inability for them to keep up with their loan repayment schedules.

The Credit Union manages these risks by: (i) identifying those members who have experienced loss or reduced primary incomes for relief assistance; (ii) Setting up a \$1,000,000 disaster relief fund; (iii) Adopting sanitization, social distancing, wearing of masks, and member-staff contact minimization protocols; (iv) Conducting bi-weekly monitoring & evaluation of risk-mitigation protocols; (v) Provision of moratoriums, waivers, and loan restructures; and (vi) Provision of additional loan products to satisfy the more targeted needs of members.

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

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### **(g) Fair Value of Financial Instruments**

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and are best evidences by the quoted market values, if they exist. The following methods and assumptions were used to estimate the fair value of financial instruments.

The fair values of cash resources, accounts receivable, accounts payable, members' deposits, members' savings and other short-term instruments are assumed to approximate their carrying amounts due to their short-term nature. The fair value of statement of financial position commitments are also assumed to approximate the amounts disclosed.

### **Investment securities**

Assets classified as available-for-sale are at fair value based on market prices or broker price quotations. For unlisted securities, fair value is estimated based on their cost as the amounts are immaterial. For investment securities classified as loans and receivables, fair value is estimated using the discounted cash flows.

### **Loans and advances to members**

Loans and advances are net of their provisions for impairment. The estimated values of loans and advances represent the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Except for the Eastern Caribbean Financial Holding Limited's shares which trade on the Eastern Caribbean Securities Exchange, there were no other financial instruments that traded in any active market.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available. The carrying amounts of all financial liabilities are assumed to approximate their fair values.

### **(h) Capital management**

The Credit Union manages capital with the following objectives:

- (i) to comply with the statutory capital requirements of the Co-operative Societies Act of St Lucia and enforced by the Financial Services Regulatory Authority (FSRA);
- (ii) to safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns for members and benefits other stakeholders;
- (iii) to maintain a strong capital base in an effort to maintain members, creditors and other parties confidence and sustain future development of the Credit Union; and
- (iv) to provide a cushion in the event of market instability.

The Board of Directors monitors the return, which is defined as surplus for the year divided by average total assets, and also the level of dividends paid to members. Section 119 of the Co-operative Societies Act Cap 12.06 requires the Credit Union to maintain statutory and other reserves at not less than 10.0% of its liabilities. As at the year end, the minimum requirements was:

	<u>2021</u>	<u>2020</u>
Minimum capital requirement	\$ <u>24,734,129</u>	\$ <u>19,362,775</u>

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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Capital adequacy is monitored quarterly using the PEARLS ratios prescribed by the World Council of Credit Unions for determining capital adequacy and which has been adopted by the Financial Services Regulatory Authority (FSRA). PEARLS requires that each Credit Union maintains a minimum of 10.0% of total assets as its capital base. As at the year end, that figure was:

	<u>2021</u>	<u>2020</u>
Minimum capital requirement	\$ <u>29,620,535</u>	\$ <u>23,653,808</u>

The Credit Union was in compliance for both these requirements.

### (h) Regulatory capital

Regulatory capital is divided into two sections:

(a) Institutional capital: Share capital, Retained earnings, Statutory reserve; and

(b) Transitory capital: Fair value reserve, Revaluation reserve, Employment benefit fund, Disaster relief fund and LCCU Loan protection fund..

	<u>2021</u>	<u>2020</u>
<b>Institutional capital</b>		
Share capital	\$ 15,252,619	\$ 12,147,247
Retained earnings	21,416,393	17,301,898
Statutory reserve	<u>12,409,093</u>	<u>11,183,267</u>
	<u>49,078,105</u>	<u>40,632,412</u>
<b>Transitory capital</b>		
Revaluation reserve	467,055	467,055
Employment benefit fund	1,073,258	837,389
Disaster relief fund	1,000,000	912,993
LCCU Loan protection fund	217,999	-
Fair value reserve	<u>17,787</u>	<u>60,483</u>
	<u>2,776,099</u>	<u>2,277,920</u>
Total regulatory capital	\$ <u>51,854,204</u>	\$ <u>42,910,332</u>

The risk-weighted assets are measured by an estimation of market, credit, interest and other risk associated with each asset and with due consideration to the collateral proffered. In addition, management and the Board of Directors monitor any major movements in asset levels on a monthly basis.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Credit Union makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**5. CASH AND BALANCES WITH BANKS**

	<u>2021</u>	<u>2020</u>
Cash at banks	\$ <u>13,138,893</u>	\$ <u>6,929,842</u>

Interest is earned on deposit bank balances at an average rate of 1.58% (2020 – 1.75%) per annum.

Pursuance to Section 119 (3) of the Co-operative Society's Act, the Credit Union is required to maintain a liquidity reserve calculated to be 15.0% of members' shares and deposits.

The following bank deposits and investment securities have been identified to meet the requirements of the Act.

	<u>2021</u>	<u>2020</u>
Bank of St. Lucia Limited - Cash	\$ 13,138,893	\$ 6,929,842
St Lucia Co-operative League - Deposit	770,605	749,981
Certificates of deposit	8,091,234	18,008,754
Government of St Lucia – Private Treasury Bond	2,928,404	2,396,742
Government of St Lucia – Treasury Note	4,003,836	4,003,836
Government of St Lucia – Treasury Bills	<u>11,241,958</u>	<u>14,351,479</u>
	\$ <u>40,174,930</u>	\$ <u>46,440,634</u>

The minimum requirement under the Act is	\$ <u>39,248,072</u>	\$ <u>30,687,118</u>
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As at the year-end, the Credit Union met the liquidity reserve requirement.

**6. ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	<u>2021</u>	<u>2020</u>
St. Lucia Fish Marketing Corporation	\$ 204,680	\$ 204,680
Black Bay Farmers' Association	-	49,954
Due from A&C Ltd (Western Union Agent)	523,588	779,514
Other	<u>951,478</u>	<u>1,140,247</u>
	1,679,746	2,174,395
Less provisions for impairment	<u>(205,404)</u>	<u>(217,759)</u>
	\$ <u>1,474,342</u>	\$ <u>1,956,636</u>

**7. INVESTMENT PROPERTY**

The land, which is located at Des Cartier, in the Quarter of Micoud, was acquired in 2006 as a result of confiscation from a member for the non-repayment of a loan, and reported in the financial statements initially as part of Property, plant & equipment at the unpaid loan balance. The property was revalued on November 16th, 2017 and the property was reported at the revalued amount of \$80,728.

The property was disposed of in November 2020.

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**8. INVESTMENT SECURITIES**

	<u>2021</u>	<u>2020</u>
<b>Securities Available-for-sale</b>		
St Lucia Co-operative League - Shares	\$ 500,105	\$ 500,105
Laborie Fishers & Consumers Co-operative	30,000	30,000
Shares at St.Lucia Electricity Services Ltd (10,000 shares)	200,000	200,000
Eastern Caribbean Financial Holdings Ltd. (85,393 shares)	341,572	384,269
1st National Bank Limited (10,000 ordinary shares)	<u>101,800</u>	<u>101,800</u>
	<u>\$ 1,173,477</u>	<u>\$ 1,216,174</u>
<b>Held to maturity</b>		
Bank of St Lucia Limited – Certificates of deposit	\$ 4,935,201	\$ 14,944,644
Capita Financial Services Inc – Certificates of deposit	3,156,033	3,064,110
St. Lucia Co-operative League – Certificate of deposit	770,605	749,981
Government of Saint Lucia – 4.5% to 7.5% Private Treasury Bond	2,928,404	2,396,742
Government of Saint Lucia – 3 year (5.0%) Treasury Note	4,003,836	4,003,836
Government of Saint Lucia- 1 - 3 year 4% & 4.5% Treasury Bills	<u>11,241,958</u>	<u>14,351,479</u>
Investment securities, held to maturity, net of allowance for impairment	<u>\$ 27,036,037</u>	<u>\$ 39,510,792</u>
Total investment securities, net of allowance for impairment	<u>\$ 28,209,514</u>	<u>\$ 40,726,966</u>

**St Lucia Electricity Services Ltd (LUCELEC)** – a St Lucian incorporated company whose purpose is to provide electrical power for the Island. LUCELEC's shares are traded on the Eastern Caribbean Securities Market, and as at December 31, 2021, the market value of these shares was \$20.00.

**Eastern Caribbean Financial Holdings Ltd**, is the parent company to the Bank of St Lucia Limited, a commercial bank operating in St. Lucia, among others. Its shares are traded on the Eastern Caribbean Securities Market, and as at December 31, 2021, the market value of its shares was \$4.00

**1st National Bank St Lucia Limited**, a St Lucian incorporated company, was formed in December 1937 and commenced trading in January 1938. The Bank provides commercial and retail banking services, including acceptance of deposits, granting loans and advances among other services. The Bank's shares are not traded on any exchange.

**St Lucia Co-operative League Ltd**, of which the Laborie Co-operative Credit Union Limited is an affiliate member, is the umbrella organization responsible for the development of the credit union movement in St Lucia.

**Laborie Fishers & Consumers Co-operative Ltd** is a duly registered society pursuant to section 241(f) the Cooperative Society's Act of St Lucia. It was formed to promote thrift and co-operative principles among its members.

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**9. MEMBERS' LOANS AND ADVANCES**

	<u>2021</u>	<u>2020</u>
Balance opening	\$ 183,294,681	\$ 153,843,306
Additions	<u>177,734,580</u>	<u>139,054,916</u>
	361,029,261	292,898,222
Repayments	<u>(112,060,022)</u>	<u>(109,603,541)</u>
Balance closing	248,969,239	183,294,681
Provision for Impairment of Loans	<u>(595,866)</u>	<u>(416,611)</u>
	<u>\$ 248,373,373</u>	<u>\$ 182,878,070</u>

Sectorial analysis of members' loans & advances

	<u>2021</u>	<u>2020</u>
Personal 1	\$ 29,317,777	\$ 30,067,253
Business	11,277,993	6,740,446
Land	32,348,948	26,373,921
Mortgage	37,159,637	29,712,213
Agriculture	175,504	209,450
Education	5,414,686	5,719,786
BUST	426,224	24,735
Housing	11,442,112	10,226,001
Vehicle	18,953,178	16,263,952
Vision Plus	59,042	28,236
Kwedi Alez	406,540	417,252
Smart clime	39,904	124,798
Personal 2	828,655	786,523
Mix & Match	60,873,384	51,298,275
Line of credit	2,067,346	172,540
Comfort for life	16,347,514	4,836,267
Dream maker	21,627,060	-
Accrued interest	<u>203,735</u>	<u>293,033</u>
	<u>\$ 248,969,239</u>	<u>\$ 183,294,681</u>

**Provision for Impairment of Loans**

Balance at beginning of year	\$ 416,611	\$ 405,221
Charges for the year	626,846	353,280
Write Offs/Recoveries	<u>(447,591)</u>	<u>(341,890)</u>
	<u>\$ 595,866</u>	<u>\$ 416,611</u>

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

Regulation 30 (1) of the Co-operative Societies Act – Provisioning

<b>Period Overdue Loans</b>	<b>Delinquent Loans</b>	<b>Collateral</b>	<b>Net Loans Delinquent</b>	<b>Loss Exposure %</b>
Less than 3 months	\$ 1,127,441	\$ 1,434,645	\$ -	-
3 months < 6 months	992,246	833,958	158,288	25
6 months < 9 months	491,449	366,455	124,994	50
9 months < 1 year	387,913	219,563	168,350	75
1 year and over	<u>6,937,190</u>	<u>6,717,642</u>	<u>219,548</u>	100
Totals	<u>\$ 9,936,239</u>	<u>\$ 9,572,263</u>	<u>\$ 671,180</u>	

	<u>2021</u> Provision	<u>2020</u> Provision
Less than 3 months	\$ -	\$ -
3 months < 6 months	39,572	-
6 months < 9 months	62,497	47,070
9 months < 1 year	126,263	242,736
1 year and over	<u>219,548</u>	<u>-</u>
Totals	<u>\$ 447,880</u>	<u>\$ 289,806</u>

**10. PROPERTY, PLANT & EQUIPMENT**

	<u>2020</u> <u>B/forward</u>	<u>Additions</u>	<u>Disposals</u>	<u>2021</u> <u>C/forward</u>
<b>Cost</b>				
Land	\$ 187,225	\$ -	\$ -	\$ 187,225
Buildings	4,200,851	-	-	4,200,851
Furniture & equipment	948,960	<b>370,209</b>	<b>65,646</b>	<b>1,253,524</b>
Leasehold improvements	46,762	<b>699,935</b>	-	<b>746,698</b>
Computer hardware and software	<u>457,082</u>	<u>155,261</u>	<u>35,809</u>	<u>576,533</u>
	<u>5,840,880</u>	<u>1,225,405</u>	<u>101,455</u>	<u>6,964,831</u>
<b>Depreciation</b>				
Buildings	733,229	<b>105,021</b>	-	<b>838,250</b>
Furniture & Equipment	696,982	<b>68,539</b>	<b>62,089</b>	<b>703,431</b>
Leasehold improvements	10,096	<b>33,279</b>	-	<b>43,375</b>
Computer hardware and software	<u>361,580</u>	<u>47,652</u>	<u>35,808</u>	<u>373,424</u>
	<u>1,801,887</u>	<u>254,491</u>	<u>97,897</u>	<u>1,958,480</u>
<b>Net book value</b>				
Land	187,225			187,225
Buildings	3,467,622			3,362,601
Furniture & equipment	251,978			550,093
Leasehold improvements	36,666			703,323
Computer hardware & software	<u>95,502</u>			<u>203,109</u>
Total	<u>\$ 4,038,993</u>			<u>\$ 5,006,351</u>

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**12. ACCOUNTS PAYABLE AND ACCRUALS**

	<u>2021</u>	<u>2020</u>
National Enrichment Learning Program (NELP)	\$ 96,995	\$ 96,995
Unclaimed deposits	57,884	44,408
Cuna Insurance	-	115,606
Audit fees	40,000	24,891
Inter-American Development Grant (Note 13)	-	253,487
Accruals and sundry payables	<u>176,972</u>	<u>189,201</u>
	<u>\$ 371,851</u>	<u>\$ 724,588</u>

**13 INTER-AMERICAN GRANT**

	<u>2021</u>	<u>2020</u>
Balance, opening	\$ 253,487	\$ 42,877
Additions	<u>-</u>	<u>256,777</u>
	253,487	299,654
Disbursements	<u>(253,487)</u>	<u>(46,167)</u>
Balance, closing	<u>\$ -</u>	<u>\$ 253,487</u>

Pursuant to an agreement – ATN/ME-16289-RG – the Inter-American Development Bank agreed to provide the Laborie Co-operative Credit Union Limited – the executing agency, with grant funding of US\$360,940 for distribution to eligible applicants to finance a portion of the technical co-operation project. The main objective of the project is to strengthen the viability of agribusiness operators in the southern region of St Lucia within the context of climate change through a developed model. During 2021, the balance on the grant approved of EC\$ 253,487 was disbursed pursuant to the grant agreement. Total grant funding utilized was USD\$ 210,520.

**14. MEMBERS' FIXED DEPOSITS**

	<u>2021</u>	<u>2020</u>
Balance, opening	\$ 82,295,775	\$ 69,872,836
Additions	<u>131,148,867</u>	<u>178,549,360</u>
	213,444,642	248,422,196
Withdrawals	<u>(100,042,009)</u>	<u>(166,126,421)</u>
Balance, closing	<u>\$ 113,402,633</u>	<u>\$ 82,295,775</u>
Sectorial Analysis of Members' Fixed Deposit Balance	\$ 111,211,677	\$ 80,555,896
Accrued interest	<u>2,190,956</u>	<u>1,739,879</u>
	<u>\$ 113,402,633</u>	<u>\$ 82,295,775</u>



**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**15. MEMBERS' REGULAR DEPOSITS**

	<u>2021</u>	<u>2020</u>
Balance, opening	\$ 43,189,773	\$ 34,824,939
Additions	<u>142,098,997</u>	<u>109,227,497</u>
	185,288,770	144,052,436
Withdrawals	<u>(130,282,370)</u>	<u>(100,862,663)</u>
Balance, closing	<u>\$ 55,006,400</u>	<u>\$ 43,189,773</u>

Sectorial analysis of members' deposits

	<u>2021</u>	<u>2020</u>
Deposits - 0	\$ 52,393,901	\$ 41,151,305
Special	454,031	291,514
FIP	129,246	86,850
CUNA payment protector	37,973	5,890
Vision	460,894	379,862
Easi-cash (ATM)	75,074	15,570
Accrued interest	<u>1,455,281</u>	<u>1,258,782</u>
	<u>\$ 55,006,400</u>	<u>\$ 43,189,773</u>

**16. MEMBERS' SPECIAL SAVINGS**

	<u>2021</u>	<u>2020</u>
Balance, opening	\$ 66,947,993	\$ 63,614,358
Additions	<u>32,151,793</u>	<u>22,927,475</u>
	99,099,786	86,541,833
Withdrawals	<u>(21,107,630)</u>	<u>(19,593,840)</u>
Balance, closing	<u>\$ 77,992,156</u>	<u>\$ 66,947,993</u>

**17. LONG TERM DEBT**

Inter-American Development Bank – #4257/SX-RG

	<u>2021</u>	<u>2020</u>
Balance, opening	\$ 469,621	\$ 598,451
Additions/interest	<u>20,768</u>	<u>26,851</u>
	490,389	625,302
Less payment	<u>(139,916)</u>	<u>(155,681)</u>
	350,473	469,621
Less current portion	<u>(109,219)</u>	<u>(109,219)</u>
Balance, closing	<u>\$ 241,254</u>	<u>\$ 360,402</u>

Inter-American Development Bank

Pursuant to an agreement executed on November 11, 2017, the Inter-American Development Bank agreed to loan the Laborie Co-operative Credit Union Limited the sum of US\$804,000 (EC\$2,184,388) to on-lend to members to finance climate resilient projects in the agricultural sector.

The loan proceeds are restricted to:

- 75.0% for long-term loans to finance investments in climate adaptation; and
- 25.0% for working capital loans.

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

The loan bears an interest rate of 5.0% and is repayable semi-annually commencing with 1.5 years after the date of signing the agreement.

As at December 31st, 2021, the Credit Union had draw-down US\$241,200 (EC\$648,343.68). It is to be repaid in 12 consecutive semi-annual amortized principal installments of US\$20,100, commencing with April 5th, 2019, plus interest at the rate of 5.0% p.a.

### 18. 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	\$ 4,306,924	\$ 4,466,601
Shares and Deposits	\$ 1,555,062	\$ 1,825,760

### 19. COMMITMENTS

#### LEASE

Effective January 1st, 2019, the Laborie Co-operative Credit Union Limited entered into a ten (10) year lease agreement for its Vieux Fort office accommodations. The lease agreement commits the Credit Union to a monthly payment of \$20,016 commencing with January 2019, security deposit of \$20,016, and last month rent of \$20,016.

#### New lease for Castries

The Credit union also entered into a 10 year lease agreement for its Castries Branch on March 1, 2021 with a security deposit of \$ 25,000. The agreement commits the Credit union to a monthly payment of \$25,000 for the first five years and thereafter an increased payment of \$ 26,875 for the subsequent five years.

	<u>2021</u>	<u>2020</u>
The Lease commitment for 2022 is:	\$ <u>540,192</u>	\$ <u>240,192</u>

#### Undisbursed Loans and Advances

	<u>2021</u>	<u>2020</u>
Personal l	\$ 1,191,516	\$ 929,400
Business	1,189	6,000
Land	1,063,482	2,165,505
Mortgage	1,594,907	2,050,824
Education	640,068	638,448
BUST	37,378	-
Housing	215,868	867,156
Vehicle	1,250,204	1,006,166
Line of Credit	1,042,325	-
Comfort for life	6,048,955	751,581
Mix & Match	1,128,532	4,004,374
Dream Maker	4,891,816	-
	<u>\$19,106,240</u>	<u>\$12,419,454</u>

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**20. MANAGEMENT & EMPLOYEE COST**

	<u>2021</u>	<u>2020</u>
Salaries and wages	\$ 1,901,398	\$ 1,672,529
Travelling	120,111	95,520
Medical Insurance	32,458	31,380
NIC contributions, uniforms and other	<u>100,052</u>	<u>119,073</u>
	<u>\$ 2,154,019</u>	<u>\$ 1,918,502</u>

**KEY MANAGEMENT COMPENSATION**

Salaries and wages	\$ 425,381	\$ 403,405
Travelling	58,800	58,800
Other	<u>22,473</u>	<u>21,907</u>
	<u>\$ 506,654</u>	<u>\$ 484,112</u>

**21. OTHER INCOME**

	<u>2021</u>	<u>2020</u>
Loan fees, photocopies and service fees	\$ 674,519	\$ 74,579
Dividends received	10,333	43,034
Commissions	234,142	216,637
Sundry	<u>62,082</u>	<u>41,273</u>
	<u>\$ 981,076</u>	<u>\$ 375,523</u>

**22. OTHER EXPENSES**

	<u>2021</u>	<u>2020</u>
Annual general meeting	\$ 15,191	\$ 40,495
Audit	45,342	42,780
Board of director expenses	13,071	12,550
Allowance for accounts receivable impairment	-	15,240
Education and training	1,352	3,859
Donations	113,145	102,088
Honorarium	28,500	28,500
League dues	67,500	75,000
Legal and professional fees	18,342	13,494
Member relations	29,093	36,960
Other expenses	16,348	20
Property tax	3,477	(3,924)
Loss on disposal of property, plant & equipment	3,507	44,442
Repairs and maintenance	206,467	156,935
ATM Expenses	31,947	60,581
Special events	40,609	12,062
Staff and officers appreciation	<u>28,713</u>	<u>26,359</u>
	<u>\$ 662,604</u>	<u>\$ 667,441</u>









# Laborie Co-operative Credit Union Ltd.



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**Vieux Fort Branch**

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Vieux Fort  
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**Castries Branch**

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Castries  
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