

**CEMCU CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED**



**2019
ANNUAL REPORT**



Stay Safe

CEMCU'S VISION

"To remain the premier
Credit Union Co-operative
Society in Trinidad and Tobago"

CEMCU'S MISSION

"To empower our members to attain financial
Independence and security consistent with being a
good co-operative citizen"

PRAYER OF ST. FRANCIS OF ASSISI

Lord, make me an instrument of Thy peace
Where there is hatred, let me show love
Where there is injury, Pardon
Where there is doubt, Faith
Where there is despair, Hope
Where there is darkness, Light
And where there is sadness, Joy

Oh! Divine Master
Grant that I may not so much seek
To be consoled, as to console
To be understood as to understand
To be loved as to love

For it is in giving that we receive
It is in pardoning that we are pardoned
And it is in dying, that we are born to eternal life.

The National Anthem

Forged from the love of liberty
In the fires of hope and prayer
With boundless faith in our destiny
We solemnly declare

Side by side we stand
Islands of the blue Caribbean Sea
This our native land
We pledge our lives to thee

Here every creed and race
Find an equal place
And may God bless our Nation
(Repeat)

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ANNUAL GENERAL MEETING

NOTICE is hereby given that the 65th Annual General Meeting of CEMCU Credit Union Cooperative Society Limited will be convened virtually as follows:

DATE : **FRIDAY, 26TH FEBRUARY 2021**
TIME : **4.15 P.M.**
VIRTUAL PLATFORM : **ZOOM**

The purpose of the meeting is:

1. To approve Bye Law Amendments.
2. To receive and confirm Minutes of the 64th Annual General Meeting held on 19th December 2019
3. To receive and adopt Reports of the Board of Directors, Supervisory Committee, and Credit Committee for year ending 31st December 2019.
4. To present and accept the Auditors' Report for year ended 31st December 2019.
5. To present and accept the Financial Statements for year ended 31st December 2019.
6. To approve the 2020 Budget.
7. To approve Resolutions
8. To present and accept the Nominations Committee Report.
9. To elect Board and Committee members.
10. To transact any other business that may properly be brought before the meeting.

REGISTRATION

Members wishing to attend the AGM **MUST** pre-register via the following link:

<https://form.jotform.com/210378222440143>

Registration closes at 4.00 pm on MONDAY 22nd February 2021.

The AGM is a membership forum, as such only registered bona fide members would be allowed to attend the meeting, with the exception of guests specially invited by the Board of Directors.

By Order of the Board of Directors
CEMCU Credit Union Co-operative Society Limited



Feroz Abdool
Secretary
9th February 2021

AGENDA

1. **National Anthem of the Republic of Trinidad and Tobago**
2. **Invocation – Credit Union Prayer**
3. **Call to Order**
 - [a] Notice Convening the Meeting
 - [b] Adoption of Standing Orders
4. **President's Address**
5. **Amendment to Bye Laws**
 - [a] Resolution re Amendments to Bye Laws
6. **Minutes**
 - [a] Motion that Minutes, Statement of Accounts and Other Reports be taken as read.
 - [b] Confirmation of Minutes of the 64th Annual General Meeting and matters arising
7. **Reports**
 - [a] Board of Directors Report
 - [b] Credit Committee Report
 - [c] Supervisory Committee Report
 - [d] Education Committee Report
8. **Auditor's Report and Financial Statements 2019**
 - [a] Auditor's Report
 - [b] Financial Statements
9. **Budget 2020**
10. **Resolutions**
 - [a] Approval of Dividend
 - [b] Appointment of Auditor
11. **Election of Officers**
 - [a] Nominations Committee Report
 - [b] Elections :
Supervisory Committee
Credit Committee
Board of Directors
12. **Other Business**
 - [a] Transaction of Other Business, properly brought before the meeting
13. **Closure**

STANDING ORDERS

1. (a) A member must stand when addressing the Chair.
(b) Speeches shall be clear and relevant to the subject before the meeting.
2. A member shall address the meeting when called upon by the Chairman to do so, after which he shall immediately take his seat.
3. No member shall address the meeting except through the Chairman.
4. A member may not speak twice on the same subject, except:-
 - (a) As a mover of the motion, who has the right to reply.
 - (b) He/She rises to object or to explain (with the permission of the Chair).
5. No speeches shall be made after the "question" has been put and carried or negated.
6. The mover of a "procedural motion" (adjournment, lay on the table motion to postpone) shall have no right to reply.
7. A member rising on a "Point of order" shall state the point clearly and concisely. (A point of order must have relevance to the Standing Order).
8. a) A member shall not "call" another member "to order" but may draw the attention of the Chair to a "breach of order".
b) On no account can a member call the Chair "to order".
9. Only one amendment shall be before the meeting at one and the same time.
10. When a motion is withdrawn, any amendment to it fails.
11. The Chairman shall have the right to a casting vote.
12. If there is an equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.
13. Provisions should be made for protection by the Chairman from vilification – (personal abuse).
14. No member shall impute improper motives against another.

RESOLUTIONS

The Board of Directors hereby recommend the following resolutions for your consideration and acceptance:

AMENDMENT TO BYE LAWS

1. Resolution #1 - Bye Law Amendment - Bye Law 23 (d): Meetings of the Board:

BE IT RESOLVED that section (i) be added to Bye Law 23 (d): Board meeting can also be held in a virtually or in a hybrid manner (virtual and in person) whenever necessary , on the days and times agreed by the Board. The Minutes of the meeting shall be used as the evidence of completion and attendance.

2. Resolution #2 - Bye Law Amendment - Bye Law 19: General Meeting:

BE IT RESOLVED to amend Bye Law 19 [b]- Annual General Meeting: The Annual General meeting of the society, of which at least seven (7) days' notice shall be given to the members, shall be convened by the Board not later than three (3) months after the report on the audit of the accounts of the society is received by the Board. The Annual General Meeting shall be held in any of the following manners: - Physically (person to person) - Virtually (Digital media) - Hybrid (combination of in-person and virtual)

3. Resolution #3 - Bye Law Amendment - Bye Law 48 Audit:

BE IT RESOLVED that Bye Law 48 be amended to include (c) : The Board shall ensure that the Society's accounts are audited within four (4) months after the close of the financial year.

Justification: All the above amendments to CEMCU's bye laws are in line with the amendments made to the Co-operative Society's Act and recommendations made by the Commissioner for Co-operative.



MINUTES OF THE 64th ANNUAL GENERAL MEETING OF CEMCU CREDIT UNION COOPERATIVE SOCIETY LIMITED, HELD AT THE CARA SUITES CONFERENCE CENTRE, SOUTHERN MAIN ROAD, CLAXTON BAY, ON THURSDAY, 19th DECEMBER 2019 AT 5.00 P.M.

At the start of the meeting twenty-seven [27] members were present.

1.0 CALL TO ORDER

The President, Mr. Garibsingh, called the meeting to order at 5.00 p.m. A quorum was present in accordance with Bye Law No. 21, Quorum at Meetings. Members stood for the singing of the National Anthem.

2.0 INVOCATION

The Credit Union prayer was recited, and a minute's silence was observed for departed members.

3.0 PRESIDENT'S ADDRESS

Mr. Harry Garibsingh, acknowledged specially invited guests, Ms. Geeta Sahatoo, Mr. Krishtendath Neebar, Attorney at Law, Auditor Mr. Rajin Ramkissoon, and, Mr. Ronne Anderson, Ms. Shelly Charles-Williams and Ms. Deborah Ann Scott, all representatives from the office of the Commissioner for Cooperatives,

Mr. Garibsingh apologized for the late distribution of the Annual Report. He explained that the delay was mainly because of issues which arose in preparation for CEMCU's IFRS9 2020-compliant audit. The exercise involved undertaking initiatives to manage delinquency and adjust CEMCU's investment portfolio to maximize returns to the Society, while mitigating risk. Also, CEMCU's Auditor had to perform due diligence in assessing CEMCU's asset base in terms of members' loans and investments in order to ascertain impairment and validate Accruals.

Mr. Garibsingh recognized the sterling contribution of CEMCU's past Treasurer, Dr. Anthony Elias, who had resigned as a Director on 21st July 2019. He added that Dr. Elias's selfless efforts kept CEMCU on an upward path, despite the challenges over the years. Dr. Elias was also thanked for his assistance in the layout and printing of the Annual Report.

Mr. Garibsingh expressed concern over the changes and significant cost cutting measures over the past two-year period at the TCL Group, which seriously impacted CEMCU's members' ability to save and borrow. Those measures resulted in a continuing decline in the take up of loans and shares.

Members were commended for the confidence shown in CEMCU as evidenced by CEMCU's large Members' Fixed Deposit portfolio. He noted that many credit unions were faced with similar challenges with Loan to Total Asset ratios between 35% to 50%. Members were asked to rally around CEMCU and to remember his/her responsibility to ensure CEMCU's survival in the existing economic downturn.

4.0 MOTION RE: ANNUAL REPORT

Mr. Garibsingh moved that the Annual Report be taken as read. The motion was seconded by Mr. Franklyn Alves and all present voted in favour.

5.0 MOTION RE: STANDING ORDERS

Mr. Garibsingh moved that the Standing Orders be adopted. The motion was seconded by Mr. Kelvin Roberts and all present voted in favour.

6.0 NOTICE OF MEETING

The Notice convening the meeting was read by the Secretary, Mrs. Cheryl Gransauil.

7.0 MINUTES

7.1 Confirmation of Minutes of CEMCU's 63rd Annual General Meeting

Minutes of the 63rd Annual General Meeting were confirmed subject to corrections, on a motion moved by Mr. Robert Balgobin, seconded by Mr. Paul Toussaint and unanimously approved.

7.2 Business Arising

7.2.1 Omission in Minutes

Dr. Elias noted that the minutes omitted a statement made by Mr. Clyde Charles, that "money was moved". Also omitted was Dr. Elias's response to Mr. Charles's statement. Dr. Elias said that he had responded to Mr. Charles's statement by schooling him in Accounts.

Mr. Charles stated that he did not remember making such a statement.

8.0 REPORTS

8.1 Board of Directors' Report

Mr. Garibsingh took the meeting through the Board Report. The report gave an overview of the national economy and its effect on CEMCU. CEMCU's overall lending to members was declining on account of the aging of many borrowing members and cost cutting at TCL by way of retrenchment or voluntary separation. Also, the fact that TCL had failed to inform CEMCU of persons who were retrenched or voluntarily separated, and no direct remittances were made to CEMCU from TCL for members with outstanding debts. Mr. Garibsingh noted that some members personally honoured their indebtedness and made their outstanding loans payments upon separation from TCL. CEMCU's loan delinquency continues and disputes before the Commissioner for Co-operative Development and/or the High Court, await hearing and/or judgement.

Mr. Clyde Charles questioned why Director F. Alves attended only one meeting. Mr. Garibsingh responded that the attendance was due to an investigative matter which included Mr. Alves.

Mr. Clyde Charles questioned whether two members of CEMCU's Staff were receiving salaries and what was the salary figures. Dr. Elias confirmed that the staff in question were being paid but their pay was being remitted on loan indebtedness to CEMCU.

Acceptance of the Board of Directors report was moved by Mr. Kelvin Roberts, seconded by Mr. Burt Gransauil and all were in favour.

8.2 Credit Committee Report

Mr. Jaisimha Singh, Chairman of the Credit Committee, presented the report.

Mr. Clyde Charles asked whether letters were sent to delinquent members re their delinquency. Mr. Singh responded in the affirmative.

Acceptance of the Credit Committee report was moved by Mr. Taurean Dassyne and seconded by Mr. Burt Gransauil. All were in favour.

8.3 Supervisory Committee Report

Mr. Burt Gransauil, Chairman of the Supervisory Committee presented the report. Mr. Garibsingh commended the Supervisory Committee on their performance and commented that the Committee "had the Board busy" and was one of the better Supervisory Committees to serve CEMCU. He took the opportunity to emphasize the importance of members completing their Know Your Customer [KYC] forms and urged members to visit the office and complete the form if they had not yet done so.

Mr. Gransauil thanked the Board, Management and Staff, his fellow committee members, and the membership for their support during the Committees term of office.

Acceptance of the Supervisory Committee's report was moved by Mr. Robert Balgobin and seconded by Mr. Hugh Griffith. The report was accepted by all.

8.4 Education Committee Report

Mr. Paul Toussaint, Education Committee Chairman, presented the Education Committee Report.

Mr. Toussaint appealed to members to be a little more active in the activities of the Credit Union.

Mr. Kelvin Roberts noted that 24 new persons were accepted as members. He asked how many of the new members were TCL employees. Mr. Toussaint responded that most of the new members were children of members.

Acceptance of the Education Committee's report was moved by Mr. Franklyn Alves, seconded by Mr. Arneal Sieupresad. The report was accepted by all.

9.0 AUDITORS REPORT

Mr. Daniel Ramkilawan, Accountant representing Rajin Ramkissoon Chartered Accountant, External Auditors for CEMCU, read the Auditor's Report.

Mr. Ramkilawan presented the Auditor's Report re CEMCU's financial statements as at December 31, 2018.

Mr. Clyde Charles requested an explanation of the statement in paragraph two under the sub-heading "Basis for Qualified Opinion" which read: "In addition, I was unable to confirm a bank balance of \$458,333.00 together with any possible contingent liabilities that may be disclosed in the bank confirmation letter." Mr. Rajin Ramkissoon explained that at the time of confirming the audit, the bank was tardy in sending the confirmatory letter re the balances. Mr. Ramkissoon stated that the sum in question was in fact in the account and was supported by the bank statement to CEMCU.

Dr. Anthony Elias expressed his annoyance with First Citizens Bank [FCB] for their repeated failure to give CEMCU a confirmatory letter on the balances. He noted that CEMCU had that problem with FCB for three years running. CEMCU has since closed all its accounts with FCB.

On a motion moved by Dr. Anthony Elias, seconded by Mr. Kelvin Roberts, the Auditors' report was accepted by all.

FINANCIAL STATEMENTS

1. Financial Statements for the Year Ended 31st December 2018

Mr. Clyde Charles asked for an explanation of "Impairment Loss on Investment" under "Expenses" in the Statement of Comprehensive Income for year ended Dec.31,2018.

Mr. Ramkissoon advised the meeting that for the financial statements to be fully understood, they needed to be read with the accompanying Notes. He then drew the meeting's attention to Pg. 39, Note 24 Impairment, which explained the Impairment loss on investment. Mr. Ramkissoon added that auditing standards require that any loss in the value of shares must be recorded; IFRS-9 requires that the shares be reclassified.

Dr. Elias gave a brief update on the Barbados Bonds restructuring. He noted that from 2020, interest would be applied every six months on the Bonds. Mr. Balgobin stated that Interest would accrue from 1st October 2019.

Mr. Clyde Charles asked why the legal fees, \$395,791, were so high. Dr. Elias gave a status update on legal matters. He informed the meeting of a matter in which CEMCU's Attorney, Mr. Krishtendath Neebar, set legal precedence. He noted that legal matters had to be kept very confidential and details regarding claims could not be discussed.

Mr. Krishtendath Neebar, briefed the meeting on the handling of legal matters. He reiterated the need to maintain "confidentiality" and noted that revealing a member's financial position would be a "Breach of Confidentiality". He went on to explain the purpose, content and relevance of an IOC, Instrument of Charge, and referred to legal cases pursued by CEMCU in which Certified IOCs were vital to the cases.

Adoption of the Financial Statements was moved by Dr. Anthony Elias seconded by Mr. Kelvin Roberts and was accepted by all.

2. Projected Income and Expenditure Statement-2019

Mr. A. de Freitas, Interim Manager, presented the Projected Income and Expenditure statement 2019.

Acceptance of the Projected Income and Expenditure statement 2019 was moved by Mr. Robert Balgobin, seconded by Mr. Hugh Griffith, and accepted by all.

11.0 RESOLUTIONS

The Board of Directors recommended the following Resolutions:

11.1 Dividends

"Be it resolved that a dividend of 3% totaling the sum of \$1,853,836.44 be paid on shares of those persons who are members as at December 31, 2018.

Be it further resolved that the said Dividend will be distributed with a maximum of 3% paid out in cash. If any member choses to receive less than 3% in cash, the remainder will be deposited to their Shares, except for delinquent members where all dividends shall be applied to their outstanding interest and Principal in that order."

On a motion moved by Mr. Harry Garibsingh, seconded by Mr. Feroz Abdool, the resolution was passed. All were in favour.

Mr. Garibsingh announced that the dividend would be paid on 23rd December 2019

11.2 Appointment of Auditor

"Be it RESOLVED that the firm Rajin Ramkissoon Chartered Accountant, be appointed as Auditors for the financial year 2019."

On a motion moved by Mr. Harry Garibsingh, seconded by Dr. Anthony Elias, the resolution was passed. All were in favour.

11.3 Write-off of Bad Loans

WHEREAS Regulation 32 of the Cooperative Societies Act, Chapter 81:03 requires the approval of the general meeting to write-off bad debts from the books of the Society

AND WHEREAS every effort is made to recover bad debts/delinquent loans in pursuance of the recoveries procedure of the Society.

AND WHEREAS efforts to recover twenty-nine [29] loans in the sum of \$11,361,019.02 have been unsuccessful thus far.

AND WHEREAS the Board continues to pursue the recovery of said bad debts/delinquent loans even after they have been written off.

Be it RESOLVED that said twenty-nine [29] loans in the sum of \$11,361,019.02 be written off during the 2018 financial year.

On a motion moved by Mr. Garibsingh and seconded by Mr. Burt Gransaul, the resolution was passed. All were in favour.

12.0 ELECTION OF OFFICERS

12.1 Vacating Positions

All positions were declared vacant.

12.2 Credential Report

The Secretary noted that there were forty-seven members, and 8 guests present.

12.3 Nominations Committee Report

Mr. Garibsingh invited Ms. Geeta Sahatoo, Chairperson of the Nominations Committee, to present the Nominations Committee report.

Ms. Sahatoo presented the report and noted that fifteen [15] persons were interviewed, fulfilled the fit and proper criteria, and were found suitable to fill the vacant positions on the Supervisory Committee, Credit Committee, and Board of Directors as listed below:

Supervisory Committee

Mr. Burt Gransaul
Mr. Kenny Mohammed
Mr. Hermon Atherton
Ms. Fazeeda Hosein
Mr. Peter Charkoo

Credit Committee

Mr. Lawrence Paul
Ms. Natasha Khan
Mr. Kaveer Seepersad

Board of Directors

Mr. Harry Garibsingh
Mr. Chandrasain Ramsingh
Mr. Taurean Dassyne
Ms. Maxine Charles
Mr. Arneal Sieupresad
Mr. Franklyn Alves
Mr. Hugh Griffith

The Nominations Committee report was accepted by all.

12.4 Election of Officers

Mr. Garibsingh asked Mr. Ronne Anderson, Officer of the Commissioner for Cooperatives, to be the Returning Officer. Mr. Anderson accepted and started the election process.

It was noted that the number of approved nominees were enough to ensure a properly constituted Supervisory Committee, Credit Committee and Board of Directors.

Elections were therefore conducted for the Credit Committee nominees to determine who would serve for two terms and one term.

1. Credit Committee

The voting results for the Credit Committee were as follows:

	<u>Votes</u>	
Ms. Natasha Khan	46	[2 yr. term]
Mr. Kaveer Seepersad	23	[2 yr. term]
Mr. Laurence Paul	21	[1 yr. term]
Mr. Franklyn Alves**	Alternate**	

2. Board of Directors

Given that none of the Nominees for the Board stated their desire to serve as Alternates, it was recommended that all seven [7] persons be presented for election to determine from the votes who would serve as the Alternates.

The voting results for the Board of Directors were as follows:

	<u>Votes</u>	
Mr. Harry Garibsingh	38	[3 yr. term]
Ms. Maxine Charles	38	[3 yr. term]
Mr. Chandrasain Ramsingh	34	[3 yr. term]
Mr. Taurean Dassyne	33	[3 yr. term]
Mr. Arneal Sieupresad	30	[2 yr. term]

Mr. Hugh Griffith	23	[1 st Alternate]
Mr. Franklyn Alves**	21	[2 nd Alternate]**

** Note: Mr. Franklyn Alves declined the position of 2nd Alternate on the Board of Directors and offered to be the Alternate on the Credit Committee. Mr. Garibsingh seconded the motion, and all were in favour.

3. Supervisory Committee

Five [5] nominees were interviewed and were found to be suitable to fill the vacant positions on the Supervisory Committee.

A motion was moved by Mr. Garibsingh, seconded by Mr. Feroz Abdool that Mr. Sham Hosein be the Alternate on the Supervisory Committee. All were in favour.

The Supervisory Committee consist of :

Mr. Burt Gransaul
 Mr. Kenny Mohammed
 Mr. Hermon Atherton
 Ms. Fazeeda Hosein
 Mr. Peter Charkoo
 Mr. Sham Hosein [Alternate]

12.5 Destruction of Ballots

Mr. Feroz Abdool moved that the ballots be destroyed. The motion was seconded by Mr. Harry Garibsingh and all were in favour.

13.0 OTHER BUSINESS

13.1 CEMCU Building

Mr. Lallan Sooklan expressed disappointment in the existing office being occupied by CEMCU. He asked about happened to CEMCU's proposal to construct a building to house its office.

Mr. Garibsingh explained that CEMCU had purchased a property, land, and an old building, which they proposed to demolish the old building and construct a New Office building. However, the cost of construction proved to be very high and plans were put on hold. He informed the meeting that efforts are afoot to restart the project in 2020. Dr. Elias informed the meeting that a proposal was also made to purchase and renovate the existing building being occupied by CEMCU. Talks are on-going with the owner.

13.2 Advice by Mr. Neebar

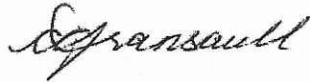
Mr. Neebar explained the responsibilities of the Nominations Committee. He appealed to members to volunteer to serve. He drew members' attention to the fact that CEMCU's pool of members was getting progressively smaller, since TCL began downsizing. He urged members to encourage their children to join the Credit Union to ensure continuity of CEMCU.

13.3 Greetings from Mr. Garibsingh

Mr. Garibsingh thanked all members, Management, Staff, and special guests for attending and wished all a Merry Christmas.

The meeting ended at 7.10 p.m.

Submitted By



C. GRANSAULL [Mrs.]
Secretary



BOARD OF DIRECTORS



CHERYL GRANSAULL
PRESIDENT



TAUREAN DASSYNE
VICE PRESIDENT



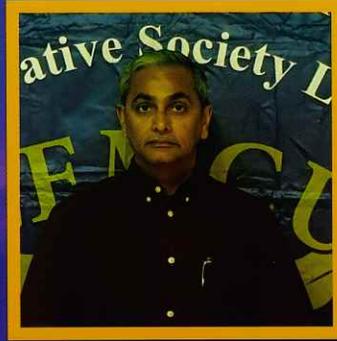
MAXINE CHARLES
TREASURER



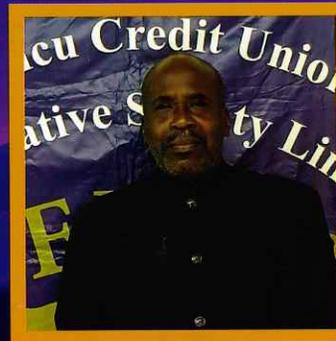
CLAARENCE BANDO
ASSIST. SECRETARY



FEROZ ABDOOL
SECRETARY



ROBERT BALGOBIN
DIRECTOR



HUGH GRIFFITH
DIRECTOR



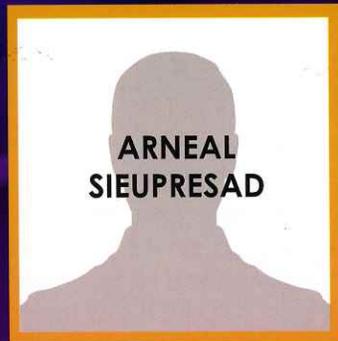
DEXTER EAST
DIRECTOR



DR. STEPHAN DAVID
DIRECTOR



CHANDRASAIN RAMSINGH
DIRECTOR



**ARNEAL
SIEUPRESAD**

DIRECTOR

STAFF



DARREN SINGH
MANAGER



SIRKAYSHA NELSON
JR. ACCOUNTANT (Ag)



ZAHIRAH MOHAMMED
ADMINISTRATIVE CLERK



NEESHA SOOKHOO
CLERICAL ASSISTANT

BOARD OF DIRECTORS REPORT 2019

The Board of Directors hereby presents its report on the performance of the Society for the period January 1st, 2019 to December 31st, 2019.

1.0 Central Bank Economic Review

Economic activity in Trinidad and Tobago was flat, following three consecutive years of contraction. The lethargic performance was due to reduced activity in energy, manufacturing, and construction. Inflation remained low and stable. Labour market conditions continued to deteriorate.

Public debt rose, private credit slowed despite excess liquidity, and monetary conditions remained tight. The fiscal deficit narrowed due to one-off revenue gains from the 2019 tax amnesty. Net public sector debt at the end of the fiscal year grew further. Private sector credit contracted, reflecting lower aggregate demand. The Central Bank of Trinidad and Tobago maintained the repo rate at 5.0% through 2019. The external position weakened, and gross international reserves declined further.

1.1 Our Credit Union

In 2019 Cemcu continued to be faced with the continued retrenchment of our members at TCL, and challenges of increased Loan delinquency. The delinquency situation is further exacerbated due to the number of delinquency disputes before the Commissioner for Cooperative Development awaiting hearing and/or judgement and others before the High Courts. Management was charged with the task of analyzing and reducing the delinquency situation, but the expected results were not achieved. A Board sub-committee was subsequently formed, and a more robust approach was implemented. While awaiting the Commissioner's hearing, the Board Sub Committee and Management worked with members who were willing to pay and arrangements were made that benefited both member and CEMCU.

2.0 Board of Directors serving for the period January to December 2019

The 64th Annual General Meeting for the period ended December 2018 was held on 19th December 2019.

[a] Board served from 30th Oct 2018 to 19th Dec 2019

Mr. Harry Garibsingh	President
Mr. Paul Toussaint	Vice President
Mrs. Cheryl Gransaul	Secretary
Dr. Anthony Elias	Treasurer [resigned on 21 st July 2019]
Ms. Maxine Charles	Director
Mr. Taurean Dassyne	Assistant Secretary
Mr. Feroz Abdool	Executive Member
Mr. Dexter East	Executive Member
Mr. Robert Balgobin	Director
Mr. Clarence Bando	Director
Dr. Stephan David	Director
Mr. Chandrasain Ramsingh	Director
Mr. Arneal Sieupresad	Director [Alternate- filled vacancy in July 2019]

Immediately following the Board meeting on 19-12-19, the Inaugural meeting was held and the following duly elected Executive and Board served as follows:

[b] **Board served from 19th Dec. 2019 To 31st Dec. 2019**

Mr. Harry Garibsingh	President
Mr. Paul Toussaint	Vice President
Mrs. Cheryl Gransauil	Secretary
Ms. Maxine Charles	Director
Mr. Taurean Dassyne	Assistant Secretary
Mr. Feroz Abdool	Executive Member
Mr. Dexter East	Executive Member
Mr. Robert Balgobin	Director
Mr. Clarence Bandoo	Director
Dr. Stephan David	Director
Mr. Chandrasain Ramsingh	Director
Mr. Arneal Sieupresad	Director

3.0 MEMBERSHIP

At December 2019, CEMCU's membership was 1,533. Nine (9) new members were registered during the year.

4.0 FINANCIAL PERFORMANCE

4.1 Assets

Total Assets at 31st December 2019 stood at TT\$98.7M, compared to TT\$101M at the end of 2018. The decrease of 2.85% was mainly due to a reduction in the loan portfolio.

4.2 Liabilities

Total Liabilities at 31st, December 2019 stood at TT\$ 92.2M, compared to \$96.4M at the end of 2018. The decrease of 4.35% was mainly due to reduction in shares.

4.3 Members' Shares

There was a decrease in Member Shares from TT\$60.9M in 2018 compared to TT\$55.7M as at 31st December 2019, representing a decrease of \$4.9M or 8.04%. CEMCU is faced with many TCL workers who are members being retrenched and using their shares to pay off loans in the Credit Union.

4.4 Loans to Members

The Society's overall Loan portfolio was \$40M as at 31st December 2019 compared to \$45M as at 31st, December 2018. Members have been reducing their indebtedness by applying Shares to loan balances. Also, members who were severed or retired from their jobs applied funds received to clear their loans. Members were also faced with the possibility of job loss and the inability and/or aversion to borrow which contributed to CEMCU's continued reduction in New Loans.

4.5 Surplus

The Surplus increased by TT\$247K or 3.83% in 2019 compared to 2018. This was as a result of an increase in investment income generated by CEMCU. Investment

income increased to \$1.8 M in 2019 compared to \$637K in 2018 which is an increase of 200%.

4.6 Return on Assets

The ROA was 6.8% for 2019 compared to 6.3% in 2018. This reflected a stable performance by CEMCU for 2019.

4.7 Expenses

There was an increase in the overall expenditure in 2019, particularly due to the settling of wage negotiations which resulted in back pay being paid to staff.

5.0 REPRESENTATION AT OTHER COOPERATIVE BODIES

CEMCU maintained its position on the Board of Directors of the Central Finance Facility Cooperative Society Limited (CFF). This position was filled by Director Mr. Taurean Dassyne from February 2019.

6.0 RE-STATEMENT OF ACCOUNTS

During the audit of the 2019 accounts, it was discovered that an error was made in the 2018 financial statements. The provision for impaired investment with regards to the Barbados Bond was understated in the financial statements. The figure presented in the financial statement for 2018 was \$104K however the figure that should have been used was \$429K which is an understatement of \$325K. Therefore, CEMCU's expenses for 2018 was understated resulting in the overstating of its surplus. The financial statement for 2018 has been re-stated to reflect the above.

7.0 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING ACCOUNTING STANDARDS NINE [IFRS 9] COMMISSIONER FOR COOPERATIVES' APPROVAL

CEMCU in preparation for the adoption of IFRS-9 Accounting Standard identified the need to write off loans in the amount of \$8,930,901 from the Reserve Fund as a first step towards compliance with the standard.

CEMCU sought guidance from its Legal Representative, who advised that the AGM had the authority to approve a Resolution seeking the write-off against the Reserve and the Commissioner for Cooperatives needed to be informed of the actions being taken.

Based on the legal advisement, an appropriate resolution was prepared and presented for approval at the AGM, held on October 30th, 2018. The Resolution was passed by members at the AGM and the implementation of the write off proceeded. Prior to the AGM, a letter was sent to the Commissioner for Cooperatives seeking approval to proceed. However, no response was received up to the date of the meeting.

Subsequently, a response from the Commissioner for Cooperatives was received. The response did not approve the use of the Reserve Fund to write off the bad debts as per the resolution which was passed at the AGM. CEMCU followed up with a letter to the Commissioner for Cooperatives, giving additional details regarding the request and once more, sought her approval, which is necessary to regularize the account statements.

8.0 OUTGOING DIRECTORS AND COMMITTEE MEMBERS

8.1 Board of Directors

Dexter East
Cheryl Gransaul
Feroz Abdool
Hugh Griffith

8.2 Credit Committee

Jaisimha Singh
Ganesh Gocool
Natasha Khan
Kaveer Seepersad
Lawrence Paul

8.3 Supervisory Committee

Burt Gransaul
Kenny Mohammed
Hermon Atherton
Fazeeda Hosein
Kristy Naidoo

9.0 OFFICERS REMAINING IN OFFICE

9.1 Directors

Maxine Charles	2 further years
Taurean Dassyne	2 further years
Harry Garibsingh	2 further years
Chandrasain Ramsingh	2 further years
Arneal Sieupresad	1 further year
Clarence Badoo	1 further year
Stephan David	1 further year
Robert Balgobin	1 further year

9.2 Credit Committee

Natasha Khan	1 further year
Kaveer Seepersad	1 further year

10.0 RESOLUTIONS

The Board of Directors will be recommending for your consideration and acceptance:

10.1 **DIVIDEND:**

A dividend of 3% (up to 3% can be paid in Cash) totaling the sum of \$1.75M.

10.2 **APPOINTMENT OF AUDITORS**

To appoint as Auditor – I.A Ali & Associates Chartered Accountant for the Financial Year January to December 2020.



10.3 **AMENDMENT TO BYE LAWS**

1. Resolution #1 - Bye Law Amendment - Bye Law 23 (d): Meetings of the Board
2. Resolution #2 - Bye Law Amendment - Bye Law 19: General Meeting.
3. Resolution #3 - Bye Law Amendment - Bye Law 48 Audit.

11.0 **CONDOLENCES**

CEMCU extends deepest condolences to the families of Members who passed during the year.

12.0 **ACKNOWLEDGEMENTS**

The Board of Directors extends thanks and appreciation to the following Organizations for their cooperation and assistance during the past year and looks forward to their continuing support:

TCL Group of Companies

The Cooperative Development Division, Ministry of Labour and Small Enterprise Development

The Central Finance Facility Cooperative Society Limited

The Trinidad and Tobago Credit Union Deposit Insurance Fund Cooperative Society Limited

KSBM Asset Management Limited

KCL Capital Market Brokers Limited

CUNA Caribbean Insurance Company Limited

Oilfields Workers' Trade Union

Rajin Ramkissoon Chartered Accountant

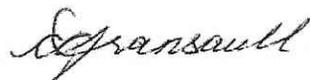
VENTURE Credit Union Cooperative Society Limited

Attorneys-at-Law – Mr. Christendath Neebar and Daltons Ltd.

Our Bankers and other Business Partners

The Board of Directors would like to thank the Supervisory, Credit and Education Committees; the Staff of the Society for their contribution and service to the Society and we thank you, our valued Members, for your confidence and support during 2019 and in the future.

On behalf of CEMCU Board of Directors

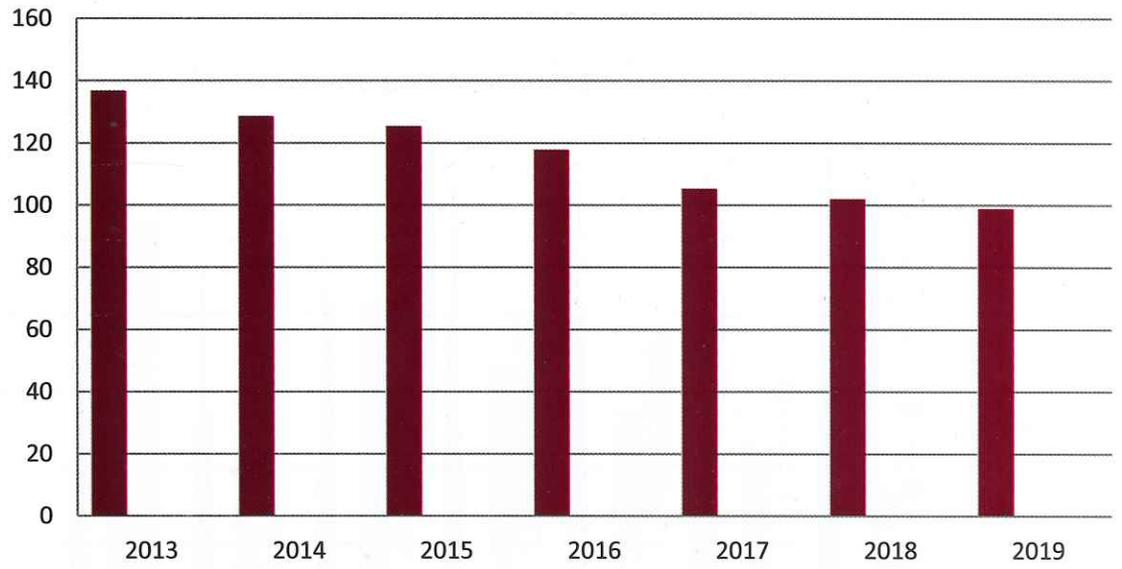


C. GRANSAULL [Mrs.]
President

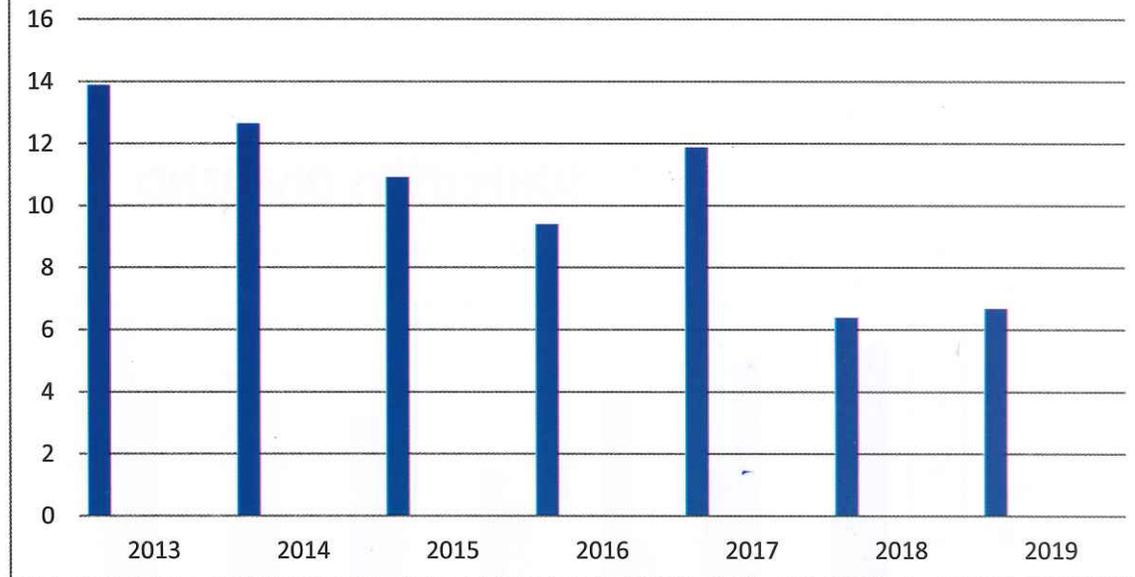


F. ABDOQL [Mr.]
Secretary

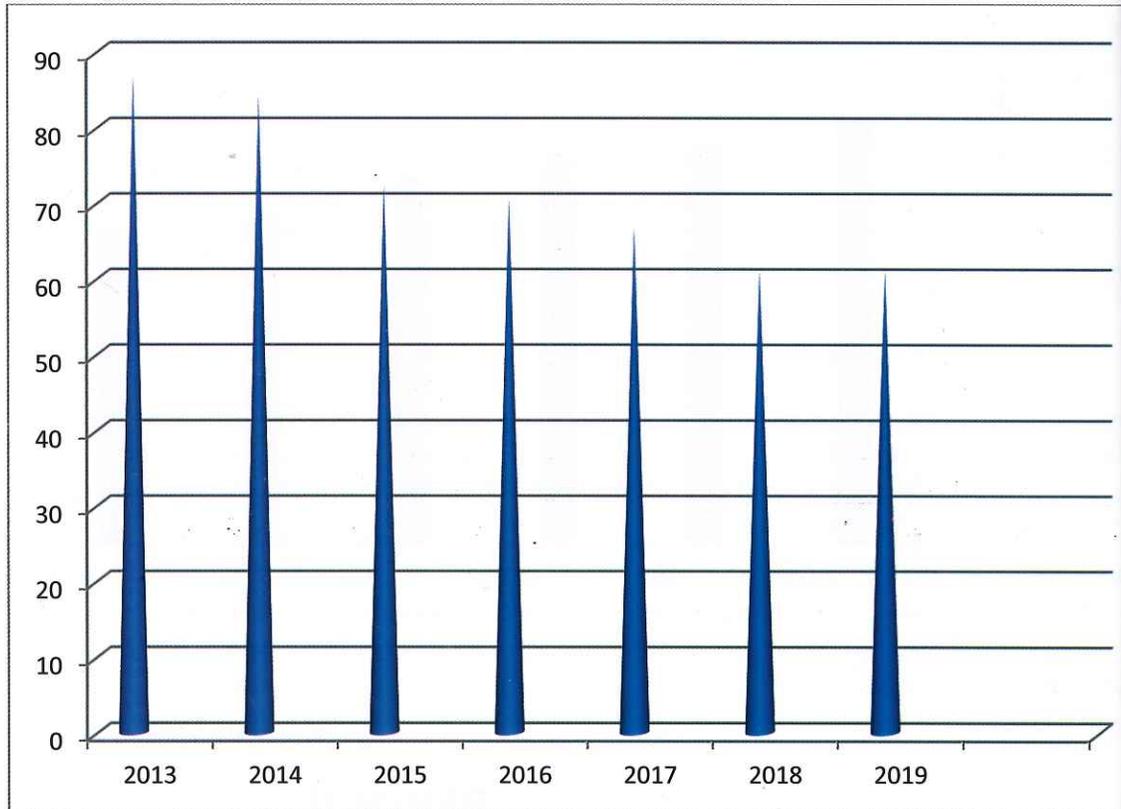
ASSETS



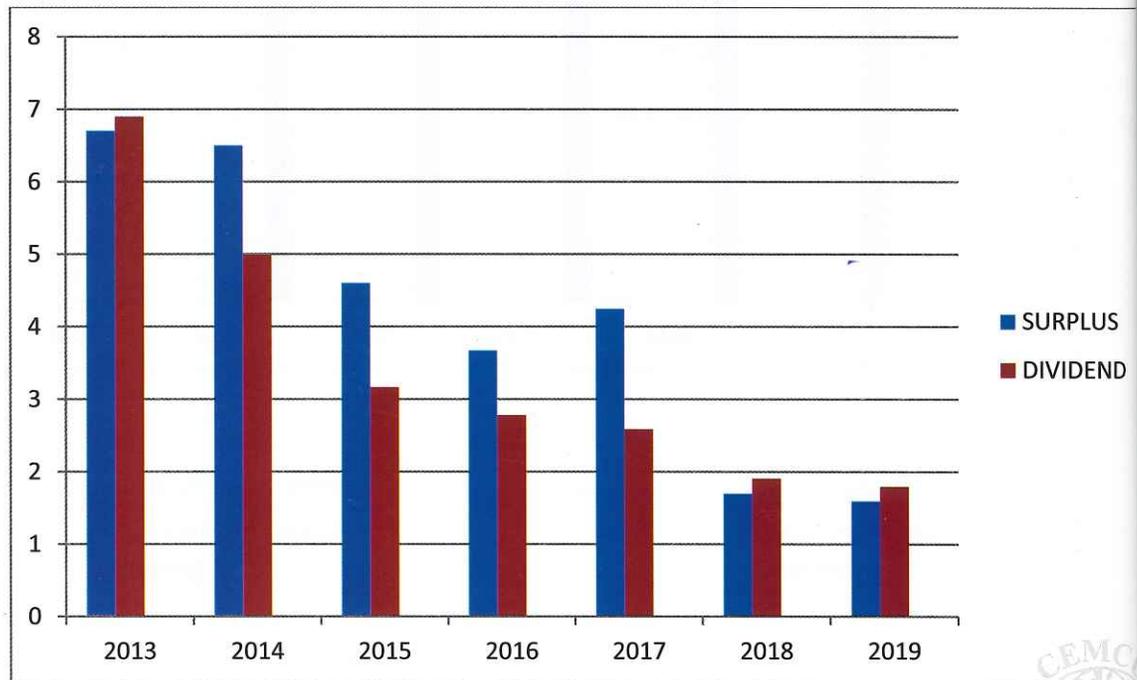
REVENUE



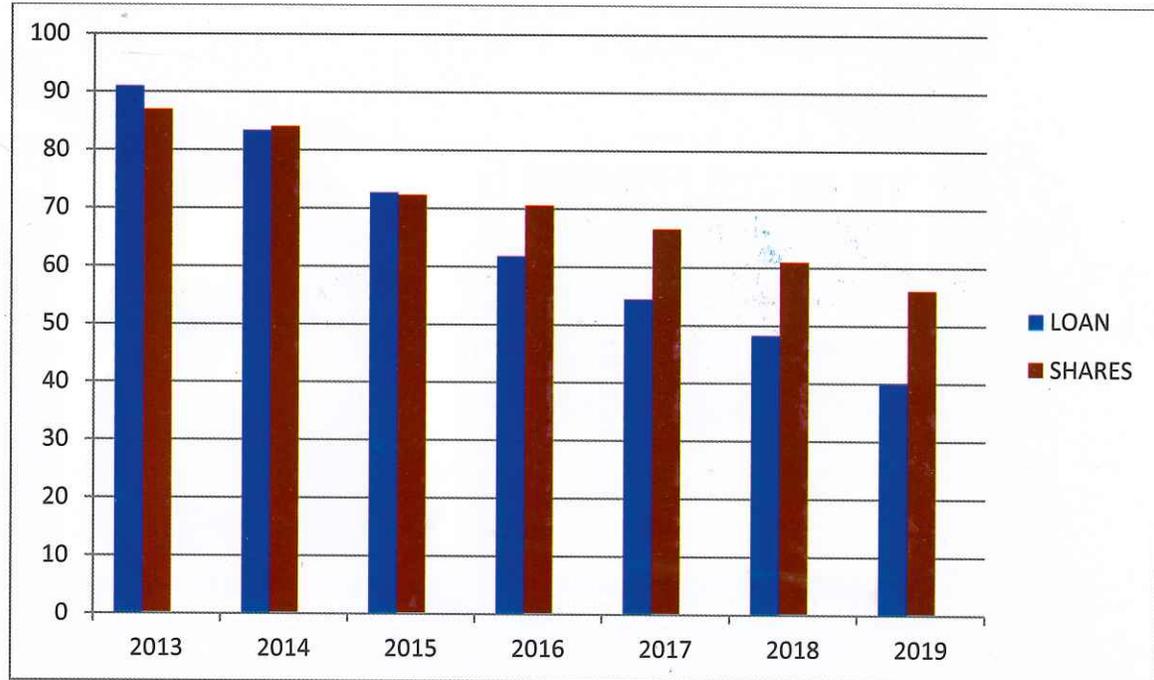
SHARES



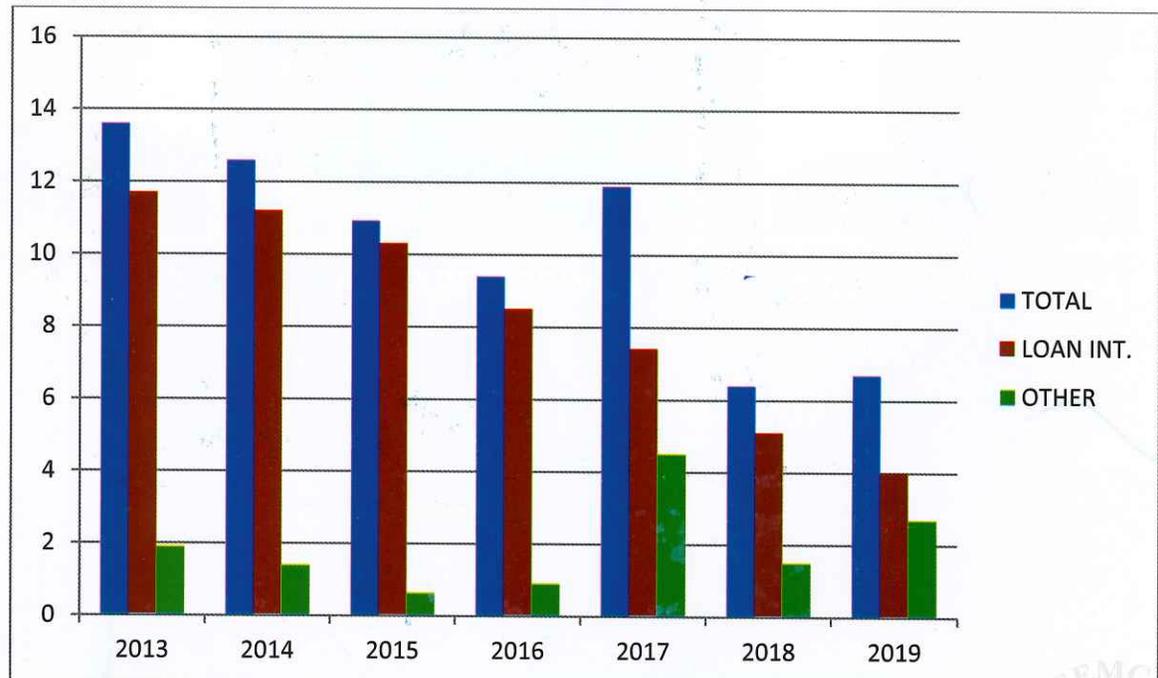
SURPLUS VS DIVIDEND



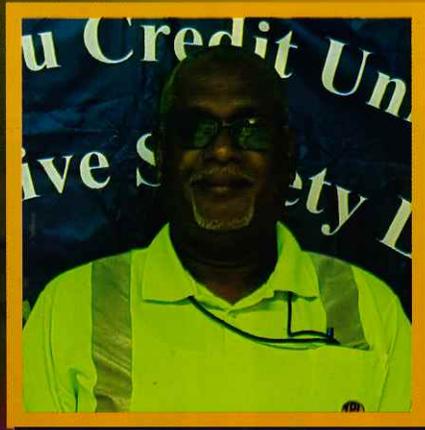
NET LOAN VS SHARES



INCOME MIX



CREDIT COMMITTEE



JAIMSHA SINGH
CHAIRMAN



NATASHA KHAN
SECRETARY



KAVEER SEEPERSAD



LAWRENCE PAUL



GANESH GOCOOOL

CREDIT COMMITTEE REPORT FOR 2019

In this report, a brief overview of the activities undertaken by the Credit Committee for the financial year 2019 is given.

The Annual General Meeting of CEMCU Credit Union Co-operative Society Limited was held on December 19th 2019 for the financial year 2019.

In 2019, twenty-seven (27) meetings of the committee were held and attendance was recorded as follows:

Mr. Jaisimha Singh	- 27
Ms. Natasha Khan	- 24
Mr. Ganesh Gocool	- 17
Mr. Kaveer Seepersad	- 16
Mr. Lawrence Paul	- 21

At the AGM held on December 19th 2019, members Ms. Natasha Khan, Mr. Kaveer Seepersad, and Mr. Lawrence Paul were elected to the Committee. At the inaugural meeting of the new committee, the following members were elected to serve as Chairman and Secretary:

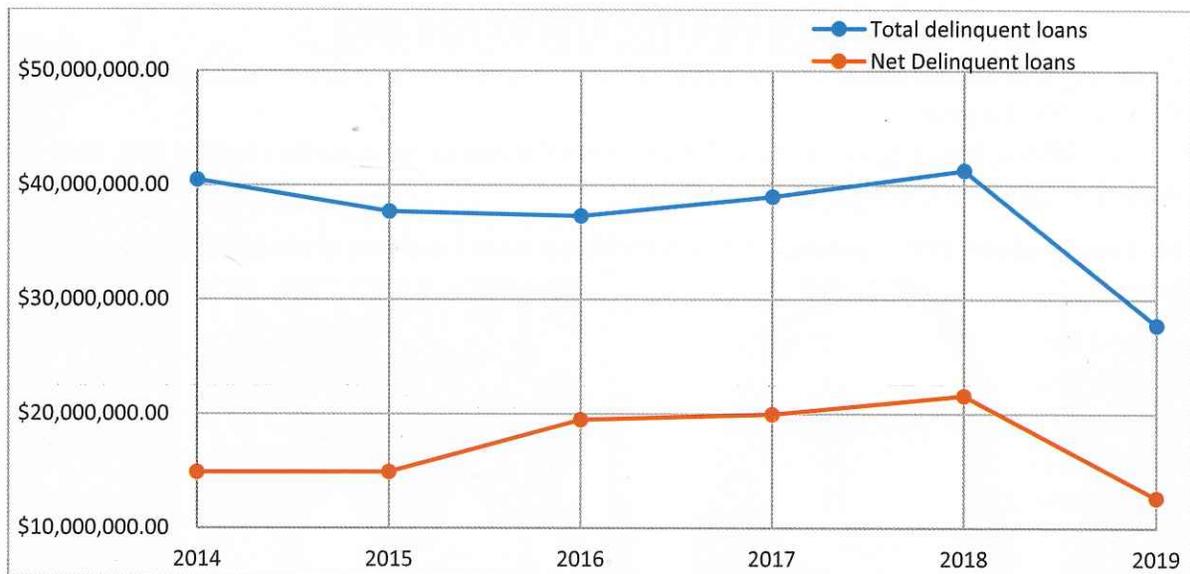
Mr. Jaisimha Singh – Chairman
Ms. Natasha Khan – Secretary

Loan applications for 2019 totalled 217 by number, with a monetary value of \$5,531,538 – a sharp decrease of 27.7% by number and 42.3% by value.

The Committee approved 173 loans, with a total value \$4,014,325. This represented 72.6% of the total value of loans requested. By value, 27.3% were referred to the Board of Directors for waiver of the Loan Policy. This represented a total of 43 loans with a corresponding value of \$1,511,714. Additionally, 1 loan application failed to meet lending criteria and was declined by the Committee.

Delinquency reports were reviewed on average every two weeks, and letters to delinquent members were sent out. All matters of delinquency are being dealt with through the available legal channels. The total overall delinquency fell from \$41,234,141.88 in 2018 to \$27,732,832.99. It shall be noted however, that the reported 2018 figure is inclusive of \$11,361,019.02 in delinquent loans that was written off at the end of the 2018 financial year (2018 annual report page 17). The Net delinquency fell from \$21,556,961.22 to 12,601,605.31. The trend over the past six years is shown in the graph.



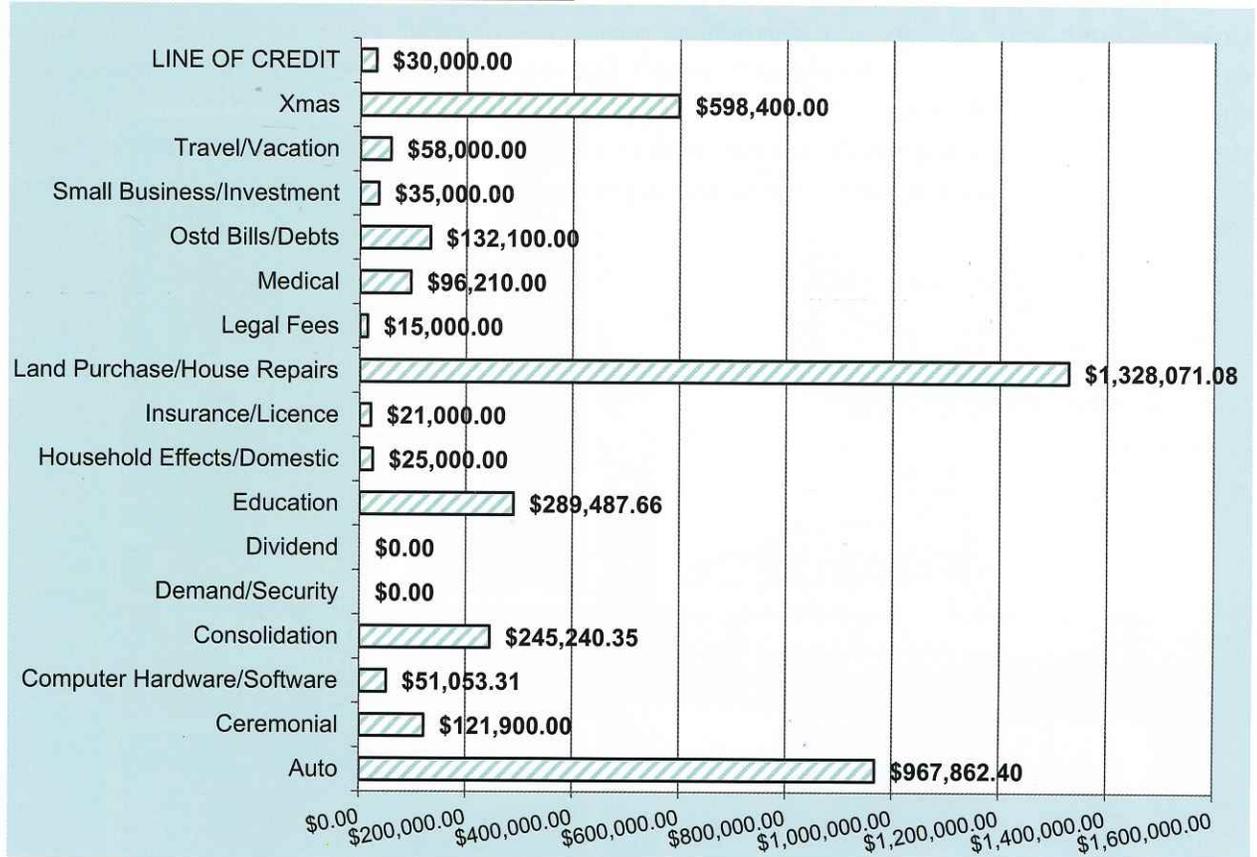


A categorized summary of the loans requested and granted in 2019 is shown in the in the table below.

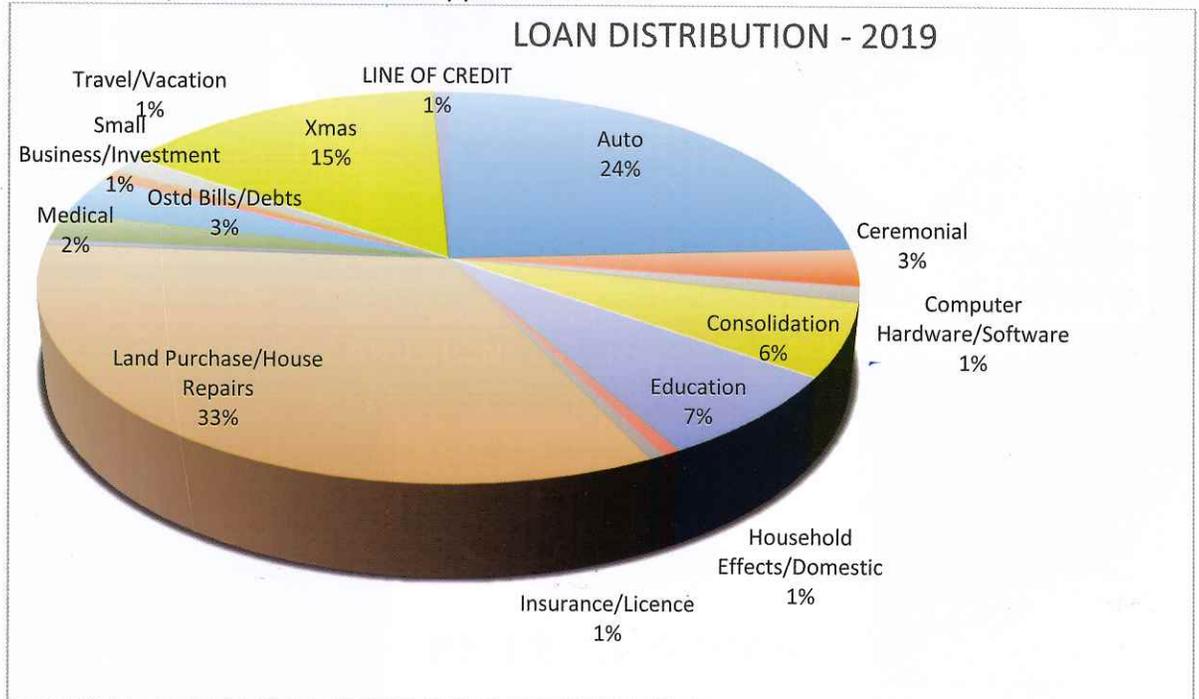
LOANS APPROVED BY COMMITTEE IN 2019 WITH COMPARISON TO 2018 AND ALL LOAN APPLICATIONS FOR 2019

Purpose	Loans approved by committee 2018		Loans approved by committee 2019		% Change Over 2018	2019 Loan Requests	
	Nos	Amount	Nos	Amount		Nos	Amount
Auto	17	\$943,000	15	\$967,862	66.9	22	\$1,029,362
Ceremonial	29	\$283,400	14	\$121,900	-57.0	17	\$155,500
Christmas Expenses	91	\$856,900	62	\$598,400	-30.2	73	\$702,700
Computer Hardware/Software	0	\$0	1	\$51,053	-	1	\$51,053
Consolidation	4	\$1,197,526	2	\$245,240	-79.5	4	\$578,320
Dividend	0	\$0.00	0	\$0	-	0	\$0.00
Education	10	\$250,254	9	\$289,488	15.7	9	\$289,488
Household Effects/Domestic	8	\$207,400	2	\$25,000	-87.9	2	\$25,000
Insurance/License	0	\$0	2	\$21,000	-	2	\$21,000
Land/House	30	\$1,211,332	39	\$1,328,071	9.6	51	\$2,158,730
Legal Fees	2	\$112,500	1	\$15,000	-86.7	2	\$55,000
Medical	4	\$336,048	5	\$96,210	-71.4	5	\$96,210
Outstanding Bills/Debts	13	\$496,500	12	\$132,100	-73.4	17	\$188,000
Small Business/Inv.	2	\$76,408	1	\$35,000	-54.2	1	\$35,000
Travel/Vacation	10	\$121,600	6	\$58,000	-52.3	9	\$116,175
Line of Credit	0	\$0	2	\$30,000	-	2	\$30,000
TOTALS	220	\$6,092,868	173	\$4,014,324	-34.1	217	\$5,531,538

LOANS APPROVED BY THE COMMITTEE IN 2019



Graphical depiction of the Loans Approved in 2019

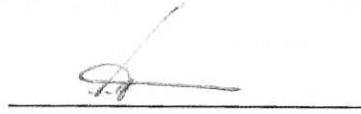


The Credit Committee would like to thank you, the members, as always, for supporting the Credit Union through your savings and borrowings during the financial year. We would also like to extend special thanks to the Board of Directors and the Staff of CEMCU for their guidance and support throughout the year.

We trust that you, our Members, will continue to exercise prudence in the management of your finances, so we can look forward to a financially rewarding future for you and our organization, CEMCU.



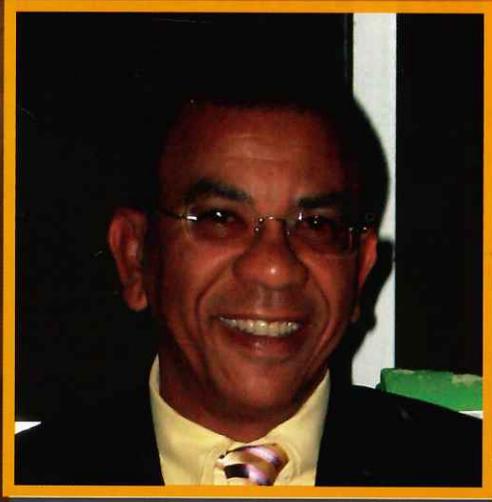
Mr. Jaisimha Singh
Chairman



Ms. Natasha Khan
Secretary



SUPERVISORY COMMITTEE



BURT GRANSAULL
CHAIRMAN



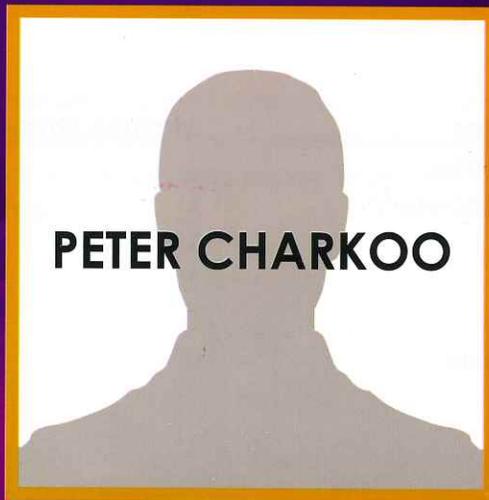
KENNY MOHAMMED
SECRETARY



HERMON ATHERTON



FAZEEDA HOSEIN.



PETER CHARKOO

ANNUAL GENERAL MEETING SUPERVISORY COMMITTEE REPORT

CEMCU's 64th Annual General Meeting was held at Cara Suites, on 19th December 2019. The meeting was held to present the Annual Report for year ended 31st December 2018. At that meeting, the following members were elected to serve on the Supervisory Committee for the 2019 term:

1. Mr. Burt Gransaul
2. Mr. Kenny Mohammed
3. Mr. Hermon Atherton
4. Ms. Fazeeda Hosein
5. Peter Charkoo
6. Mr. Sham Hosein [Alternate]

At the Committee's first meeting Mr. Burt Gransaul was elected as Chairman and Mr. Kenny Mohammed as Secretary.

The Committee wishes to note that because the 2019 AGM was held in the last month of December and subsequent AGM's for 2020 and 2021 were also delayed the above Supervisory functioned from December 2019 to 2021. As a consequence of the delays in calling the 2019 and 2020 AGM's the following report is submitted for the 2019 term ended 31st December 2019:

1 Meeting Attendance

During the 2018-2019 term, 12 meetings were held. Meeting Attendance is as follows:

[a] Elected 2018 Committee	Meeting attendance [2019]
1. Burt Gransaul – Chairman	11
2. Kenny Mohammed – Secretary	11
3. Hermon Atherton	9
4. Fazeeda Hosein	6
5. Kristy Naidoo	0
6. Akini James –[Alternate]	0

[b] Elected 2019 Committee	Meeting attendance [2019]
1. Burt Gransaul – Chairman	1
2. Kenny Mohammed – Secretary	1
3. Hermon Atherton	1
4. Fazeeda Hosein	1
5. Peter Charkoo	0
6. Sham Hosein – [Alternate]	0



2 Examination of Financials and Operation

During the period under review, the Committee examined the Credit Union's financial and operational activities and provided the Board of Directors with the results of the findings for appropriate action.

3 Know your Customer Compliance

This initiative was undertaken to ensure compliance with the Financial Intelligence Unit (FIU) of Trinidad and Tobago and consequently, the Credit Union implements various steps aimed at achieving maximum compliance. The results of these steps are recorded hereunder.

	As of September 2019	Percent Completed
Distributed	816	53.26
Returned	374	24.40
Completed	232	15.10

The Committee made recommendations to the Board regarding the introduction of activities to accelerate compliance. The Committee wishes to urge members to fill out and return Know Your Customer [KYC] forms to CEMCU's office to move the organization closer to maximum compliance.

4 Loans to Members

The committee examined loans to ascertain whether the loans were compliant with the Credit Union's Loan policy. Loans were examined for the adherence to the supply of all the relevant documents and signatures on the prescribed forms. Generally, the Committee was satisfied that there was compliance in these areas. Specific areas needing attention were reported to the Board for appropriate instructions to be passed on to Management for action and implementation.

5 Review of Membership Forms for New Members

The Committee reviewed completed membership application forms and identified areas which needed to be addressed such as failure to spell out names to identify Signatures and the absence of documents for "proof of Address", [a FIU requirement]. The Committee made relevant recommendations to the Board regarding these matters and we were assured that the matters would be addressed. The Education Committee reviewed and corrected the membership form and, the Board approved the adjustments.

6 Delinquency Reports

The Committee notes that delinquency reports were frequently untimely and failed to capture the progression of the member's delinquency. The Committee drew those findings to the attention of the Board and suggested a "delinquency progression template" for Management to use when preparing the delinquency reports.

7 Monthly Financials

The Committee again notes that the Monthly Financial statements were frequently untimely. That finding was brought to the attention of the Board. The monthly financial statements which were submitted, were examined and found to have no material anomalies.

8 Board and Committee Minutes

As required by the Co-operative Societies Act and CEMCU's Bye Laws, the Supervisory Committee examined the Board Minutes and Committees' minutes and reports and found no material anomalies.

9 Cash Counts

All Committee meetings included cash counts. No variations or anomalies were found during those counts. On each occasion, the quoted numbers balanced and the processes involved in the collection, reporting and management of the Credit Union's Cash were found to be sound.

10 Training

The Committee was invited to attend two training programmes. Both programmes were held on 8th June 2019 at Cara Suites, Pointe-a-Pierre. Ms Keshma Maharaj facilitated training re FIU Compliance, Anti-money Laundering and Counter Financing of terrorism legislation. Messrs. Burt Gransauil and Kenny Mohammed attended. The second training programme dealt with the roles and responsibilities of Board and Committee members and the facilitators were Ms. Deborah Ann Scott and Mr. Ronne Anderson, of the Commissioner for Cooperative Development Division.

11 Conclusion

The Supervisory Committee hereby thanks CEMCU's membership for the opportunity to serve. We also thank the Board of Directors, Management and Staff for their support during the 2019 term.



Burt Gransauil - Chairman


Kenny Mohammed - Secretary

EDUCATION COMMITTEE REPORT

The Education Committee is pleased to submit its report to the Annual General Meeting for January 1, 2019 to December 31, 2019.

At the conclusion of CEMCU's 63rd Annual General Meeting held on 30th October 2018, the following members were approved by the Board of Directors to serve on the Education Committee in accordance with Bye Law No. 33:

Mr. Paul Toussaint	- Chairman (CEMCU's Vice President)
Ms. Maxine Charles	- Secretary
Mrs. Cheryl Gransaul	- Member
Mr. Jaishima Singh	- Member

Meetings

The Committee held Statutory Meetings to review membership applications, arrange training and finalise bursaries. In addition, the Committee reviewed and updated the membership form. The form was revised to achieve a more user-friendly format and to achieve compliance with FIU requirements. Members of the Committee also worked on Board appointed Sub-Committees in examining and updating policies and procedures.

Membership

During the year 2019, CEMCU experienced low membership growth, partly because of TCL's continued downsizing exercise and the country's prevailing industrial relations climate. Nine (9) applications for membership to CEMCU were reviewed by the Committee and subsequently approved by the Board.

Training

On Saturday June 8th, 2019, Directors, Committee members and Office Staff participated in a training session entitled Anti-Money Laundering (AML), Combatting the Financing of Terrorism (CFT) and Roles and Responsibilities of the Board and Committees. The training was facilitated by FIU Consultant Ms. Keshma Maharaj and Ms. Deborah Ann Scott and Mr. Ronne Anderson of the Commissioner for Co-operative Development Division.

In May 2019, the President headed a team of six (6) persons who participated in the Governance and Leadership Conference organized by TTCUDIF. At the Conference, CEMCU's Treasurer, Interim Manager and Chairman of the Supervisory Committee volunteered to serve as presenters in their specific area of expertise.

CEMCU's Strategic Planning Session was held on September 22nd 2019 with participation from Directors, Committee Members and Office Staff. The main purpose of this exercise was to chart the way forward for CEMCU's future and determine how best to achieve it.

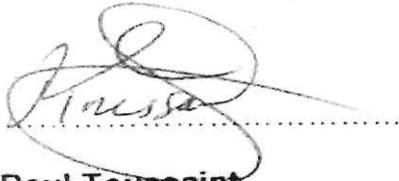
Annual Bursaries

No Bursary function was held in 2019. However, the recipients of bursaries collected awards at CEMCU's office. Bursaries were presented to six (6) successful S.E.A. students, three (3) CSEC students, two (2) CAPE students and three (3) undergraduate students.

CEMCU remains committed to its members' development, and contributes to this through its annual Bursaries. The Education Committee is again appealing to its members to submit applications for membership for their children whereby they can access the benefits of Bursaries as they pursue the various stages of their education.

Credit Union Month

To celebrate Credit Union Month, members were invited to visit the Credit Union Office on Friday 18th October 2019, where they partook of refreshments served.



Mr. Paul Toussaint

Chairman



Ms. Maxine Charles

Secretary

**CEMCU CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED**

Financial Statements
for the year ended
December 31, 2019

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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STATEMENT OF MANAGEMENT RESPONSIBILITIES

INDEPENDENT AUDITOR'S REPORT

STATEMENT OF FINANCIAL POSITION

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CHANGES OF MEMBERS' EQUITY AND RESERVES

STATEMENT OF CASH FLOWS

NOTES TO THE FINANCIAL STATEMENTS

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CEMCU Credit Union Co-operative Society Limited

43 Southern Main Road, Plaisance Village, Pointe-A-Pierre, Trinidad W.I.

Statement of Management Responsibilities

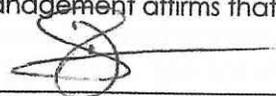
Management is responsible for the following:

- Preparation and fairly presenting the accompanying financial statements of the CEMCU Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31 December, 2019, the statements of comprehensive income, changes in members' equity and reserves and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Society keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Society's assets, detection/prevention of fraud, and the achievement of Society's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago with the exception of IFRS-9 (Financial Instruments) and IFRS-16 (Leases). Where International Financial Reporting Standards presented alternative accounting treatments, management choose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Society will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Manager

December 28, 2020



Treasurer

December 28, 2020



I.A.ALI & ASSOCIATES

Chartered Accountants

L.P. #54 Marshall Street, Warrentville, Cunupia
Tel: (868) 221-8535 • Fax: (868) 693-2246
Email: imtiaz.a.ali@hotmail.com
Website: www.accountingsolutionstt.com

Independent Auditor's Report

To the Members of
CEMCU Credit Union Co-operative Society Limited

Disclaimer of Opinion

We were engaged to audit the financial statements of CEMCU Credit Union Co-operative Society Limited (the "Society"), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in members' equity and reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Society. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

i. Non adoption of International Financial Reporting Standards

International Financial Reporting Standards Nine (IFRS 9)

IFRS 9 Financial Instruments issued on July 24, 2014, was **mandatorily effective for periods beginning on or after January 1, 2018**. The Society however, did not apply the requirements of IFRS – 9 for the year ended December 31, 2019 in computing the various categories of expected credit losses on members' loans and interest receivable as well as disclosures required.

International Financial Reporting Standards Sixteen (IFRS 16)

IFRS 16 Leases published on January 13, 2016, was **mandatorily effective for periods beginning on or after January 1, 2019**. The Society however, did not apply the requirements of IFRS – 16 for the year ended December 31, 2019 in computing the relevant Right of Use asset and Lease Liability.

ii. Provision for Members' loan losses

The Society has recognized loan loss provision in respect of members' loans for the current year amounting to **\$300,000**. This gives an accumulated total of \$8,127,144, these were at year end as stated in note 7 to the financial statements. A comprehensive listing of the composition of these amounts were not presented to us for review in order to determine the existence, accuracy and completeness.

Additionally, accumulated loan loss provision is presented in the statement of financial position under the Statement of Changes in Members' Equity and Reserves as a separate line item amounting to \$8,930,901 as at December 31, 2019 which is not in accordance with IFRS 9 – Financial Instruments and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (at the date of initial adoption). If these were to be reclassified to the undivided earnings, this would result in an accumulated deficit.

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Member of:

Association of
Certified Fraud Examiners

Association of
Chartered Certified Accountants

Institute of Chartered Accountants
of Trinidad & Tobago



I.A.ALI & ASSOCIATES

Chartered Accountants

L.P. #54 Marshall Street, Warrentville, Cunupia
Tel: (868) 221-8535 • Fax: (868) 693-2246
Email: imtiaz.a.ali@hotmail.com
Website: www.accountingsolutionsstt.com

Independent Auditor's Report (continued)

To the Members of
CEMCU Credit Union Co-operative Society Limited

Basis for Disclaimer of Opinion (continued)

iii. Interest on Delinquent loans

Interest was accrued in respect of delinquent loans up to year end.

iv. Investments

The Society did not maintain a detailed investment schedule, which reflects the cumulative fair value movement for each investment classified as fair value through other comprehensive income. As a result, we were unable to determine the accuracy of Fair Value Reserves (Losses) amounting to \$5,719,490 as at December 31, 2019 in the Statement of Financial Position.

Included in Investments at fair value through other comprehensive income, there is an investment related to Grace Kennedy Limited amounting to \$2,346,264 as at December 31, 2019, of which approximately \$568,000, could not be determined for completeness, accuracy and ownership.

v. Impairment of Property

It was noted that the Society has a property with a carrying value of \$1,327,286 in the financial statements at year end, that was not in use up to present time of which no provision for impairment was made in the financial statements.

Consequently, as a result of the above, we were unable to determine whether any adjustment to these amounts were necessary.

Other Matter

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed a modified opinion on these financial statements on December 10, 2019.

Other Information

Management is responsible for the other information. Other information consists of information included in the Society's Annual Report but does not include the financial statements and our auditors report thereon. The Society's 2019 Annual Report is expected to be made available after the date of the auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Society's 2019 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate it with those charges with governance.

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Member of:

Association of
Certified Fraud Examiners

Association of
Chartered Certified Accountants

Institute of Chartered Accountants
of Trinidad & Tobago



I.A. ALI & ASSOCIATES

Chartered Accountants

L.P. #54 Marshall Street, Warrenville, Cunupia
Tel: (868) 221-8535 • Fax: (868) 693-2246
Email: imtiaz.a.ali@hotmail.com
Website: www.accountingsolutionsft.com

Independent Auditor's Report (continued)

To the Members of
CEMCU Credit Union Co-operative Society Limited

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, 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 Society'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 Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Society's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

I.A. Ali & Associates

I.A. Ali & Associates
Cunupia
Trinidad
December 28, 2020

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Member of:

Association of
Certified Fraud Examiners

Association of
Chartered Certified Accountants

Institute of Chartered Accountants
of Trinidad & Tobago

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

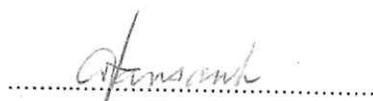
ASSETS	Notes	(Restated)	
		2019 \$	2018 \$
Property, plant and equipment	5	1,530,828	1,560,721
Receivables and prepayments	6	410,429	2,928,903
Members' loans	7	40,041,069	45,469,663
Investments	9	54,476,172	46,801,463
Cash and short-term funds	8	2,218,082	4,816,431
Total Assets		98,676,580	101,577,181
LIABILITIES AND MEMBERS' EQUITY & RESERVES			
Payables and accruals	10	1,052,196	784,937
Members' shares		55,693,099	60,903,094
Members' deposits		27,759,300	26,969,677
Co-operative societies deposits	11	7,750,000	7,750,000
Total Liabilities		92,254,595	96,407,708
Members' Equity & Reserves			
Reserve fund		17,486,407	17,321,582
Education fund		21,785	21,785
Other funds	12	288,208	288,208
Loan loss provision		(8,930,901)	(8,930,901)
Fair value reserve		(5,719,490)	(7,277,571)
Undivided earnings		3,275,976	3,746,370
Total Members' Equity & Reserves		6,421,985	5,169,473
Total Liabilities and Members' Equity		98,676,580	101,577,181

On December 28, 2020, the Board of Directors of CEMCU Credit Union Co-operative Society Limited authorised these financial statements for issue.

The accompanying notes form an integral part of these financial statements.


 PRESIDENT


 TREASURER


 CHAIRMAN OF SUPERVISORY
 COMMITTEE

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Note</u>	<u>2019</u> \$	(Restated) <u>2018</u> \$
Income			
Interest on loans		4,003,121	5,127,090
Income from investments		1,864,926	637,885
Dividends		661,628	643,242
Miscellaneous		180,900	54,377
Total income		<u>6,710,575</u>	<u>6,462,594</u>
Expenditure			
Administrative	13	558,292	614,830
Bank interest & charges		42,861	51,508
Depreciation		41,293	45,663
Green fund levy		16,196	19,372
Impairment loss on investment		-	429,254
Insurances		712,163	660,609
Interest on members' deposits		809,221	725,517
Interest on co-operative societies deposits		308,933	320,250
Legal and professional		328,143	395,791
Members appreciation, official travel & training		98,894	67,017
Provision for loan losses		300,000	-
Salaries and employee's benefits		1,847,228	1,457,206
Total expenditure		<u>5,063,224</u>	<u>4,787,017</u>
Net surplus for the year		<u>1,647,351</u>	<u>1,675,577</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Changes in fair value of investments through other comprehensive income		1,558,081	(904,747)
Other comprehensive income for the year		<u>1,558,081</u>	<u>(904,747)</u>
Total Comprehensive Income for the year		<u><u>3,205,432</u></u>	<u><u>770,830</u></u>

The accompanying notes form an integral part of these financial statements.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CHANGES IN MEMBERS' EQUITY AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Reserve Fund	Education Fund	Other Funds	Loan Loss Provision	Fair Value Reserve	Undivided Earnings	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended Dec 31, 2019							
Balance at January 1, 2019	17,321,582	21,785	288,208	(8,930,901)	(7,277,571)	3,746,370	5,169,473
Membership fees	90	-	-	-	-	-	90
Total comprehensive income	-	-	-	-	1,558,081	1,647,351	3,205,432
Dividends paid	-	-	-	-	-	(1,953,010)	(1,953,010)
<u>Appropriation of net surplus</u>							
- Reserve fund	164,735	-	-	-	-	(164,735)	-
Balance at Dec 31, 2019	17,486,407	21,785	288,208	(8,930,901)	(5,719,490)	3,275,976	6,421,985
Year ended Dec 31, 2018 (Restated)							
Balance at January 1, 2018	17,103,977	21,785	288,208	(8,930,901)	(6,372,824)	5,062,009	7,172,254
Membership fees	230	-	-	-	-	-	230
Total comprehensive income	-	-	-	-	(904,747)	1,675,577	770,830
Dividends paid	-	-	-	-	-	(2,773,841)	(2,773,841)
<u>Appropriation of net surplus</u>							
- Reserve fund	217,375	-	-	-	-	(217,375)	-
Balance at Dec 31, 2018	17,321,582	21,785	288,208	(8,930,901)	(7,277,571)	3,746,370	5,169,473

The accompanying notes form an integral part of these financial statements.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	(Restated)
	\$	\$
Cash flows from operating activities		
Net surplus for the year	1,647,351	1,675,577
Adjustments to reconcile net surplus to net cash generated from operating activities:		
Depreciation	41,293	45,665
Loss on disposal of office furniture & equipment	2,997	1,933
Unrealised gain/(loss) on investments at FVTOCI	1,558,081	(904,747)
Operating surplus before working capital changes	3,249,722	818,428
Decrease in members' loans	5,428,595	5,399,913
Decrease in receivables and prepayments	2,518,474	786,892
Increase in members' deposits	789,623	4,001,257
Increase in payables and accruals	267,258	235,428
Net cash generated from operating activities	<u>12,253,672</u>	<u>11,241,918</u>
Cash flows from investing activities		
Net change in investments	(7,674,709)	352,479
Additions to property, plant and equipment	(14,397)	(23,483)
Net cash (used in)/generated from investing activities	<u>(7,689,106)</u>	<u>328,996</u>
Cash flows from financing activities		
Net repayment of bank loans	-	(398,682)
Membership fees	90	230
Dividends paid	(1,953,010)	(2,773,841)
Net decrease in members' shares	(5,209,995)	(5,607,269)
Net cash used in financing activities	<u>(7,162,915)</u>	<u>(8,779,562)</u>
Net (decrease)/increase in cash and cash equivalents	(2,598,349)	2,791,351
Cash and cash equivalents		
at beginning of year	<u>4,816,431</u>	<u>2,025,080</u>
Cash and cash equivalents at end of year	<u>2,218,082</u>	<u>4,816,431</u>
Cash and cash equivalents		
Cash and short-term funds	<u>2,218,082</u>	<u>4,816,431</u>
Total cash and cash equivalents	<u>2,218,082</u>	<u>4,816,431</u>

The accompanying notes form an integral part of these financial statements.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1. REGISTRATION AND ACTIVITIES

CEMCU Credit Union Co-operative Society Limited is registered in the Republic of Trinidad and Tobago under the Co-operative Societies Act Chapter 81:03. Its registered office is located at #43 Southern Main Road, Plaisance Village, Pointe-A-Pierre. The Society operates a Credit Union for the benefit of employees, former employees (who obtained membership while being an employee), pensioners of Trinidad Cement Limited and its subsidiaries and associated companies together with employees of the Society, children and spouse of members of the Society and other persons approved by the Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are stated below:

a. Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and interpretations issued by the IFRS Interpretations Committee (IFRSIC). These financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and are stated in Trinidad and Tobago dollars. These financial statements are stated on the historical cost basis, except for the measurement at fair value of available for sale investments.

b. Use of estimates

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Society's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

c. New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Society, except for IFRS 9 *Financial Instruments* and IFRS 16 *Leases*, which were not yet adopted.

d. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates ('the functional currency'). These financial statements are presented in Trinidad and Tobago Dollars, which is the Society's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is provided on the straight line basis at rates estimated to write-off the assets over their expected useful lives.

Current rates of depreciation are:

Land and building	- Nil
Leasehold improvements	- 15%
Office furniture and equipment	- 10% - 25%

The assets residual values and useful lives are reviewed at each statement of financial position date and adjusted, if appropriate.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

f. Investments

The Society has classified all investments into the following categories. The classification is dependent on the purpose for which investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Fair value through other comprehensive income

These instruments are either acquired for generating a profit from short-term fluctuations in price, or are securities included in a portfolio in which a pattern of short-term profit taking exists. These instruments are initially measured at fair value plus transaction costs that are directly attributable to their acquisition. Subsequent to initial recognition, all financial assets at fair value through other comprehensive income are measured at fair value, based on their quoted market price at the reporting date without any deduction for transaction costs.

Gains and losses, both realised and unrealised, arising from the change in the fair value of equity instruments at fair value through other comprehensive income are recognized in statement of comprehensive income.

Amortised cost

These are securities, which are held with the positive intention of holding them to maturity and are stated at amortized cost less provisions made for any permanent diminution in value. Amortized cost is calculated by taking into account any premium or discounts on acquisition over the period of maturity using the effective interest rate method.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f. Investments (cont'd)

For actively traded investments, fair value is determined by reference to the Stock Exchange quoted market prices at the Statement of Financial Position date, adjusted for transaction costs necessary to realize the investment. For investments where there is no quoted market price, the carrying value is deemed to approximate fair value.

g. Revenue recognition

Interest on Members' loans

Interest on members' loans is recognized on the accruals basis.

Interest income

Interest income is recognized using the effective interest method.

Dividend income

Dividend income from equities is recognized when the right to receive payment is established.

h. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprises cash and bank balances.

i. Financial instruments

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

Financial assets and financial liabilities are recognized on the Society's Statement of Financial Position when the Society becomes a party to the contractual provisions of the instrument.

Financial assets

All regular purchases and sales of financial assets are recognized or derecognized on the trade date i.e. the date on which the Society commits itself to purchase or sell an asset. A regular purchase and sale of financial asset is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

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

When financial assets are derecognized, the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i. Financial instruments (cont'd)

Impairment of financial assets

The Society assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

Objective evidence that a financial asset or group of financial assets is impaired included observable data that comes to the attention of the Society about the following loss events.

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

The Society first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Society determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset 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.

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of 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 comprehensive 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, the previously recognized impairment loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in the statement of comprehensive income.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j. Financial liabilities

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

Financial liabilities are derecognized when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

k. Accounts receivable

Accounts receivable are initially measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

l. Members' loans

Members' loans are initially measured at fair value, net of loan origination fees and inclusive of transaction costs incurred. They are subsequently measured at amortised cost, using the effective interest rate method, less any impairment losses. Loans to members are reported at their recoverable amount representing the aggregate amount of principal, less any allowance or provision for impaired loans.

m. Members' deposits

Members' deposits are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument. Member deposits are subsequently measured at amortized cost, using the effective interest rate method.

n. Members' shares

According to the Bye-Laws of the Society, the capital of the Society may be composed of an unlimited number of shares of \$5 each. In accordance with International Financial Reporting Interpretation (IFRIC) Interpretation 2, redeemable shares have been treated as liabilities.

o. Dividends

Dividends are recommended by the Board of Directors and approved by the members at the Annual General Meeting following the year to which they relate. Dividends are an appropriation of undivided earnings and are recognized in the statement of changes in members' equity and reserves in the period when paid.

The dividends are computed on the basis of the average number of shares in issue throughout the year, the average being determined on the basis of the number of shares in issue at the end of each month.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

p. Accounts payable

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

q. Provisions

Provisions are recognized when the Society has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. Provisions are not recognized for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the obligation.

r. Comparative figures

Where necessary, comparative data has been adjusted to conform with changes in presentation of the current year. Restatement and reclassifications to comparative amounts were made in the financial statements as set out in note 20 to the financial statements.

s. Reserve fund

Section 47(2) of the Co-operatives Societies Act 1971 requires that at least 10% of the net surplus of the Society's for the year is to be transferred to a reserve fund. In accordance with Bye-Law 49 of the Society, this reserve fund may be used only with the approval of the Commissioner of Co-operative Development for bad loans and other losses sustained through extraordinary circumstances over which the Society had no control.

t. Education fund

In accordance with Bye-Law 50 of the Society, an amount not exceeding 5% of the net surplus for the year, after making appropriations to the Reserve Fund shall be set aside in a Special Fund to be used for the educational purposes. This fund shall be administered by the Education Committee.

u. Fair value reserve

The Board of Directors has created an investment remeasurement reserve which consists of unrealised gains/(losses) on investment securities at FVTOCI.

v. Medical fund

This fund was created by the Board of Directors to aid any officers of the Society in any medical emergencies.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

w. Building fund

The Society created this fund so that they can accumulate resources to construct a building to house the administrative office of the Society.

x. Insurance fund

This fund was created by the Board of Directors to aid any officers of the Society in setting up life insurance.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Society's activities are primarily related to the use of financial instruments. The Society accepts funds from members and earns interest by investing in equity investments, securities and Bonds.

Financial Instruments

The following table summarises the carrying amounts and fair values of the Society's financial assets and liabilities:

	2019	
Financial Assets	Carrying Value	Fair Value
	\$	\$
Cash and short term funds	2,218,082	2,218,082
Investments	54,476,172	54,476,172
Receivables and prepayments	410,429	410,429
Members' loans	40,041,069	40,041,069
	<u>97,145,752</u>	<u>97,145,752</u>
Financial Liabilities	\$	\$
Payables and accruals	1,052,196	1,052,196
Members' shares	55,693,099	55,693,099
Members' deposits	27,759,300	27,759,300
Co-operative societies deposits	7,750,000	7,750,000
	<u>92,254,595</u>	<u>92,254,595</u>
	(Restated)	
	2018	
Financial Assets	Carrying Value	Fair Value
	\$	\$
Cash and short term funds	4,816,431	4,816,431
Investments	46,801,463	46,801,463
Receivables and prepayments	2,928,903	2,928,903
Members' loans	45,469,663	45,469,663
	<u>100,016,460</u>	<u>100,016,460</u>
Financial Liabilities	\$	\$
Payables and accruals	784,937	784,937
Members' shares	60,903,094	60,903,094
Members' deposits	26,969,677	26,969,677
Co-operative societies deposits	7,750,000	7,750,000
	<u>96,407,708</u>	<u>96,407,708</u>

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (cont'd)

The Society is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Society to manage these risks are discussed below:

a) Interest rate risk

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

The Society is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, deposits and other funding instruments.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

b) Credit risk

Credit risk arises when there is a failure by counter parties to discharge their obligations and could reduce the amount of cash inflows from financial assets on hand at the Statement of Financial Position date.

The Society's loan portfolio is managed and consistently monitored and is adequately secured by collateral and where necessary, allowance have been established for potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial intermediaries/agencies and the Society has policies to limit the amount of exposure to any single financial intermediary/agency.

The Society also actively monitors global economic developments and government's policies that may affect the growth rate of the local economy.

Maximum exposure to credit risk before collateral held or credit enhancements

	2019	(Restated) 2018
	\$	\$
Members' loans	40,041,069	45,469,663
Investments	54,476,172	46,801,463
Receivables and prepayments	410,429	2,928,903
Cash & short term funds	2,218,082	4,816,431
	<u>97,145,752</u>	<u>100,016,460</u>

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (cont'd)

b) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

	2019	(Restated)
	\$	2018
		\$
Cash held in reputable financial institutions	2,218,082	4,816,431
Investments with no default anticipated	54,476,172	46,801,463
Accounts receivable with full repayment expected	410,429	2,928,903
Members' loans	40,041,069	45,469,663
	<u>97,145,752</u>	<u>100,016,460</u>

c) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its payment obligations when they fall due. The Society maintains a diverse portfolio of investments and marketable securities that can be liquidated in the event of an unforeseen interruption in cash flows.

d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Society's measurement currency. The Society is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Society's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

e) Operational risk

Operational risk is derived from deficiencies relating to the Society's information technology and control systems, as well as the risk of human error and natural disasters. The Society's systems are evaluated, maintained and upgraded continuously. Supervisory controls are also installed to minimize human error.

f) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Commissioner for Co-operative Development division, as well as by the monitoring controls applied by the Society.

g) Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Society's operations (whether true or false) may result in a reduction of its members, reduction in revenue and legal cases against the Society. The Society engages in public social endeavours to engender trust and minimize this risk.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Society's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Society makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- (i) Whether investments are classified as held-to-maturity investments, available-for-sale investments, fair value through profit and loss or loans and receivables.
- (ii) Which depreciation method for property, plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation and uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Impairment of assets

Management assesses at each Statement of Financial Position date whether the assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

(ii) Property, plant and equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditure to be capitalised and in estimating the useful lives and residual value of these assets.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

5. PROPERTY, PLANT AND EQUIPMENT

	Land & Building	Leasehold Improvements	Office Furniture and Equipment	Total
	\$	\$	\$	\$
Year ended December 31, 2019				
Cost	1,327,286	206,237	359,946	1,893,469
Accumulated depreciation	-	(125,024)	(237,617)	(362,641)
Net Book Amount	1,327,286	81,213	122,329	1,530,828
Net Book Amount				
January 1, 2019	1,327,286	95,545	137,890	1,560,721
Additions	-	-	14,397	14,397
Disposals	-	-	(2,997)	(2,997)
Depreciation charge	-	(14,332)	(26,961)	(41,293)
December 31, 2019	1,327,286	81,213	122,329	1,530,828
Year ended December 31, 2018				
Cost	1,327,286	206,237	357,257	1,890,780
Accumulated depreciation	-	(110,692)	(219,367)	(330,059)
Net Book Amount	1,327,286	95,545	137,890	1,560,721
Net Book Amount				
January 1, 2018	1,327,286	112,408	145,142	1,584,836
Additions	-	-	23,483	23,483
Disposals	-	-	(1,933)	(1,933)
Depreciation charge	-	(16,863)	(28,802)	(45,665)
December 31, 2018	1,327,286	95,545	137,890	1,560,721

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
6. RECEIVABLES AND PREPAYMENTS		
Interest receivables	313,612	2,843,343
Sundry receivables	96,817	85,560
	<u>410,429</u>	<u>2,928,903</u>
7. MEMBERS' LOANS		
Members' loans	48,168,213	53,300,967
Provision for loan losses	(8,127,144)	(7,831,304)
	<u>40,041,069</u>	<u>45,469,663</u>
The movement in the provision for loan loss is as follows:		
Balance at beginning of year	7,831,304	19,214,790
Add: Provision for the year	300,000	-
Less: Write-off for the year	(4,160)	(11,383,486)
Provision at end of year	<u>8,127,144</u>	<u>7,831,304</u>
8. CASH AND SHORT-TERM FUNDS		
Republic Bank Limited - TTD	1,596,406	4,016,854
JMMB Bank (Trinidad and Tobago) Limited - USD	333,265	249,550
First Citizens Bank Limited	-	458,333
Cash in hand	288,410	91,693
	<u>2,218,082</u>	<u>4,816,431</u>
9. INVESTMENTS		
Fair value through other comprehensive income:		
Ansa McAL		
5,299 shares (2018 - 5,299 shares)	292,505	291,445
Carrera's Group Limited		
76,900 shares (2018 - 76,900 shares)	321,910	375,045
First Citizens Bank Limited		
4,500 shares (2018 - 4,500 shares)	200,250	152,865
Grace, Kennedy & Company Limited		
593,991 shares (2018 - 593,991 shares)	2,346,264	1,722,574
Guardian Holdings Limited		
360,000 shares (2018 - 360,000 shares)	4,388,325	6,516,000
Guardian Media Limited		
71,252 shares (2018 - 71,252 shares)	534,390	1,068,780
Sub-total	<u>8,083,644</u>	<u>10,126,709</u>

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
9. INVESTMENTS (continued)		
Fair value through other comprehensive income (continued):		
Jamaica Money Market Brokers Limited 562,880 shares (2018 - 562,880 shares)	2,731,602	985,040
National Commercial Bank Jamaica Limited 225,035 shares (2018 - 225,035 shares)	2,443,880	1,919,549
National Flour Mills Limited 12,694 shares (2018 - 12,694 shares)	17,137	20,945
Massy Holdings Limited 2,500 shares (2018 - 2,500 shares)	152,500	117,500
National Enterprises Limited 5,000 shares (2018 - 5,000 shares)	28,800	40,000
One Caribbean Media Limited 9,000 shares (2018 - 9,000 shares)	76,500	92,610
Point Lisas Development Corporation 44,527 shares (2018 - 44,427 shares)	160,297	164,750
Republic Bank Limited 1,000 shares (2018 - 1,000 shares)	131,220	107,260
Sagicor Financial Corporation (Ordinary shares) 400,000 shares (2018 - 400,000 shares)	4,694,841	3,600,000
Scotiabank Trinidad & Tobago Limited 2,000 shares (2018 - 2,000 shares)	122,000	128,500
Trinidad Cement Limited 2,000,000 shares (2018 - 2,000,000 shares)	4,000,000	5,460,000
Trinidad and Tobago NGL Limited 57,872 shares (2018 - 57,872 shares)	2,105,413	1,684,075
West Indian Tobacco Company Limited 1,009 shares (2018 - 1,009 shares)	125,348	96,188
Trinidad and Tobago Unit Trust Corporation Limited (First Scheme) 1,521 shares (2018 - 1,521 shares)	29,729	27,468
Trinidad and Tobago Unit Trust Corporation Limited (Second Scheme) 78 shares (2018 - 78 shares)	1,628	1,605
The Central Finance Facility Co-operative Society of T&T Limited 25 shares (2018 - 25 shares)	625,000	625,000
ANSA Merchant Bank Limited - (USD Fund)	277,749	280,319
Trinidad and Tobago Unit Trust Corporation Limited - (US\$ MMF)	44,229	44,206
WISE - (US \$ Account)	457	457
Sub-total	<u>25,851,973</u>	<u>25,522,180</u>

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 \$	(Restated) 2018 \$
9. INVESTMENTS (continued)		
Investments securities held at amortised cost:		
KCL Capital Market Brokers Limited	2,851,635	2,025,578
KSBM Asset Management	23,772,564	19,253,704
ANSA Merchant Bank Limited - TSTT Bond TTD	2,000,000	-
Sub-total	<u>28,624,199</u>	<u>21,279,283</u>
Total investments	<u>54,476,172</u>	<u>46,801,463</u>
10. PAYABLES AND ACCRUALS		
Payables and accruals	1,031,082	699,891
Other payables	21,114	85,046
	<u>1,052,196</u>	<u>784,937</u>
11. CO-OPERATIVES SOCIETIES DEPOSITS		
Venture Credit Union Co-operative Society Limited	3,000,000	3,000,000
The Central Finance Facility Co-operative Society of T&T Limited	4,000,000	4,000,000
Duncan Village Credit Union Co-operative Society Limited	750,000	750,000
	<u>7,750,000</u>	<u>7,750,000</u>
12. OTHER FUNDS		
Medical fund		
Building fund	46,133	46,133
Insurance fund	235,000	235,000
	7,075	7,075
	<u>288,208</u>	<u>288,208</u>
13. ADMINISTRATIVE		
Annual general meeting		
Donations	42,338	30,454
Loss on disposal	1,000	8,239
Office and stationery	2,997	1,933
Repairs and maintenance	140,893	136,335
Refreshments	3,196	12,170
Rent	6,498	5,240
Security	60,000	60,000
Telephone and electricity	262,332	317,250
	39,039	43,209
	<u>558,292</u>	<u>614,830</u>

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

14. 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 in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Society.

Balances and transactions with related parties and key management personnel during the year were as follows:

	<u>2019</u>	<u>2018</u>
	\$	\$
Statement of Financial Position		
Members' Loans	1,353,490	5,681,302
Members' Shares and Deposits	7,114,413	7,195,336
Statement of Comprehensive Income		
Key Management Compensation	633,737	628,737

15. FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value.

Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

(a) Current assets and liabilities

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

(b) Investments

The fair value of investments are determined on the basis of market prices available as at December 31, 2019.

(c) Members' Loans

Loans are net specific of provision for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

15. FAIR VALUES (continued)

(d) Members' Deposits

Members' deposits bear interest at rates that are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

16. CAPITAL RISK MANAGEMENT

The Society manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members, whilst providing value to its members by offering loan and savings facilities.

The Society's overall strategy remains unchanged from previous years.

The capital structure of the Society consists of equity attributable to members, which comprises reserves and undivided earnings.

17. CAPITAL COMMITMENTS

The Society has no capital commitments as at year end.

18. CONTINGENT LIABILITIES

As at December 31, 2019, there was a legal matter pending against the Society for which no provision has been made, as professional advice indicate that it would be premature at this stage of the action to determine that eventuality.

19. SUBSEQUENT EVENTS

Since year-end, the spread of COVID-19 has severely impacted many economies around the globe. In many countries, businesses are being forced to cease or limit operations for indefinite periods of time. Measures taken to contain the spread of the virus, including travel bands, quarantines, social distancing, and temporary closures of non-essential business services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize businesses and economic conditions.

As a result, management has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended, have not been adjusted to reflect their potential impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of the government and central bank's responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their potential impact on the financial position and results of the Society's operations for the foreseeable future.

Other than the above, there were no significant events that occurred after the Statement of Financial Position date affecting the financial performance, position or changes therein for the reporting period in the financial statements.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

20. RESTATEMENT AND RECLASSIFICATION

Restatements were made to the prior year figures as a result of corrections/adjustments made due to prior period errors in accounting for the impairment of \$400,000 in a 7.25% fixed rate US dollar Bond, issued by the Government of Barbados at a discount of \$8,000, with an original maturity date of December 15, 2021. Reclassifications were made from Receivables to Members' Loans.

	As at December 31, 2018 \$	Re- classifications \$	Adjustments \$	Restated as at December 31, 2018 \$
Statement of Financial Position				
Assets				
Investment securities:				
- Held at amortised cost	47,299,633	-	(498,170)	46,801,463
Receivables and prepayments	10,190,570	(7,261,667)	-	2,928,903
Members' Loans	38,207,996	7,261,667	-	45,469,663
Members' Equity				
Undivided Earnings	4,244,540	-	(498,170)	3,746,370
Statement of Comprehensive Income				
Net surplus for the year	2,173,747	-	(498,170)	1,675,577

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

PROJECTED INCOME AND EXPENDITURE STATEMENT 2020

<u>INCOME</u>	<u>BUDGET 2020</u>
Loan Interest	2,800,000
Other Income	1,650,000
Dividend	450,000
Forex Gain/Loss	1,000
<u>TOTAL INCOME</u>	<u>4,901,000</u>
<u>OPERATING EXPENSES</u>	
Advertising	5,000
Annual General Meeting	30,000
Audit	65,000
Bank Charges	35,000
Interest on Members' Fixed Deposits	685,000
Interest on Co-operative Societies' Term Deposits	270,000
Legal and Professional Services	200,000
Depreciation	45,000
Insurance Premiums	600,000
Donation and Sports	5,000
Equipment Repairs and Maintenance	15,000
Appreciation & Official Training	70,000
Office, Printing, Stationery Expenses	95,000
Salaries, wages and Benefits	1,350,000
Security	240,000
Telephone & Electricity	36,000
Office Rental	60,000
Green Fund Levy	15,000
Commissions & Fees- Investments	12,000
<u>TOTAL EXPENSES</u>	<u>3,833,000</u>
Net Surplus/Deficit before Gain/Loss On S/Term Investments	1,068,000
Unrealised Gain/Loss on S/Term Investment	0
Net Surplus After Unrealised Gain/Loss On S/Term Investments	<u>1,068,000</u>

The above is projected based on the current expected income and expense being incurred.

RESOLUTIONS

The Board of Directors hereby recommend the following resolutions for your consideration and acceptance:

1.0 DIVIDEND

"Be it Resolved that a Dividend of 3% totalling a sum of \$1,755,000.00
Be paid on shares of those persons who are members as at 31st December 2019.

Be it further resolved that said Dividend will b distributed with a maximum of 3% paid out in cash. If any Member chooses to receive less than 3% in cash, the remainder will be deposited to their Shares, except for delinquent members, where all dividends shall be applied to their outstanding interest and principal in that order."

2.0 AUDITOR

"Be it Resolved that the firm I.A. Ali and Associates be appointed as Auditors for the final year 2020."

CODE OF ETHICS

INTRODUCTION

The Board has been elected by the Members of the CREDIT UNION to represent their interest. The Co-operative Societies Act and Bye-Laws or rules of the CREDIT UNION define the manner in which the CREDIT UNION will conduct its affairs. Much more is required of the Board Member as a co-operative leader, a representative of the members and member of the Board.

This Code of Ethics sets the principles and standards which every effective Board Member should live by in the role of leader in co-operative business.

(A) **As a Representative of the total membership**

1. Project a positive image as a leader of the CREDIT UNION through full support of the services it provides.
2. Be totally familiar with the CREDIT UNION's operating principles and apply them to the operations of the CREDIT UNION.
3. Always act in good faith and only in the interest of the CREDIT UNION and the membership as a whole.
4. Be aware of and understand the Mission and Objectives of the CREDIT UNION.
5. Seek input from the membership and report openly on all aspects of the CREDIT UNION activities.

(B) **As a member of the Board of Directors**

1. Always act for the CREDIT UNION as a whole, rather than for a director's own private interest or those of small groups he/she may be most familiar with.
2. Contribute to discussions as part of decision-making and respect Board decisions on all issues.
3. Recognize his/her mandate and respect lines of authority and responsibility given to its representatives and staff to avoid conflicts of interest that could damage the CREDIT UNION.
4. Maintain relationships with staff and develop trust and respect and avoid personal relationships that may affect objectivity in making decisions that impact on the image of the CREDIT UNION.
5. Respect the confidentiality of Board room discussions and privileged information.
6. Provide leadership to ensure that employees are viewed as an integral part of the CREDIT UNION and are treated fairly and equitably within an environment that promotes motivation and meaningful contribution.
7. Make certain the CREDIT UNION has clear, long, medium and short term plans that can be developed and measured realistically.
8. Fulfill all personal obligations to the CREDIT UNION.

(C) **As a member of the Community:**

1. Project a positive image of the CREDIT UNION as an economic organization actively involved in addressing issues facing the Co-operative Community and by extension its members.



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