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**REPORT OF THE AUDITOR  
TO THE BOARD OF DIRECTORS AND MEMBERS OF  
ST. MARTIN'S CREDIT UNION LIMITED**

We have audited the accompanying statements of financial position of St. Martin's Credit Union Limited as at 31<sup>st</sup> March 2010 and 2009, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Union's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Credit Union's policy is to prepare its' financial statements on a modified cash basis as detailed in Note 2 to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – modified cash basis – of St. Martin's Credit Union Limited as of 31<sup>st</sup> March 2010 and 2009 and the results of its operations – modified cash basis – and its cash flows for the years then ended in conformity with International Financial Reporting Standards and the Credit Union Act Chapter 34 of the Laws of Belize (revised 2003), modified by Act No. 34 of 2005 and Act No. 18 of 2007.

CHARTERED ACCOUNTANT

17<sup>th</sup> May 2010

Belize City,

Belize, C.A.

STATEMENTS OF FINANCIAL POSITION  
31ST MARCH 2010 AND 2009All amounts expressed in Belize Dollars

	Notes	2010	2009
<b>Current assets:</b>			
Cash and bank balances	2	593,215	552,045
Investment	2, 3	1,640,785	1,619,765
Loans receivable	2, 4	10,537,496	9,607,903
Less: loan loss provision	2,4	(125,683)	-
Other receivables and prepayments	2, 5	38,763	37,582
Inventories	2, 6	11,729	8,021
		<u>12,696,305</u>	<u>11,825,316</u>
<b>Long-term asset:</b>			
Property, furniture and equipment	2, 7	<u>661,653</u>	<u>373,623</u>
<u>Total assets</u>		<u>13,357,958</u>	<u>12,198,939</u>
<b>Current liabilities:</b>			
Deposits - members	2, 8	1,204,279	931,473
Shares - non-mandatory	2, 9	9,733,670	8,719,535
Short-term debt	2, 10	281,668	258,487
Accounts payable and accruals	2, 11	44,084	29,796
		<u>11,263,701</u>	<u>9,939,291</u>
<b>Long-term liabilities:</b>			
Long-term debt	2, 12	<u>1,004,776</u>	<u>1,302,294</u>
<u>Total liabilities</u>		<u>12,268,477</u>	<u>11,241,585</u>
<b>NET ASSETS</b>		<u>1,089,481</u>	<u>957,354</u>
<b>Members' interest:</b>			
Shares - mandatory		116,660	103,000
Undivided earnings		514,625	436,916
Guaranty funds		351,543	349,931
Education fund		81,653	52,507
Development fund		25,000	15,000
<b>MEMBERS' INTEREST</b>		<u>1,089,481</u>	<u>957,354</u>

Approved on behalf of the board

 Director  
 Director

Dated: MAY 15<sup>TH</sup> 2010

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The notes on pages 7 to 15 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME  
 YEARS ENDED 31ST MARCH 2010 AND 2009

All amounts expressed in Belize dollars.

	Notes	2010	2009
<b>INCOME:</b>			
Interest on loan - regular		941,930	797,493
Housing project net income	13	185,364	180,084
Micro enterprise project net income		1,004	8,401
Investment income - net	14	93,340	104,115
Service Charge		70,331	60,527
Other income		34,290	20,763
		<u>1,326,259</u>	<u>1,171,383</u>
<b>EXPENSES:</b>			
Advertising and promotion		13,926	3,546
Annual general meeting		17,926	16,496
Bad debt		64,920	-
Committee and cafeteria		12,448	12,480
Computer network		13,118	10,218
Conference and credit union week		11,585	13,989
CUNA/BCUL insurance		90,285	77,377
Depreciation expense		33,989	55,968
Donations		7,012	4,935
Insurance expense		6,579	2,563
Interest and bank charges		529	715
Miscellaneous expense		791	-
Office expense/stationery and printing		26,286	28,074
Other allowance		18,390	11,009
Postage		794	457
Property tax		853	853
Professional fees		14,772	12,000
Repairs and maintenance		10,837	5,017
Salaries and wages		248,249	205,973
Scholarship expense		6,831	5,604
Security		41,564	20,062
Social security expense		8,729	7,106
Staff benefit		22,965	26,253
Training		11,437	250
Travelling		7,865	6,354
Utilities		44,292	31,152
Vehicle expense		6,361	5,307
		<u>743,333</u>	<u>563,754</u>
Operating income		<u>582,926</u>	<u>607,628</u>

The notes on pages 7 to 15 form an integral part of these financial statements.