

# **TREASURER'S REPORT**

## **61<sup>st</sup> Annual General Meeting**

### **Friday, 21<sup>st</sup> May, 2010**

A pleasant good evening to all members and invited guests.

This year, I would like to begin my report in a different manner, by thanking you the membership for making SMCU the strong and stable credit union it is. It is obvious that we are doing something right as once again our credit can declare another successful year of operations. Please allow me to present the financial report for the fiscal year 2009-2010.

#### **BALANCE SHEET**

Total Assets for 2009/2010 grew by \$1,159,019 which is a 9.5% growth as compared to the previous year. Deposits or membership shares totals \$9,733,670 which is 10.3% more than the previous year. When compared with the previous year, it is notable that there was less saving but it is understandable under the current economic condition the entire country is in. However, regardless of this, we are still saving and that is what is important.

As per the Balance Sheet, loans totaled \$10,411,813 which is a 8.4% increase from last year's figure. There was also a decrease in the total amount lent this year as compared to last financial year. Monies received from loans are what generate income for the credit union and is the life line of the institution. In terms of delinquency, we currently have a delinquency rate of 5.6% which is a little above the acceptable standard. It is a constant task to ensure that our delinquency does not go out of control. Again, this is where our members play a crucial and important role – keeping their loans up to date.

Our investments in term deposits still remain constant at a little over \$1.6 million dollars. This keeps us in compliance with our regulator that requires a Liquidity Ratio of 10% of Total Assets. Long term liabilities (DFC and the Social Security) to finance our housing and micro enterprise portfolios have also reduced further by -22.8%. Outstanding monies owed to these institutions totals about \$1 million.

#### **STATEMENT OF EARNINGS**

Total Income generate for this year stands at a little over \$1.3 million which is an increase of 13.2% as compared to last year's figure. Investment income showed a significant decrease which is primarily attributed to the fact that our rates were reduced on all our TDs. There was also a significant decrease in income from micro finance portfolio. Most other income accounts increased significantly as compared to last year's figures.

Expenses for the year 2009/2010 totaled \$743,333 which is an increase of 31.9% as compared to the previous year. Expense accounts that showed significant increases are *Training, Advertising and Promotion, Insurance Expense, Repairs and Maintenance, Security, Other Allowances, Utilities, Donations, Salary and Wages, CUNA/BCUL Insurance*. These account for 66% of the entire expenses for the year.

Net Income or Operating Income which is the actual profit the credit union made stands at \$582,926 which shows a decrease of -4.1% as compared to the previous year. With a reduction in growth of our Net

Income and it being eroded away by our expenses, we in management must make some serious decisions. Decisions that will mean bringing under control our expense by cutting in non essential areas while at the same time ensuring that priority areas are not affected. It will be a daunting and challenging task but one that must be done if we are to ensure a reasonable rate of return to you the members.

## **FISCAL MANAGEMENT**

Over the past year, we at SMCU have made every effort to comply with our regulators and have been in constant discussion with them about many issues. It is our belief that a well managed credit union can only be the result from sound financial management and membership participation/compliance.

At SMCU this is what we endeavor and have been working arduously in compliance with the various requirements of our regulator. By law we are to retain 10% of our Net Income in a Guaranty Fund which is a fund that we hopefully should never have to use as it is called upon when a credit union is to be liquidated. It is a form of security for our members and their investments in the credit union. This fund now stands at \$284,152 and 10% for Provision for Bad Debt which stands at \$125,683.

Our Education Fund now stands at \$81,653 being that \$29,146 or 5% of our Net Income was allocated at the end of the 2009/2010 financial year. Even though this fund has been underutilized it is our hope that we will be rolling out more educational programs and activities for our members in the near future. This fund will facilitate us in being able to carry out many of these projects.

The SMCU Development Fund was established a couple of years ago and members contributed directly the first year to jump start this fund. I am happy to say that this is the third year of this fund and it now stands at \$25,000. 2% of our Net Income is placed in this account but for practical reasons, the figure is redounded off. This fund will be allowed to grow over the years and will be there to assist the credit union in development and expansion projects in the future as well as act as an emergency fund. Our credit union is growing and so we must plan for this growth and this fund in one way we will achieve this.

## **MAJOR INVESTMENTS**

This year our credit union has made several major investments, all in infrastructure so as to better position ourselves and be more competitive. For full details of all our investments, please take a look at the charts section of your AGM booklet.

The Board of Directors and Management of SMCU are proud to announce that we have finally realized the project that we have been promising our membership over the past years. We now have our very own ATM and will soon be rolling out this service to the entire membership. We invested \$59,779 for the ATM and \$20,788 for the room and access point for a total of \$80,567. The additional space acquired from this investment will also provide the credit union with valuable storage space.

In addition, we had to purchase the ATM software, upgrade CUMIS to the newer version - Emortelle and other software that facilitated interconnection. Total investment in software was \$66,607. It is also important that with our ATM coming online, that this services should always be available and online 24 hours a day, 365 days a year which is why we also had to invest in a much needed generator. We invested \$52,775 for the generator, \$20,500 for the installation, \$7,000 for the fuel tank and \$8,250 for the plinth that houses the generator for a total of \$88,525. This generator does not only facilitate our ATM service but also the

everyday operations since we have many power outages and the back log of work that is caused due to these outages can become overwhelming. Our members will no longer have to worry that we would not be able to service them because of no electricity. Members have no idea the electricity is off until they leave our offices.

As you may have noticed, technology does not come cheap; however, the benefits are far reaching and will satisfy our needs for the next 10 to 15 years. Our credit union is growing and so are our members. Their needs do not remain stagnant but also grow which is why it is important that we keep abreast with the technology and provide our members with services that make us as competitive if not more, than others.

With the advent of our ATM coming online, our members will not only be able to access their funds from their deposit accounts 24hr, 7 days a week but will also be able to access it from ATMs at La Inmaculada Credit Union in Orange Walk town, St. John's Credit Union and Holy Redeemer Credit Union in Belize City, Toledo Teacher's Credit Union in Punta Gorda and from any Heritage Bank (formerly known as Alliance Bank) ATMs in Belize City, Belmopan, San Ignacio, Independence, Pomona, Orange Walk Town and San Pedro Town. Use of the ATM at our branch will be free however use from any other point will generate a small surcharge.

Being a part of this new Secure Debit Network, our members will not only be able to access funds at SMCU but have many other access points as well as be able to make purchases at many business establishments with POS terminals.

With the increase in crime and robbery, SMCU not being exempt, the Board also proceeded with the installation of a walk in vault. It was a project that should have been done many years ago but better late than never. I am proud to say that this year this has been a reality and our credit union now boast a walk in vault that is certified up to standards, being able to withstand fire and flood as well as break in. I am proud to mention that Belize's most valuable treasure, the Jade Head was safeguarded in our vault during the recent travelling exhibition that the Department of Archaeology and NICH carried out.

I would also like to make mention of one person who was very instrumental in helping the credit union implement all of these infrastructure projects, and that is our architect and member, Mr. Abel Flores. He has overseen and provided technical advice on all our projects and have helped us tremendously. Many thanks Mr. Flores for your invaluable assistance.

## **OTHER PROJECTS**

Our BEL Bill Pay service is also a big success as we have seen more and more members take advantage of this service. It is our hope to roll out in the future many other bill payment options. At its inception in July we attended to 98 members and at the close of April 2010 we had more than 400 members we serviced. We invite our members to use this service as it also generates income for the credit union that directly translates into dividends at the end of year.

SMCU's Student Loan Program has also been a great success as we see more young members take advantage of this option to further their studies. With affordable minimum payments, it is easy to see why this is a viable option and employment is not a must. We are able to boast a healthy portfolio with almost zero delinquency. We currently have two student loan programs, one under the Sacred Heart Junior College

name and the other under the Belize Natural Energy Trust, both very successful programs. It is our hope that we will soon be able to expand these to cover more students and more options. We encourage parents and young members to give us a call and see how we can help you finance your child's junior college education.

There has also been much improvement in how we do business at the credit union however we have much more to go as the work is never done. We are fully cognizant of the amount of work and time that our staff invest in our credit union and have made sure they are well remunerated and taken care of. It is important however that our staff also understand that the credit union is for all of us and that whatever we do, affects directly our members and our institution. Keep up the great work.

## **IN CONCLUSION**

I would like to thank all my fellow Joint Officers, staff of SMCU, the General Manager Mr. Hulse, the Accountant Mrs. Sabido and of course, you the membership for having faith in me and allowing me to perform my duties as Treasurer. Each and every day, we at the Board are fully cognizant that what we do affect our membership directly and hence carry out our duties with utmost respect, diligence and good faith. It is important that members who are elected to the Board and for that matter, any of the other committees, are fully aware of the responsibility that is bestowed upon them and that they work for our credit union as that should always be the driving force behind anything we do: for our credit union.

Good night and God bless.

**Raymond Michael Tzul**  
*Treasurer*