

TREASURER'S REPORT

62nd ANNUAL GENERAL MEETING

A pleasant good evening to all our members and invited guests.

Please allow me to present the financial report for the fiscal year 2010-2011.

BALANCE SHEET

Total Assets for grew by \$953,579 which is a 7.13% growth. When compared with the last financial year, it is notable that our Assets did not grow as robust as prior years however our membership did save an impressive \$1,300,853 in shares which is a 13.2% growth. This is the biggest amount we have had in savings for any one year in the past 8 years and all of it is due to the trust and confidence that our membership has in our credit union. Our membership currently stands at 6533 members.

As per the Balance Sheet, loans receivable increased by \$1,011,789 which shows a 9.6% growth. Our total Loan portfolio at the end of the financial year stood at \$11,549,285. During the early part of this year, the Board made some changes to the staff that saw the creation of a Delinquency Officer. This person is now tasked full time to deal with matters of nature and by the end of the second quarter of the new financial year; we should be seeing some improvement in our delinquency rate which currently is at 4.74%. We urge all our members to be good credit union members and save regularly as well as pay your loans promptly.

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) have also reduced further by -29.98%. Outstanding monies owed to these institutions total \$991,001.

STATEMENT OF EARNINGS

Total Income generate for this year stands at a little over \$1.45 million which shows a growth of 9.87%. Investment income was further reduced as we interest rates paid on term deposits have been reducing. There was also a significant decrease in income from micro finance portfolio. Most other income accounts show increases of not much significance as compared to last year's figures.

Expenses for the year totaled \$891,588 which is an increase of 19.94% as compared to the previous year. Expense accounts that showed significant increases are *CUNA/BCUL Insurance, Insurance Expense, Salaries and Wages, Security, Staff Benefits, and Utilities*. Most other expense account either showed little increase or saw a reduction in expenses. Our biggest expense is for *Salaries and Wages, Staff Benefits* and Staff Allowance which accounts for 42.97% or \$383,192 of our yearly budget.

You will also note that several expense accounts have zero balances such as *Advertising and Promotion, Annual General Meeting, Donations, and Scholarships*. Most of these expenses involve dissemination of information, educating our membership, and fulfillment of our social responsibility as good corporate citizen of this community. The BOD has decided to expense these from our Education Fund which was the purpose that this fund was originally created.

Net Income or Operating Income which is the actual profit the credit union made stands at \$565,590 which shows a decrease of -3% as compared to the previous year. Our Net Income has been eroding for the past two years as we have seen our credit union grow and expand. The challenge for us in management will be to ensure that carry out our duties as efficiently as possible, getting rid of wastage and reducing or curtailing some expenses.

FISCAL MANAGEMENT

It is our belief that a well managed credit union can only be the result from sound financial management and membership participation/compliance.

The Guaranty Fund (10% of Net Income) 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 now stands at \$412,650 and The Provision for Bad Debt at \$214,493.

Our Education Fund (5% of Net Income) now stands at \$54,148 being that several of the expense accounts were charged to this account as specified in the Statement of Earnings section above.

The SMCU Development (2% of Net Income) now stands at \$25,000. This fund is to assist the credit union in development and expansion projects in the future as well as act as an emergency fund.

MAJOR INVESTMENTS

This year our credit union invested primarily in our ATM project and Furniture & Equipment which account for about 80% of our fixed assets for the year totaling \$72,969. For full details of all our investments, please take a look at the charts section of your AGM booklet.

Our ATM service is up and running and as more of our members take advantage of this new service, this will translate into more income for the credit union. We noted that most of our members make use of the network via Heritage ATMs in Belmopan and San Ignacio as well as in Orange Walk and Belize City. We now have countrywide coverage which includes Saint Francis Xavier Credit Union with ATMs in both Corozal Town and San Pedro Town. Members are reminded that they may also use their cards at any Heritage Bank countrywide.

Card holding members can now use their card to swipe and pay for purchases at selected merchants in the San Ignacio & Santa Elena area as well as in the rest of the country. This POS service is in testing phase but when fully rolled out, it will see our card holding members having access to wide selection of merchants. Your credit will benefit from your use of this system as portions of the fees charged will be returned to the credit union as dividends.

OTHER SERVICES

Our BEL Bill Pay service has been doing well but we need you to make it an even bigger success. This year we collected payments for almost 6000 electricity bills. We remind members that every time you use this service, income is generated for your credit union which is returned to you as dividends. Share the news with your family and friends that we have a safe, cool and comfortable environment with a dedicated teller to receive your BEL payment. And remember that you do not need to be a member of SMCU to use this service as we welcome ALL BEL customers.

Our Student Loan Program has also been a great success as we have over 90 students in this program. This portfolio is primarily funded by the Belize Natural Energy Trust and Sacred Heart College. We have approved a little over 140 loans totaling a little over \$198,000 with the bulk of the loans being serviced and in good standing. We want to encourage our younger members and parents to take advantage of this program as we are fully aware of the escalating cost of education. The requirements are accessible and the terms are excellent with minimum payments of at least \$50.00 monthly. Let us be your partner in education.

As a responsible corporate citizen in the community, our credit union also sponsors several students under our Scholarship Fund. Eight (8) students participate in this program for whom we pay their tuition & fees or assist them with partial funding. Two students attend Saint Ignatius High School while the remaining 6 attend Sacred Heart College.

IN CONCLUSION

Our most important challenge at this point in the development of our credit union, considering the financial situation our members and the economy are in, is to ensure that we find ways of curtailing our expenses, increase our income and at the same time balance our responsibilities in regards to compliance so that we would be able to provide better returns to our members.

Everything we do must always be driven by the desire to do what is good for our membership and our credit union. We have been entrusted with our people's money and we should always safeguard it as if it is our own. I challenge the BOD, the Joint Officers and most importantly the Staff to ensure that this new financial year we take SMCU to a higher level.

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. I also take the opportunity to invite members who are dedicated and responsible to take up the challenge and become a director. You can make a difference in how your credit union is managed.

Good evening and God bless.

Raymond Michael Tzul

Treasurer

NOTES

Delinquency rate

Membership count

Provision for bad debt – total

Development fund – total and ask board to pass a resolution at meeting that this is to be done on a yearly basis.

BEL – total figure for year, number of clients attended to

Student loans – total amount loaned, number of students in program.

Scholarship – number of students in program, and name of schools attending.