

TREASURER'S REPORT
59th Annual General Meeting
Friday 23rd May 2008

A pleasant good evening to all members and invited guests.

It has now been two years that I have been commissioned to be a part of the team that was entrusted with the administration and direction of our institution. It has been a wonderful and self satisfying experience for me as well as the other members of the Board of Directors. I am therefore pleased to present to you, the financial report for the fiscal year 2007-2008 of our credit union.

Even though our country is experiencing many challenges and the cost of living has increased, we at Saint Martin's Credit Union have been fortunate enough to have been able to pronounce another successful year. Most of the credit I must place at the feet of you our members, because this institution will not succeed unless you want it to succeed.

BALANCE SHEET

Total Assets during the past financial year has seen a growth of 10.6% or \$1,047,908 as compared to last year. This is remarkable and simple means that SMCU as a financial institution, is growing each year. Your deposits or membership shares have also seen a remarkable growth since we saved a total of \$1,091,453 during this past financial year. This is 0.6% more than last year which was 15.9% as compared to this year's 16.4%. It simply means that we are saving more which therefore means that we have more to lend.

The business of SMCU is to manage and lend out monies that you our members deposit with us. Please note that this year as per our Balance Sheet, we lent out close to \$840,000 or 11% more than that of last year. Our Loans Receivable now stands at \$8,603,199 which is \$1,105,941 or 14.8% as compared to last year's figures. Interest paid on these loans is what generates income for the credit union.

We have also invested more of your money in various term deposits totaling about \$1.36 million dollars. This is an increase of 16.2% from last year which means that your money is not just sitting there and doing nothing but being put to work. This fund also assists us to maintain compliance with Central Bank regulations as we are required to maintain a Liquidity Ratio of 10% of Total Assets. On the other hand, monies that were borrowed from DFC and Social Security to finance our housing and micro enterprise portfolios have also been reducing. Our Long Term Liabilities shows a decrease of -13.2% which means that our debt obligations to third parties is less each year.

STATEMENT OF EARNINGS

This year SMCU saw a growth of 10.2% in its Total Income as compared to the year before which now stands at \$966,686. This figure is short by -0.79% of what we had initially projected for this

year. Income accounts that met or superseded projected targets include Other Income, Books & Covers, Regular Loans and Service Charge.

Expenses for the year 2007-2008 totaled \$542,171 or 15.5% as compared to the previous year. This means that our expenses saw an increase of 5.3% which is acceptable considering the increase in the cost of living which directly affects us and is manifested in things such as price increases in products, services and fuel. Expense accounts which went above their budgeted figures include Conference and Credit Union Week, Computer Network Maintenance, Office Maintenance, Repairs and Maintenance, Staff Allowances and Training & Seminars.

Every year, after all expenses are taken out of our income, we are left with what is called the Net Income or Operating Income. This is actually how much profit the organization made during the year and it now stands at \$442,515 which is a 4.5% increase from that of last year. The Central Bank also requires us to make provisions for bad debt in the form of a Guaranty Fund which should be 20% of our Net Income. After these deductions are made, we are left with what is called our Undivided Earnings. The remaining Undivided Earnings is what is actually applied as dividends to all our members.

GOOD FISCAL MANAGEMENT

As I had reported last year, SMCU instituted a budget system that assist us to better manage the finances of the credit union. I am happy to say that this year; the budget reflected a better picture of the needs and requirements of the credit union. It is my hope that for the next fiscal year that has now commenced, the Board of Directors, Joint Officers and General Manage will work to ensure that we are within our means and make every effort to meet our projected targets. Mind you, we have done so in the past, but this is an additional tool that will assist us to better guide the decisions we make at SMCU.

We now fall under the direct supervision of the Central Bank and are required to comply with certain regulations. I would like to inform the membership that we are above the required amount for Liquidity Ratio and Guaranty Fund/Bad Debts. As a sound and transparent financial institution, we have nothing to hide from the authorities and welcome the idea of supervision.

I would also like to remind our members that we must also be vigilant and ensure that our loans do not become delinquent since the more bad debts we have, the more provisions we will have to make for the Guaranty Fund which would mean that we have less to pay back as dividends which results in each of us being affected directly.

IN THE PIPELINE

As Treasurer of your credit union, I have been working diligently on several projects that will benefit the membership in general. We are in the process of procuring estimates for the purchase of a cash dispenser machine that if all goes well, should be functional before the end of this year. I know that many of our members will welcome this new service as it will provide access to your money 24 hours, 7 days a week and will definitely help to attract new members as well. Our hope is that eventually, we would be able to provide other services via this ATM machine. In addition to

this service, I have also been working on securing arrangements for our members to pay their utility bills such as light and water at SMCU. It is our hope that as soon as these services are available, our members will make use of them. We are also in discussion with the relevant authorities for us to provide Moneygram services and the sale of prepaid phone cards. We will also be working on the renovation of our office space, making better use of the second floor. We want to expand the ground floor area and move management and loans to the upper floors. This is with the objective of providing better and more efficient services to our members. Saint Martin's Credit Unions will become synonymous of innovation and will be a one stop for our members.

IN CONCLUSION

I would like to assure the membership that all board members have gone above and beyond the call of duty and have worked tirelessly, giving of their valuable time, to make SMCU a successful financial institution. We have never lost sight of the purpose for which we were put here and if we should have faltered, I am quite sure that at the board level, we would have been made aware of it and the necessary actions taken to rectify whatever misgivings were construed. Mind you, as with everything in life, we are not perfect but we do learn from our mistakes. What is unjustifiable is that we are labeled and made to seem that we go about our duties with complete disregard for the other joint officers. SMCU is a transparent institution where all officers/members have access to whatever information they may need. Initiative is all that is required and willingness to go beyond what is asked of you.

I would like to thank my fellow Joint Officers, Board members and the membership for allowing me to serve another year as your Treasurer. Please allow me to leave you with the following quote: ***“The world is a dangerous place, not because of those who do evil, but because of those who look on and do nothing.”*** - Albert Einstein

Raymond Michael Tzul
Treasurer