

# TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

THEME:

“A PREMIER FINANCIAL INSTITUTION MEETING MEMBERS NEEDS  
FROM THE CRADLE TO THE GRAVE”



## 41<sup>ST</sup>

# ANNUAL GENERAL MEETING

Saturday, May 19<sup>th</sup>, 2018 | Starting at 8:00 a.m.  
All Saints Parish Hall | Joan's Height, South Beach

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## VISION

*“To provide quality, affordable and prompt financial services efficiently, in a courteous environment that will improve the socio-economic well being of our members.”*

## PRAYER OF ST. FRANCIS OF ASSISI

Lord, make me an instrument of Your peace. Where there is hatred, let me sow love; where there is injury, pardon; where there is doubt, faith; where there is despair, hope; where there is darkness, light; where there is sadness, joy.

O, 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; it is in dying that we are born again to eternal life.



# BOARD OF DIRECTORS REPORT



## 2017 YEAR IN REVIEW

THEME:

“A PREMIER FINANCIAL INSTITUTION MEETING MEMBERS  
NEEDS FROM THE CRADLE TO THE GRAVE”

“Success is the result of positive thoughts and actions. 2017 has been a challenging year fettered with many regulatory changes in a depressed economy. Yet we remain a viable financial entity in this changing economic landscape locally and globally. As we progress, it is mandatory that we keep pace with technological and financial changes while servicing your needs.

To this end, we have undertaken a massive digital platform upgrade which will enable members to access services online and in real-time on the world digital platform. The following processes began in 2017:

1. The rolling-out of the digital access services with debit and credit cards and full online banking services.
2. The Delinquency and Marketing Departments were relocated to our new Adjustment Centre on the East-West Highway.
3. Enhancement of the staff compliment to embrace the specialists’ skillsets required to drive the organization forward.
4. Governance and Risk Management of the credit union was strengthened to protect the organization.

Your credit union remained faithful to our commitments to the development of our Youth Sector and we actively supported:

- ◆ Preston Albury,
- ◆ C. R. Walker and
- ◆ Huntly G. Christie (Abaco) High School Youth Co-operatives.

Donations continue to be made to our standing charities, charitable causes and our usual support of the children in the neighboring community. The Board of Directors:

- ◆ Commends Management and Staff for their support and hard work.
- ◆ We encourage continued support from the Supervisory and Credit Committees as we work together for the betterment of our credit union.
- ◆ Extends recognition and gratitude to the Education Committee who mounted numerous membership training sessions.
- ◆ Appreciates our membership for their faithful participation, committed dedication and encouragement.

As we forge ahead, we are optimistic that all shareholders will be economically empowered. Your credit union will continue to be an outstanding financial co-operative in this Bahamian economy.

## BOARD OF DIRECTORS



Sharon Rahming  
Chairperson



W. Johnley Ferguson  
Vice Chairman



Theresa Deleveaux  
Treasurer



Cheryl Bowe-Moss  
Secretary



Henry Campbell  
Assistant Treasurer



Italia Seymour  
Assistant Secretary



Geraldine Stevens  
Director

## SUPERVISORY COMMITTEE



Elbert Thompson  
Chairman

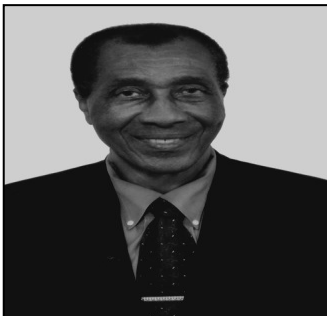


René Mayers  
Secretary



Graham McKinney  
Member

## CREDIT COMMITTEE



E. J. Bowe  
Chairman



Yvette Cooper  
Secretary



Patrick Smith  
Member

## EDUCATION COMMITTEE



**Barbara Bowe**  
Chairperson



**Doreth Campbell**  
Member



**Shavado Gibson**  
Member



**Donnell S. Johnson**  
Member

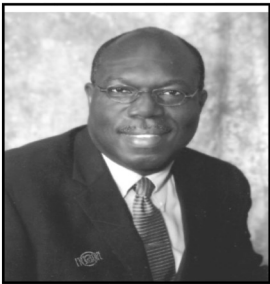


**Marcia Munnings**  
Member



**Edith Rolle**  
Member

## MANAGEMENT TEAM



**CALVIN THOMPSON**  
GENERAL MANAGER



**DEBORAH M. ZONICLE**  
FINANCIAL CONTROLLER



**SOPHIA S. MOSS**  
SR. OPERATIONS MGR.



**Elaine Ferguson**  
Credit Risk Manager



**Charlene Stuart**  
H. R. Manager



**Yvonne Rahming**  
Marketing Manager



**Shirley Knowles**  
Branch Manager,



**Hadassah Marche**  
Branch Manager, Abaco



**Lynette Moore**  
Asst. Financial Controller



**Megan Dean**  
Manager Internal Audit



**Tonia Percentie**  
Asst. Branch Manager



**Caudray Pratt**  
Manager, Collections



**Julian Miller**  
Property Manager



**Dominique Bain**  
Sr. I.T. Manager



**Kaniella Maycock**  
Manager, Compliance



**Irene Moss**  
Asst. Manager Operations



## SUPERVISORS AND LINE STAFF



**CAMILLE BURROWS**  
SUPERVISOR MORTGAGE



**JOANNE GIBSON**  
SUPERVISOR LOANS



**JACQUELINE WHYMINS**  
CORPORATE SECRETARY



**SAMANTHA COLEBROOK**  
SUPERVISOR OPERATIONS



**CLAUDETTE DANIEL**  
SUPERVISOR MEMBER SERVICES



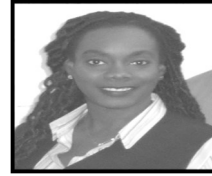
**ALFREDA GIBSON**  
SUPERVISOR ACCOUNTS



**DWANYA MILLER**  
MSR TELLER SUPERVISOR



**EVELYNDA SMITH**  
MSR LOANS DEPT.



**MESHA ROLLE**  
MSR LOANS DEPT.



**SHEILAMAE SANDS**  
MSR TELLER



**TALOV WILSON**  
I.T. SUPPORT SPECIALIST



**HOLLY PINDER-DEAN**  
MSR COLLECTIONS DEPT.



**BIANKA BROWN**  
MSR FREEPORT BRANCH



**PATRICIA CURRY**  
MSR ABACO COLLECTIONS



**TAMARIA GARDINER**  
MSR ACCOUNTS DEPT.



**ASHLEIGH PAYNE**  
MSR LOANS DEPT.



**MCALÉIX CORNEILLE**  
I. T. SUPPORT SPECIALIST



**KENDRICK MINNS**  
MSR COLLECTIONS DEPT.



**EARLA MOSS**  
MSR COLLECTIONS DEPT.



**ZSIA POITIER**  
I.T. SUPPORT SPECIALIST



**LYNDA SMITH**  
MSR LOANS DEPT.



**DONNA DARVILLE**  
MSR LOANS DEPT.



**CINDY EDGECOMBE**  
MSR FREEPORT BRANCH



**CORENE MOXEY**  
MSR OPERATIONS



**SAMANTHA LIGHTBOURNE**  
MSR OPERATIONS



**SHANIKA BAILLOU**  
MSR FREEPORT BRANCH



**CHEERESE MAJOR**  
MSR COMPLIANCE



**PHILENDRA McDONALD**  
MSR OPERATIONS



**KENDRECKA FERGUSON**  
I.T. SUPPORT SPECIALIST



**DAVINA KNOWLES**  
MSR ABACO BRANCH



**MICHELINE CERVILI**  
MSR CARD SERVICES



**KIMBERLEY TAYLOR**  
MSR DATA PROCESSOR



**TROY BABBS**  
MSR H.R. ADMIN



**FELONIE CAREY**  
MSR TELLER



**SKERON DORSETTE**  
MSR ABACO BRANCH



**RHONDA ARTHUR**  
MSR HUMAN RESOURCES



**BETTY HANNA**  
MSR COLLECTIONS DEPT.



**DAVINYA LIGHTBOURNE**  
MSR OPERATIONS



**JAMAL FRASER**  
MSR TELLER FREEPORT



**SONOVIA BUTLER**  
MSR PROPERTY MGMT



**JIMICA FRANCOIS**  
MSR TELLER



**SYRENA HOLLINGSWORTH**  
MSR FREEPORT BRANCH



**ALGINAL COLEBY**  
MSR FREEPORT BRANCH



**NIGELLA THOMPSON**  
MSR ABACO BRANCH



**BRANDON POITIER**  
I.T./RECORDS CLERK



**MARIE SEYMOUR**  
MSR OPERATIONS



# FORTY-FIRST ANNUAL GENERAL MEETING AGENDA

<p>8:00 a.m. .... <b>REGISTRATION</b></p> <p style="text-align: center;">9:00 a.m.</p> <p><b>CALL TO ORDER</b> ..... Chairman</p> <p style="text-align: center;"><b>INVOCATION</b> <b>NATIONAL ANTHEM</b> <b>PRAYER OF ST. FRANCIS</b></p> <p style="text-align: center;">9:10 a.m.</p> <p><b>Apologies</b> <b>Reading of AGM Notice</b> ..... Secretary of the Board <b>Ascertainment of Quorum</b> ..... Vice Chairman of the Board <b>Greetings:</b> ..... Bahamas Co-operative League Limited</p> <p style="text-align: center;">9:30 a.m.</p> <p><b>Protocol for Meeting</b> ..... Vice Chairman of the Board</p> <p style="text-align: center;">9:35 a.m.</p> <p><b>Minutes of Last Meeting</b> ..... Secretary of the Board</p> <p style="text-align: center;">9:50 a.m.</p> <p><b>Matters Arising</b> ..... Chairman of the Board</p> <p style="text-align: center;">10:15 a.m.</p> <p><b>Board of Directors Report</b> ..... Chairman of the Board</p> <p style="text-align: center;">10:35 a.m.</p> <p><b>Treasurer's Report</b> ..... Treasurer of the Board</p>	<p style="text-align: center;"><b>Audited Financial Statements</b> <b>Budget</b></p> <p style="text-align: center;">10:55 a.m.</p> <p><b>Supervisory Committee Report</b> ..... Committee Chairman <b>Credit Committee Report</b> ..... Committee Chairperson <b>Education Committee Report</b> ..... Committee Chairperson</p> <p style="text-align: center;">11:30 a.m.</p> <p><b>Resolutions Assistant</b> ..... Secretary of the Board Distribution of Dividends Appointment of Auditors Any other Resolutions</p> <p style="text-align: center;">11:45 a.m.</p> <p style="text-align: center;"><b>Bye-Laws Amendments</b></p> <p style="text-align: center;">12:00 p.m.</p> <p><b>Elections</b> ..... Auditors - Baker Tilly Gomez Nomination Committee Report (Board of Directors, Supervisory, Credit &amp; Nomination Committees)</p> <p style="text-align: center;">12:30 p.m.</p> <p><b>Closing Vote of Thanks</b> ..... Assistant Treasurer of the Board</p> <p style="text-align: center;"><b>LUNCH</b></p>
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## STANDING ORDERS

- |   |  |   |
|---|--|---|
| <ol style="list-style-type: none"> <li>1. (a) A member is to stand when addressing the Chair.</li> <li style="padding-left: 20px;">(b) Speeches are to be clear and relevant to the subject before the meeting.</li> <li>2. A member shall only address the meeting when called upon by the Chairman to do so, after which the member shall immediately take his seat.</li> <li>3. No member shall address the meeting except through the Chairman.</li> <li>4. A member may not speak twice on the same subject except:             <ol style="list-style-type: none"> <li>(a) The Mover of a Motion – who has the right to reply</li> <li>(b) The member rises to object or to explain (with the permission of the Chair).</li> </ol> </li> <li>5. The Mover of a procedural motion, such as for adjournment or postponement of the meeting,</li> </ol> | <ol style="list-style-type: none"> <li>6. No speech is to be made after the “Question” has been put and carried or defeated.</li> <li>7. A member rising on a point of order is to state the point clearly and concisely (A “point of order” must have relevance to the “Standing Order”).</li> <li>8. A member should not “call” another member “to order”– but may draw the attention of the Chair to a ‘breach of order’.</li> <li>9. A question should not be put to vote if a member desires to speak on it or move an amendment to it – except that a “Procedural Motion”, “The Previous Question”, “Proceed to the next Business” or the “Closure” that the Question be “NOW PUT”, may be moved at any</li> </ol> | <p>time.</p> <ol style="list-style-type: none"> <li>10. Only one amendment should be before the meeting at any time.</li> <li>11. When a motion is withdrawn, any amendment to it also falls away.</li> <li>12. The Chairman is to have the right to a “casting vote”.</li> <li>13. If there is equality of voting on an amendment, and the Chairman does not exercise his casting vote, the amendment is lost.</li> <li>14. Provision is to be made for protection by the Chairman from vilification (personal abuse).</li> <li>15. No member shall impute improper motives against another member.</li> <li>16. Only members are allowed to speak or ask questions at the meeting.</li> </ol> |
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**TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED**

**NOTICE OF THE ANNUAL GENERAL MEETING**

**TO: MEMBERS IN GOOD STANDING ONLY**

**NOTE: DELINQUENT OR NON-MEMBERS AS WELL AS CHILDREN WILL NOT BE ADMITTED**

**MESSAGE:** Notice is hereby given that the Forty-first (41<sup>st</sup>) Annual General Meeting of the Teachers & Salaried Workers Co-operative Credit Union Limited will be held at the **All Saints Parish Hall, Joan's Height-South Beach, on Saturday, May 19th, 2018, commencing with registration at 8:00 a.m.** for the following purposes:

- ◇ To receive the Report of the Board of Directors for 2017.
- ◇ To receive the Audited Accounts for 2017.
- ◇ To elect members of the Board of Directors.
- ◇ To elect members of the Supervisory Committee.
- ◇ To elect members of the Credit Committee.
- ◇ To discuss and approve the Budget for 2018.
- ◇ To take action on such matters as may come before the meeting.
- ◇ To discuss and approve the Bye-Laws.



Cheryl Bowe-Moss  
Secretary of the Board

**RETIRING BOARD & COMMITTEES MEMBERS**

In accordance with Section XIV 46 of the Bye-Laws, **Tenure of Office**, the tables below shows the list of elected persons on the Board, Supervisory Committee and Credit Committee and the dates of their retirement.

Directors	Elected or Reelected	2018	2019	2020
Cheryl Bowe-Moss	2016		*	
Sharon Rahming	2015	*		
Henry Campbell	2016		*	
Geraldine Stevens	2017			*
Walter J. Ferguson	2017			*
Theresa Deleveaux	2015	*		
Italia Seymour	2017			*

**RETIRING SUPERVISORY COMMITTEE MEMBERS**

Supervisors	Elected or Reelected	2018	2019	2020
Elbert Thompson	2016		*	
Renee Mayers	2017			*
Graham McKinney	2017	*		

**RETIRING CREDIT COMMITTEE MEMBERS**

Member	Elected or Reelected	2018	2019	2020
Ernest J. Bowe	2015	*		
Yvette Cooper	2016		*	
Patrick Smith	2017			*



# TEACHERS AND SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

## *Minutes of the*

### **40TH ANNUAL GENERAL MEETING**

Theme: “*Weathering the Economic Storm Together*”

#### **1. CALL TO ORDER**

The 40th Annual General Meeting (AGM) of the Teachers and Salaried Workers Co-operative Credit Union Limited was called to order at 9:15 a.m. by Mr. Lenn King, Chairman of the Board of Directors.

- 1.1. Chairman Lenn King asked all to stand as he invited Father Berkley Smith to the podium for the invocation and to lead the recitation of the Prayer of St. Francis of Assisi.
- 1.2. The national anthem was sung.
- 1.3. A moment of silence was observed for the departed.

#### **2. WELCOME**

Chairman Lenn King warmly welcomed everyone to the 40<sup>th</sup> AGM of Teachers and Salaried Workers Co-operative Credit Union Limited. He introduced himself and advised that he will be the Presiding Chairman of the AGM proceedings. Special welcome was extended to:

- 2.1. Ms. Sonia Hamilton, President of The Bahamas Cooperative League Limited.
- 2.2. The Auditors of Baker Tilly Gomez.
- 2.3. The Stenographer, Ms. RoyAnne Neely-Morrison.

#### **3. ADOPTION OF THE AGENDA**

- 3.1. Motion to adopt the agenda was moved by Ms. Jill Saunders, seconded by Mr. E. J. Bowe and was carried unanimously.

#### **4. APOLOGIES**

Apology was given for Vice Chairperson, Mrs. Sharon Rahming, who was unable to attend the meeting due to the funeral services of a dear relative. She may however, be arriving later during the meeting.

#### **5. READING OF THE ANNUAL GENERAL MEETING NOTICES**

Secretary Mrs. Cheryl Bowe-Moss was invited to the podium to read the notice of the AGM found on page 7 of the booklet.

#### **6. ASCERTAINMENT OF QUORUM**

Secretary Mrs. Cheryl Bowe-Moss stated that the legal requirements for a quorum for a Credit Union the size of Teachers and Salaried Workers Co-operative Credit Union Limited is one hundred (100) members and at 9:00 a.m. two hundred and six (206) members were registered.

#### **7. GREETINGS**

##### 7.1. Bahamas Co-operative League Limited

Chairman Lenn King welcomed to the podium, President of the League, Ms. Sonya Hamilton, to bring greetings on behalf of the League.

Ms. Sonia Hamilton stated that it was a pleasure to attend the AGM of the Teachers and Salaried Workers Co-operative Credit Union Limited, a pacesetter in the credit union movement. She congratulated:

- ◆ The Board and the various Committees on the fantastic job they are doing;

- ◆ The members who made it possible for the Credit Union to grow in such numbers over 40 years; and
- ◆ The hard-working staff without whom, “where would the Credit Union be”.

Teachers and Salaried Workers Credit Union Limited has been a pacesetter in membership growth giving a hands-on personal touch to members that makes them feel more than just a regular client or a customer.

She congratulated the Credit Union on its theme, “***Weathering the Economic Storm Together***”. During the economic fallout in 2008, many people had thirty to fifty dollars in bank account savings however, members in the Credit Union movement had thousands of dollars. She once again congratulated Teachers and Salaried Cooperative Credit Union.

## 8. MEETING PROTOCOLS

- 8.1. Procedure for Voting: Chairman Lenn King advised that those in favour of an item being voted on during the meeting are to remain seated; those against should stand.
- 8.2. Assistant Treasurer, Mr. Henry Campbell read the protocol of the meeting found on page 6.
- 8.3. Motion for the adoption of the meeting protocols was carried unanimously.

## 9. READING OF THE 39TH ANNUAL GENERAL MEETING MINUTES

- 9.1. Secretary, Mrs. Cheryl Bowe-Moss requested a motion for the minutes be taken as read because it was circulated prior to the meeting. Motion to dispense with the reading of the 39<sup>th</sup> AGM minutes was carried unanimously.

## 10. CORRECTIONS TO THE AGM BOOKLET

- 10.1. Page 7, in the table for retiring Supervisory Committee Members, Mr. Elbert Thompson retires in 2019 and Mr. Dencil Kerr retires in 2017. The terms for Supervisory Committee Members were extended to three (3) years.

## 11. CORRECTIONS TO THE 39<sup>TH</sup> AGM MINUTES

- 11.1. Page 8, item 8.1, second column one, second line. Change 'at' to 'on'.
- 11.2. Page 8, item 9 second line, insert 'minutes of the' after 'motion to forego the reading of the'.
- 11.3. Page 10, item 9.1 third line, insert, 'the minutes of the special general meeting'.
- 11.4. Page 10, item 12.1 change 'Leroy Sumner' to Leroy Thompson'.
- 11.5. Page 10, right column second line at the top change 'has' to 'have'.
- 11.6. Page 11, item 12.2.8.3 second column, fourth line, delete the 'semicolon' after back.
- 11.7. Page 11, item 12.2.10 delete, 'I am' at the end of the statement.
- 11.8. Page 12, item 12. 2.12 change 'Sumner' to 'Thompson'.
- 11.9. Page 13, item 13.1 change 'oven' to 'over' and change Ms. Hunt to Mrs. Hunt.
- 11.10. Page 13, item 13.5, second line delete 'that'.
- 11.11. Page 14, item 15.1, add percent (%) to 6.9, 30.4, 15.3, 7.3.
- 11.12. Page 16, item 15.26 insert 'the foregoing' after 'In spite of'.
- 11.13. Page 16, item 15.27 delete 'back'.
- 11.14. Page 18, item 16.20 add 'D' on the end of 'hope'.
- 11.15. Page 19, item 23.7 third line delete 'been' and change 'An unidentified member stated that they' to read, 'he or she has been attending the AGM for over 10 years and registering. In addition to that, one of the requirements of running for the different position such as Supervisory Committee as well as the Board. He or she knew of persons who were denied because they never had the opportunity to attend any AGMs. He or she advised that if we are looking to carry this great establishment forward with respect to ensuring that it has the right cadre of individuals to serve on the Board as well as the Supervisory Committee it is very important to market properly'.

- 11.16. Page 20, item 25.2 fourth line change 'who presently away' to 'who is presently away'.
- 11.17. Page 20, item 25.3 change consumer loans from one hundred million, to one hundred thousand and 'presided over' to 'they are presided over'.
- 11.18. Page 21? Page 22? Page 23? Page 24? Page 25? Page 26?
- 11.19. UNIDENTIFIED SPEAKER: What I noted was 'educational sessions is put off' but if it is educational sessions, they are put off, but I can't find it right now.
- 11.20. MS. BOWE-MOSS, SECRETARY: I would have to find the Educational Committee's Report and amend it there.
- 11.21. Page 26, item 37.1 change 'that was taken place' to 'that had taken place'.
- 11.22. Motion for the acceptance of the corrected minutes of the 39<sup>th</sup> AGM was moved by Mrs. Belinda Wilson, seconded by Mrs. Iva Charlton and was carried unanimously.

## 12. MATTERS ARISING

- 12.1. Mr. Elbert Thompson, advised that the minutes should be signed by the Chairman and Secretary. Chairman Lenn King advised that generally after the minutes are adopted, they are signed.
- 12.2. Mr. John Taylor asked that his name be added to the list of persons who attended the last AGM, page 27.

## 13. BOARD OF DIRECTORS REPORT

- 13.1. The Board of Directors Report on page 28 was read by Chairman Lenn King.
- 13.2. Comments:
  - 13.2.1. Ms. Margaret L. Ferguson stated it is unfair that the Credit Union only sponsors schools located in the general area of the Credit Union.
  - 13.2.2. Chairman Lenn King advised that it is the norm for corporate sponsors to have a defined area they sponsor.
  - 13.2.3. Mrs. Cheryl Bowe-Moss advised members that they have reason to be proud of a very vibrant Youth Co-operative Sector who have yielded many savings and economic activity with some members saving over \$2,000. They completed an impressive Annual General Meeting in a half-hour that was recorded effectively. Some of them have saved. They also make jewellery, garden, make tamarind sauce, hold bake sales and car washes.
  - 13.2.4. Mr. Elbert Thompson highlighted since the report is a review of the year 2016, the beginning in summary, 'looking forward to a great 2016' should be '2017' on page 29, third paragraph from the bottom. Chairman Lenn King agreed with the correction.
  - 13.2.5. Ms. Keva Cartwright made a comment that going forward each year the percentage changes on the financial conditions be included.
  - 13.2.6. Mrs. Penelope Williams-Nottage requested an explanation for the decline in membership growth from 1,190 to 661?
  - 13.2.7. Chairman Lenn King advised that the Credit Union always has a very aggressive marketing drive. The Marketing Manager and Department is constantly on the move trying to bring in new members. While there may be a decline in the adult membership, there was an increase in the children's 20/20 plan. Membership growth is also affected by the economy which has been very difficult the last several years, however, marketing is doing everything possible to attract new persons. There is no precise reason for the decline compared to 2015; it maybe due to the register being cleared of persons, who do not have the \$250 in equity shares.
- 13.3. Motion to adopt the Board of Directors' Report was moved by Ms. Genevieve Gibson, seconded by Ms. Brenda Albury and was carried.

## 14. TREASURER'S REPORT

Treasurer, Ms. Theresa Deleveaux was invited to the podium to present the Treasurer's Report on page 30 highlighted as follows:

- 14.1. The report provides an overview of the key financial performance indicators for the 2016 financial year with comparisons to 2015.
- 14.2. Assets increased by \$8,167,990, or 49.29% totalling \$198,514,386 as of 31<sup>st</sup> December, 2016.
- 14.3. Cash increased by \$10,443,695 or 177.39%.
- 14.4. Deposits with the League increased by \$6,111,668 or 19.02%,
- 14.5. Loans receivable decreased by \$7,143,858 or 6.70%.
- 14.6. Liabilities, totalled at the end of 2016 was \$180,597,109 an increase of \$7,328,151, or 4.23%.
- 14.7. Members' regular shares increased by \$6,737,343 or 13.51%.
- 14.8. Members' equity increased by \$839,839, or 4.92%
- 14.9. One million dollars (\$1,000,000) was transferred from the retained earnings to Statutory Reserves.
- 14.10. Members' equity is still below the 10% required standard, standing at 9.03. The Credit Union must find ways to bring members' equity in compliance with the required PEARLS standard.
- 14.11. Total income for the year was \$13,744,785 an increase of \$880,480, or 6.84% from \$12,864,305 in 2015.
- 14.12. Expenses decreased by \$149,102 or 1.17% moving from \$12,752,402, to 12,603,300.
- 14.13. Personnel Expenses decreased from \$2,818,219, to \$2,787,192.
- 14.14. Board Expenses decreased from \$105,300 to \$51,837.
- 14.15. Net profit total was \$1,029, 582.
- 14.16. Board and the Committee Training Development was under budget with a variance of \$22,995.
- 14.17. Investment Properties was over budget with a variance of \$134,538.
- 14.18. Loans Provision was over budget with a variance of \$486,239.
- 14.19. The Abaco Complex had monthly deficits of sixty (\$60,000) to seventy (\$70,000) thousand dollars. Mechanism are being put in place to have the entire building rented.
- 14.20. All outstanding rent has been collected for the East Street Office Complex. However, the lease agreement remains outstanding and unsigned.
- 14.21. The Freeport property has five (5) tenants and provision totalled \$27,939 for outstanding rents.
- 14.22. The Abaco complex provision totalled \$10,805 for outstanding rents.
- 14.23. Income for rent totalled \$1,495,475 with approximately, \$422,000 collected from the East Street Complex; this would possibly effect may mean that next year we would not receive extra income from outstanding rent.
- 14.24. As of 31<sup>st</sup> December, 2016, outstanding rents receivable from current tenants totalled \$384,203 of which \$107,897 is fully provided for.
- 14.25. Statutory Reserve is above the 10% PEARLS standard with an overage of \$214,219, compared to the shortfall in 2015.
- 14.26. Liquidity reserve is above the 10% PEARLS standard with an overage of \$156,144.
- 14.27. The number of delinquent loans at the end of December 2016 totalled 1,065 or \$15,822,843, of which 1,013 loans in accordance with PEARLS valuing \$15,228,546 had to be provided for.
- 14.28. Loans over 12 months remain the largest category with 711 loans totalling \$10,826,763, representing 68.42% of total delinquent loans. The percentage for delinquent loans as of December 2016, was 14.21% above PEARLS standard of 5%.
- 14.29. Payments collected on written-off loans totalled \$20,638 leaving a balance of \$3,938,313.

- 14.30. Payments collected on delinquent mortgages totalled \$54,656, total number of delinquent mortgages was forty-four (44); outstanding balance totalled \$5,142,566.
- 14.31. Comments:
- 14.31.1. Treasurer Ms. Theresa Deleveaux reported that Management has informed the Board that during the 2017 financial period, it is anticipated that there will be a noticeable growth in the assets and net profit of the Credit Union. To achieve these goals, we must all endeavour to adapt to changes, work together and provide the best comparable financial services. When we take our business to the competition, it is the same as doing business against ourselves as the owners of this institution.
- 14.31.2. The loans portfolio which provides most of our income, is supposed to be between seventy (70%) and eighty (80%) percent however it is fifty-one (51%) percent. If the loans portfolio continues to decline, we will see a greater decline in dividends and interests in 2017.
- 14.31.3. Equity shares is less than 10% and for dividends to be paid on shares it must be 10%. A programme has been launched within the Credit Union for members to buy additional equity shares to strengthen our equity in the Credit Union.

## 15. AUDITOR'S REPORT

Mr. James Gomez, Partner Baker Tilly Gomez was invited to the podium to present the Audit Report found on page 43. Mr. James Gomez introduced his associates, Ms. Noreen Campbell, Manager and Ms. Sulochana Samarakoon, Senior Auditor who would be assisting him. Points of significance highlighted as follows:

- 15.1. Changes to financial statements came into effect the period beginning from 15<sup>th</sup> December, 2016, making the audit report longer than in prior years. The change in the reporting is because of what occurred in 2008, during the recession. Financial people around the world felt auditors needed to place greater emphasis on the opinion.
- 15.2. The opinion for the year in review is an unqualified opinion however in prior years, the opinion was qualified because of the equity shares which was corrected at the last AGM by resolution.
- 15.3. Mr. James Gomez read the unqualified opinion of the audited financial statements found on page 43 of the AGM booklet.
- 15.4. The audit of Teachers and Salaried Workers Co-operative Credit Union Limited revealed no material misstatement to report.
- 15.5. Mr. James Gomez highlighted a matter of significance that many members commented on today is the delinquency and to clarify the matter he referred to page 63 and 64 delinquent loans summary. Note that fifty-two (52) delinquent loan accounts were in arrears within one (1) month totalling \$594,297. The value of security associated with those delinquent loans totalled \$234,957. The exposure, in terms of the Credit Union being able to recover on the value of the security is \$359,000. The number of loans in arrears from two (2) to three (3) months was twenty-four (24) loans at a total of \$392,517. The value of the security was \$114,552 and the exposure \$277,965.
- 15.6. It was noted that provisioning for loans under one (1) month that there was no provisioning under the PEARLS standard. Provisioning for loans two (2) to three (3) months with provisioning 35% of PEARLS. There were one hundred and one (101) loans in arrears for the period four (4) to six (6) months totalling \$948,438. The value of security was \$188,527 and the exposure \$759,911 with provisioning 35% of PEARLS or \$265,969. One hundred and seventy-seven loans (177) were in arrears for the period of seven (7) to twelve (12) months totalling \$3,060,828. The value security was \$1,316,996 and the exposure was \$1,743,832 with provisioning 35% of PEARLS or \$610,341.
- 15.7. The delinquency total for the year was \$10,826,763; subtracting \$4,041,377 for the value of the collateral associated with the delinquent accounts, leaving a total exposure of \$6,785,386 that must be fully provided for.
- 15.8. While there is provisioning for loan losses on delinquent accounts, it does not mean that persons are not actively pursued to satisfy their obligations to the Credit Union.

- 15.9. Delinquency has been and is a challenge for the financial or banking sector throughout the Bahamas and throughout the world. However, what should be of concern is how the management of this whole process is being conducted.
- 15.10. In 2015 total delinquent loans were \$11 million and the value of collateral associated was \$4,594,864 giving an exposure of \$7,399,276.
- 15.11. Members and management of the Credit Union must be concerned about 2018. Effective 2018, the International Financial Reporting Standard, referred to on page 52, for accounting periods beginning on or after the 1<sup>st</sup> of January, 2018 will impact the Credit Union significantly because the standard is going to ask that provisioning be increased subsequently impacting the financial statements.

The changing accounting standards will require auditors to ensure that their reports more accurately reflect the true position of the financial institution so the credit union is not at a significant loss if something happens.

16. Chairman Lenn King entertained a motion for a five (5) minute recess that was moved by Mr. E. J. Bowe and seconded by Mr. Anthony Rolle and carried at 11:33 a.m.

The meeting reconvened at 11:44 a.m.

## 17. QUESTIONS FROM THE FLOOR ON THE TREASURER'S AND AUDITOR'S REPORTS

Treasurer, Ms. Theresa Deleveaux was invited to the podium to field questions.

- 17.1. Mrs. Edna Glinton asked Mr. James Gomez for clarification on what exactly does exposure mean.
- 17.1.1. In response, Mr. James Gomez gave an analogy of a person who borrowed \$5,000 from a bank for a car. The initial book value of the car was \$5,000 however, it depreciates over time. If the balance of the loan is \$4,000 and the person who borrowed the funds skips his/her loan payments, the loan balance does not move. However, the value of the car is depreciating and is now worth \$3,000. If the car is repossessed, the value of the car or \$3,000 is matched against the loan balance, leaving \$1,000 that the bank must chase after the borrower, which is at the bank's expense. The exposure therefore, is the balance of the loan (\$4,000) minus the value of the car (\$3,000) leaving \$1,000 or the exposure that should be provided for.
- 17.2. Mrs. Edna Glinton asked the Treasurer, what she meant when she said the Credit Union requires equity to be at least 10% or more of total assets before dividends are paid.
- 17.2.1. In response Ms. Theresa Deleveaux advised that the balance sheet is divided into assets which is like equity and equity is what keeps the institution going. The equity should be 10% of the total assets before anybody can receive dividends however, each member only has \$200 in equity shares. What is distributed to members in November is interest on shares but we call it dividends.
- 17.3. Mrs. Edna Glinton asked the Treasurer if the Central Bank conducted an examination of the Credit Union and if so, what were their recommendations, concerns and suggestions on delinquency.
- 17.3.1. In response, Ms. Theresa Deleveaux stated that the Central Bank has the same concern as the Board and Management and that is decreasing delinquency.
- She further advised that the delinquency figures quoted in the Treasurer's Report, did not include the exposure. The figures in the report were calculated per PEARLS standard that does not take in the security.
- 17.4. Mr. Patrick Smith asked if the eleven (11) tenants in Abaco noted on page 32 represent 100% occupancy of the plaza and what procedures will be put in place that are different compared to last year.
- 17.4.1. Ms. Theresa Deleveaux advised that the Abaco Complex is not fully occupied. Representing 100% occupancy. The Property Management Department has been working on getting persons to lease the vacant units. They are also looking at other initiatives to rent the larger units. The complex has seventeen (17) units with eleven (11) occupied.

- 17.5. Mr. Patrick Smith asked if the Credit Union engaged the services of lawyers or specialists to help turn things around in Abaco with regards to the leases and getting outstanding renters to pay or be evicted.
- 17.5.1. Ms. Theresa Deleveaux advise that tenants have been evicted and currently there is a court case against one of the former tenants. The Property Management Department has been working and has been able to collect on many outstanding rents as highlighted by the improvements in the financials in comparison with 2015.
- 17.6. Mr. Patrick Smith voiced concerns with management's decision, management's policies with regards to the exposure of \$9.9 million, almost \$10 million in 2016. This he stated, suggests the need for tighter security on loans issued because it cannot continue going in this direction with no guarantee that loans will be collected. He suggested that management take a long hard look at loans and he is willing to assist as necessary, to develop specific approaches to recovering delinquent funds in a timely manner.
- 17.9. Ms. Theresa Deleveaux in response advised Mr. Patrick Smith that his comments will be taken under consideration.
- 17.7. Ms. Belinda Wilson asked the auditors to elaborate on whether or not the January 2018 provisioning is going to increase.
- 17.7.1. In response, Ms. Noreen Campbell, Senior Auditor Baker Tilly Gomez stated that the existing accounting standard deals with historical experience or what happened. Whereas, the new standard is going to deal with what may be foreseen to happen and providing for these expectancies. The financial statements are carried in accordance with the standards, so therefore, if the standard require higher provision, this should be done.
- 17.8. Mrs. Belinda Wilson asked for a breakdown on what is a provision for a lay person.
- 17.8.2. Ms. Noreen Campbell advised that when a loan is not being paid it goes delinquent and PEARLS accounting standards will require that a meaning on what percentage of this delinquent loan will be put through the income statement is provided for and what percentage will go to the loss account thereby affecting profit. On page 63, note A, the last line before the total, the Credit Union has provided for a total of 7.75 million. The changes normally go through the profit and loss account, so if the total is increased during the year, it goes as an expense, if it's reduced during the year, it goes as an income.
- 17.8.3. Mr. James Gomez directed members to page 48 in the middle of the page, they will see provision for loan impairment losses and on page 63 B, the provision is 1.2 million. If loan provisioning increases, net income will decrease and that is why the policy and the management of the portfolio is very important. As stated earlier, all financial institutions are making provisions for loss to ensure there are no diminishing returns at the end of the year.
- 17.9. Mrs. Belinda Wilson pointed out on page 32 under office complex, East Street, where it speaks to a lease not being signed by the government, she asked the Treasurer what is the period of the lease.
- 17.9.1. Ms. Theresa Deleveaux advised that the building was rented by the government about five (5) or six (6) years ago, and lease agreements were repeatedly sent to the Department of Public Service year after year but they have not signed them, however they have paid the rent.
- 17.10. Mrs. Belinda Wilson asked if anyone has spoken to the delinquent members to find out if they are employed, if their income has decreased or if they have family members who are no longer working and have we done all that we could to assist them.
- 17.10.1. Ms. Theresa Deleveaux advised that the Credit Union provides financial counselling with some who came in. Persons who were only able to make lower payments, the Credit Union could extend their loan as much as possible up to the age of sixty-five (65) and at times a little over to assist members. We were also able to reduce or rewrite some of the loans. The Board is considering increasing the loan terms for

loan consolidations to ten (10) years to help persons who are experiencing problems to allow them lower payments and that will move them out of delinquency.

17.11. Mrs. Belinda Wilson referred to page 30 and asked if there were any suggestions on how to increase member's equity. She also asked shouldn't there be a section in the booklet reporting on recommendations from the Central Bank, since they are Regulators of the Credit Union.

17.11.1. Ms. Theresa Deleveaux replied that it is hoped that each member will buy \$200 worth of equity shares every year to strengthen member's equity. Further, they were proposing a 4% on equity shares and persons within the Credit Union will be encouraging members to buy equity shares.

17.11.2. Regarding the Central Bank, they have not yet come in to give another report however, like reports that were given by the Department of Cooperatives, time frames are given to have all citations dealt with and to comply.

The Credit Union she was advised, is now in compliance with all breaches. The Central Bank is expected to conduct an inspection this year.

17.11.3. The report is available at the Credit Union and it comes as a management tool. When the Central Bank came in, they advised that they don't deal with the Board who report to the AGM. The Board did advise Central Bank however, that the Board presents reports to the membership at AGM and therefore need to know what they are doing with and saying to Management.

17.11.4. The Board had its first meeting with the Central Bank and going forward, they will be meeting with Credit Union Board to let them know what was expected and the time frame for the expectations to be met.

17.12. Mrs. Belinda Wilson suggested the Board seek to engage the Central Bank to see if they can prepare a report on any citations and recommendations for the AGM and the Board would be able to respond to the citation and state what was done to improve on them.

17.12.1. Ms. Theresa Deleveaux replied that at the next meeting they will make certain it is on the agenda.

17.13. Ms. Gina Saunders asked Mr. James Gomez to clarify note 'd' on page 64.

17.13.1. Mr. James Gomez advised that note 'd' says at the 31<sup>st</sup> of December, 2016, no member had a loan exceeding 5% of the total equity. The reason for this is to safeguard against any significant loss by ensuring no single member owed the Credit Union more than 5% of equity, which can create a problem if there is a large withdrawal or if cash is tight therefore causing a major problem should the loan become delinquent.

17.14. Ms. Gina Saunders asked Gomez if it means a member cannot get a mortgage for \$250,000 and if he could disclose on what the securities are if the loan is paid via salary deductions, because persons are concerned that they are unable to get a mortgage at \$200,000 however, one (1) member can get a loan for \$1 million plus.

17.14.1. Mr. James Gomez stated that as he is aware if a person goes to a financial institution seeking a mortgage loan and they have the security and the ability to pay, then that person would be given the loan. However, as the auditors, they do not get involved with who should or should not get a loan.

17.14.2. Ms. Theresa Deleveaux advised that the Credit Union has loan policies, procedures and guidelines in place and once a member meets those requirements and have sufficient collateral they would be approved for the loan.

17.15. Ms. Janet Ferguson suggested that the Marketing Department use forums such as the AGM, to inform the membership of the various products and services of the Credit Union.

17.15.1. Ms. Theresa Deleveaux advised that an advertisement ran in the newspapers several months ago, on an information seminar that was held at the Credit Union to educate members on equity shares. It has been the wish of the Credit Union for persons to attend these information sessions as they do the AGM.

17.16. Ms. Janet Ferguson stated that it seems that the opportunities that are available at the Credit Union are not discussed, because she is only now hearing about equity shares and it is something she is interested in. She went on



to suggest that during these forums (AGM) while persons are registering or during a recess, that there be a table setup with information for members on products or promotions.

17.16.1. Ms. Theresa Deleveaux advised Ms. Janet Ferguson that her point is well taken.

17.17. Ms. Janet Ferguson suggested regarding the delinquent tenants, that a report be prepared for the AGM on the strategies that are being undertaken by the property management that would answer many questions such as plans to address the outstanding rent. She also asked if there any delinquent tenants who are still occupying building space and if so, why are they.

17.17.1. Ms. Theresa Deleveaux advised that yes there are delinquent tenants occupying building space. However, there is a process that the Credit Union must go through such as the court system, to evict.

17.18. Ms. Janet Ferguson asked if a tenant with a history of not paying finds out that the Credit Union is taking legal action to evict them and they come in and pay their rent making it current, when their lease expires, does the Credit Union renew the lease.

17.18.1. Ms. Theresa Deleveaux advised that there were two (2) tenants who were delinquent and their leases were renewed.

17.19. Ms. Janet Ferguson stated that it is bad practice to renew the lease of tenants who were delinquent. Similarly, it is bad practice to grant loans to members who were delinquent and were about to be taken to court but came in and paid their loan.

17.19.1. Ms. Theresa Deleveaux advised that people find themselves in circumstances where they cannot make their payments. The Credit Union would sit with them and try to work with them by offering lower payments. If a member is meeting the agreed payment arrangements and wants another loan it would be granted.

17.20. Ms. Janet Ferguson reiterated that this is a bad practice, and perhaps that is why there are so many delinquent loans. She further stated if a person is delinquent with their loan payments they are considered a liability. Before they could be considered an asset to the Credit Union again, there must be additional stipulations that would allow for a new loan. Otherwise, it is a disservice to those members who are investing their monies.

17.20.1. Ms. Theresa Deleveaux advised that members who only invest and benefit from the higher interests paid out by the Credit Union are not contributing to the income of the Credit Union.

17.21. Ms. Janet Ferguson recommended using a different approach and/or a review of the loan policies. Discussion ensued.

17.22. Ms. Antona Curry cautioned the membership to be mindful that while they were all members of the Credit Union and have rights they should also show compassion, because they do not know what a person is going through nor are they privy to the reason a loan is delinquent given these trying times. That is between the Board, the Loans Department and the Collections Department. However, members are asking that the Board present the information members need that is relevant now.

17.23. Ms. Willamae Johnson questioned if the Central Bank, as the Regulatory Body, be asked to come to the AGM and present a report.

17.24. Mrs. Belinda Wilson on a point of clarification advised that she was asking the Board if it was possible for them to engage the Central Bank to see if they could review the Credit Union prior to the AGM so the AGM could have a portion of what the Central Bank's citation or recommendations as a part of a report for the AGM.

17.25. Ms. Willamae Johnson referred to the Supervisory Report and the part that speaks to the compliance and the guidelines based on the Act that needs to be followed and which the Central Bank must ensure is adhered to. Therefore, there is no need for the Central Bank to come in and observe because the Supervising Committee is monitoring the compliance.

17.26. Ms. Antona Curry asked if appraisals will be prepared on delinquent properties and will the properties be sold at market value. If the properties are sold at market value, who will absorb the difference of what is owed.

- 17.25.1. Ms. Theresa Deleveaux advised that the properties will be appraised. She noted that the market on the sale of houses is very low. Further, interest is added to some delinquent mortgage loans. The loans are provided for and should be written off; when an appraisal is prepared on a home, that loan will not encompass the interest if the loan balance is still the same as when the funds were borrowed.
- 17.26. Mr. Elbert Thompson stated that it appears we are losing monies on the investment properties which is causing the Credit Union to go deeper into the hole. He asked what the Board had planned to rectify this situation.
- 17.26.1. Ms. Theresa Deleveaux advised that the East Street Complex and Tonique Darling Highway building did make a profit. Tonique Darling Highway made a profit of twelve thousand, six hundred and twenty-two dollars (\$12,622). The only building the Credit Union has a problem with is the Abaco Complex. She stated the Credit Union's investment in the property was against the laws which they were advised not to do. Nonetheless, we must find ways to make it work. There is a plan in place to rent all unit spaces which should affect a change in the complex next year.
- 17.27. Mr. Elbert Thompson stated the profit made at Tonique Darling Highway building for the year is insignificant looking at it as a part of the whole. All properties are owned by the Credit Union and therefore, profits should be combined.
- 17.27.1. Ms. Theresa Deleveaux advised to keep in mind rent receivables which should be added to the profit pointing to receivables owed by the government who may pay late, but they do pay. Therefore, the receivables owed by the government for rental at the Tonique Darling Highway building can be added to the profit. The Property Management Department is working tirelessly to collect outstanding rents.
- 17.27.2. In response to the question of the Credit Union divesting itself of its properties, Ms. Theresa Deleveaux advised the Credit Union would not get the true value or recoup the funds invested in the Abaco Complex if sold today in-light of the current real estate market. Ultimately, it would be up to the members to decide, if there is a turnaround in the market, to sell. The Board will however keep the members updated on the complex.
- 17.28. Mr. Jeffery Simmons asked at what point delinquent loans stop accruing interest.
- 17.28.1. The response given by Ms Theresa Deleveaux was ninety (90) days, but in some cases, if a person comes in and pays on a delinquent loan, interest can be restarted on the loan.
- 17.28.2. Ms. Theresa Deleveaux reported that it was discovered that some delinquent members went to their work place Accounts Departments and had their salary deductions coming in to pay their loans stopped. They also found that some members who transferred to a different ministry neglected to inform payroll that they had a loan at the Credit Union. The Collections Department is actively working to locate these delinquent members and managing to track them down.
- 17.29. Mr. Jefferey Simmons asked for clarification on the exponential decrease in the percentage of dividends.
- 17.29.1. Ms. Theresa Deleveaux advised that the Credit Union's main source of income is derived from the interests earned on loans; if members do not borrow, we do not make money. PEARLS standard shows that loans are supposed to be between: 70% to 80%, however, the Credit Union loan ratio is at 20%. The only way to affect the bottom line is to increase income by increasing the loans portfolio. Decreasing delinquent loans by increasing the number of good loans on the books will also positively affect the bottom line. She assured members, that the Credit Union was working diligently to decrease the number of delinquent loans.
- Ms. Theresa Deleveaux highlighted the adverse effects the economy has had on many members over the past few years. The Credit Union tries to work with delinquent members via extending loan terms or consolidation loans to get delinquent members in good standing.
- 17.30. Mrs. Edna Glinton referred to page 77 and the increase in security expenses for Abaco with \$108,363 in 2015 and \$110,800 in 2016. She requested an explanation on the difference.

- 17.30.1. Ms. Theresa Deleveaux advised the increase was due to the size of the complex further, the building is costing the Credit Union each month to maintain which is compounded by not having full occupancy to absorb those costs.
- 17.31. Mrs. Edna Glinton commended the Board for cutting down operating expenses and the excellent staff salary, however, she noted that members are not getting anything.
- 17.32. Mr. Cecil Ferguson stated that he was at the AGM in a personal capacity as a member of Credit Union. However, he also happens to be a Bank Examiner at the Central Bank of the Bahamas. He wanted to speak to a comment made earlier on inviting the Central Bank to the AGM to speak on recommendations they made. To clarify, he stated that the Central Bank conducts evaluations on a regular basis at each credit union including Teachers and Salaried Workers Co-operative Credit Union Ltd. A report is issued annually as well as meeting with the Board following an examination to make the recommendations very clear to all. He suggested that as a part of the AGM, a snapshot of those recommendations made by the Central Bank, be included in the report. He noted that many of the questions that were asked by the members, are a part of the recommendations.
- 17.33. Concern was voiced on the extremely high interest rates at the Credit Union and whether consideration is being made to lower interest rates given the Central Bank lowered the prime rates as well as the decreased rates at other financial institutions, to remain competitive.
- 17.33.1. Ms. Theresa Deleveaux advised the Board is considering decreasing rates and they will get back to members. Members must however, also realize unlike credit unions, banks are paying out zero (0) percent on savings, while some credit unions are paying up to three (3)%. If rates are lowered on one end such as on loans, to compensate, rates on savings also should be lowered. Discussion ensued.
- 17.34. Motion for the adoption of the Treasurer's Report and the Auditors' Report was moved by Mrs. Belinda Wilson, seconded by Mrs. Edna Glinton and was carried.
- 17.35. Comment:**
- 17.35.1. Chairman Mr. Lenn King stated that while the Credit Union was regulated by the Department of Cooperatives, after each examination, the Board enjoyed discussions via Exit Meetings with the Department. Conversely, since going under the regulatory supervision of the Central Bank, Exit Meetings are not held with the Board. The Board did receive a report from the Central Bank, but did not engage in a discussion on the report as the Central Bank has elected to work primarily with Management and not the Board.

## **18. 2017-2018 PROPOSED BUDGET**

- 18.1. Treasurer, Ms. Theresa Deleveaux was invited back to the podium to present the 2017 proposed Budget found on page 35 highlighted as follows:
- 18.2. 2017 Net Income budgeted at \$1,238,060.
- 18.3. 2017 Operating Expenses budgeted \$13,043,420.
- 18.4. 2017 Income budgeted at \$14,012 435
- 18.5. 2017 Net Profit budgeted at \$969,015.
- 18.6. 2018 Net Income budgeted at \$14,713,057.
- 18.7. 2018 Operating Expenses budgeted at \$13,555,573.
- 18.8. 2018 Net Profit budgeted at \$1,157,484.
- 18.9. Comments:**
- 18.9.1. Ms. Theresa Deleveaux advised that a budget is a working document and if they see that income was not coming in, expenses can be cut down. Management as a part of the management tool sets the budget that is presented to the members by the Treasurer. However, the Board does meet with Man-

agement to review and discuss the budget and they have a say on what is increased/decreased, but the budget is managements document.

- 18.9.2. Management calculated the 2018 budget based on a 10% increase in cost of living. It was noted as a matter of relevancy, that a moratorium on hiring was included, with an exception on the need for a specialized person that would have to be approved by the Board.
- 18.9.3. Motion to adopt the 2017-2018 Budget was moved by UNIDENTIFIED SPEAKER, seconded by Ms. Valerie Ferguson and was carried.

## 19. SUPERVISORY COMMITTEE REPORT

- 19.1. The Chairman of, Supervisory Committee, Mr. Elbert Thompson was invited to the podium to present the report. The Supervisory Committee Report found on page 102, was read by Chairman Mr. Elbert Thompson. Following the reading, the floor was opened for questions highlighted below:
- 19.2. Mrs. Belinda Wilson asked for an explanation on the Act and Statutory Reserves based on equity shares not in compliance with the Act.
  - 19.2.1. Mr. Elbert Thompson advised that the equity shares are the investment of members and it is what members should be paid dividends on. The Credit Union is trying to increase the equity shares to be compliant with the Credit Union Act, which means members won't be able to get dividends from the equity shares until it is ten (10) percent. The exact date the Credit Union will increase equity has not been defined.
  - 19.2.2. Mrs. Cheryl Bowe-Moss advised the Statutory Reserves are floating packets, as you change, so do they change. Every month when the financials are prepared, if the assets change, the reserves change. For example, if there are thirteen (13) thousand members and each buy \$200 equity shares, by the end of November, when we close out December, the Credit Union would be looking good. All that is asked is for members to invest \$50.00 a month and it must be done by the end of November and the Credit Union would top the 10%. This was explained at the information session held which was videotaped. They are trying to find a way to attach the video file to email to each member.
  - 19.2.3. Recommendation was made to buy some time on the television to showcase the session or place on the website.
- 19.3. Mrs. Belinda Wilson expressed concerns on the seriousness of ensuring homeowners and life insurances are renewed on the renewal dates. She recommended using the pop-up reminders on the computer every day to ensure renewals are taken care of at least a month prior to the expiration of the insurance. Emphasis was placed on the importance of this matter.
  - 19.3.1. In response Mr. Elbert Thompson advised the Credit Union is using software that gives reminders.
- 19.4. Mrs. Belinda Wilson referred to the comment in the Supervisory Committee Report regarding the need for greater oversight of delinquency so that within the first 30-days, an individual should be contacted. She recommended using technology to set reminders for the oversight of this area.
- 19.5. Mrs. Belinda Wilson questioned whether the Collections Department have the capacity and staffing to efficiently do the job of contacting members.
  - 19.5.1. Ms. Theresa Deleveaux advised that based on her discussion with the Collections Department, that they have streamlined the processes through the division of labour with some collectors responsible for field duties and others in office making phone calls.
- 19.6. Mrs. Belinda Wilson referred to the Grand Bahama branch need for more physical space also making note of the outstanding rents owed there. She suggested moving the business immediately next to the branch, if they are delinquent with the rent, or into another unoccupied space, then expand the branch office.
  - 19.6.1. Mr. Elbert Thompson advised Mrs. Belinda Wilson her suggestion is noted and will be considered.

- 19.7. Mrs. Belinda Wilson asked if the Board did a needs assessment survey in Abaco to see what businesses the Abaconians may need with a view of possibly forming a partnership with the public or private entities to have those businesses in the Abaco Complex. She also asked if an economic study was prepared in Abaco to see if the economy was slowing down; this would determine whether there is a need for the Credit Union to divest itself of the complex.
- 19.8. Mrs. Belinda Wilson remarked on the seriousness of paying \$108,000 per month for security at the Abaco complex when it is not generating any rental income. She questioned if the complex uses security officers or does it have a technological setup such as CCTV.
- 19.8.1. Mr. Elbert Thompson advised the Abaco Complex has both security personnel and technology.
- 19.9. Motion to accept the Supervisory Committee Report was moved by Ms. Jill Saunders, seconded by Ms. Bernadette Smith and was carried.

## **20. EDUCATION COMMITTEE REPORT**

- 20.1. Ms. Renee Mayers, Acting Chairperson of the Education Committee was invited to the podium to present the report. The report found on page 104, was read by Acting Chairperson, Ms. Renee Mayers. Following the reading, the floor was opened for questions highlighted below:
- 20.2. Mrs. Belinda Wilson asked what were the reasons for the resignation of two members and were they replaced.
- 20.2.1. Ms. Renee Mayers advised the persons resigned earlier in 2017 and they were replaced by Ms. Doreth Campbell and Ms. Edith Rolle. Additionally, elections were held and the Committee's new officers were named for the positions of Chairperson and Deputy Chairperson.
- 20.3. Mrs. Belinda Wilson asked if there are term limits for persons serving on the Education Committee, how many served for over two, three or four years and how many people were on the committee.
- 20.3.1. Ms. Renee Mayers advised that there were no term limits; she was the longest serving member serving since 2011, and there were currently six (6) members.
- 20.4. Mrs. Belinda Wilson queried if it was time for members serving on the Education Committee to be elected at an Annual General Meeting, have term limits and receive a small stipend.
- 20.4.1. Ms. Theresa Deleveaux advised that the Board has no say over whether members of the committee are elected, have term limits or receive a stipend, that is governed by the Credit Union Act.
- 20.5. A question was asked on the substance of the Education Committee whether the subjects discussed at the information sessions are relevant. It was suggested to follow-up to see if persons were impacted whether personally or professionally by the sessions held and where possible, the Credit Union should assist those persons.
- 20.9. Ms. Renee Mayers commended the suggestion adding that she hoped the Marketing Department took note to follow-up.
- 20.6. Motion for the adoption of the Education Committee Report was moved by Ms. Pamela Hall, seconded by Ms. Nicola Williams and was carried.

## **21. CREDIT COMMITTEE REPORT**

- 21.1. Mrs. Italia Seymour, Chairperson was invited to the podium to present that report. The report found on page 39 was read by Chairperson Mrs. Italia Seymour. Following the reading the floor was opened for questions highlighted below.
- 21.2. Mrs. Belinda Wilson asked what does net pay below the required 25% on declined loans means.
- 21.2.1. Mrs Italia Seymour advised it is the amount in the net pay that is mandated by the government or civil service to be retained a worker's salary. This information is disseminated throughout the Public Service and enforced by payroll officers who would not stamp a salary deduction form if net falls below the 25%; a government worker would have to seek further approval from the Ministry of Finance.

- 21.3. Ms. Keva Cartwright asked what type of insurance referred to on page 39 is on consumer loans.
- 21.3.1. Mrs. Italia Seymour advised the insurance covers the loan in the event of an untimely death or disability.
- 21.4. Ms. Shavonne Porter asked why there was no information in the report for July to December.
- 21.4.1. Mrs. Italia Seymour advised that the Board mandated that Management would be responsible for all mortgages and loans below the \$250,000 threshold. The Credit Committee therefore, would meet if there were loan requests over \$250,000 that needed to be approved and during the mentioned periods, there were no loan or mortgages over \$250,000. The committee at that point started strategizing on various aspects of the Credit Committee. The committee, once management made decisions on certain loans, would have done a general review of the files to ensure they were within guidelines but no files were given to them. However, in January the Board reversed the decision and the Credit Committee is now responsible for loans under the \$100,000.
- 21.5. Motion for the acceptance of the Credit Committee Reports was moved by Mrs. Belinda Wilson, seconded by Ms. Antona Curry and was carried.

## 22. RESOLUTIONS

- 22.1. Chairman Mr. Lenn King advised that there were four (4) resolutions with the fourth decision included as an insert on a sheet of paper. Further, all the resolutions are Board sponsored and so there is no need for adoption as they were moved and seconded by the Board.
- 22.2. Assistant Secretary, Mrs. Geraldine Stevens was invited to the podium to present the resolutions. Mrs. Geraldine Stevens read the resolutions found on page 105 highlighted as follows:

### 23. RESOLUTION NO. 1

**WHEREAS** the audited accounts for 2016 indicates that there are sufficient funds to provide a cash dividend to shareholders of the Teachers and Salaried Workers Co-operative Credit Union Ltd., and

**WHEREAS** the Directors have determined that after the payment of such dividend the Company will be able to meet all of its continuing obligations and provide adequate funds for reinvestment in the business;

**BE IT RESOLVED** that this Annual General Meeting approves payment of Two and One-Half Percent (2.5%) Interest on Regular Share (Loan Security) Deposits; Three Quarter Percent (0.75%) Interest on Dividend Re-investments; Three Quarter Percent (0.75%) Interest on Retirement Accounts; One Half Percent (0.5%) Interest on Deposit Accounts.

**The adoption of Resolution No. 1 was carried unanimously.**

### 24. RESOLUTION NO. 2

#### AUDITORS

**BE IT RESOLVED** that the Board of Directors be responsible for the appointment of Auditors for the year ending 31<sup>st</sup> December, 2017.

**The adoption of Resolution No. 2 was carried unanimously.**

### 25. RESOLUTION NO. 3

#### REMUNERATIONS

**CONSIDERING** the new Bahamas Co-Operative Credit Union Act, of 2015 came into effect in June of 2015. The Act for the first time provides for the remuneration of directors and committee members in connection with their duties as directors or a committee member of a cooperative credit union. Remunerations for the purpose of the Act, includes any honorarium, stipend or payment in cash or in kind, however designated.

**WHEREAS**, Section 58 of the Act provides that, for directors and members of a committees to be paid any remunerations,

the amount must be fixed (agreed) and ratified by resolution each year at the annual general meeting.

**BE IT RESOLVED**, and **RATIFIED** that remunerations to directors and committee members be fixed and ratified as follows: -

**Part (i): DIRECTORS**

(a) That the remuneration (stipend) for Directors be fixed and ratified at Five Hundred, and Thirty dollars (\$530.00) per month each, in arrears, until the next annual general meeting in 2018.

**Part (ii): SUPERVISORY AND CREDIT COMMITTEE MEMBERS**

(a) That the remuneration for Supervisory Committee and Credit Committee members be fixed and ratified at Two Hundred and Fifty dollars (\$250.00) each per month, in arrears until the next annual general meeting in 2017.

**25.1. Comments:**

- 25.1.1. Ms. Angela Hunt asked if there is a stipulation in the regulations that the Board's stipend is higher than the Supervisory and Credit Committees.
- 25.1.2. Chairman Mr. Lenn King advised the regulation does not give details on how the internal affairs of a Credit Union is managed. The resolution is a proposal put forward by the Board for the AGM to decide.
- 25.1.3. Ms. Angela Hunt questioned why the Committees stipends are set as half or less than what the Board receives.
- 25.1.4. Chairman Mr. Lenn King the stipend is set for the Board because of the level of responsibility, frequency of their meetings and the other committees they serve on. The Board has ultimate responsibility for everything that happens in the Credit Union and should they fail in their fiduciary responsibility, can face charges before the court. Therefore, the responsibility of the Board is different from the responsibility for the Committees.
- 25.1.5. Mrs. Belinda Wilson made a motion to make amendments to the resolution, part one which says the Director should get \$530; she moved to increase that to \$1,200; increase the Supervisory Committee to \$600 per month and the Credit Committee to \$300 per month.  
She stated the organization has \$198-million plus dollars in assets and members come to the AGM every year demanding service and we get productivity and representation from the Board and the Committees.  
If the stipend is raised, there will be a level of responsibility and each director will have to be able to carry out their duties effectively as well as attract more qualified persons.  
A proviso should also be added to the constitution stating persons can be removed from their positions prior to the end of their term.
- 25.1.6. Chairman Lenn King advised Mrs. Belinda Wilson that her motion was contrary to the Act, the motion was then withdrawn.
- 25.1.7. Ms. Jill Saunders asked why the Education Committee is not included in the voting.
  - 25.1.7.1. Secretary Cheryl Bowe-Moss responded by advising it is contrary to the Act for the Education Committee to be included.
- 25.1.8. Ms. Esther Sargent on a point of correction advised the last line has 2017 but it should be 2018.

**The adoption of Resolution No. 3 was carried unanimously.**

**26. RESOLUTION NO. 4**

**NAME CHANGE.**

**BE IT RESOLVED** that the trade name of the Teachers and Salaried Workers Cooperative Credit Union Limited be changed to Teachers and Salaried Workers Financial Cooperative Limited (TSFCL).

**26.1. Comments:**

- 26.1.1. Chairman Mr. Lenn King, advised members that the changing the name of the organization was deliberated on for some time. The thought came out of a strategic planning meeting that was documented and presented at a previous AGM with the concept of re-branding the institution. The idea was to change how or what the Credit Union was perceived to be by people on the outside. Some people on the outside believed the Credit Union is a part of the Trade Union, changing the name would dispel this belief by distinguishing the Credit Union as well as explicitly redefining us as an open bonded entity, which we are.
- 26.1.2. Mrs. Belinda Wilson stated that while open to change, members have an affinity to the name. Although some of the points raised such as the different perception people have of us, the Credit Union is different from the Bahamas Union of Teachers. A good marketing strategy, is currently not being used to its full potential, can achieve the goal of making people understand that an open bond means anyone can join. She urged members to defeat the resolution and for the Board to show the AGM next year, what was done in the way of marketing, public relations and marketing to increasing members. but I believe it's a shock, because I had to get this piece of paper from one of the persons when I registered this morning.
- She also stated that it was not fully articulated what different services would be provided if the name is changed from Credit Union to Financial Cooperative Limited. Nor was it articulated the difference between the Cooperative and the Financial.
- 26.1.3. Ms. Marilyn Zonicle noted the rationale given for the proposed name change had to do with perception, however, she contended it had more to do with an educational challenge on what the Credit Union is all about. Additionally, she noted that globally, some of the most significant investors in other countries are Credit Unions.

**The adoption of Resolution No. 4 was unanimously defeated.**

## **27. AMENDMENT OF BYE-LAWS**

Chairman Mr. Lenn King called to move an amendment to the bye-laws. He advised that at the last AGM, the bye-laws considered were the standard bye-laws drafted by the Central Bank for all cooperatives. The standard bye-laws were accepted at the previous AGM with the understanding it would be reviewed after the AGM and if there were any items that did not suit our goals, amendments would be brought to the AGM. The following amendments are put forth for approval:

- 27.1. SECTION I. INTERPRETATION SUBSECTION 1:** - Current Bye-law "Bye-Laws" means the registered Bye-Laws made by the Co-operative Credit Union.
- 27.1.1. Proposed Change "Bye-Laws" means the registered Bye-Laws made by the **Bahamas Co-operative Credit Union**
- 27.2. SECTION VI. CAPITAL, FUNDS AND LIABILITY SUBSECTION 9 (D):** - Current Bye-Law - loans from members or non-members;
- 27.2.1.1. Proposed Change - loans from **members**;
- 27.3. SECTION VII. MEMBERSHIP, SUBSECTION 16 (1):** - Current Bye-law Pursuant to section 24 of the Act every member of the Credit Union must:
- 27.3.1. Proposed Change: Pursuant to section 24 **of** the Act every member of the Credit Union must:
- 27.4. SECTION VII. MEMBERSHIP, SUBSECTION 16 (1) (D):** - Current Bye-law have with the other members of the credit union some common bonds of philosophy, occupation or association or of residence in a defined neighbourhood or district.
- 27.4.1. Proposed Change: A **salaried worker**
- 27.5. SECTION VII. MEMBERSHIP, SUBSECTION 21:** - Current Bye-law: No member shall withdraw while he or she is a borrower, an endorser (co-maker), or a guarantor on any loan due the Credit Union.



- 27.5.1. Proposed Change: No member shall withdraw while he or she is a borrower, an endorser (co-maker), or a guarantor on any loan due to the Credit Union.
- 27.6. **SECTION IX. DEPOSITS, SUBSECTION 31 (2):** - Current Bye-law: Subject to the provisions of section 32 of the Bye-laws, the Credit Union may receive deposits from non-members, provided that such deposits are held by the Credit Union, only in the form of savings or fixed deposit accounts.
- 27.6.1. Proposed Change: Subject to the provisions of Section 32 of the Bye-laws, the Credit Union may receive deposits from non-members, provided that such deposits are held by the Credit Union, only in the form of savings or fixed deposit accounts.
- 27.7. **SECTION X. PASSBOOKS, RECEIPTS AND DISBURSEMENTS, SECTION 38 (3):** - Current Bye-law: A member's permanent official record of all transactions shall be (a) in any case where a passbook is used, the entries in the passbook; (b) in any case where a statement of account plan is used, the statement of account.
- 27.7.1. Proposed Change: A member's permanent official record of all transactions shall be **by electronic statement with online access by the member.**
- 27.8. **SECTION XI. MEETINGS OF MEMBERS, SUBSECTION 41 (2) (F):** - Current Bye-law: to receive and approve the reports of the Credit and Supervisory Committees;
- 27.8.1. Proposed Change: to receive and approve the reports of the Credit, **the** Supervisory Committees and the **Nominations Committee**;
- 27.9. **Comment:**
- 27.9.1. **A motion to include the Education Committee to proposed change to section XI, subsection 41 (2) (f) was carried unanimously.**
- 27.10. **SECTION XIV. TENURE OF OFFICE, SUBSECTION 47 (1):** - Current Bye-law: In accordance with section 17 of the Act, the business of the first Annual General Meeting of the Credit Union, shall include: (a) the election of the entire Board of Directors and the Supervisory Committee; and (b) the appointment and/or election of Credit Committee members pursuant to section 48(3) of the Act.
- 27.10.1. Proposed Change: In accordance with Sections 17 of the Act, **at the first Annual General Meeting of the Credit Union, the entire Board of Directors, the Supervisory Committee and the majority of the Credit Committee are to be elected.**
- 27.11. **Comments:**
- 27.11.1. Secretary Mrs. Cheryl Bowe-Moss clarified for members that the proposed change to section XIV to include the number of seats that must be elected on the Credit Committee. The Credit Committee will therefore comprise of three (3) people elected from the membership and two (2) people appointed from the Board a total of five (5), hence the term 'majority' must remain. Currently, the three (3) elected members were all elected the same time and were put on staggered rotations so every year there is a vacancy.
- 27.11.2. Ms. Shannette Ferguson made a motion to amend section 47 by removing 'first' as was done in subsection 47(1). The motion was seconded by Mrs. Belinda Wilson and was carried.
- 27.12. **SECTION XX. LOANS TO MEMBERS, SUBSECTION 82 (1):** - Current Bye law: Consumer loan \$ 50,000.00 (examples)
- 27.12.1. Proposed Change: Consumer loan \$ **100,000.00** (examples)
- 27.13. **SECTION XX. LOANS TO MEMBERS, SUBSECTION 83:** - Current Bye law: The rates of interest on loans shall be fixed from time to time by the Board and the interest payable on loans shall be assessed against the monthly unpaid balance.
- 27.13.1. Proposed Change: The rates of interest on loans **may** be fixed **or variable as per policy** set by the **Board** and the interest payable on loans shall be assessed against the monthly unpaid balance.
- 27.14. **Comments:**

27.14.1. Secretary Cheryl Bowe-Moss on a point of clarification advised that for the Credit Union to offer risk based lending product it should be written into the policies at a guaranteed risky rate. She further advised that it allows flexibility in offering variable rates on loans based on collateral.

**27.15. SECTION XX. LOANS TO MEMBERS, SUBSECTION 84:** - Current Bye law: No loan shall be made to a member who is not in good standing, that is to say, is not the holder of the minimum qualifying shares and if required the minimum fully paid equity shares in the Credit Union as prescribed in these Bye-Laws, or is in arrears in the payment of a current loan or instalment due from that person as borrower or co-maker or guarantor, or is otherwise a defaulter.

27.15.1. Proposed Change: No loan shall be made to a member who is not in good standing, that is to say, is not the holder of the minimum qualifying share and **minimum four (4) equity shares to a maximum of five thousand (5,000)** and if required the minimum fully paid equity shares in the Credit Union as prescribed in these Bye laws, or is in arrears in the payment of a current loan or instalment due from that person as borrower or co-maker or guarantor, or is otherwise a defaulter.

**27.16. Comments:**

27.16.1. Following a passionate discussion that included members expressing concerns they were not given sufficient time to review the document and to understand the reasons for the changes. Secretary Cheryl Bowe-Moss on a point of clarification, stressed that the only change that is not critical is the \$250 minimum/maximum equity shares. However, all the other changes must happen for the Credit Union to be in conformity with the law and how it is presently operating.

27.16.2. Chairman Mr. Lenn King advised members that an information session on the bye laws was planned to be held in July 2017. He expressed hope for many members to attend.

## **28. NOMINATIONS AND ELECTIONS**

Vice Chairperson Mrs. Sharon Rahming was invited to the podium to preside over the meeting. Mrs. Sharon Rahming invited the Chairperson of the Nominations Committee, Ms. Antona Curry to the podium to explain the election process. Ms. Antona Curry gave the following report:

- 28.1. Retiring Board Directors Mr. Lenn King, Mrs. Geraldine Stevens and Mr. Johnley Ferguson were asked to demit their seats.
- 28.2. Supervisory Committee: the Nominations Committee received applications from Mr. Patrick E. Smith, Ms. Kim Knowles the incumbent, Mr. Shavado Gibson and Ms. Renee Mayers.
- 28.3. It was recommended that Mr. Graham McKinney serve on the Supervisory Committee for one year beginning this year based on directives from the previous AGM.
- 28.4. No applications were submitted for the Nominations Committee and would therefore come from the floor. No nominations were received for the Board and would therefore come from the floor.

## **29. BOARD OF DIRECTORS ELECTION**

- 29.1. The question was asked why nominations will be taken from the floor for the Board when there are three (3) vacant posts with only three nominees. Ms. Antona Curry explained nominations can be taken from the floor; and you must have two-thirds of the members approving.
- 29.2. Mr. Lenn King stated on a point of information, that there are three (3) nominees, him (Lenn King), Geraldine Stevens and Johnley Ferguson. Ms. Antona Curry noted his point.
- 29.3. Mr. Gary Ingraham nominated Mrs. Italia Seymour for the Board and was seconded by Mr. Keith Seymour.
- 29.4. Motion to close nominations was carried unanimously.
- 29.5. Nominees for the Board were given a chance to address the membership.

**29.6. Votes:**

<b>NAMES</b>	<b>VOTES</b>
Lenn King	100
Johnley Ferguson	127
Geraldine Stevens	103
Italia Seymour	112

29.7. Motion to destroy the ballots was moved by Mr. Elbert Thompson, seconded by Ms Brown and was carried.

### **30. ABSENTEE BALLOTS**

30.1. Members were advised that if they are holding ballots for friends who left the AGM early; they cannot put them in the count. There is only one (1) ballot per person.

### **31. SUPERVISORY COMMITTEE ELECTIONS**

31.1. Ms. Antona Curry reiterated that based on the directives of the Board as approved by the AGM last year; the Nominations Committee recommended that Mr. Graham McKinney serve on the Supervisory Committee for one year.

31.2. Ms. Theresa Deleveaux advised that at the last AGM Mr. Dencil Kerr was removed from the Supervisory Committee. He in turn sent a letter of complaint on his removal to the Central Bank. The Central Bank, being new to credit unions, didn't realize that the AGM is the supreme body recommended a special meeting had to be called to remove Mr. Dencil Kerr. Mr. Graham sent a letter to the Central Bank letting them know that the AGM was the supreme body and was represented by two hundred (200) members. When the Central Bank was made aware, they did advise the Credit Union to take the matter to a tribunal without indicating a date. Mr. Graham McKinney agreed to not taking the matter before a Tribunal, which would be an expense to the institution. Mr. Graham McKinney will therefore, serve one (1) year on the Supervisory Committee and should now be ratified in the position.

31.3. Mr. Dencil Kerr advised that last year a point was raised on his election to the Supervisory Committee. As the reflected in the minutes he indicated that at the close of the meeting, he voiced he was aggrieved by the vote of the meeting and advised he would take the matter to either the Board, or the Central Bank. On examination of the Act, he noted that the Central Bank has supreme governance of the Credit Union and spoke to specific points which allowed him to appeal to the Central Bank. The response from the Central Bank agreed with his position and stated to the Management and the Board of the Credit Union, that his election to the Supervisory Committee will stand. Further, earlier in the meeting Mrs. (Edna) Ginton raised a point on the results, which were not between him and Mr. Graham (McKinney). Secondly, if it is being reported that the Central Bank said they did not have the authority, he did not receive that information and if they reversed their decision because they did not have the authority, he should have received something on this from them; the only letter he received stated his election stood. As a member of this organization, he has the authority based on the Act, to appeal so he appealed. He questioned on which legal authority was he being cast aside.

31.4. Ms. Theresa Deleveaux responded to Mr. Dencil Kerr by reminding he was elected for a two (2) year term and it ended as of this AGM. Further, the Central Bank letter to him stated a special call meeting had to be held which is only called when special matter arises. There was no need to call a special meeting that would have approximately thirty-two (32) members in attendance if a decision was made at the AGM with over two hundred (200).

31.5. Mr. Dencil Kerr stated by appointing Mr. Graham McKinney to serve until next year, if his term has expired, is indirectly saying it is not expired.

31.6. Ms. Theresa Deleveaux replied that regardless of Mr. Graham McKinney's appointment, Mr. Dencil Kerr's time has expired. She explained the Board staggered the terms of the Supervisory Committee last year, 3-2-1 and he was not included. Mr. Graham McKinney was given two (2) years, however, because Mr. Dencil Kerr served two (2) years to avoid any legal action by going to a Tribunal, he was offered one (1) year.

- 31.7. Mrs. Belinda Wilson asked for an explanation on what happened last year with Mr. Dencil Kerr. Ms. Theresa Deleveaux advised a problem was detected when the Nominating Committee was reviewing last year's minutes and it was brought to the floor. The Central Bank response was that a special call meeting should have been held to deal with this matter. Mr. Dencil Kerr served for one (1) year even though there was a complaint that was brought against him regarding his election in 2015.
- 31.8. Mrs. Sharon Rahming advised she was the secretary last year and the minutes reflected what occurred. Unfortunately, when the minutes were reviewed earlier, during matters arising, this matter should have been discussed. She directed members to page 9-12 they can read what transpired from item 12.2.3 in the minutes where it states that Mr. Vernal Collie was the Nomination Committee Chairman. The concern raised was that in the normal nominating process persons can only apply for one (1) position. It was said however, that Mr. Dencil Kerr ran for two (2) positions. The Nominations Committee said that they decided to allow him to run for the Board and then changed it two (2) days before the election for him to run for the Supervisory. The Nominating Committee also acknowledged that it was a misunderstanding. Mr. Dencil Kerr felt he was unfairly treated and therefore took the matter to the Central Bank.
- 31.9. Mrs. Cheryl Bowe-Moss advised that the Act states the Nomination Committee is to receive nominations in accordance with the bye-laws. The bye-laws state that nominations must be advertised one month prior to the AGM which and they were advertised for one solid month. Our Operational Procedure says you can only apply for one post at a time; Mr. Dencil Kerr however, applied to run for the Board and after the deadline was closed, switched to the Supervisory Committee. The former Chairman of the Nomination Committee in consultation with Mr. Kerr, allowed the switch, which is a violation. There is no rule to allow such a change once the deadlines for nominations have passed. What is submitted after the deadline must come to the membership.
- 31.10. Mrs. Belinda Wilson suggested as a courtesy for Mr. Dencil Kerr to be given a letter, thanking him for his services.
- 31.11. Mrs. Sharon Rahming advised they will ensure a letter is sent to Mr. Dencil Kerr thanking him for his service.
- 31.12. Mrs. Sharon Rahming advised there were two (2) slots on the ballots however, there was only one (1) vacancy and therefore, one (1) name should be written on the ballot. If there are two (2) names the ballot will be spoilt.

**31.13. Votes:**

NAME	VOTES
Renee Mayers	49
Patrick E. Smith	36
Keva Cartwright	22
Shavado Gibson	26
Kim Knowles	18

- 31.14. Mrs. Sharon Rahming congratulated Ms. Renee Mayers.

**32. CREDIT COMMITTEE**

- 32.1. Mrs. Sharon Rahming advised that no nominations were submitted for the Credit Committee and would therefore accept nominations from the floor.
- 32.2. Mr. Elbert Thompson nominated Mr. Patrick Smith.
- 32.3. Mr. Sherman Stevens nominated Mrs. Bernadette Davis-Smith.
- 32.4. Motion to close the nominations was carried unanimously.

**32.5. Votes:**

NAME	VOTES
Patrick Smith	63
Bernadette Davis-Smith	37

32.6. Motion for to destroy the ballots was moved by Mr. Elbert Thompson, seconded by Ms. Jill Saunders and was carried.

### 33. NOMINATIONS COMMITTEE

- 33.1. Ms. Antona Curry advised that no nominations were received for the Nomination Committee and therefore nominations will be accepted from the floor.
- 33.2. Ms. Willamae Johnson and Ms. Keva Cartwright were nominated.
- 33.3. Motion to close the nomination was moved by Mr. Terrence King, seconded by Mrs. Belinda Wilson and was carried.
- 33.4. Ms. Antona Curry advised since there were only two (2) positions and nominees, Ms. Willamae Johnson and Ms Keva Cartwright were elected to the Nominations Committee. She congratulated the new members.
- 33.5. Motion to destroy the ballots was moved by Ms. Cherilyn Munnings, seconded by Ms. Valerie Ferguson and was carried.

### 34. ADJOURNMENT

34.1. Motion to adjourn the 40<sup>th</sup> AGM of Teachers and Salaried Workers was moved by Ms. Cherilyn Munnings, seconded by Ms. Bernadette Thurston and was carried. The meeting adjourned at 4:41 p.m.



Chairperson  
Mrs. Sharon Rahming



Secretary  
Mrs. Cheryl Bowe-Moss

## PERSONS PRESENT AT THE 40<sup>TH</sup> AGM (2017)

### **Members**

Adderley, Dianne  
 Adderley, Zakia S.  
 Albury, Brenda L.  
 Bain, Nathalie L.  
 Bain, Sharon D.  
 Bain, Wilson A.  
 Baker, Stacy Nicola  
 Bascom, Faye R. E.  
 Bastian, Cynthia L.  
 Bastian, Lisa C.  
 Bastian-Edgecombe, Dellarese R.  
 Beneby, Dwight L.  
 Beneby, Karen B.  
 Beneby, Zerlean A.  
 Bethel, Mara  
 Black, Idamae  
 Bodie, Philip A.  
 Bowe, Barbara L.  
 Bowe, Ernest J.  
 Bowe, Miriam E.  
 Brown, Alexandra V.  
 Burrows, Annabelle C.  
 Burrows, Barbara M.  
 Burrows, Deloris C.  
 Burrows-Porter, Shavone S.  
 Butler Jr., Wesley C.  
 Butler, Rosemary H.  
 Campbell, Doreth C.  
 Campbell, Eleanor L. E.  
 Campbell-Forbes, Clarise L.  
 Cartwright, Carla Y.  
 Cartwright, Keva V.  
 Cash, Lindamae  
 Chambers-Thompson, Annette Y.  
 Chandler, Pamela C.  
 Charlton, Ivy F.  
 Charlton, Soniamae P.  
 Cheetham, Marjorie L.  
 Clarice, Brenda J.  
 Clarke, Gloria F.  
 Clarke, Judith D.  
 Clarke, Sandra  
 Clarke-Burrows, Bridgeann A.  
 Coakley, Rosemary R.  
 Collie, Hilbert L.  
 Collie, Vernal  
 Collymore, Aleia Sasha C.  
 Culmer, Sonia D.  
 Cunningham, Welbourne D.  
 Curry, Antona J.  
 Curry, Michael A.  
 Curry, Rufus H.  
 Curry-McIntosh, Essiemae V.  
 Davis, Tabatha S.  
 Davis-Smith, Bernadette Y.  
 Daxon, Gertrude  
 Dean, Annette L.  
 Dean, Antoinette G.  
 Dean, Diane E.  
 Dean, Kenyetta T.  
 Deleveaux, Andrea L.  
 Demeritte, Ramona P.

Deveaux-Miller, Leanna T.  
 Dillette, Erica F.  
 Duncombe, Birdie C.  
 Duncombe, Tremaine O.  
 Edwards, Vincent H.  
 Evans, Joanne E.  
 Ferguson, Cecil C.  
 Ferguson, Jasmine T.  
 Ferguson, Margaret L.  
 Ferguson, Sharnett  
 Ferguson, Sheila  
 Ferguson, Valerie R.  
 Ferguson-Williams, Nicola  
 Forbes, Alivia O.  
 Forbes, Monalisa  
 Foulkes, Denise L.  
 Francis-Kerr, Kay B.  
 Fritz-Smith, Agatha P.  
 Gardiner, Shernell A.  
 Gibson, Genevieve R.  
 Gibson, Shavado E.  
 Gilbert, Natasha M.  
 Gittens, Eric A.  
 Green, Christine  
 Greene, Tyrone M.  
 Hall, Pamela S.  
 Hamilton, Maria A.  
 Hanna, Arlington V.  
 Hanna, Melony D.  
 Hart, Naressa  
 Henfield, Gloria L.  
 Higgs, Arlington O.  
 Hinsey, Raquel C.  
 Hogg, Bridget S.  
 Hunt, Angela E.  
 Hunt, Annishka L.  
 Ingraham, Gary A.  
 Ingraham, Judymae L.  
 Ingraham, Sheila M.  
 Jenouere, Jacqueline J.  
 Jenouere, Maria L.  
 Joffre, Shantell K.  
 Johnson, Inez  
 Johnson, Jamie J.  
 Johnson, Ornan U.  
 Johnson, Shawna M.  
 Johnson, Virginia J.  
 Johnson, Willamae M.  
 Jones, Lillian  
 Kelly, Daisy M.  
 Kerr, Dencil I.  
 Kerr, Maud V.  
 Kerr, Paulette L.  
 Kerr, Shanta K.  
 King, Terrence J.  
 Knowles, Debra J.  
 Knowles, Jacqueline L.  
 Knowles, Joycelyn E.  
 Knowles, Kim L.  
 Knowles, Nina M.  
 Kwan, Helen  
 Levarity, Myrtle M.  
 Lewis, Allardyce

Lewis, Sharon L.  
 Lewis-Bethel, Sandra P.  
 Lightbourne, Elva D.  
 Lightbourne, Evangeline C.  
 Lockhart, Andrea D.  
 Lozaique, Hyacinth L.  
 Lundy, Amanda  
 Lunn-Santiago, Julie E.  
 Mackey, Donna M.  
 Major, Ian A.  
 Major, Stephanie, S.  
 Maksyhung, Anastacia T.  
 Malcolm-Beneby, Nakessa R.  
 Marshall, Ksochina L.  
 Mayers, Renee D.  
 McIntosh, Lillie B.  
 McKenzie, Patricia C.  
 McKenzie, Vienna L.  
 McKinney, Graham W.  
 Miller, Lanza C.  
 Miller, Marilyn A.  
 Moncur-Morley, Arlette L.  
 Morris, Mandelia K.  
 Morris, Virginia L.  
 Moss, Donna M.  
 Moss, Janice M.  
 Moss-Rolle, Ellamae P.  
 Moxey, Weslin  
 Munnings, Cherylyn M.  
 Munnings, Marcia D.  
 Munroe, Mizpah R.  
 Murphy, Ranique E. R.  
 Murphy, Winifred L.  
 Nairn, Julieann M.  
 Neely, Cheryl D.  
 Nesbitt, Michelle L.  
 Newbold, Suzanne V.  
 Nicholls, Rose Marie  
 O'Brien, Esther  
 O'Brien, Teresita L.  
 Poitier, Wendy  
 Pratt, Eula A.  
 Price, Anthony R.  
 Rahming, Daniel A.  
 Rahming, Takiya D.  
 Richards, Bessy L.  
 Rigby, Natesa V.  
 Riley, Bursel C.  
 Rolle, Anthony A.  
 Rolle, Edith L.  
 Rolle, Geletha  
 Rolle, McDonald  
 Rolle, Shereen E.  
 Rolle, Sherla  
 Rolle-Russell, Ignacia S.  
 Romer, Barbara L.  
 Romer, Terry A.  
 Rose, Theresa J.  
 Rutherford, Patrick B.  
 Rutherford, Sandra E.  
 Sands, Della-Reese L.  
 Sands, Stephanie R.  
 Sargent, Esther M.

Sargent, Gaynell M.  
 Saunders, Andymore  
 Saunders, Antoinette M.  
 Saunders, Gina L.  
 Saunders, Jill R.  
 Saunders, Marion  
 Saunders, William T.  
 Sawyer, Thalia R.  
 Scavella, Hallie M.  
 Scott, Nicole M.  
 Sears, Gloria Eloise  
 Seymour, Keith A. (Sr.)  
 Seymour, Italia A.  
 Seymour-Arthur, Dedrean E.  
 Shepherd-Demeritte, Catherine E.  
 Simmons, Jeffrey W.  
 Skinner, Sabrina A.  
 Smith, Berkley J.  
 Smith, Ingrid L.  
 Smith, Leonie  
 Smith, Michelle G.  
 Smith, Patrick E.  
 Smith, Sheila E.  
 Smith, Yvonne B.  
 Somerset, Dennis E.  
 Somerset, Donette V.  
 Stevens, Sherman A.  
 Strachan, Anna M.  
 Strachan, Patsy C.  
 Stuart, Rodney J.  
 Stubbs, Raquel R.  
 Sturup, Janet D.  
 Sturup, Vernon P.  
 Symonette, Donald R.  
 Taylor, Enith J.  
 Taylor, John M.  
 Taylor, Lorraine P.  
 Taylor, Lynda L.  
 Taylor-Rahming, Christina V.  
 Thompson, Colyn G.  
 Thompson, Elbert C.  
 Thompson, Julie F.  
 Thompson, Toni V.  
 Thompson-Williams, Sophia P.  
 Thurston, Eloise R.  
 Thurston, Tricene B.  
 Turner-Glinton, Edna D.  
 Turnquest, Julie Mae  
 Wallace, Jeslyn A.  
 Whitfield, Angelo  
 Whyly, Oralee D.  
 Williams, Genesta R.  
 Williams, Jarad G.  
 Williams, Johnathan P.  
 Williams, Patricia E.  
 Williams, Roslind N.  
 Williams, Shena M.  
 Williams-Nottage, Penelope  
 Williamson, Harrison E.  
 Wilson, Belinda M.  
 Zonicle, Marilyn T.

### **Staff**

Babbs, Troy  
 Bain, Dominique  
 Colebrook, Samantha C.  
 Dames, Steve W.  
 Ferguson, Elaine M.  
 Ferguson, Gerline D.  
 Ferguson, Kendrecka V.  
 Gibson, Alfreda V.  
 Knowles, Shirley  
 Lightbourne, Samantha L.  
 Major, Cheerese L.  
 Marche, Hadassah A.  
 Maycock, Kaniella S.  
 McDonald, Philendra J  
 Moore, Lynette T.  
 Moss, Irene M.  
 Moss, Sophia S.  
 Moxey, Corene E.  
 Rahming, Yvonne A.  
 Saunders, Tamarisa S.  
 Stuart, Charlene I.  
 Thompson, Calvin W.  
 Whymns, Jacqueline  
 Zonicle, Deborah M.

### **Board**

Bowe-Moss, Cheryl  
 Campbell, Henry S.  
 Deleveaux, Theresa D.  
 Ferguson, Walter Johnley  
 King, Lenn L.  
 Rahming, Sharon D.  
 Stevens, Geraldine

**Total Members 280**

### **Auditors**

Gomez, James B.  
 Campbell, Noreen R.  
 Samarakoon, Sulochana



# TREASURER'S REPORT

Ms. Theresa Deleveaux, Treasurer

FOR THE YEAR ENDED DECEMBER 31, 2017



It is an honor to present the Treasurer's report for the year ending December 31, 2017. Despite the depressed economy, your credit union was still able to see significant growth.

## Financial Condition

As at 31<sup>st</sup> December 2017, Teachers and Salaried Workers Co-operative Credit Union assets totaled **\$206,256,805** an increase of **\$7,742,419** or **3.9%** compared with 31<sup>st</sup> December 2016 balance of **\$198,514,386**. Liabilities totaled **\$187,190,721** showing an increase of **\$6,593,612** or **3.7%** compared with December 2016 balance of **\$180,597,109**. Equity totaled **\$19,066,084** showing an increase of **\$1,148,807** or **6.4%** compared with December 2016.

## OPERATIONS

### Income & Expenses:

For the year under review, the Credit Union's operational profit and loss statement showed total income of **\$14,051,512** and total expenses **\$12,963,334** resulting with a net profit of **\$1,088,178**. Total comprehensive income totaled **\$980,507**. During 2018 the Board and Management must continue to aggressively follow-up on delinquent loans and ensure that rent receivables are collected in a timely manner. It is critical to keep loan loss provisioning and outstanding rent at a minimum which is essential to the credit union realizing a net profit at year end.

The break-down by branches are: -

**Nassau** - Income for the year ending 31<sup>st</sup> December 2017 totaled **\$10,028,223**. Expenses totaled **\$9,508,209**. The net profit on investment properties was **\$128,675**, resulting in a net profit of **\$520,064**.

**Grand Bahama** - Income for the year ending December 31<sup>st</sup> 2017 totaled **\$2,693,581**. Expenses totaled **\$1,708,392**. The net profit on investment properties was **\$708** resulting in a net profit of **\$985,189**.

**Abaco** - Income for the year ending December 31<sup>st</sup> 2017 totaled **\$1,329,660**. Expenses totaled **\$1,746,735**. The net loss on investment properties was **\$639,925**, resulting in a net loss of **\$417,075**.

## HIGHLIGHTED EXPENSES

ITEM	DECEMBER 2017	DECEMBER 2016	% INCREASE/ DECREASE	VARIANCE
Board & Committee Development & Travel	\$6,920	\$51,837	-86.65%	\$44,917
Staff travel, training & Development	\$36,414	\$54,552	-33.25%	\$18,138
Salaries	\$2,026,180	\$2,088,177	-2.97%	\$61,997
Staff Benefits	\$601,400	\$644,463	-6.68%	\$43,063
Members Education	\$3,174	\$3,457	-8.19%	\$283
Board & Committees Out-of-pocket expense	\$62,520	\$62,520	0.00%	\$0
Board & Committee Meetings	\$5,066	\$3,517	41.87%	\$1,495
Provisions	\$1,979,799	\$1,206,239	64.13%	\$773,560
Bad Debt Investment Property	\$29,265	\$83,838	-65.09%	\$54,572
Investment Property	\$1,519,694	\$1,567,376	-3.04%	\$47,682
Advertising & Promotions	\$101,814	\$57,555	76.90%	\$44,259
Marketing	\$17,338	\$6,323	174.21%	\$11,015
Donation	\$9,037	\$7,996	13.02%	\$1,041
Vat Expenses	\$118,944	61,639	92.97%	\$57,305

**INVESTMENT PROPERTIES ANALYSIS**

PROPERTY	INCOME AS AT DEC. 2017	EXPENSES	NET INCOME/ (LOSS)	PROVISION	RENT RECEIVABLE
East Street Office Complex	\$459,720	(\$389,994)	\$69,726	\$0	\$364,371
TWD Highway Plaza	\$234,381	(\$175,432)	\$58,949	(\$6,141)	\$20,428
Freeport Plaza	\$128,566	(\$127,858)	\$708	(\$48,748)	\$84,360
Abaco Complex	\$186,485	(\$826,410)	(\$639,410)	(\$22,117)	\$36,386
Income/loss as at Dec. 31, 2017	\$1,009,152	(\$1,519,694)	(\$510,542)	(\$77,006)	\$505,546

As at 31<sup>st</sup> December 2017 outstanding rent receivable from current tenants totaled **\$505,546** of which **\$77,006** is provided for. During the year **\$60,157** outstanding rent had to be written off for an evicted tenant. Board and Management will ensure that necessary steps are taken to collect outstanding rent inclusive of funds owed for accounts written-off for several past tenants.

**STATUTORY RESERVE DEPOSIT**

Statutory Reserve at the end of December was slightly above the required 10% of assets totaling \$20,751,887 (\$20,625,681) or 10.06% a favorable overage of \$126,206.

**LIQUIDITY RESERVE DEPOSIT**

Liquidity Reserves held with the League totaling \$18,486,571 (18,356,403) or 10.07% slightly above the required PEARLS ratio standard of 10% of total member deposits resulting with a favorable overage of \$130,168 as at December 31, 2017.

**DELINQUENCY**

For the year ending December 31, 2017, 813 delinquent loans totaled \$15,332,125, of which in accordance with PEARLS, loan loss provision totaling \$4,720,133 had to be provided for 666 loans valuing \$13,048,915. Security held against delinquent Loans totaled \$7,720,487 resulting in an exposure totaling \$7,611,638 for which the Credit Union had to provide provision totaling \$4,729,133. Loans over 12 months remain the largest category with 411 loans totaling \$8,714,521 representing 56.8% of total delinquent loans. Delinquent loans to total loans inclusive of 1-30 days as at 31<sup>st</sup> December 2017 stood at 15.6%, which is above the required PEARLS standard of 5%.

During the year the Collections Department collected \$86,683,521 on delinquent mortgages. However, as at 31<sup>st</sup> December 2017 the outstanding balance totaling \$8,303,047.

The Board will continue to monitor Management's collection efforts in accordance with policy and that all loan delinquent 365 days and over which have been deem uncollectable in accordance with International Accounting Standards are outsource to a collections agency. Further advertisements of delinquent mortgages will be placed in newspapers for the recovery of the credit union's assets.

**PEARLS RATIO ANALYSIS**

As at December 31, 2017 all but one (1) of Credit Union's PEARLS ratios were below the required accounting standard. During 2018, every effort will be made by Board and Management to seek ways to bring deficiencies into compliance namely loans, delinquency and capital. If these deficiencies are not adequately address the Credit Union's bottom line will be affected. If we the owners do not utilize the credit union's largest money-making element, being loans, but rather seek to do business with other financial institutions, we are only hurting ourselves. Therefore, we must work as a team to grow the loans portfolio from 45.75% to 70-80%. This will not only bring the loans



ratio in compliance with the required PEARLS standard but will also increase the Credit Union's bottom line.

Even though the Collections Department aggressively pursued delinquent members by telephone calls, weekly pick-ups or through the courts, the credit union had to set aside **\$1,979,799** in provisions for delinquent loans and **\$29,266** for Investment Properties delinquent members at 31<sup>st</sup> December 2017.

Additionally, it should be noted that if Members' Equity is below 10% of assets there cannot be any payment of dividends on Qualifying and Equity Shares. Board and Management wish to bring to your attention that Statutory Reserve under Members Equity is below the required 10% standing at 6.21% of total assets a shortfall of **\$7,825,681** that must be corrected over the next five years to be compliant with Law and avoid the possibility of have to pay a penalty to the Regulator.

- Solvency 109.98 ( $\geq 111\%$ )\*
- Net Loans 46.10% (70-80%)\*
- Financial Investment 9.40% ( $< 2\%$ )\*
- Non-financial Investments 11.10% (0%)\*
- Savings Deposits 89.02% (70-80%)\*
- Institutional Capital 1.58% ( $\geq 10\%$ )\*
- Delinquency 7.13% ( $\leq 5\%$ )\*
- Non-earning Assets 10.22% ( $\leq 5\%$ )\*
- Net Income/Avg. Assets 0.09% (10%)\*
- Liquidity Reserves 10.07% (10%)
- Capital Ratio 9.38% ( $> 10\%$ )\*

## CONCLUSION

Although the credit union made a profit during 2017 there is still much more to be done for us to yield a more profitable bottom line and become fully compliant with the Law. To achieve this goal, we must ensure that we offer the best products and services that will assist our members to become financially sound.

I wish to extend thanks and appreciation to Management and staff especially the accounts department for the assistance rendered for the past three years that I served as Treasurer. To my fellow Board and Committee Members, thank you for the confidence, cooperation and support shown over the past years. Last, but not least, my sincere appreciation and thanks to you the membership for the opportunity to serve this great institution without you there will be no credit union.

As we go forward in 2018, let us not only be recognized as the largest but rather the Credit Union with a difference providing the best quality products and services to the membership. To ensure continued growth, we must always remember that this organization belongs to us. We must demand quality services, be committed and continue to use and market the product and services of the credit union.

On behalf of the Board our profound thanks for your patronage over the years may God continue to bless each of you.



**Theresa D. Deleveaux**

Treasurer

On behalf of The Board of Directors



# BUDGET 2018 & 2019

	APPROVED	BUDGET	ACTUAL	BUDGET
	2018	2017	2017	2019
	IN 2017	COMBINED	COMBINED	COMBINED
1	<b>FINANCIAL REVENUE:</b>			
2	\$8,298,533	\$7,903,365	\$7,931,319	\$8,421,875
3	3,251,052	3,096,240	2,851,354	2,929,440
4	501,375	477,500	498,914	513,060
5	185,220	176,400	37,120	44,550
6	133,513	127,155	45,215	48,475
7	540,750	515,000	682,044	735,000
8	407,400	388,000	449,904	452,000
9	-	-	79,542	154,000
10	78,750	75,000	144,465	120,315
11	10,584	10,080	56,035	60,693
12	12,348	11,760	6,140	6,655
13	6,615	6,300	3,167	3,939
14	52,710	50,200	50,896	57,200
15	18,270	17,400	15,305	15,935
16	23,651	22,525	168,565	42,060
17	26,712	25,440	22,376	116,715
18	26,250	25,000	56,917	85,500
19	<b>\$13,573,733</b>	<b>\$12,927,365</b>	<b>\$13,099,277</b>	<b>\$13,807,412</b>
20	<b>OPERATING EXPENSES:</b>			
21	28,665	27,300	50,240	60,900
22	41,123	39,165	34,965	37,800
23	1,584,608	1,509,150	1,509,600	1,545,235
24	2,961,000	2,820,000	2,509,008	2,906,415
25	315,525	300,500	340,384	351,900
26	2,268,000	2,160,000	2,026,179	2,225,577
27	107,415	102,300	97,799	103,631
28	27,011	25,725	9,329	19,800
29	6,000	7,875	-	13,200
30	7,333	5,198	6,610	7,854
31	309,750	295,000	291,956	311,485
32	221,382	210,840	195,264	220,557
33	18,000	18,000	16,382	16,550
34	64,827	61,740	20,475	99,750
35	44,600	44,600	44,520	44,520
36	9,000	9,000	9,000	9,000
37	9,000	9,000	9,000	9,000
38	15,750	15,000	5,067	8,138
39	3,969	3,780	-	7,000
40	1,323	1,260	-	1,000
41	40,000	-	-	6,200
42	3,000	3,000	-	500
43	10,000	8,500	6,921	58,650
44	5,700	5,700	4,185	4,200
	<b>8,102,981</b>	<b>\$7,682,633</b>	<b>\$7,186,884</b>	<b>\$8,068,862</b>

**BUDGET 2018 & 2019 CONT'D**

	APPROVED	BUDGET	ACTUAL	BUDGET	
	2018	2017	2017	2019	
	IN 2017	COMBINED	COMBINED	COMBINED	
44	<b>BALANCE BROUGHT FORWARD</b>	\$8,102,981	\$7,682,633	\$7,186,884	\$8,068,862
45	Stabilization Fees	55,347	52,711	52,113	54,590
46	Training and Educ. Membership	4,300	4,095	3,174	5,250
47	Anniversary Activities	14,060	13,390	13,330	19,845
48	AGM	65,599	62,475	49,378	32,498
49	Electricity & Water	183,750	175,000	193,061	222,600
50	Telephone Rental	71,400	68,000	37,192	41,250
51	Telephone Calls	12,458	11,865	9,479	10,395
52	Fax	5,843	5,565	2,882	3,308
53	Cable and Internet	48,002	47,061	76,953	81,680
54	Alarm System & Security Services	158,540	150,990	134,867	185,620
55	Building Maintenance	182,695	173,995	96,176	120,415
56	Janitorial Services	84,782	80,745	63,248	70,400
57	Property Tax	50,500	50,500	31,619	31,619
58	Dep. Expense Computer Hardware	68,100	100,000	50,766	116,600
59	Dep. Expense Computer Software	100,000	100,000	81,290	83,234
60	Dep. Furniture & Equipment	200,000	200,000	121,267	127,158
61	Dep. Expense Vehicles	29,000	29,000	15,127	30,031
62	Dep. Building. & Improvements	279,500	279,500	244,208	401,868
63	Bad Debt Expense	1,350,000	1,350,000	2,058,680	2,290,766
64	Advertising	76,514	72,870	101,812	110,250
65	Marketing	21,000	20,000	17,639	25,000
66	Donations	11,025	10,500	8,737	12,000
67	Postage & Courier Services	4,200	4,000	6,852	8,225
68	Audit, Legal & Professional Fees	102,900	102,900	134,616	197,070
69	Software Maintenance	183,750	175,000	197,202	202,105
70	Computer Stationery	36,750	35,000	45,985	50,557
71	ATM Expenses	1,985	1,890	1,235	2,940
72	General Insurance	157,500	150,000	107,146	118,602
73	Blanket Bond Insurances	30,209	28,770	27,858	27,860
74	Vehicle Insurances & Licenses	6,615	6,615	5,509	7,380
75	Vehicle Maintenance	35,280	33,600	23,202	29,663
76	Maintenance Furniture. & Equipment.	105,000	100,000	95,494	102,375
77	Maintenance Contract Equipment	26,250	25,000	23,817	33,220
78	Office Supplies	31,752	30,240	28,466	30,960
79	Kitchen Supplies	9,371	8,925	6,162	7,402
80	Stationery	21,000	20,000	21,402	31,322
81	Tellers Annual Allowance	-	-	(229)	1,500
82	Collector's Fees	13,440	13,440	19,108	18,375
83	Other Expenses			9,870	
84	VAT Expenses	71,552	68,145	118,944	101,325
85	<b>TOTAL OPERATING EXPENSES</b>	\$12,012,948	\$11,544,420	\$11,522,521	\$13,116,120
86	<b>FINANCIAL NET INCOME/(LOSS)</b>	<b>\$1,560,785</b>	<b>\$1,382,945</b>	<b>\$1,576,755</b>	<b>\$691,292</b>

## BUDGET 2018 & 2019 CONT'D

	APPROVED	BUDGET	ACTUAL	BUDGET
	2018	2017	2017	2019
	IN 2017	COMBINED	COMBINED	COMBINED
<b>INVESTMENT PROPERTY</b>				
1 Rental Income and CAM charges	1,139,324	1,085,070	1,001,851	1,071,845
<b>PROPERTY EXPENSES</b>				
2 Dep. Investment properties	626,500	626,500	661,100	647,727
3 Investment property expenses	916,125	872,500	829,329	743,570
4 <b>Total PROPERTY Expenses</b>	1,542,625	1,499,000	1,490,429	\$1,391,297
5 <b>NET INCOME/(LOSS) PROPERTY</b>	<b>(403,301)</b>	<b>(413,930)</b>	<b>(\$488,578)</b>	<b>(\$319,452)</b>
<b>NET INCOME/(LOSS)</b>	<b>\$1,157,484</b>	<b>\$969,015</b>	<b>\$1,088,178</b>	<b>\$371,840</b>
6 <i>(Increase)/Decrease in valuation reserve</i>	-	-	\$107,671	
7 <b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$1,157,484</b>	<b>\$969,015</b>	<b>\$980,507</b>	<b>\$371,840</b>

## PEARLS RATIOS & KEY FINANCIAL DATA

### PEARLS RATIOS

Pearls Ratios are one of the reporting tools credit unions are expected to use as a standard for good management practices to report to the Regulatory Agency.

'PEARLS' is an acronym for six essential areas of performance that should be monitored and measured against international credit union standards.

Protection, measurements of the adequacy of the provisions for loan losses.

Effective financial structure, measurements of the safety, soundness, profitability and aggressive real growth of the credit union.

Asset quality, measurements of the percentage of non-earning assets that negatively impact profitability and solvency in terms of loan delinquency, non-earning assets and the financing of non-earning assets.

Rates of return and costs (annualized), measurements of the average income yield for each of the most productive assets and average cost for each of the most important liability and capital accounts.

Liquidity, show whether the credit union is effectively managing its cash so that it can meet deposit withdrawal requests and liquidity reserve requirements. In addition, idle cash is also measured to ensure that this non-earning asset does not unduly affect profitability.

Signs of growth (Year-To-Date Growth Rates), measurements of the percentage of growth in each of the most important accounts on the financial statement, as well as growth in membership. In inflationary economies, real growth (after subtracting inflation) is a key to the long run viability of the credit union.

Some of the crucial ratios that management and the board are to be aware of are:

- 1. Solvency-** this ratio measures the degree of protection that the Credit Union has for member savings and shares in the event of liquidation of the credit union's assets and liabilities. This ratio should be at 111%, it was reported at 109.98% up from 104.99%. This ratio should be 111%. This will continue to improve with a reduction in cost of funds and increase loans which generate revenue.
- 2. Net Loans/Total Assets-** measures the percentage of total assets invested in the loan portfolio. This ratio should be in the range of 70-80% and is reported at 46.10%.
- 3. Liquid Investments/Total Assets-** this ratio measures the percentage of total assets invested in short-term investments and should be less than or equal to 16%. This ratio was reported at 20.52% down from 21.05%. We are holding too much cash as members are saving more than borrowing.
- 4. Savings Deposits/Total Assets-** this ratio measures the percentage of total assets financed by savings deposits. This ratio

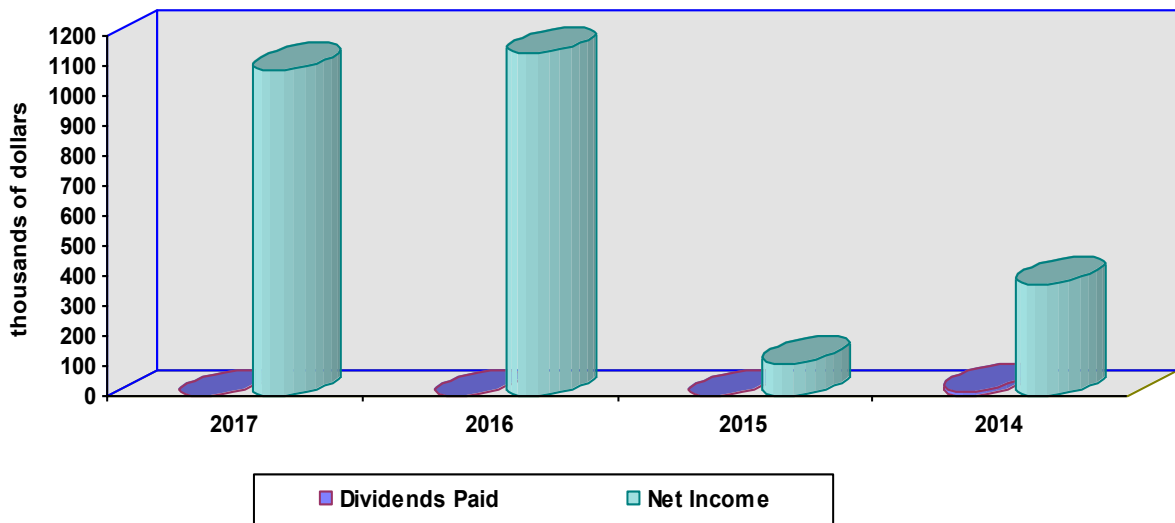
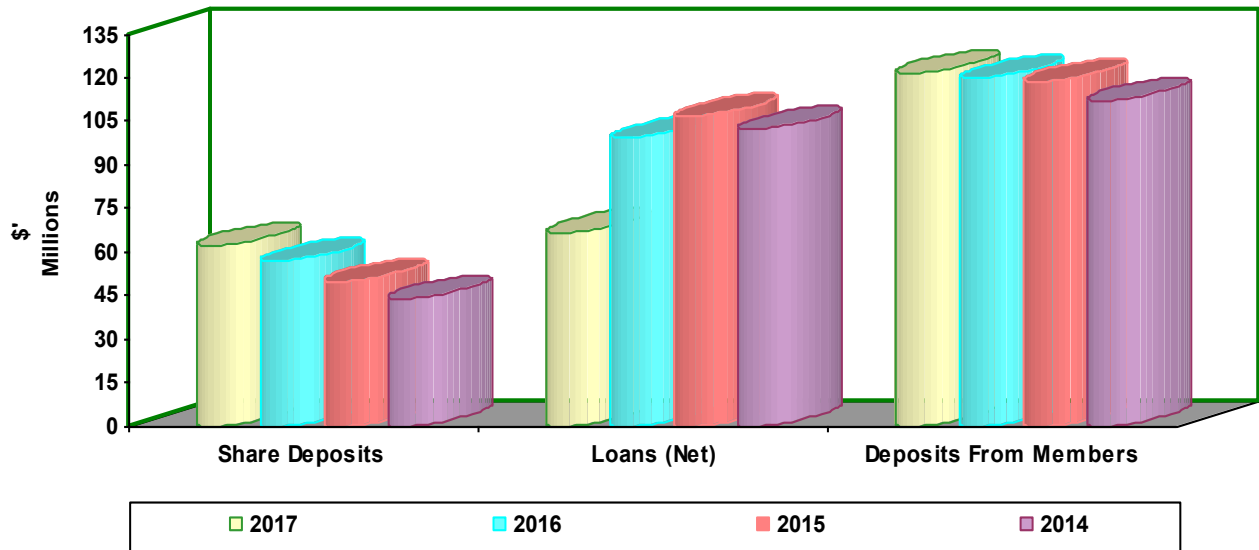
should be between 70-80% and is reported at 89.02% up slightly from 88.87%.

- 5. Institutional Capital/Total Assets-** this ratio measures the percentage of total assets financed by institutional capital and should be greater than 10% and is reported at 1.64% down from 6.94%.
- 6. Total Delinquency/Total Loan Portfolio-** measures the total percentage of delinquency in the loan portfolio. This ratio should be less than or equal to 5% and was reported at 7.13% down from 14.21% reflecting the charge-off of a number of delinquent loans.
- 7. Operating Expenses/Average Total Assets** - measures the cost associated with the management of all Credit Union assets. It indicates the degree of operational efficiency or inefficiency and should be less than or equal to 5% and is reported at 3.23% down from 3.38%.
- 8. Liquid Assets-Short Term Payables/Total Deposits-** measures the adequacy of the liquid cash reserves to satisfy deposit withdrawal requests, after paying all immediate obligations less than 30 days old. This ratio should be in the range of 15-20% but is reported at 29.23 down from 32.74%.
- 9. Non-Earning Liquid Assets/Total Assets-** measures the percentage of total assets that is invested in non-earning liquid assets and should be less than 5% and is reported at 10.22%.

# KEY FINANCIAL DATA

## PAST FOUR YEARS

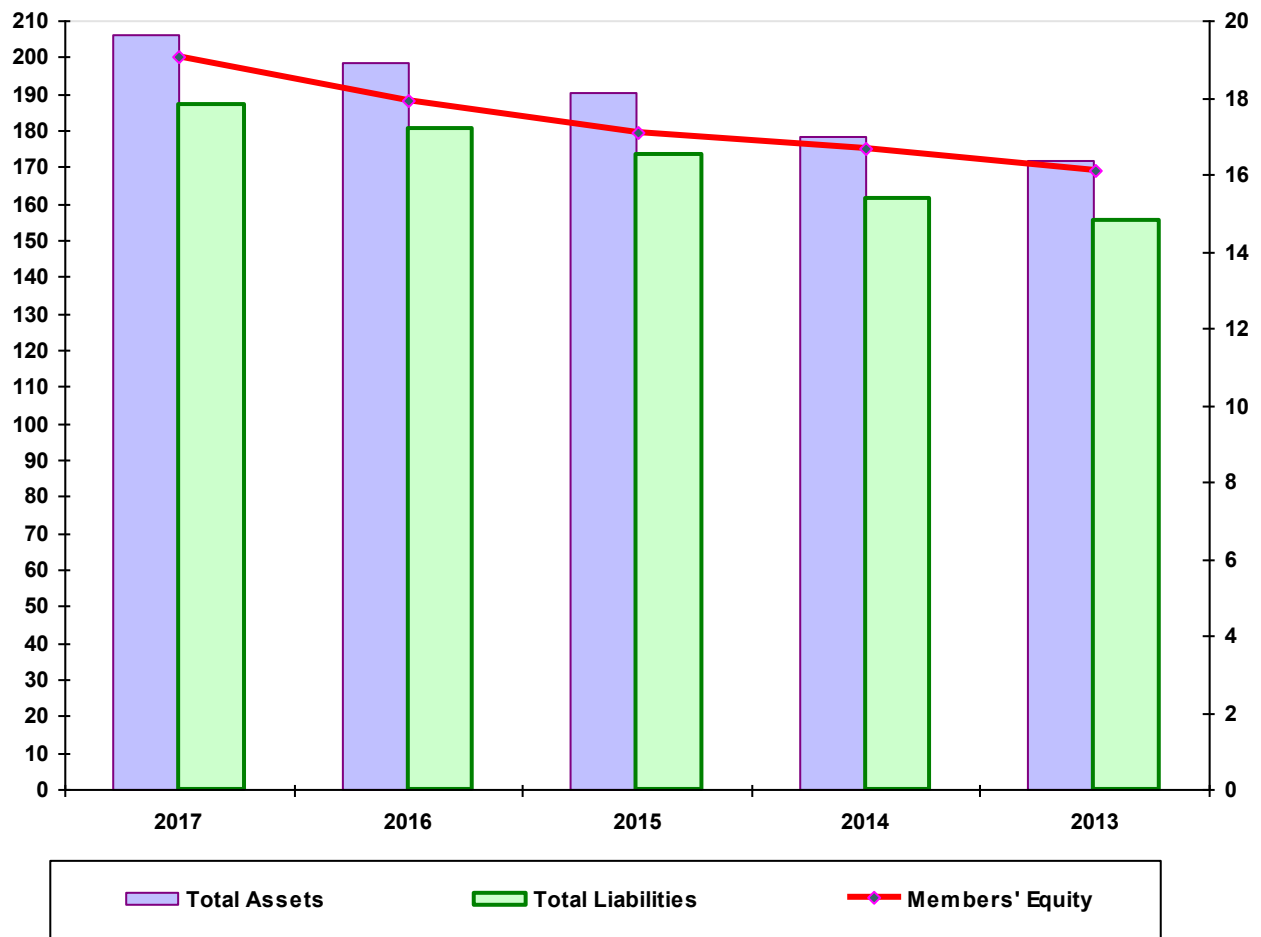
	2017	2016	2015	2014
Share Deposits	\$62,056,780	\$56,596,031	\$49,858,688	\$43,793,696
Loans (Net)	99,789,662	99,404,973	106,548,831	102,308,936
Deposits From Members	121,507,247	119,818,008	118,660,831	112,129,959



## FIVE-YEAR FINANCIAL SUMMARY

*(FIVE YEARS ENDED DECEMBER 2017)*

	2017	2016	2015	2014	2013
Total assets	\$206,256,805	\$198,514,386	\$190,346,396	\$178,115,577	\$171,795,177
Total liabilities	187,190,721	180,597,109	173,268,958	161,452,456	155,683,549
Members' equity	19,066,084	17,917,277	17,077,438	16,663,121	16,111,628
Total revenue	14,051,512	13,744,785	12,864,305	12,799,515	12,920,636
Total expenses	12,963,334	12,603,300	12,752,402	12,421,959	11,832,542
Net income/(loss)	1,088,178	1,141,485	111,903	377,556	1,088,094
Dividends Paid	-	-	-	-	87,316





# CREDIT COMMITTEE REPORT

Mr. E. J. Bowe, Chairman

In 2017 the Credit Committee was again challenged with ensuring that only quality loans were granted by the TSWCCUL, particularly mortgages and large consolidation loans. Whereas the economy of the Bahamas remained stable in comparison to 2016, the recovery efforts after Hurricane Matthew in October 2016 continued far into 2017 and there was no clear indication that loan delinquency was improving.

The Credit Committee has therefore committed to redouble its efforts to identify systems and methods to control and reduce the issuance of loans that carry a high risk of default. In addition, it is also keen to reevaluate the effectiveness of current collection methods with a view to significantly improving the collection rates and amounts.

It should be noted that the 2016 resolution by the Board of Directors to authorize Management to approve loans and mortgages up to \$250,000 continued into 2017. This effectively reduced the amount of loans placed before the Credit Committee for review and approval and continued unchanged to date.

The Credit Committee is comprised of five (5) persons, three of whom are elected by the AGM and two (2) appointed by the Board of Directors.

The current Credit Committee Members are:-

## **Elected by AGM**

Mr. E. J. Bowe - Chairman

Ms. Yvette Cooper - Secretary

Mr. Patrick Smith - Member

## **Board Appointments**

Mrs. Sharon Rahming - Chairperson

Ms. Theresa Deleveaux - Treasurer

In accordance with **Section 78** of the Bahamas Co-operative Credit Union Act, 2015, the committee:

- Met every month;
- Kept minutes of its meetings;
- Submitted monthly reports to the Board of Directors;
- Submitted an Annual Report to the Annual General Meeting

During the year in review, the Board of Directors along with Management decided to make changes to the current loan approval process. Loan Officers, the Loan Manager, and the General Manager were given loan approval levels where they were authorized to pre-approve loans within their purview. As a result, the Committee approved very minimal consumer loans for the year 2017. This change allowed the Credit Committee to review Mortgage loans above a certain level. Recently this was revisited and the Credit Committee is now responsible for reviewing and approving all Mortgage Loan applications. The Committee subsequently decided to review the loan process along with loan applications and supporting documents to ensure that transparency is maintained.

## **Consumer Loans**

Six (6) consumer loans totaling \$137,197.50 were reviewed and approved by the Committee in early 2017. These loan requests were mainly for medical, home improvement, various personal expenses, debt consolidations, travel, and educa-

tional purposes. The lending ceiling on consumer loans is \$100,000 which is protected by Insurance with the Bahamas Co-operative League Limited.

**Mortgage Loans**

Ten (10) Mortgage Loans totaling \$1,666,195.00 were reviewed and approved by the committee. These loans were mainly for home renovations, payments of home Insurances, and new home construction.

**Declined/Deferred Loans**

There were twelve (12) of these totaling \$1,319,726.49. Loans were declined based upon the inability of members to repay, high loan exposures and debt service ratios, net pay below the required 25%, insufficient collateral, and the restriction period still in effect. Deferred loans mainly required supporting documentation, legal advices, and verification of information unavailable during the review process. Upon verification, most of these loans were resubmitted and approval granted once the Committee was satisfied that requirements were met.

The following are Loans Reviewed by the Credit Committee

**New Providence**

September 85 loans	\$503,329.66
October 134 loans	\$871,939.68
November 108 loans	\$590,729.31
December 104 loans	<u>\$637,047.50</u>
<b>Total</b>	<b>\$2,603,046.15</b>

Family Islands

September – December 34 loans	<b>\$174,577.22</b>
-------------------------------	---------------------

**Conclusion**

The Committee wishes to thank you, the shareholders for the opportunity to serve you during 2017 and it is our hope that you will continue to place your confidence in us as we work together to make TSWCCUL the number one (#1) Financial Institution within the Bahamas. Special thanks to Management and staff and in particular the Loans, Mortgage, and Collection Departments for their assistance and guidance throughout 2017 and to date.

As we move forward and undergo closer scrutiny by our Regulator (The Central Bank of the Bahamas), we pledge to do all within our power to comply with the Regulatory requirements and to continue to discharge our duties with honesty, integrity, and transparency.

May Almighty God continue to bless you the members and all stakeholders of TSWCCUL and may God bless the Commonwealth of the Bahamas.

Thank you.



E. J. Bowe  
Chairman



Financial Statement of

**TEACHERS AND SALARIED WORKERS CO-  
OPERATIVE CREDIT UNION LIMITED**

December 31, 2017

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Financial Statements

December 31, 2017

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**BAKER TILLY  
GOMEZ**

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**INDEPENDENT AUDITORS' REPORT**

To the Members of:  
**Teachers and Salaried Workers Co-operative Credit Union Limited**

*Opinion*

We have audited the financial statements of Teachers and Salaried Workers Co-operative Credit Union Limited (the "Credit Union"), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditors' report is information included in the Credit Union's Annual Report, but does not include the financial statements and our auditors' report thereon.

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 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.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT *(Continued)*

### *Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Credit Union'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 Credit Union or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Credit Union's financial reporting process.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

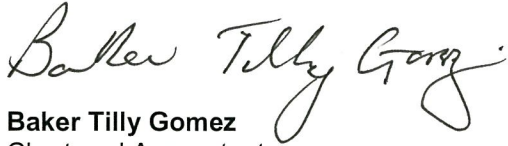
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITORS' REPORT** *(Continued)*

*Report and Other Legal and Regulatory Requirements*

In our opinion, the Credit Union, of which we are the auditors, has kept its accounting and other records in accordance with the provisions of the Bahamas Co-operative Credit Unions Act, 2015, the Regulations, and its Bye-Laws.



**Baker Tilly Gomez**  
Chartered Accountants  
Nassau, Bahamas  
April 11, 2018

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Financial Position

December 31, 2017  
(Expressed in Bahamian Dollars)

	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>			
Cash and cash equivalents	<b>5</b>	\$ 11,715,421	\$ 16,331,087
Time deposits with banks	<b>6</b>	2,691,951	3,526,668
Deposits with the League	<b>7</b>	39,631,725	38,251,708
Loans receivable, net	<b>8,18</b>	99,789,662	99,404,973
Other assets	<b>9</b>	3,479,623	1,072,280
Investment in the League	<b>10</b>	29,000	27,800
Available-for-sale investments	<b>11</b>	19,211,797	9,126,336
Investment properties	<b>12</b>	22,885,735	23,579,363
Property, plant and equipment	<b>13</b>	6,821,891	7,194,171
<b>TOTAL ASSETS</b>		<b>\$206,256,805</b>	<b>\$198,514,386</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>LIABILITIES</b>			
Members' regular deposits	<b>14,18</b>	\$ 62,056,780	\$ 56,596,031
Other deposits	<b>15,18</b>	121,507,247	119,818,008
Other liabilities	<b>16</b>	3,626,694	4,183,070
Total liabilities		187,190,721	180,597,109
<b>MEMBERS' EQUITY</b>			
Members' shares	<b>17(i),18</b>	4,463,350	4,295,050
Statutory reserve	<b>17(ii)</b>	12,800,000	11,500,000
Surplus loan reserve	<b>17(iii)</b>	511,963	511,963
Valuation reserve	<b>17(iv)</b>	(783,762)	(676,091)
Retained earnings		2,074,533	2,286,355
Total members' equity		19,066,084	17,917,277
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		<b>\$206,256,805</b>	<b>\$198,514,386</b>

See notes to financial statements.

These financial statements are approved on behalf of the Board and authorized for issue on April 11, 2018, and signed on its behalf by:

  
Sharon Rahming  
Chairman

  
Theresa Deleveaux  
Treasurer

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Comprehensive Income

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>INTEREST INCOME</b>			
Loans	<b>18,19</b>	\$11,281,587	\$10,812,556
Investments	<b>19</b>	1,236,476	1,054,266
<b>Total interest income</b>		<b>12,518,063</b>	<b>11,866,822</b>
<b>INTEREST EXPENSE</b>			
Members' regular shares and other deposits	<b>18,19</b>	(4,018,608)	(4,422,218)
<b>Total interest expense</b>		<b>(4,018,608)</b>	<b>(4,422,218)</b>
<b>NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT</b>			
	<b>19</b>	8,499,455	7,444,604
Provision for loan impairment losses	<b>8(b)</b>	(1,979,799)	(1,206,239)
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT</b>			
		6,519,656	6,238,365
<b>NON-INTEREST INCOME/(LOSS)</b>			
Other income	<b>20</b>	524,297	382,488
Loss on rental properties	<b>21</b>	(510,542)	(71,901)
<b>Total non-interest income</b>		<b>13,755</b>	<b>310,587</b>
<b>NET INTEREST AND OTHER INCOME</b>		<b>6,533,411</b>	<b>6,548,952</b>
<b>OPERATING EXPENSES</b>			
Personnel	<b>18,22</b>	2,663,994	2,787,192
General business	<b>22</b>	824,587	821,359
Occupancy	<b>22</b>	864,672	851,204
Organizational	<b>18,22</b>	196,687	220,651
Members' security	<b>22</b>	368,242	331,691
Computer costs	<b>22</b>	398,862	323,496
Marketing	<b>22</b>	128,189	71,874
<b>Total operating expenses</b>		<b>5,445,233</b>	<b>5,407,467</b>
<b>PROFIT FOR THE YEAR</b>		<b>1,088,178</b>	<b>1,141,485</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Net unrealized loss on available-for-sale investments	<b>17(iv)</b>	(107,671)	(470,746)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>\$ 980,507</b>	<b>\$ 670,739</b>

See notes to financial statements.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Changes in Members' Equity

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	Notes	Members' Shares	Statutory Reserve	Surplus Loan Reserve	Valuation Reserve	Retained Earnings	Total
<b>Balance as at December 31, 2015</b>		<b>\$ 4,125,950</b>	<b>\$10,500,000</b>	<b>\$ 511,963</b>	<b>\$ (205,345)</b>	<b>\$ 2,144,870</b>	<b>\$17,077,438</b>
<b>Comprehensive income for the year</b>							
Profit for the year		-	-	-	-	1,141,485	1,141,485
Other comprehensive loss	17(iv)	-	-	-	(470,746)	-	(470,746)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(470,746)</b>	<b>1,141,485</b>	<b>670,739</b>
<b>Transactions with members</b>							
Net shares issued during the year	17(i)	169,100	-	-	-	-	169,100
<b>Total transactions with members</b>		<b>169,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169,100</b>
Statutory reserve transfer	17(ii)	-	1,000,000	-	-	(1,000,000)	-
<b>Balance as at December 31, 2016</b>		<b>4,295,050</b>	<b>11,500,000</b>	<b>511,963</b>	<b>(676,091)</b>	<b>2,286,355</b>	<b>17,917,277</b>
<b>Comprehensive income for the year</b>							
Profit for the year		-	-	-	-	1,088,178	1,088,178
Other comprehensive loss	17(iv)	-	-	-	(107,671)	-	(107,671)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(107,671)</b>	<b>1,088,178</b>	<b>980,507</b>
<b>Transactions with members</b>							
Net shares issued during the year	17(i)	400,800	-	-	-	-	400,800
<b>Total transactions with members</b>		<b>400,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,800</b>
Statutory reserve transfer	17(ii)	-	1,300,000	-	-	(1,300,000)	-
<b>Balance as at December 31, 2017</b>		<b>\$ 4,695,850</b>	<b>\$12,800,000</b>	<b>\$ 511,963</b>	<b>\$ (783,762)</b>	<b>\$ 2,074,533</b>	<b>\$19,298,584</b>

See notes to financial statements.



**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Cash Flows

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	2017	2016
<b>Cash flows from operating activities:</b>		
Profit for the year	\$ 1,088,178	\$ 1,141,485
<i>Adjustments for:</i>		
Depreciation	1,173,757	1,182,514
Interest income	(12,518,063)	(11,866,822)
Dividend income	(20,229)	(115)
Interest expense	4,018,608	4,422,218
Provision for loan impairment losses	2,029,414	1,226,877
Provision for rent receivable losses	29,266	83,838
Loss on disposal of property, plant and equipment	4,442	339
	(4,194,627)	(3,809,666)
<b>Changes in operating assets and liabilities:</b>		
Interest received	11,771,262	11,657,572
Interest paid	(3,978,575)	(4,966,946)
Net (increase)/decrease in loans to members	(2,414,103)	5,916,981
(Increase)/decrease in other assets	(2,436,609)	31,507
Increase in members' regular deposits	5,460,749	6,737,343
Increase in other deposits	1,689,239	1,157,177
Decrease in other liabilities	(556,376)	(566,369)
<b>Net cash provided by operating activities</b>	<b>5,340,960</b>	<b>16,157,599</b>
<b>Cash flows from investing activities:</b>		
Dividends received	20,229	115
Net decrease in time deposits with banks	829,760	-
Increase in deposits with the League	(698,000)	(5,596,000)
Purchase of investment in the League	(1,200)	(1,200)
Purchase of available-for-sale investments	(10,337,700)	-
Purchase of property, plant and equipment	(139,244)	(122,696)
Purchase of investment properties	(31,271)	(163,223)
<b>Net cash used in investing activities</b>	<b>(10,357,426)</b>	<b>(5,883,004)</b>
<b>Cash flows from financing activity:</b>		
Net increase in members' shares	400,800	169,100
<b>Net cash provided by financing activity</b>	<b>400,800</b>	<b>169,100</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,615,666)</b>	<b>10,443,695</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>16,331,087</b>	<b>5,887,392</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$11,715,421</b>	<b>\$16,331,087</b>

See notes to financial statements.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Notes to Financial Statements

December 31, 2017

*(Expressed in Bahamian Dollars)*

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**1. GENERAL**

Teachers and Salaried Workers Co-operative Credit Union Limited (the "Credit Union") was established in 1977 under the laws of the Commonwealth of The Bahamas. The Credit Union is registered under the provisions of the Bahamas Co-operative Credit Unions Act, 2015 (previously under the Co-operative Societies Act, 2005) (the "Act"). The Credit Union provides a full range of services including the acceptance of deposits and granting of loans. The Credit Union operates from 3 locations: New Providence, Grand Bahama and Abaco.

The principal objectives of the Credit Union are as follows:

- a) To promote thrift among its members by affording them an opportunity to accumulate their savings;
- b) To create for its members, a source of credit for provident or productive purposes at a reasonable rate of interest; and
- c) To provide the opportunity for members to use and control their money for their mutual benefit in accordance with co-operative principles.

The registered office of the Credit Union is located at East Street South and Independence Drive, Nassau, The Bahamas, which is also the location of the main branch.

The Credit Union is a member of The Bahamas Co-operative League Limited (the "League").

**2. LAWS AND REGULATIONS**

During the year ended December 31, 2015, the Bahamas Co-operative Credit Unions Act, 2015 and the Bahamas Co-operative Credit Unions Regulations, 2015 came into effect. The Act transferred the regulation of credit unions in the Bahamas to The Central Bank of The Bahamas.

This regulatory framework affects these financial statements, and the effects are disclosed in the financial statements and the relevant notes:

- a) Section 65(1) of the Bahamas Co-operative Credit Unions Act, 2015 states that "*where a co-operative credit union realizes an annual surplus from its transactions, that co-operative credit union shall establish and maintain a statutory reserve fund as may be prescribed by regulations*".
- b) Section 122 of the Bahamas Co-operative Credit Unions Act, 2015 exempts the Credit Union from stamp duty relating to the execution of documents in the Bahamas, including loans granted.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

- a) **Statement of compliance** – Except as described in Note 3(s), the Credit Union's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as promulgated by the International Accounting Standards Board ("IASB").
- b) **Basis of preparation** – These financial statements have been prepared under the historical cost convention except for available-for-sale investments which have been measured at fair value.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Notes to Financial Statements

December 31, 2017

*(Expressed in Bahamian Dollars)*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

c) **Changes in accounting policies and disclosures**

i) Amended standards effective January 1, 2017

The Credit Union adopted the following amended standards during the year:

- *Amendment to IAS 7 Statement of Cash Flows: Disclosure Initiative* – (effective for annual periods beginning on or after 1 January 2017). The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Credit Union adopted this amendment during the current year, however, it had no impact on the current year's financial statements as the Credit Union has no liabilities arising from financing activities.

ii) New and amended standards issued but not yet effective and not early adopted

- *IFRS 9, Financial Instruments*, is effective for annual periods beginning on or after January 1, 2018. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. It eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, on the recognition and de-recognition of financial assets and financial liabilities. The Credit Union is considering the implications of the standard, and its impact on the Credit Union.
- *IFRS 16, Leases*, is effective for annual periods beginning on or after January 1, 2019. Issued in January 2016 as a replacement for IAS 17, 'Leases', an entity can choose to apply IFRS 16 before the effective date but only if it also applies IFRS 15, 'Revenue from Contracts with Customers'. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve (12) months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors and lessees that will improve information provided to users of the financial statements. Management is considering the implications of the standard, the impact on the Credit Union and the timing of its adoption.

- d) **Head office-branch accounting** – The financial statements include the accounts of the Credit Union's Head Office in New Providence and the two branches in Grand Bahama and Abaco. All balances and transactions between the Head Office and the branches have been eliminated.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Notes to Financial Statements

December 31, 2017

*(Expressed in Bahamian Dollars)*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

e) ***Foreign currency translation***

Functional and presentation currency

Items included in the financial statements of the Credit Union are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Bahamian dollars, which is the Credit Union's functional and reporting currency.

Transactions and balances

Foreign currency transactions are translated into the functional 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 at year-end exchange rates of monetary and non-monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the statement of comprehensive income.

- f) ***Cash and cash equivalents*** – Cash and cash equivalents are carried in the statement of financial position at amortized cost using the effective interest method. Cash and cash equivalents comprise cash on hand and at banks, and fixed deposits with original maturities of 90 days or less.
- g) ***Time deposits with banks*** – Time deposits with banks represent deposits at banks with original maturities of more than 90 days. These deposits are recognized in the statement of financial position at amortized cost using the effective interest method.
- h) ***Deposits with the League*** – Deposits with the League represent the proceeds of the statutory reserves fund and the liquidity reserve fund, which are deposited with and administered by the League, as required by the Act. Other deposits are also held at the League. These deposits are carried at amortized cost using the effective interest method in the statement of financial position.
- i) ***Other assets*** – Other assets, which include refundable deposits, prepaid expenses, interest receivable and other receivables, are carried at cost in the statement of financial position, net of provision for impairment, due to their short-term nature.
- j) ***Non-performing financial assets*** – All loans and advances to members on which principal or interest payments are overdue in excess of thirty (30) days are classified by management as non-performing, and monitored closely for impairment.
- k) ***Offsetting financial instruments*** – Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

- l) **Financial instruments** – A financial instrument is any contract that gives rise to both a financial asset of one enterprise and financial liability or equity of another enterprise.

Financial assets

The Credit Union classifies its financial assets into the following categories: available-for-sale financial assets and loans and receivables. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognized on the trade date, which is the date on which the Credit Union commits to originate, purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the Credit Union has transferred substantially all risks and rewards of ownership.

- i) *Available-for-sale investments* – Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with changes therein, being recognized in other comprehensive income, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the statement of comprehensive income is recognized in statement of comprehensive income.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of comprehensive income.

Dividends on available-for-sale equity instruments are recognized in the statement of comprehensive income as part of “other income” when the Credit Union’s right to receive payment is established.

- ii) *Loans and receivables* – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value, which is the cash consideration given to originate the financial asset, including transaction costs, and subsequently re-measured at amortized cost using the effective interest method, less any impairment losses.

At the reporting date, loans, cash at banks and other financial institutions, deposits with the League, refundable deposits and other receivables are classified as loans and receivables.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. At the reporting date, members’ regular deposits, other deposits and other liabilities were classified as financial liabilities.

- m) **Provisions** – Provisions for restructuring costs and legal claims are recognized when the Credit Union 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 the amount has been reliably estimated.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

- n) **Related parties** – Related parties represent entities or individuals who can exercise significant influence or control over the operations and policies of the Credit Union. In these financial statements, current and past members of the Board of Directors, committee members (one year past), management staff and their close relatives are classified as related parties.

The Credit Union is a member of the League and has a representative on the Board of Directors. Accordingly, the League is considered a related party in these financial statements.

All related party transactions and balances are shown as such in these financial statements.

o) **Impairment of financial assets**

- i) **Assets carried at amortized cost** – The Credit Union assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred 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 loss event (or events) had a negative impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment may include indications that the debtors or a group of debtors as experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset’s 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 and the amount of the loss is recognized in profit or loss in the statement of comprehensive income.

If, in a 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 (such as an improvement in the debtor’s credit range), the reversal of the previously recognized impairment loss is recognized in profit or loss in the statement of comprehensive income.

- ii) **Assets classified as available-for-sale** – For debt securities, the Credit Union uses the criteria referred to in (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is also evidence that the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss), is removed from equity and recognized in profit or loss. Impairment losses recognized in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

- p) **Investment properties** – Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Credit Union, are classified as investment properties. Investment properties comprise office buildings leased out under operating lease agreements and land which is held for capital appreciation.

Some properties may be partially occupied by the Credit Union, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Credit Union can be sold separately, the Credit Union accounts for the portions separately. The portion that is owner-occupied is accounted for as property, plant and equipment under IAS 16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40.

When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Credit Union considers the owner-occupied portion as insignificant when the property is more than 5% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Credit Union uses the size of the property measured in square feet.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property.

After initial recognition, the Credit Union has elected to account for investment property at cost, measuring the investment property at its initial recognition value, less accumulated depreciation and impairment losses, if any. Every three (3) years, independent appraisers determine the fair value of all investment properties.

Land is not depreciated. Depreciation on buildings is calculated using the straight-line method to allocate their cost over 40 years.

- q) **Leases** – The Credit Union as a lessor:

Rental income from leased properties is recognized in the statement of comprehensive income on a straight-line basis over the period of the lease.

- r) **Property, plant and equipment** – Property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributed to the acquisition of an item.

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

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(Expressed in Bahamian Dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

r) **Property, plant and equipment** (Continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate costs over the estimated useful lives as follows:

Buildings	-	40 years
Building improvements	-	5 years
Furniture and fixtures	-	5 years
Motor vehicles	-	4 years
Computer system and equipment	-	5 years

The asset's useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Assets that are subject to depreciation 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 its value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized within other income in the statement of comprehensive income.

- s) **Members' regular deposits** – Members' regular deposits represent the deposit holdings of the Credit Union's members, to satisfy membership requirements and facilitate eligibility for loans and other benefits. These deposits earn interest on the first day of the month following such deposits, provided that the amounts paid in on the first day of any month shall earn interest from that day. The rate of interest payable on members' regular deposits is fixed by the Board of Directors, and voted on by the members at the annual general meetings.
- t) **Other deposits** – Other deposits represent term and other deposits, savings accounts and retirement accounts, which are held by members and non-members of the Credit Union. These deposits, if interest bearing, bear interest at rates that are also set by the Board of Directors, but do not require the approval of the general membership at the annual general meetings.
- u) **Members' shares** – Members' shares consist of qualifying and investment equity shares held by the Credit Union's members, to satisfy membership requirements. These shares are classified as equity in the statement of financial position.

Qualifying shares

Qualifying shares are shares required to become a member of the Credit Union as described in the Credit Union's Bye-Laws. Each member of the Credit Union is required to own a minimum of 1 qualifying share with a par value of \$50 each (2016: 1 share at \$50 each). These shares entitle each member to 1 vote at the annual general meetings.

Equity shares

Equity shares are investment shares issued to members of the Credit Union. Each member is required to hold a minimum of 4 equity shares with a par value of \$50 per share. These shares can be redeemed upon account closure.



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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

- v) **Statutory reserve** – This reserve is set up in accordance with the provisions of the Bahamas Co-operative Credit Unions Act, 2015 set out in Note 2(a) to the financial statements. The proceeds of this reserve are deposited with the League, and are not available for distribution.
- w) **Valuation reserve** – Valuation reserve represents the accumulated unrealized gains and losses arising on changes in the fair value of available-for-sale investments.
- x) **Retained earnings** – Retained earnings represent the undistributed surplus after statutory appropriations and dividends.
- y) **Dividends declaration** – Section 33 (2)(b) of The Bahamas Co-operative Credit Union Act, 2015, states that the Credit Union “shall not pay a dividend or make any payment an account or out of its surplus unless the requirements under section 65 (2)(b) have been complied with”, (see Note 25).
- z) **Interest income and expense recognition** – Interest income and expense are recognized in the statement of comprehensive income for all instruments measured at amortized cost using the effective interest method. Loan origination fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loans. Loan interest income is not recognized on loans that are past due for periods exceeding 90 days.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

- aa) **Fees and other income** – Fees and other income are recognized on the accrual basis. Performance linked fees or fee components are recognized when the performance criteria are fulfilled.
- bb) **Operating expenses** – Operating expenses are recognized on the accrual basis in the statement of comprehensive income.
- cc) **League dues and stabilization fees** – The League has fixed its dues at \$12 annually per member, while stabilization fees are set at \$3 annually per member.
- dd) **Employee benefits** – The Credit Union’s employees participate in a defined contribution pension plan, administered by an external party. A defined contribution pension plan is a pension plan under which the Credit Union pays fixed contributions into a separate entity. The Credit Union has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Credit Union’s contributions are recognized as employee benefits expense in the statement of comprehensive income when they are due.

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and contingent assets and contingent liabilities at the statement of financial position date and the income and expenses for the year then ended. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

Impairment losses on loans and advances to members

The Credit Union reviews its loan portfolios to assess impairment on a monthly basis, and more frequently when the need arises. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Credit Union assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence for an individual financial asset includes: significant financial difficulty of the borrower; a breach of contract, such as delinquency in interest or principal payments; and actual or probable bankruptcy or other financial reorganization of the borrower. Loans for which no specific impairment has been identified are grouped with similar loans in a portfolio and the Credit Union makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from that portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or economic conditions that correlate with defaults on financial assets.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (e.g. asset type, collateral, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group, historical loss experience for financial assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio. Estimates of changes in future cash flows for groups of financial assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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**5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	Interest Rate (%)	2017	2016
Teller cash floats, ATM cash and vault holdings	0.000	\$ 896,148	\$ 847,307
FirstCaribbean International Bank (Bahamas) Limited	0.050	8,748,454	15,457,759
Fidelity Bank Bahamas Limited - Savings account	1.250	1,001,404	-
Fidelity Bank Bahamas Limited - Settlement accounts	0.000	149,936	-
Royal Fidelity - Cash account	0.000	136,427	-
Bank of The Bahamas Limited - Current account	0.000	33,052	26,021
Cash on hand and at banks		10,965,421	16,331,087
Fidelity Bank Bahamas Limited - Fixed deposits	1.500	750,000	-
		<b>\$11,715,421</b>	<b>\$16,331,087</b>

The Credit Union has the following credit facilities with its Banker, FirstCaribbean International Bank (Bahamas) Limited:

- 1) An overdraft facility with an upper limit of \$240,000, which carries interest at Nassau Prime plus 2.5% per annum (effective rate – 6.75%) (2015: 7.25%);
- 2) Corporate credit cards with limits totaling \$20,000; and
- 3) Customs bond in the amount of \$5,000.

The credit facilities are fully secured by time deposits (see Note 6).

**6. TIME DEPOSITS WITH BANKS**

Time deposits with banks are as follows:

	Interest Rate (%)	2017	2016
Fidelity Bank Bahamas Limited	1.75 - 2.25	\$ 2,250,000	\$ -
Bank of The Bahamas Limited	3.00	-	3,089,674
FirstCaribbean International Bank (Bahamas) Limited - Nassau (i)	0.850 - 1.125	433,912	428,979
FirstCaribbean International Bank (Bahamas) Limited - Freeport	0.21	8,039	8,015
<b>Time deposits with banks in the statement of financial position</b>		<b>2,691,951</b>	<b>3,526,668</b>
Pledged as security (i)		(265,000)	(265,000)
		<b>\$ 2,426,951</b>	<b>\$ 3,261,668</b>

i) The time deposit with FirstCaribbean International Bank (Bahamas) Limited is hypothecated for the credit facilities outlined in Note 5.

Time deposits have original maturities of 6 months to 1 year.

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**7. DEPOSITS WITH THE LEAGUE**

Deposits with the League are comprised of the following:

	Interest Rate	2017	2016
<b>Statutory reserve deposits (i)</b>	1.44%		
<i>Balance, beginning of year</i>		\$20,065,658	\$14,818,841
Additional deposits during the year		328,000	4,986,000
Interest earned during the year		358,229	260,817
<i>Balance, end of year</i>		20,751,887	20,065,658
<b>Liquidity reserve deposits (ii)</b>	1.44%		
<i>Balance, beginning of year</i>		17,797,548	16,936,562
Additional deposits during the year		370,000	610,000
Interest earned during the year		319,023	250,986
<i>Balance, end of year</i>		18,486,571	17,797,548
<b>Other deposits (iii)</b>	1%		
<i>Balance, beginning of year</i>		388,502	384,637
Interest earned during the year		4,765	3,865
<i>Balance, end of year</i>		393,267	388,502
		<b>\$39,631,725</b>	<b>\$38,251,708</b>

i) **Statutory Reserve** – There is a surplus in statutory reserves held with the League as follows:

	2017	2016
Statutory deposits with the League	\$20,751,887	\$20,065,658
Requirement (10% of total assets)	(20,625,681)	(19,851,439)
<i>Surplus in statutory reserve deposits</i>	\$ 126,207	\$ 214,219

ii) **Liquidity Reserve** – The Act stipulates that not less than 10% of members' deposits are kept in a "liquidity reserve fund". At the reporting date, there was a surplus in the liquidity reserve fund as follows:

	2017	2016
Liquidity reserve deposits with the League	\$18,486,571	\$17,797,548
Requirement (10% of members' deposits)	(18,356,403)	(17,641,404)
<i>Surplus in liquidity reserve deposits</i>	\$ 130,168	\$ 156,144

iii) Other deposits held with the League mature on April 14, 2018 (2016: April 14, 2017).

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**8. LOANS RECEIVABLE, NET**

a) Loans receivable, net are as follows:

	Interest Rate	2017	2016
Consumer	8.25% - 16.00%	\$ 63,268,721	\$ 68,171,503
Real estate mortgages	4.75% - 11.75%	38,673,051	39,560,810
Chattel mortgages	7.00% - 11.75%	2,134,318	796,195
Business	11.75%	2,244,899	87,989
		106,320,989	108,616,497
Accrued interest		434,316	430,487
		106,755,305	109,046,984
Less: Deferred loan service fees		(2,236,510)	(1,883,027)
Less: Provision for loan impairment losses		(4,729,133)	(7,758,984)
		<b>\$ 99,789,662</b>	<b>\$ 99,404,973</b>

At December 31, 2017, non-performing loans on which interest accrual is suspended totaled \$8,714,521 (2016: \$10,826,763).

The Credit Union has liens on the share deposits of all members with outstanding loans and credit card balances.

b) The movement in the provision for loan impairment losses is as follows:

	2017	2016
<b>Allowance, beginning of year</b>	\$ 7,758,984	\$ 6,605,860
Provision for the year	2,029,414	1,226,877
Loans written off	(5,059,265)	(73,753)
<b>Allowance, end of year (Note 8(a))</b>	<b>\$ 4,729,133</b>	<b>\$ 7,758,984</b>
Provision for the year	2,029,415	1,226,877
Recoveries of bad debts	(49,616)	(20,638)
<b>Impairment losses reported in profit or loss</b>	<b>\$ 1,979,799</b>	<b>\$ 1,206,239</b>

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
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*(Expressed in Bahamian Dollars)*

**8. LOANS RECEIVABLE, NET**

c) Delinquent loans:

The following is a summary of delinquent loans:

<b>As at December 31, 2017</b>						
<b>Period in arrears</b>	<b>Number of accounts in arrears</b>	<b>Total delinquent loans</b>	<b>Value of security</b>	<b>Exposure</b>	<b>Loan loss provision</b>	<b>Provision rate %</b>
Within 1 month	147	\$ 2,283,210	\$ 976,840	\$ 1,306,370	\$ -	n/a
2 to 3 months	74	1,541,909	979,213	562,696	196,944	35%
4 to 6 months	40	553,538	233,257	320,281	112,098	35%
7 to 12 months	141	2,238,947	697,101	1,541,846	539,646	35%
Over 1 year	411	8,714,521	4,834,076	3,880,445	3,880,445	100%
	813	\$15,332,125	\$ 7,720,487	\$ 7,611,638	\$ 4,729,133	

<b>As at December 31, 2016</b>						
<b>Period in arrears</b>	<b>Number of accounts in arrears</b>	<b>Total delinquent loans</b>	<b>Value of security</b>	<b>Exposure</b>	<b>Loan loss provision</b>	<b>Provision rate %</b>
Within 1 month	3	\$ 594,297	\$ 234,957	\$ 359,340	\$ -	n/a
2 to 3 months	17	392,517	114,552	277,965	97,288	35%
4 to 6 months	34	948,438	188,527	759,911	265,969	35%
7 to 12 months	82	3,060,828	1,316,996	1,743,832	610,341	35%
Over 1 year	671	10,826,763	4,041,377	6,785,386	6,785,386	100%
	807	\$15,822,843	\$ 5,896,409	\$ 9,926,434	\$ 7,758,984	

d) Concentration of loans:

At December 31, 2017, there was one (1) member loan (2016: Nil) totaling \$2,199,141 (2016: \$0), which exceeded 5% of total equity.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
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**9. OTHER ASSETS**

Other assets represent the following:

	<b>2017</b>	<b>2016</b>
Other deposits (i)	\$ 2,347,823	\$ 175,526
Rent receivable, net of provision of \$77,006 (2016: \$107,897)	428,540	276,306
Prepaid expenses	274,155	238,665
Investments and deposits interest receivable	254,225	203,101
Security deposits	70,732	70,732
Accounts receivable - other	104,148	107,950
	<b>\$ 3,479,623</b>	<b>\$ 1,072,280</b>

i) The major amounts included in other deposits are as follows:

- The Data Center Project, the Disaster Recovery Project between Nassau and Canada, and ATM machines for the debit and credit card projects; and
- East West Highway renovations.

Once these projects are completed, the costs will be transferred to the relevant assets classification, such as investment properties and property, plant and equipment.

**10. INVESTMENT IN THE LEAGUE**

The movement in the investment in the League is as follows:

	<b>2017</b>	<b>2016</b>
<i>Balance, beginning of year</i>	\$ 27,800	\$ 26,600
<i>Acquired during the year</i>	1,200	1,200
<b><i>Balance, end of year</i></b>	<b>\$ 29,000</b>	<b>\$ 27,800</b>

At December 31, 2017, the number of shares in the League held by the Credit Union totaled 580 (2016: 556).

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**11. AVAILABLE-FOR-SALE INVESTMENTS**

Available-for-sale investments are comprised of the following:

	Interest Rate (%)	2017	2016
<b><u>Debt securities</u></b>			
<i>Bahamas Government Registered Stocks:</i>			
Matured in 2017	4.000	\$ -	\$ 500,000
Maturing in 2018	4.025	500,000	500,000
Maturing in 2018	2.600	4,000,000	-
Maturing in 2020 *	4.075 - 4.75	1,397,200	1,371,200
Maturing in 2021	4.100	1,000,000	1,000,000
Maturing in 2022 *	4.125 - 4.500	2,881,800	1,000,000
Maturing in 2023 *	4.625	430,800	-
Maturing in 2024	4.120 - 4.625	2,208,800	371,100
Maturing in 2027 *	4.250 - 4.820	1,500,000	1,000,000
Maturing in 2029	4.300	1,000,000	1,000,000
Maturing in 2030	4.325	1,000,000	1,000,000
Maturing in 2031	4.350	1,000,000	1,000,000
Maturing in 2037 *	5.220	250,000	-
<i>Total Bahamas Government Registered Stocks</i>		17,168,600	8,742,300
<i>Corporate Bonds:*</i>			
Be Aliv Limited - Series B (12/2031)	8.500	350,000	-
Public Health Authority - Series A (9/2033)	6.000	90,104	-
Total Corporate Bonds		440,104	-
<i>Clifton Heritage Authority Bonds:</i>			
Maturing in 2035	5.000	140,700	140,700
Total debt securities		17,749,404	8,883,000
<b><u>Equities</u></b>			
Preference shares*		826,728	-
Prime Income Fund - Series 2*		504,035	-
Bank of The Bahamas Limited (136,448 ordinary shares)		129,626	241,513
Arawak Port Development (115 ordinary shares (cost: \$1,150))		2,004	1,823
Total equities		1,462,393	243,336
<b>Total</b>		<b>\$19,211,797</b>	<b>\$ 9,126,336</b>

\* These investments, which total \$4,859,467 at December 31, 2017, are managed in a portfolio by Royal Fidelity.



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**12. INVESTMENT PROPERTIES**

a) Summary of movements of investments properties is as follows:

	2017	2016
<i>Balance, beginning of year</i>	\$23,579,363	\$23,990,236
Additions during the year	31,271	163,223
Disposal during the year	(63,800)	-
Repossessed property	-	60,000
	23,546,834	24,213,459
Depreciation	(661,099)	(634,096)
<i>Balance, end of year</i>	<b>\$22,885,735</b>	<b>\$23,579,363</b>

b) Investment properties are comprised of the following:

	Vacant Properties	Rental Properties	Total
<b><u>Cost</u></b>			
Balance at December 31, 2015	\$ 1,759,524	\$24,393,867	\$26,153,391
Additions	-	163,223	163,223
Repossessed property	60,000	-	60,000
Balance at December 31, 2016	1,819,524	24,557,090	26,376,614
Additions	-	31,271	31,271
Disposal	(60,000)	(3,800)	(63,800)
Balance at December 31, 2017	1,759,524	24,584,561	26,344,085
<b><u>Accumulated depreciation</u></b>			
Balance at December 31, 2015	-	2,163,155	2,163,155
Additions	-	634,096	634,096
Balance at December 31, 2016	-	2,797,251	2,797,251
Additions	-	661,099	661,099
Balance at December 31, 2017	-	3,458,350	3,458,350
<b><u>Carrying value</u></b>			
<b>As at December 31, 2017</b>	<b>\$ 1,759,524</b>	<b>\$21,126,211</b>	<b>\$22,885,735</b>
<b>As at December 31, 2016</b>	<b>\$ 1,819,524</b>	<b>\$21,759,839</b>	<b>\$23,579,363</b>

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**12. INVESTMENT PROPERTIES** (Continued)

c) Carrying values of each investment property is as follows:

	<b>Carrying Values</b>	
	<b>2017</b>	<b>2016</b>
<b><u>Vacant Properties</u></b>		
South Ocean	\$ 1,225,650	\$ 1,225,650
Milo Butler Highway	206,111	206,111
Baillou Hill Road, South	63,431	63,431
#151 Central Pines, Abaco	264,332	264,332
#1127 Pinewood Gardens Subdivision	-	60,000
Total vacant properties	1,759,524	1,819,524
<b><u>Rental Properties</u></b>		
East Street South	4,880,181	5,042,709
Tonique Williams-Darling Highway	1,422,959	1,461,463
Freeport	1,571,500	1,613,500
Abaco	13,251,571	13,642,167
Total rental properties	21,126,211	21,759,839
	<b>\$22,885,735</b>	<b>\$23,579,363</b>

d) Fair value disclosure:

The fair values of the Credit Union's investment properties were determined by external, independent property appraisers, who are members of the Bahamas Real Estate Association, and have the appropriate, professional qualifications and experience in the location and category of the property being valued.

The fair values were based on a combination of the replacement cost approach, the income approach and the market comparable approach that reflects recent prices for similar properties. In estimating the fair values of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation techniques during the year.

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**12. INVESTMENT PROPERTIES** *(Continued)*

d) Fair value disclosure *(Continued)*

<b>Property</b>	<b>Type</b>	<b>Carrying Value</b>	<b>Fair Value</b>
		<b>\$</b>	<b>\$</b>
South Ocean	Vacant	1,225,650	2,296,000
Milo Butler Highway	Vacant	206,111	261,000
Baillou Hill Road South	Vacant	63,431	105,000
East Street South	Land and building	4,880,181	5,560,000
Tonique Williams-Darling Highway	Land and building	1,422,959	3,325,000
Freeport	Land and building	1,571,500	2,140,000
Abaco Complex	Land and building	13,251,571	14,287,900
#151 Central Pines, Abaco*	Land and unoccupied building	264,332	178,000
<b>TOTAL</b>		<b>22,885,735</b>	<b>28,152,900</b>

\* Management is of the opinion that this property is not permanently impaired, and therefore no impairment provision has been made.

e) Fair value hierarchy:

The fair value measurement for investment properties have been categorized in Level 2 based on the inputs of the valuation used, and management has not adjusted these values.

There were no transfers between the fair value levels during the year.

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**13. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are comprised of the following:

	Land	Buildings and Improvements	Furniture and Fixtures	Computer System and Equipment	Motor Vehicles	Total
<b><u>Cost</u></b>						
Balance at December 31, 2015	\$ 689,535	\$ 8,634,262	\$ 1,420,397	\$ 1,413,269	\$ 174,585	\$ 12,332,048
Additions	-	30,406	12,039	80,251	-	122,696
Disposals	-	-	(2,159)	(9,280)	-	(11,439)
Balance at December 31, 2016	689,535	8,664,668	1,430,277	1,484,240	174,585	12,443,305
Additions	-	40,274	69,896	29,074	-	139,244
Disposals	-	-	-	(1,295)	-	(1,295)
Balance at December 31, 2017	689,535	8,704,942	1,500,173	1,512,019	174,585	12,581,254
<b><u>Accumulated depreciation</u></b>						
Balance at December 31, 2015	-	2,519,020	1,013,471	1,050,143	129,182	4,711,816
Additions	-	262,920	123,727	132,748	29,023	548,418
Disposals	-	-	(2,012)	(9,088)	-	(11,100)
Balance at December 31, 2016	-	2,781,940	1,135,186	1,173,803	158,205	5,249,134
Additions	-	244,207	121,268	132,056	15,127	512,658
Disposals	-	-	(1,876)	(553)	-	(2,429)
Balance at December 31, 2017	-	3,026,147	1,254,578	1,305,306	173,332	5,759,363
<b><u>Carrying value</u></b>						
As at December 31, 2017	<b>\$ 689,535</b>	<b>\$ 5,678,795</b>	<b>\$ 245,595</b>	<b>\$ 206,713</b>	<b>\$ 1,253</b>	<b>\$ 6,821,891</b>
As at December 31, 2016	<b>\$ 689,535</b>	<b>\$ 5,882,728</b>	<b>\$ 295,091</b>	<b>\$ 310,437</b>	<b>\$ 16,380</b>	<b>\$ 7,194,171</b>

**14. MEMBERS' REGULAR DEPOSITS**

The movement in members' regular deposits are as follows:

	Interest Rate	2017	2016
Balance, beginning of year	2.5%	\$56,596,031	\$49,858,688
Add: savings and interest		50,608,999	60,779,289
Less: withdrawals and transfers		(45,148,250)	(54,041,946)
Balance, end of year		\$62,056,780	\$56,596,031

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**15. OTHER DEPOSITS**

Other deposits are comprised of the following:

<b>As at December 31, 2017</b>					
	<b>Interest</b>				
	<b>Rate (%)</b>	<b>Members</b>	<b>Minors</b>	<b>Customers</b>	<b>Total</b>
Term deposits	0.25 - 3.00	\$ 99,535,409	\$ 313,710	\$ 954,871	\$100,803,990
Other deposits					
Savings	0.25 - 0.5	16,868,389	416,485	641,424	17,926,298
Christmas club accounts	0.75	585,204	558	-	585,762
Vacation club deposits	0.75	134,453	3,363	-	137,816
Bill paying accounts	0.50	28,541	-	-	28,541
		117,151,996	734,116	1,596,295	119,482,407
Dividend reinvestment	0.75	26,569	-	-	26,569
Retirement savings	0.75	1,998,271	-	-	1,998,271
		\$119,176,836	\$ 734,116	\$ 1,596,295	\$121,507,247

<b>As at December 31, 2016</b>					
	<b>Interest</b>				
	<b>Rate (%)</b>	<b>Members</b>	<b>Minors</b>	<b>Customers</b>	<b>Total</b>
Term deposits	0.25 - 1.5	\$ 99,128,829	\$ 1,063,512	\$ 195,986	\$100,388,327
Other deposits					
Savings	1.50	16,034,999	697,965	226,434	16,959,398
Christmas club accounts	1.75	497,989	1,145	-	499,134
Vacation club deposits	1.75	95,798	9,122	-	104,920
Bill paying accounts	0.00	21,139	-	-	21,139
		115,778,754	1,771,744	422,420	117,972,918
Dividend reinvestment	1.75	22,092	-	-	22,092
Retirement savings	1.75	1,822,998	-	-	1,822,998
		\$117,623,844	\$ 1,771,744	\$ 422,420	\$119,818,008

At December 31, 2017, there was one (1) member deposit (2016: one (1)) totaling \$2,191,687 (2016: \$2,149,234), which exceeded 10% of the Credit Union's equity.

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**16. OTHER LIABILITIES**

Other liabilities are comprised of the following:

	2017	2016
Accrued interest payable		
Members' regular shares	\$ 1,517,844	\$ 1,334,741
Fixed deposits	1,245,643	1,564,492
Total accrued interest payable	2,763,487	2,899,233
Other payables		
Dormant accounts	479,640	465,626
Accrued expenses	142,459	222,509
Share loan insurance	80,441	75,006
Tenants' security deposits	78,218	80,047
League dues payable	49,300	109,358
Unallocated collections	33,149	331,291
Total other payables	863,207	1,283,837
	<b>\$ 3,626,694</b>	<b>\$ 4,183,070</b>

**17. MEMBERS' EQUITY**

*i) Members' Shares*

Members' shares consist of the following:

	2017			2016		
	Qualifying	Equity	Total	Qualifying	Equity	Total
<i>Balance, beginning of year</i>	\$ 868,600	\$ 3,426,450	\$ 4,295,050	\$ 4,125,950	\$ -	\$ 4,125,950
Transferred during the year	-	-	-	(3,389,400)	3,389,400	-
Shares issued	53,850	346,950	400,800	381,850	59,200	441,050
Shares redeemed	(42,100)	(190,400)	(232,500)	(249,800)	(22,150)	(271,950)
<i>Balance, end of year</i>	<b>\$ 880,350</b>	<b>\$ 3,583,000</b>	<b>\$ 4,463,350</b>	<b>\$ 868,600</b>	<b>\$ 3,426,450</b>	<b>\$ 4,295,050</b>

The authorized share capital of the Credit Union consists of the following:

- a) Qualifying shares – These are unlimited authorized shares, where each member of the Credit Union is required to hold 1 share (\$50). These shares also determine the amount of members in the Credit Union; and
- b) Equity shares – These authorized shares are an unlimited amount, which are investment shares that each member is required to hold a minimum of 4 shares (\$200).

At December 31, 2017, there were 17,607 members (2016: 17,372 members) of the Credit Union.

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**17. MEMBERS' EQUITY (Continued)**

**ii) Statutory Reserve**

The movement in the statutory reserve is as follows:

	2017	2016
<i>Balance, beginning of year</i>	\$11,500,000	\$10,500,000
<i>Transfer from retained earnings</i>	1,300,000	1,000,000
<i>Balance, end of year</i>	12,800,000	11,500,000
<i>Requirement (10% of total assets)</i>	20,625,681	19,851,439
<i>Deficiency in statutory reserve</i>	\$ (7,825,681)	\$ (8,351,439)

The requirement to hold 10% of the Credit Union's assets in a statutory reserve in members' equity has not been met. The current amount of the statutory reserve in equity is 6.21% (2016: 5.79%) of total assets.

**iii) Surplus Loan Reserve**

The movement in the surplus loan reserve is as follows:

	2017	2016
<i>Balance, beginning of year</i>	\$ 511,963	\$ 492,506
<i>Transfer from retained earnings</i>	-	19,457
<i>Balance, end of year</i>	\$ 511,963	\$ 511,963

This reserve is an additional provision for loan losses, representing 0.5% of the performing loan portfolio of the Credit Union. This reserve is an appropriation of retained earnings and is not available for distribution to the members.

**iv) Valuation Reserve**

The movement in the valuation reserve is as follows:

	2017	2016
<i>Balance, beginning of year</i>	\$ (676,091)	\$ (205,345)
<i>Net change in fair value during the year</i>	(107,671)	(470,746)
<i>Balance, end of year</i>	\$ (783,762)	\$ (676,091)

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**18. RELATED PARTIES BALANCES AND TRANSACTIONS**

The following balances and transactions are held or conducted directly or indirectly by/with related parties:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Loans receivable	<u>6,067,748</u>	<u>2,407,476</u>
Deposits	<u>3,167,390</u>	<u>2,553,963</u>
Members' regular shares	<u>973,381</u>	<u>241,111</u>
Qualifying and equity shares	<u>56,700</u>	<u>22,500</u>
Interest income	<u>513,695</u>	<u>229,697</u>
Interest expense	<u>128,752</u>	<u>77,785</u>
Key management compensation	<u>879,459</u>	<u>335,856</u>
Key management - short-term benefits	<u>109,828</u>	<u>31,059</u>
Key management - long-term benefits	<u>15,194</u>	<u>74,384</u>
Board expenses:		
Allowances	<u>44,520</u>	<u>44,520</u>
Expenses	<u>5,363</u>	<u>22,119</u>
Sub-committee expenses:		
Allowances	<u>18,000</u>	<u>18,000</u>
Expenses	<u>6,625</u>	<u>15,539</u>
Directors and officers insurance	<u>4,185</u>	<u>5,191</u>
Scotiabank credit cards	<u>36,500</u>	<u>38,629</u>



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**19. NET INTEREST INCOME BEFORE PROVISION FOR LOAN IMPAIRMENT**

Net interest income before provision for loan impairment is comprised of the following:

	2017	2016
<b><u>Net interest income on members' loans</u></b>		
Interest earned on loans to members	\$11,281,587	\$10,812,556
Interest expense on members' regular shares and deposits	(4,018,608)	(4,422,218)
	<u>7,262,979</u>	<u>6,390,338</u>
<b><u>Interest income on investments</u></b>		
Bahamas Government Registered Stocks	449,774	387,940
Deposits with the League	682,044	515,696
Time deposits and demand deposits	45,215	150,630
Royal Fidelity Bank portfolio	59,443	-
	<u>1,236,476</u>	<u>1,054,266</u>
	<u>\$ 8,499,455</u>	<u>\$ 7,444,604</u>

**20. OTHER INCOME**

Other income is comprised of the following:

	2017	2016
Loan services fees	\$ 181,585	\$ 211,326
Service charges	101,191	100,290
Other income	91,732	29,244
Entrance fees	56,035	23,220
Commission fees on insurance	51,149	-
ATM fees	22,376	18,293
Dividend income	20,229	115
	<u>\$ 524,297</u>	<u>\$ 382,488</u>

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**21. PROFITS/(LOSSES) ON RENTAL PROPERTIES**

Profit/(loss) by location on rental properties is as follows:

<b>As at December 31, 2017</b>					
	<b>East Street South</b>	<b>Tonique Williams-Darling Highway</b>	<b>Freeport</b>	<b>Abaco</b>	<b>Total</b>
<b>Income</b>					
Rental income	\$ 459,720	\$ 234,381	\$ 128,566	\$ 186,485	\$ 1,009,152
	459,720	234,381	128,566	186,485	1,009,152
<b>Expenses</b>					
Depreciation	181,298	40,706	42,000	397,095	661,099
Repairs and maintenance	113,431	54,018	19,547	101,528	288,524
Insurance	60,961	18,111	25,389	179,882	284,343
Property tax	25,710	53,422	-	-	79,132
Janitorial	950	100	135	-	1,185
(Recovery)/increase in bad debt	-	(5,156)	20,810	13,612	29,266
Utilities	1,100	3,857	19,164	30,291	54,412
Security	-	-	-	99,863	99,863
Other expenses	6,544	10,374	813	4,139	21,870
	389,994	175,432	127,858	826,410	1,519,694
Profit/(loss) for the year	\$ 69,726	\$ 58,949	\$ 708	\$ (639,925)	\$ (510,542)

<b>As at December 31, 2016</b>					
	<b>East Street South</b>	<b>Tonique Williams-Darling Highway</b>	<b>Freeport</b>	<b>Abaco</b>	<b>Total</b>
<b>Income</b>					
Rental income	\$ 902,794	\$ 222,386	\$ 177,995	\$ 192,300	\$ 1,495,475
	902,794	222,386	177,995	192,300	1,495,475
<b>Expenses</b>					
Depreciation	165,522	44,767	42,000	381,806	634,095
Repairs and maintenance	109,642	77,339	19,816	50,168	256,965
Insurance	61,231	16,602	28,078	181,452	287,363
Property tax	28,567	53,422	-	-	81,989
Janitorial	34,932	1,200	639	-	36,771
Increase in bad debt	-	36,583	25,774	21,481	83,838
Utilities	1,104	4,716	18,297	32,213	56,330
Security	-	-	-	110,800	110,800
Other expenses	10,619	-	-	8,606	19,225
	411,617	234,629	134,604	786,526	1,567,376
Profit/(loss) for the year	\$ 491,177	\$ (12,243)	\$ 43,391	\$ (594,226)	\$ (71,901)

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**22. OPERATING EXPENSES**

Operating expenses are comprised of the following:

	2017	2016
<i>Personnel</i>		
Salaries	\$ 2,026,180	\$ 2,088,177
Medical and pension (Note 24)	389,601	425,199
Other benefits	114,000	121,231
National insurance	97,799	98,033
Travel, training and development	36,414	54,552
	<u>2,663,994</u>	<u>2,787,192</u>
<i>General business</i>		
Depreciation - furniture and fixtures	121,267	123,726
Insurance - general	107,145	167,644
Professional and legal fees	106,396	104,398
Value Added Tax (VAT)	118,944	61,639
Equipment maintenance	119,310	123,098
Stationery and supplies	60,159	58,598
Depreciation - motor vehicles	15,126	29,023
Armoured car services	34,965	35,838
Motor vehicles license and maintenance	24,377	30,283
Bank charges	82,389	71,962
Courier and postage	6,853	2,964
Insurance - motor vehicles	4,334	5,009
Other general expense	23,322	7,177
	<u>824,587</u>	<u>821,359</u>
<i>Occupancy</i>		
Utilities	297,185	271,951
Depreciation - Building and improvements	244,208	262,920
General maintenance	156,793	159,770
Security services	134,867	127,996
Property tax	31,619	28,567
	<u>\$ 864,672</u>	<u>\$ 851,204</u>

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**22. OPERATING EXPENSES** (Continued)

	2017	2016
<i>Organizational</i>		
Board and committee development and travel	\$ 6,920	\$ 51,837
Board and committee remuneration	62,520	62,520
Annual general meetings and anniversary expenses	62,709	61,692
Stabilization fees	52,113	50,133
Board and committee meetings	5,066	(14,179)
Insurance - officers liabilities	4,185	5,191
Members' education	3,174	3,457
	196,687	220,651
<i>Members' security</i>		
Loans and savings insurance premium	340,384	304,607
Bond insurance premium	27,858	27,084
	368,242	331,691
<i>Computer costs</i>		
Computer software - depreciation	81,291	83,729
Software subscription and maintenance	197,202	162,312
Computer stationery and ATM expense	47,221	24,478
Computer hardware - depreciation	50,766	49,019
Internet	22,382	3,958
	398,862	323,496
<i>Marketing</i>		
Advertising and promotions	101,814	57,555
Marketing	17,338	6,323
Donations and gifts	9,037	7,996
	128,189	71,874
	\$ 5,445,233	\$ 5,407,467

(Concluded)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
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**23. COMMITMENTS AND CONTINGENCIES**

*i)* Commitments

- a) Commitments for undrawn loans at December 31, 2017 totaled \$5,721,236 (2016: \$9,360,071).
- b) Commitment for capital expenditure at December 31, 2017 totaled \$375,000 (2016: \$0).

*ii)* Contingent liabilities

The Credit Union is a party to an agreement between The Bahamas Cooperative League Ltd. and Scotiabank (Bahamas) Limited relating to the Credit Union's issuance of credit cards to its members. In that agreement, the Credit Union indemnifies Scotiabank (Bahamas) Limited against credit card losses by settling balances that have become overdue more than 90 days. For those delinquent accounts, the Credit Union converts the balances outstanding to loans and pursues collection of the amount from the credit card holders.

At December 31, 2017, the total balance outstanding on credit cards was \$356,000 (2016: \$275,989) on 353 (2016: 386) cards. There were twelve (12) delinquent balances converted to loans at December 31, 2017 (2016: Nil).

*iii)* Litigation

The Credit Union is involved in several actions that it has brought against members who are in default of their loan commitments. These matters are in active litigation by the Credit Union's lawyers.

**24. PENSION PLAN**

The Credit Union provides retirement benefits for eligible employees. The plan is a defined contribution plan and employees' participation in the plan is compulsory with a vesting period of ten (10) years. The employees' and Credit Union's contributions are 5% and 10% respectively, of the employee's base compensation. The Credit Union's contributions to the plan during the year was \$195,264 (2016: \$236,677) and is included in personnel expenses in the statement of comprehensive income.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

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*(Expressed in Bahamian Dollars)*

**25. CAPITAL MANAGEMENT**

The Credit Union's objectives when managing capital are as follows:

- To comply with the capital requirements set by the Regulator, the Central Bank of The Bahamas;
- To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns for its members and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Credit Union's Board reviews the capital structure on a monthly basis. As part of the review, the Board considers the provision of the Bahamas Co-operative Credit Unions Act, 2015, Section 65, which states that:

*'Every society shall ensure that –*

- a) Not less than 10% of its members' deposits are kept in a liquidity reserve fund; and*
- b) Statutory reserves, retained earnings, qualifying shares and equity shares are at no stage less than 10% of its total assets, except during the phase in period as permitted by regulations.'*

The table below summarizes the composition of the Credit Union's regulatory capital and the ratios for the years ended December 31:

	<b>2017</b>	<b>2016</b>
<b>Provision (a)</b>		
Liquidity reserve deposits	\$ 18,486,571	\$ 17,797,548
Members' regular and other deposits	\$183,564,027	\$176,414,039
Actual ratio	10%	10%
Required ratio	10%	10%
Excess/(shortfall) of regulation	0%	0%
<b>Provision (b)</b>		
Regulatory reserves	\$ 19,337,883	\$ 18,081,405
Total assets	\$206,256,805	\$198,514,386
Actual ratio	9%	9%
Required ratio	10%	10%
Shortfall	-1%	-1%

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
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**26. FINANCIAL RISK MANAGEMENT**

By its nature, the Credit Union's activities are principally related to the use of financial instruments. This will involve analysis, evaluation and management of some degree of risk or combination of risks. The Credit Union's aims are, therefore, to achieve an appropriate balance between risks and return and minimize potential adverse effects on the Credit Union's financial performance.

The Board of Directors (the "Board") is ultimately responsible for the establishment and oversight of the Credit Union's risk management framework. The Credit Union's risk management policies are designed to identify and analyze the risk faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits by means of regularly generated reports. Risk management procedures are closely integrated into all key business processes. The Credit Union regularly reviews its risk management policies, procedures and systems to reflect recommendations and best practice, as well as changes in markets and products.

The Board, through the following committees, is responsible for monitoring compliance with the Credit Union's risk management policies and procedures:

*i) Supervisory Committee*

The Supervisory Committee oversees how management monitors compliance with the Credit Union's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Credit Union. This Committee undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board.

*ii) Credit Committee*

The Credit Committee oversees the approval and disbursements of credit facilities to members. It is also primarily responsible for monitoring the quality of the loan portfolio.

The Credit Union accepts deposits from members at agreed rates of interest and seeks to earn above average interest margins by investing these funds in high quality assets, as well as lending for longer periods at higher rates while maintaining sufficient liquidity to meet all claims that might fall due.

These activities expose the Credit Union to a variety of financial risks, the most important risks are:

**26.1. Credit Risk**

**26.2. Liquidity Risk**

**26.3. Market Risk (including currency risk, equity price risk and interest rate risk)**

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Notes to Financial Statements

December 31, 2017

*(Expressed in Bahamian Dollars)*

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**26. FINANCIAL RISK MANAGEMENT** *(Continued)*

**26.1. Credit risk**

Credit risk is the risk of suffering financial losses should any of the Credit Union's members or other counterparties fail to fulfill their contractual obligations to the Credit Union. Credit risk arises mainly from loans and advances to members, including loan commitments arising from such lending activities, and investments in debt securities as part of the Credit Union's treasury management activities. The Credit Union seeks to raise its interest margins by obtaining above-average margins, net of allowances, through lending to borrowers with a rate of credit standings. Such exposures involve not just on-balance sheet loans and advances to members, but also guarantees and other commitments.

Credit risk is the greatest risk facing the Credit Union and management therefore carefully manages its exposure to credit risk. Impairment provisions are provided for losses incurred as of the statement of financial position date (see Note 8). Significant changes in the economies or sectors that represent a concentration in the credit Union's portfolio could result in losses that are different from those provided for as of the statement of financial position date.

The Credit Union's Directors and Management Committee are responsible for approving and monitoring the Credit Union's credit exposure, which is done through review and approval of the Credit Union's lending policy, and limits on credit exposure to individual borrowers. Prior to advancing funds, an assessment is made of the credit quality of each borrower. The Credit Union does not use an automated credit scoring system; exposure to credit risk is managed through regular analysis of the ability of borrowers to meet contractual obligations, performed by branch managers and the Directors. It is the Credit Union's policy to have members repay their loans rather than relying exclusively on security.

Maximum credit exposure at the year-end approximates the carrying value of all financial assets. The classes of financial instruments to which the Credit Union is most exposed to credit risk are loans and advances to members, cash at banks and certain investment securities. The Credit Union places its deposits with banks in good standing with the Central Bank of The Bahamas and other regulators in which deposits are placed. Investment securities with credit risk mainly comprise debt securities issued by the Government of the Commonwealth of The Bahamas, which currently maintains investment grade credit ratings.

The Credit Union employs a range of policies and practices to mitigate credit risk. The most traditional is the taking of security for funds advanced, which is common practice.

The Credit Union implements guidelines on the acceptability of specific classes of collateral or other credit risk mitigation. The principal collateral or other credit risk mitigation for loans and advances to members include, first mortgages on property, chattel mortgages, restricted deposits from members and salary deductions from employers.



**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

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December 31, 2017

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**26. FINANCIAL RISK MANAGEMENT** *(Continued)*

**26.1. Credit risk** *(Continued)*

The geographical locations of the Credit Union's financial assets are as follows:

<b>As at December 31, 2017</b>				
	<b>Nassau</b>	<b>Freeport</b>	<b>Abaco</b>	<b>Total</b>
<i>(Expressed in B\$'000)</i>				
Cash at banks	\$ 8,154	\$ 1,209	\$ 1,450	\$ 10,813
Time deposits with banks	2,684	8	-	2,692
Deposits with the League	39,632	-	-	39,632
Available-for-sale investments	17,749	-	-	17,749
Loans receivable, net	65,715	23,022	11,052	99,789
Other assets	703	87	68	858
<b>Total financial assets</b>	<b>\$ 134,637</b>	<b>\$ 24,326</b>	<b>\$ 12,570</b>	<b>\$ 171,533</b>

<b>As at December 31, 2016</b>				
	<b>Nassau</b>	<b>Freeport</b>	<b>Abaco</b>	<b>Total</b>
<i>(Expressed in B\$'000)</i>				
Cash at banks	\$ 13,532	\$ 1,061	\$ 891	\$ 15,484
Time deposits with banks	3,519	8	-	3,527
Deposits with the League	38,252	-	-	38,252
Available-for-sale investments	8,883	-	-	8,883
Loans receivable, net	67,359	21,768	10,278	99,405
Other assets	470	63	43	576
<b>Total financial assets</b>	<b>\$ 132,015</b>	<b>\$ 22,900</b>	<b>\$ 11,212</b>	<b>\$ 166,127</b>

The following table shows the loan portfolio by individual and institutional members:

	<b>2017</b>	<b>2016</b>
Individual members	\$104,121,848	\$107,092,694
Institutional members	2,199,141	1,523,803
	<b>\$106,320,989</b>	<b>\$108,616,497</b>

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
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December 31, 2017

(Expressed in Bahamian Dollars)

**26. FINANCIAL RISK MANAGEMENT** (Continued)

**26.1. Credit risk** (Continued)

The following table analyses the credit quality of the loan portfolio:

	2017	2016
Neither past due nor impaired	\$101,591,856	\$100,857,513
Past due but not impaired	848,688	973,598
Impaired	3,880,445	6,785,386
<b>Gross</b>	106,320,989	108,616,497
Less: deferred service fees	(2,236,510)	(1,883,027)
Less: allowance for impairment	(4,729,133)	(7,758,984)
<b>Net</b>	\$ 99,355,346	\$ 98,974,486

Renegotiated loans

Restructuring activities include extended payment arrangements, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payments will most likely continue. These policies are continuously reviewed.

**26.2. Liquidity risk**

Liquidity risk, also referred to as funding risk, is the risk that the Credit Union will encounter difficulty in meeting its obligations and commitments associated with its financial liabilities. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The Credit Union is exposed to daily calls on its available cash resources from general savings deposits, loans draw-downs, guarantees, withdrawal of shares and operating commitments. The Credit Union does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
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Notes to Financial Statements

December 31, 2017

(Expressed in Bahamian Dollars)

**26. FINANCIAL RISK MANAGEMENT (Continued)**

**26.2. Liquidity risk (Continued)**

Liquidity risk management process

The liquidity risk management process is monitored by the Manager and includes:

- Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of the Credit Union's source of funds which includes, cash and bank balances, items in the course of collection and investment maturities in order to determine their ability to meet its commitments;
- Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruptions to cash flow;
- Maintaining committed lines of credit with its Banker and the League;
- Monitoring the statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to liabilities; and
- Matching and mismatching of the maturities and interest rates of financial assets and financial liabilities. An unmatched position potentially enhances profitability, but can increase liquidity risk.

Financial liabilities cash flows

The table below summarizes the Credit Union's exposure to liquidity risk, based on the remaining contractual repayment obligations:

<b>As at December 31, 2017</b>					
	<b>Within 3 Months</b>	<b>3 to 12 Months</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<b>Liabilities:</b>					
Members' regular deposits	\$62,056,780	\$ -	\$ -	\$ -	\$ 62,056,780
Other deposits	22,109,804	30,513,137	66,886,035	1,998,271	121,507,247
Other liabilities	248,870	2,763,486	561,617	-	3,573,973
<b>Total liabilities</b>	<b>\$84,415,454</b>	<b>\$33,276,623</b>	<b>\$67,447,652</b>	<b>\$ 1,998,271</b>	<b>\$187,138,000</b>

<b>As at December 31, 2016</b>					
	<b>Within 1 Month</b>	<b>3 to 12 Months</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<b>Liabilities:</b>					
Members' regular deposits	\$56,596,031	\$ -	\$ -	\$ -	\$ 56,596,031
Other deposits	19,107,074	34,576,355	64,232,377	1,902,202	119,818,008
Other liabilities	558,062	3,079,335	545,673	-	4,183,070
<b>Total liabilities</b>	<b>\$76,261,167</b>	<b>\$37,655,690</b>	<b>\$64,778,050</b>	<b>\$ 1,902,202</b>	<b>\$180,597,109</b>

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

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**26. FINANCIAL RISK MANAGEMENT** *(Continued)*

**26.3. Market risk**

The Credit Union takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk arises from open position in foreign currencies (currency risk), equity products (equity price risk) and interest rates (interest rate risk), all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Currency risk

Currency risk or foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Credit Union has minimum exposure to currency risk, as all its assets and liabilities are stated in Bahamian dollars, which is the Credit Union's functional and presentational currency.

Equity price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Credit Union is exposed to equity price risk on its quoted available-for-sale financial instruments, held as a part of its investment portfolio totaling \$131,630 (2016: \$243,336).

- Sensitivity Analysis – The Credit Union's quoted equity securities are traded on the Bahamas International Stock Exchange (BISX). If equity prices had been 5% higher/lower, total comprehensive income would have increased/decreased by \$6,582 (2016: \$12,167).

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, and arises mainly from interest bearing time and other deposits, loans receivable, debt securities, members' regular deposits and other deposits.

Floating rate instruments expose the Credit Union to cash flow interest rate risk, whereas fixed interest rate instruments expose the Credit Union to fair value interest rate risk. The Credit Union takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise.

The Credit Union's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments as determined by the League. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken.

The Credit Union does not attempt to hedge specifically against the impact of changes in market interest rates on cash flow and interest margins. Management maintains a general policy of fixing the interest rate spread between interest earned on financial assets and interest incurred on financial liabilities.

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
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December 31, 2017

(Expressed in Bahamian Dollars)

**26. FINANCIAL RISK MANAGEMENT (Continued)**

**26.3. Market risk (Continued)**

Interest rate risk (Continued)

The tables below summarize the Credit Union's exposure to interest rate risks. They include the Credit Union's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	<b>As at December 31, 2017</b>				
	<b>Within 12 Months</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets:</b>					
Cash at banks	\$ 750,000	\$ -	\$ -	\$ 10,069,273	\$ 10,819,273
Time deposits	2,691,951	-	-	-	2,691,951
Deposits with the League	393,267	-	39,238,458	-	39,631,725
Loans receivable, net	434,316	60,682,295	31,698,235	6,974,816	99,789,662
Financial investments	4,500,000	5,650,639	7,599,304	1,491,393	19,241,336
Other assets	-	-	-	3,479,623	3,479,623
<b>Total assets</b>	<b>8,769,534</b>	<b>66,332,934</b>	<b>78,535,997</b>	<b>22,015,105</b>	<b>175,653,570</b>
<b>Liabilities:</b>					
Members' regular deposits	62,056,780	-	-	-	62,056,780
Other deposits	52,622,941	66,886,035	1,998,271	-	121,507,247
Other liabilities	-	-	-	3,626,694	3,626,694
<b>Total liabilities</b>	<b>114,679,721</b>	<b>66,886,035</b>	<b>1,998,271</b>	<b>3,626,694</b>	<b>187,190,721</b>
<b>Total interest repricing gap</b>	<b>\$(105,910,187)</b>	<b>\$ (553,101)</b>	<b>\$ 76,537,726</b>	<b>\$ 18,388,411</b>	<b>\$ (11,537,151)</b>
<b>Cumulative gap</b>	<b>\$(105,910,187)</b>	<b>\$(106,463,288)</b>	<b>\$ (29,925,562)</b>	<b>\$ (11,537,151)</b>	

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
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December 31, 2017

(Expressed in Bahamian Dollars)

**26. FINANCIAL RISK MANAGEMENT** (Continued)

**26.3. Market risk** (Continued)

Interest rate risk (Continued)

As at December 31, 2016					
	Within 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
<b>Assets:</b>					
Cash at banks	\$ -	\$ -	\$ -	\$ 15,483,780	\$ 15,483,780
Time deposits	3,526,668	-	-	-	3,526,668
Deposits with the League	388,502	-	37,863,206	-	38,251,708
Loans receivable, net	2,524,109	34,255,765	61,009,861	1,615,238	99,404,973
Financial investments	500,000	4,371,200	4,011,800	271,136	9,154,136
Other assets	-	-	-	1,072,280	1,072,280
<b>Total assets</b>	<b>6,939,279</b>	<b>38,626,965</b>	<b>102,884,867</b>	<b>18,442,434</b>	<b>166,893,545</b>
<b>Liabilities:</b>					
Members' regular deposits	56,596,031	-	-	-	56,596,031
Other deposits	53,683,429	64,232,377	1,902,202	-	119,818,008
Other liabilities	-	-	-	4,183,070	4,183,070
<b>Total liabilities</b>	<b>110,279,460</b>	<b>64,232,377</b>	<b>1,902,202</b>	<b>4,183,070</b>	<b>180,597,109</b>
<b>Total interest repricing gap</b>	<b>\$(103,340,181)</b>	<b>\$(25,605,412)</b>	<b>\$ 100,982,665</b>	<b>\$ 14,259,364</b>	<b>\$(13,703,564)</b>
<b>Cumulative gap</b>	<b>\$(103,340,181)</b>	<b>\$(128,945,593)</b>	<b>\$ (27,962,928)</b>	<b>\$ (13,703,564)</b>	

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Notes to Financial Statements

December 31, 2017

*(Expressed in Bahamian Dollars)*

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**27. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Most of the Credit Union's financial instruments lack an available trading market. Therefore, these instruments have been fair valued using other valuation techniques and may not necessarily be indicative of the amounts realizable on the settlement of the instruments.

*a) Financial instruments not measured at fair value:*

- i) The fair value of liquid assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.
- ii) The fair values of variable rate financial instruments are assumed to approximate their carrying amounts.
- iii) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans, the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognized separately by deducting the amount of the provisions for credit losses from both the book and fair values.
- iv) The fair value of members' regular shares and deposits, with no specific maturity is assumed to be the amount payable on demand at the reporting date.
- v) The fair values of all other financial instruments not mentioned above are assumed to approximate their carrying values.

*b) Financial instruments measured at fair value:*

Quoted securities classified as available-for-sale are measured by reference to quoted market prices on the Bahamas International Stock Exchange (BISX).

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

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December 31, 2017

*(Expressed in Bahamian Dollars)*

**27. FAIR VALUE OF FINANCIAL INSTRUMENTS** *(Continued)*

c) *Fair value hierarchy:*

The following table provides an analysis of financial instruments held at the reporting date that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level consists of listed equity securities traded on the Bahamas International Stock Exchange (BISX).
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This includes government debt securities and other securities with observable inputs.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. The Credit Union has no financial instruments categorized in this level.

The following table analyzes within the fair value hierarchy, the Credit Union's financial assets measured at fair value as at the statement of financial position date:

<b>As at December 31, 2017</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Financial instruments</i>				
Available-for-sale investments	\$ 131,630	\$19,080,167	\$ -	\$19,211,797

<b>As at December 31, 2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Financial instruments</i>				
Available-for-sale investments	\$ 243,336	\$ 8,883,000	\$ -	\$ 9,126,336





**BAKER TILLY  
GOMEZ**

CHARTERED ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTARY INFORMATION**

The primary purpose of our examination for the year ended December 31, 2017 was to express an opinion on the basic financial statements of Teachers and Salaried Workers Co-operative Credit Union Limited (the "Credit Union") presented on pages 4 through 46, taken as a whole.

The supplementary information for the year ended December 31, 2017 presented on pages 48 through 56 is not considered necessary for a fair presentation of the Credit Union's financial position and the results of its operations and its cash flows in accordance with International Financial Reporting Standards, and is presented for supplementary analysis purposes. Such information has been subjected to the audit procedures applied on the examination of the basic financial statements.

In our opinion, the accompanying supplementary information is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

*Baker Tilly Gomez*

**CHARTERED ACCOUNTANTS**

April 11, 2018

Nassau, The Bahamas

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Profit or Loss – Nassau, Head Office

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	2017	2016
<b>INTEREST INCOME</b>		
Loans	\$ 7,701,332	\$ 7,587,992
Investments	1,233,975	1,047,583
<b>Total interest income</b>	<b>8,935,307</b>	<b>8,635,575</b>
Interest expense	(3,307,556)	(3,750,879)
<b>NET INTEREST INCOME</b>	<b>5,627,751</b>	<b>4,884,696</b>
Increase in provision for loan impairment	(1,295,169)	(867,278)
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT</b>	<b>4,332,582</b>	<b>4,017,418</b>
Other income	398,865	268,148
Profit on rental properties	128,674	478,934
<b>Total income</b>	<b>4,860,121</b>	<b>4,764,500</b>
<b>OPERATING EXPENSES</b>		
Personnel	2,166,543	2,275,183
Occupancy	591,092	571,402
General business	579,129	596,351
Computer costs	360,587	304,391
Organizational	175,270	206,337
Members' security	357,463	320,857
Marketing	109,973	57,113
<b>Total operating expenses</b>	<b>4,340,057</b>	<b>4,331,634</b>
<b>PROFIT FOR THE YEAR</b>	<b>\$ 520,064</b>	<b>\$ 432,866</b>

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Operating Expenses – Nassau, Head Office

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	2017	2016
<i>Personnel</i>		
Salaries	\$ 1,662,816	\$ 1,713,044
Medical and pension	311,087	352,876
Staff benefits	95,594	98,732
National insurance	79,394	79,188
Travel, training and development	17,652	31,343
	<b>2,166,543</b>	<b>2,275,183</b>
<i>Occupancy</i>		
Utilities	209,401	182,240
Depreciation - building	147,747	166,708
Building maintenance	119,031	115,756
Building security	83,294	78,131
Property tax	31,619	28,567
	<b>591,092</b>	<b>571,402</b>
<i>General business</i>		
Depreciation - furniture & equipment	47,906	51,200
Insurance	65,021	124,676
Professional fees	101,598	99,712
Value Added Tax (VAT)	101,050	48,050
Equipment maintenance	90,295	98,452
Stationery and supplies	48,506	48,504
Depreciation - vehicles	1,145	13,750
Armoured car services	22,675	23,187
Vehicle expenses	13,985	18,652
Bank charges	58,393	59,345
Courier and postage	4,616	868
Insurance - vehicles	2,853	3,424
Other general expense	21,086	6,531
	<b>579,129</b>	<b>596,351</b>
<i>Computer costs</i>		
Computer software - depreciation	78,198	81,052
Software subscription and maintenance	189,205	159,393
Computer stationery and ATM expense	40,233	20,224
Computer hardware - depreciation	40,780	39,764
Internet	12,171	3,958
	<b>\$ 360,587</b>	<b>\$ 304,391</b>

(Continued)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Operating Expenses – Nassau, Head Office

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	2017	2016
<i>Organizational</i>		
Board and committee development and travel	\$ 1,004	\$ 50,984
Board and committee remuneration	62,520	62,520
Annual general meetings and anniversary expenses	60,688	60,575
Stabilization fees	39,369	38,079
Board and committee meetings	4,993	(14,179)
Directors and officers insurance	4,185	5,191
Members' education	2,511	3,167
	175,270	206,337
<i>Members' security</i>		
Share/loan insurance premium	340,384	304,607
Blanket bond insurance premium	17,079	16,250
	357,463	320,857
<i>Marketing</i>		
Advertising and promotions	85,191	43,874
Marketing	15,770	5,343
Donations	9,012	7,896
	109,973	57,113
	\$ 4,340,057	\$ 4,331,634

(Concluded)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Profit or Loss – Freeport Branch

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	2017	2016
<b>INTEREST INCOME</b>		
Loans	\$ 2,486,019	\$ 2,279,066
Investments	1,636	4,679
<b>Total interest income</b>	<b>2,487,655</b>	<b>2,283,745</b>
<b>INTEREST EXPENSE</b>		
Members' shares and deposits	(522,294)	(478,973)
<b>NET INTEREST INCOME</b>	<b>1,965,361</b>	<b>1,804,772</b>
Increase in provision for loan impairment	(543,312)	(303,616)
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT</b>	<b>1,422,049</b>	<b>1,501,156</b>
Other income	77,360	73,896
Profit on rental properties	708	43,391
<b>Total income</b>	<b>1,500,117</b>	<b>1,618,443</b>
<b>OPERATING EXPENSES</b>		
Personnel	306,380	311,146
General business	73,645	71,149
Occupancy	84,926	81,243
Organizational	13,443	9,858
Members' security	5,280	5,417
Computer costs	22,191	10,402
Marketing	9,063	7,057
<b>Total operating expenses</b>	<b>514,928</b>	<b>496,272</b>
<b>PROFIT FOR THE YEAR</b>	<b>\$ 985,189</b>	<b>\$ 1,122,171</b>

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Operating Expenses – Freeport Branch

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	2017	2016
<i>Personnel</i>		
Salaries	\$ 231,533	\$ 234,248
Medical and pension	42,397	41,116
Staff benefits	11,413	15,194
National insurance	11,499	11,600
Travel, training and development	9,538	8,988
	306,380	311,146
<i>General business</i>		
Depreciation - furniture and fixtures	11,199	10,405
Insurance - general	2,794	3,120
Professional and legal fees	3,048	3,313
Value Added Tax (VAT)	5,863	5,613
Equipment maintenance	16,770	14,245
Stationery and supplies	5,537	4,857
Depreciation - vehicles	6,457	7,749
Armoured car services	4,075	3,650
Vehicle expenses	8,261	8,096
Bank charges	6,821	8,379
Courier and postage	1,284	1,066
Insurance - motor vehicle	671	736
Other general expense	865	(80)
	73,645	71,149
<i>Occupancy</i>		
Utilities	34,879	33,366
Depreciation - building	9,504	9,504
Building maintenance	13,337	13,039
Building security	27,206	25,334
	84,926	81,243
<i>Organizational</i>		
Board and committee travel	2,922	347
Stabilization	8,919	8,547
AGM/anniversary	1,388	735
Board and committee meetings	36	-
Members' education	178	229
	\$ 13,443	\$ 9,858

(Continued)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Operating Expenses – Freeport Branch

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	<b>2017</b>	<b>2016</b>
<i>Members' security</i>		
Bond insurance	\$ 5,280	\$ 5,417
	5,280	5,417
<i>Computer costs</i>		
Computer software - depreciation	1,765	1,557
Software subscription	4,432	1,468
Computer hardware - depreciation	4,016	3,682
Computer stationery and ATM expense	6,561	3,695
Internet	5,417	-
	22,191	10,402
<i>Marketing</i>		
Advertising and promotions	8,436	6,957
Marketing	627	-
Donations	-	100
	9,063	7,057
	<b>\$ 514,928</b>	<b>\$ 496,272</b>

(Concluded)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Profit or Loss – Abaco Branch

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	2017	2016
<b>INCOME</b>		
Loans	\$ 1,094,236	\$ 945,499
Investments	866	2,004
<b>Total interest income</b>	<b>1,095,102</b>	<b>947,503</b>
<b>INTEREST EXPENSE</b>		
Interest expense	(188,759)	(192,365)
<b>NET INTEREST INCOME</b>	<b>906,343</b>	<b>755,138</b>
Increase in provision for loan impairment	(141,318)	(35,345)
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT</b>	<b>765,025</b>	<b>719,793</b>
Other income	48,073	40,444
Loss on rental properties	(639,925)	(594,226)
<b>Total loss</b>	<b>173,173</b>	<b>166,011</b>
<b>OPERATING EXPENSES</b>		
Personnel	191,071	200,863
General business	171,813	153,859
Occupancy	188,654	198,559
Organizational	7,974	4,456
Members' security	5,499	5,417
Computer costs	16,084	8,703
Marketing	9,153	7,704
<b>Total operating expenses</b>	<b>590,248</b>	<b>579,561</b>
<b>LOSS FOR THE YEAR</b>	<b>\$ (417,075)</b>	<b>\$ (413,550)</b>



**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Operating Expenses – Abaco Branch

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	2017	2016
<i><u>Personnel</u></i>		
Salaries	\$ 131,831	\$ 140,885
Medical and pension	36,117	31,207
Staff benefits	6,993	7,305
National insurance	6,906	7,245
Travel, training and development	9,224	14,221
	<u>191,071</u>	<u>200,863</u>
<i><u>General business</u></i>		
Depreciation - furniture & fixtures	62,162	62,121
Insurance	39,330	39,848
Professional fees	1,750	1,373
Value Added Tax (VAT)	12,031	7,976
Equipment maintenance	12,245	10,401
Stationery and supplies	6,116	5,237
Depreciation - vehicles	7,524	7,524
Armoured car services	8,215	9,001
Vehicle expenses	2,131	3,535
Bank charges	17,175	4,238
Courier and postage	953	1,030
Insurance - motor vehicle	810	849
Other general expense	1,371	726
	<u>171,813</u>	<u>153,859</u>
<i><u>Occupancy</u></i>		
Utilities	52,905	56,345
Depreciation - building	86,957	86,708
Building maintenance	24,425	30,975
Building security	24,367	24,531
	<u>\$ 188,654</u>	<u>\$ 198,559</u>

(Continued)

**TEACHERS AND SALARIED WORKERS CO-OPERATIVE  
CREDIT UNION LIMITED**

Statement of Operating Expenses – Abaco Branch

For the year ended December 31, 2017  
(Expressed in Bahamian Dollars)

	2017	2016
<i>Organizational</i>		
Board and committee travel	\$ 2,994	\$ 506
Stabilization fees	3,825	3,507
AGM and anniversary expenses	633	382
Board and committee meetings	37	-
Members' education	485	61
	7,974	4,456
<i>Members' security</i>		
Bond insurance	5,499	5,417
	5,499	5,417
<i>Computer costs</i>		
Computer software - depreciation	1,328	1,120
Software subscription	3,565	1,451
Computer hardware - depreciation	5,970	5,573
Computer stationery and ATM expense	427	559
Internet	4,794	-
	16,084	8,703
<i>Marketing</i>		
Advertising and promotions	8,187	6,724
Marketing	941	980
Donations	25	-
	9,153	7,704
	\$ 590,248	\$ 579,561

(Concluded)



# SUPERVISORY COMMITTEE REPORT

Mr. Elbert Thompson, Chairman

The Supervisory Committee consists of three Members of the Credit Union who are elected on a rotational basis at the Annual General Meeting. The Committee has oversight responsibility for monitoring the business affairs of the Credit Union. In that capacity, the Supervisory Committee provides an objective, supervisory function, ensuring that the Teachers and Salaried Workers Cooperative Credit Union Ltd operates within established policies and procedures of the institution and in compliance with the Bahamas Co-operative Credit Unions Act 2015. Additionally, the committee seeks to ensure business practices are uniformed across the various branches, ethical and appropriate for the benefit of the members. We meet with and work closely with the Internal Audit and Compliance departments and report our findings and recommendations to Management and the Board of Directors for their necessary action, having completed our work independently from the Board of Directors. The report to the Annual General Meeting is a summary report.

In addition to our regular meetings, during the past year the Committee interviewed management and staff, reviewed and inspected operations in Nassau, Freeport and Abaco and met with the Board of Directors on a few occasions as well as Central Bank examiners.

The main areas noted:

## 1. Investment Properties.

- a. There has been some progress in the rental of units at the Abaco complex. The two main anchor spaces remain vacant and the monthly expenses for the complex continue to exceed the rental income. The committee suggests that local realtors be engaged to market this property with an effort to achieving full occupancy.
- b. After many years of not having a signed lease, the lease for the East Street Business complex was finally signed by the government. A significant outstanding rental payment was also received in 2017.
- c. After further renovations, the East-West Highway building was completed in early 2018 to accommodate the office of the real estate property manager, marketing officer and Collections Department.  
The total investment to the credit union on this property inclusive of structural improvements, furniture and fittings per the Finance Department as of February 28, 2018 is approximately \$850,000.
- d. The Freeport building which was fully rented in 2016 now has a few vacant units. The limited physical space for the Freeport branch continues to be an issue.
- e. The TREHL Plaza on Tonique Williams-Darling Highway had a tenant with a significant rent receivable of over \$60,000. This tenant was evicted and aggressive efforts are being made to recover these outstanding funds.

Overall the government leads in the rent receivables and getting this amount current will have significant benefits for the credit union.

## 2. **As noted in the Treasurer's report, the delinquency rate is much higher than the Pearls Ratio Standard of 5%. Increased efforts must be made to reduce the delinquency rate that will also reduce the loan loss provision and thus increase the profitability of the credit union.**

- a. Greater oversight is needed to follow through on non-performing loans within the first 30 days and efforts are being taken to outsource the "charged off" loans from the Collections Department.
- b. Ensuring that timely legal action continues to be taken against all delinquent loans inclusive of related parties, in the Magistrates & Supreme Courts.
- c. Foreclosed properties are being advertised however there is a need to ensure independent appraised values are reflective of the current market to fully liquidate these assets.

## 3. **Increasing the loan portfolio to grow interest income is needed to prevent the erosion of the credit union base and increase profitability.**

- a. Targeting new members that have the capacity to borrow

SUPERVISORY COMMITTEE REPORT CONT'D

- b. The "Loans-on-the-go" and Skip Payment campaign is showing success.
- c. The Car Loan campaign proved successful in attracting new loans and members.

**4. Compliance with League, Credit Union Act and Central Bank guidelines:**

- a. Liquidity and Statutory Reserves balance with the Bahamas Cooperative Credit League is compliant.
- b. Statutory Reserves requirement based on equity shares is not compliant with the Act, but the Central Bank is satisfied the Credit Union is making progress in bringing its reserves complaint over the next few years.

**5. Compliance Matters**

- a. The Central Bank expects a clean-up of the membership database with a view to identifying all inactive and dormant accounts. The CruiseNet program is assisting the Member Services department in identifying dormant and inactive accounts. The Central Bank expects compliance by June 30, 2018.
- b. The account opening forms have been amended to incorporate the declaration of wealth and the status of Politically Exposed Persons (PEPs).

**6. E-Commerce**

- a. The ATM is now available 24 hours a day, 7 days a week to increase member access. More is expected in 2018 with card services.
- b. The Data Center has been renovated and there are greater security controls and firewalls.

**7. The management team is working to improve the credit union's daily operations and efficiency. In 2017 management in many areas said there is a need for more staff to ensure efficient member servicing, proper checks are being done and segregation of duties as well as to effectively onboard new projects. A Man Power Audit by the Human Resources Manager indicated 15 new employees were needed and the Board of Directors has subsequently approved the hiring of 6 new employees.**

Central Bank guidelines require that the Supervisory Committee possess a strong technical knowledge for our oversight responsibilities. We are pleased to advise that our Committee brings with it experience and sound technical training.

**CONCLUSION**

The TSWCCUL continued its leadership in the cooperative movement in 2017. Central Bank guidelines require that the Supervisory Committee possess a strong technical knowledge for our oversight responsibilities. Take confidence in knowing that the Committee brings varied expertise and strengths and we look forward to additional training in 2018 to increase our team knowledge.

We commend the Board of Directors, Management and staff for their due diligence in ensuring that our credit union continues to see steady growth.

The overall success of this organization depends on you the members, and we encourage you to play your role in assisting with the overall success of the organization by making it your number one financial institution and encouraging fellow members to meet their financial commitments.

The Committee expresses its appreciation to you the owners and members for its assistance in the performance of its duties.

  
Elbert Thompson  
Chairman

  
Renee Mayers  
Secretary

  
Graham McKinney  
Member

# 2018 AGM RESOLUTIONS

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## RESOLUTION 1

**WHEREAS** the audited accounts for 2017 indicates that there are sufficient funds to provide a cash dividend to shareholders of the Teachers and Salaried Workers Co-operative Credit Union, and

**WHEREAS** the Directors have determined that after the payment of such dividend the Company will be able to meet all of its continuing obligations and provide adequate funds for reinvestment in the business;

**BE IT RESOLVED** that this Annual General Meeting approves payment of Two and One Half Percent (2.5%) Interest on Regular Share (Loan Security) Deposits; Three Quarter Percent (0.75%) Interest on Dividend Reinvestments; Three Quarter Percent (0.75%) Interest on Retirement Accounts; One Half Percent (0.5%) Interest on Deposit Accounts.

## RESOLUTION 2

### AUDITORS

**BE IT RESOLVED** that the Board of Directors be responsible for the appointment of Auditors for the year ending December 31, 2018.

## RESOLUTION 3

### REMUNERATIONS

**CONSIDERING** the new Bahamas Co-Operative Credit Union Act, of 2015 came into effect in June of 2015. The Act for the first time provides for the remuneration of directors and committee members in connection with their duties as directors or a committee member of a cooperative credit union. Remunerations for the purpose of the Act, includes any honorarium, stipend or payment in cash or in kind, however designated.

**WHEREAS**, Section 58 of the Act provides that, for directors and members of a committees to be paid any remunerations, the amount must be fixed (agreed) and ratified by resolution each year at the annual general meeting.

**BE IT RESOLVED**, and **RATIFIED** that remunerations to directors and committee members be fixed and ratified as follows:-

#### Part (i): DIRECTORS

(a) That the remuneration (stipend) for Directors be fixed and ratified at Five Hundred, and Thirty dollars (\$530.00) per month each, in arrears, until the next annual general meeting in 2019.

#### Part (ii): SUPERVISORY AND CREDIT COMMITTEE MEMBERS

(a) That the remuneration for Supervisory Committee and Credit Committee members be fixed and ratified at Two Hundred and Fifty dollars (\$250.00) each per month, in arrears until the next annual general meeting in 2019.

# REVIEW OF 2017

**NEW HIRES:**

- ⇒ August 14  
Marie Seymour (Member Services)
- ⇒ September 4  
Syrena Hollingsworth (Freeport)
- ⇒ September 18  
Alginal Coleby (Freeport)
- ⇒ October 16  
Nigella Thompson (Abaco)
- ⇒ November 13  
Brando Poitier (IT/Records)

**RESIGNATIONS:**

- ⇒ May 19 | Rashea Carey
- ⇒ May 24 | Ordia Rolle
- ⇒ September 14 | Myriam Charlow
- ⇒ October 10 | Gerline Ferguson
- ⇒ November 24 | Theadorsha Lowe

**RETIREMENT:**

- ⇒ February 24 | Katherine Rahming
- ⇒ September 25 | Huewitt Whyly

**RECLASSIFICATION:**

- ⇒ June 1  
Dwanya Miller | to Teller Supervisor
- ⇒ June 17  
Irene Moss | to Assistant Manager Operations

**DEATH(S):**

- ⇒ July 21 | Tristan Marshall

**BOARD EXECUTIVE COMMITTEE: -**

- ◇ Sharon Rahming, Chairperson
- ◇ W. Johnley Ferguson, Vice Chairman
- ◇ Theresa Deleveaux, Treasurer
- ◇ Cheryl Bowe-Moss, Secretary

**2017 BENCHMARKS:**

- \* TSWCCUL Celebrated its 40th Anniversary
- \* 2017 the TSWCCUL celebrated its \$200-million benchmark met.

**As at December (2017):**

- Total Assets: \$206,256,805
- Net Income: \$1,088,178



## PAST TO PRESENT CHAIRPERSONS OF THE BOARD

1977-1980	~	Mr. Eris Moncur	2000-2001	~	Mr. Leroy M. Sumner
1980-1982	~	Mr. Cecil N. Curling	2001-2003	~	Mr. McDonald Rolle
1982-1984	~	Mr. Huel F. Moss Sr.	2003(Jun-Oct)	~	Mr. W. Johnley Ferguson
1984-1986	~	Mr. McDonald Rolle	2003-2009	~	Mr. Donald Symonette
1986-1988	~	Mr. Berkley Smith	2009-2010	~	Mrs. Cheryl Bowe-Moss
1988-1990	~	Mr. Franklin M. Ferguson	2010-2014	~	Mr. Donald Symonette
1990-1993	~	Mr. McDonald Rolle	2014-2015	~	Mr. McDonald Rolle
1993-1995	~	Mr. E. J. Bowe	2015	~	Mr. W. Johnley Ferguson
1995-1996	~	Mr. Clement Horton	2015-2017	~	Mr. Lenn King
1996-1997	~	Mr. E. J. Bowe	2017-2018	~	Mrs. Sharon Rahming
1997-2000	~	Mr. Franklin M. Ferguson			



# TEACHERS & SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED



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Facsimile: (242) 356-9691



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Marsh Harbour, Abaco

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Facsimile: (242) 367-3612



## **FREEPORT BRANCH:**

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Facsimile: (242) 351-5036

*"Continue to Grow With Us"*

Website: [www.tswccul.org](http://www.tswccul.org)