



The Communal

To Grow With Us, Save With Us

VISION STATEMENT

To become the first choice financial institution for the community we serve.

MISSION STATEMENT

To enhance the quality of life of our members and of the entire community, by providing superior quality financial services to them through a well trained staff and the utilization of appropriate technology.

THEME FOR AGM 2016
"GROWTH BEYOND BOUNDARIES"

OUR PRAYER

Lord, make me an instrument of thy 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;
And 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 giving that we received;
It is in pardoning that we are pardoned;
And it is in dying that we are born to eternal life.

Bless O Lord, our deliberations
And grant that whatever we may so do,
Will have thy blessing and guidance,
Through Jesus Christ our Lord,
Amen



OUR SONG


With us there are no barriers
Cause we are all the same
The more of us the happier
The louder we'll proclaim.
That we are owner members
Our rule is honesty
We are the Credit Union
And all the world can see.

Chorus
Together.....we give and receive
Together we help each other to achieve
cause in our world today
It's not safe to be alone
Let's make each other's cares
To be our own.

We all will be true savers
Though it is great or small
We will become shareholders
Providing loans for all
So when great need arises
There's no uncertainty
Once in the Credit Union
There's help for you and me

We pledge to be of service
To better our land
We harbor no prejudice
Upon this theme we stand
One man one vote for members
Of high or low degree
For in the Credit Union
There's pure democracy.

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NOTICE OF THE 35th ANNUAL GENERAL MEETING

Dear Member,

Notice is hereby given that the 35th Annual General Meeting of The Communal Co-operative Credit Union Limited will be held on Thursday 23rd March 2017, at the Grenada Trade Centre Annex, Morne Rouge, St. George's, Grenada, beginning at 3:00 p.m.

AGENDA

1. Call to Order
2. Opening Ceremony
3. Ascertainment of Quorum
4. Adoption of Agenda
5. Standing orders
6. Minutes of 34th Annual General Meeting
 - a. Corrections and amendments
 - b. Confirmation
 - c. Matters arising
7. Reports for Discussion and Adoption
 - a. Board of Directors
 - b. Supervisory Committee
 - c. Credit Committee
8. Financial Reports
 - a. Treasurer's Report
 - b. Auditor's Report
9. Any other business/Members concerns
10. Nominations Committee Report/Elections
11. Resolutions:
 - Approval of Budget
 - Fixing the maximum borrowing limit for the ensuing year
 - Appointment of Auditors
 - Non Withdrawal of Permanent Equity (qualifying) Shares
 - Incentive Payment to members
 - Increase in Allocation for the Brian Campbell Empowerment Program
12. Conclusions
13. Refreshments



Pearl Doughlin
Secretary

CORPORATE INFORMATION

COMMUNAL CO-OPERATIVE CREDIT UNION LTD

Halifax Street
St. George's
Telephone: (473) 440-1755/435-2309
Fax: (473) 440-7545
Email: ccomcreditunion@thecommunalcu.com
Website: www.thecommunalcu.com

PERDMONTEMPS BRANCH OFFICE

Perdmontemps
St. David
Telephone/Fax: (473) 440-4264

GOUYAVE BRANCH OFFICE

Central Depradine Street
Gouyave
St. John
Telephone/Fax: (473) 437-1129

CARRIACOU BRANCH OFFICE

Church Street
Carriacou
Telephone: (473) 443-6699
Fax: (473) 443-8899

AUDITORS

PKF

BANKERS

Republic Bank (G'da) Ltd
CIBC First Caribbean International Bank

SOLICITORS/ATTORNEYS

Law Office of George E. D. Clyne
Wilkinson, Wilkinson & Wilkinson

EXECUTIVE OFFICERS

President:

Dr. Wayne Sandiford

Vice President:

Claudia Alexis

Treasurer:

Jusceno Jacob

Secretary:

Pearl Doughlin

Assist. Secretary/Treasurer:

Jennifer Gulston-Gittens

General Manager:

Lennox J. Andrews



GROWTH BEYOND BOUNDRIES

STANDING ORDER

1. (a) A member shall stand when addressing the Chair.
(b) Speeches shall be clear and relevant to the subject of the meeting.
2. A member shall only address the meeting when called upon by the Chairman to do so, after which he/she shall immediately take his/her seat.
3. No member shall address the meeting except through the Chairman.
4. A member shall not speak twice on the same subject except:
 - (a) The mover of a motion has the right to reply
 - (b) He/she rises to object or to explain (with permission of the Chair).
5. No speeches shall be made after the question has been put and carried or negated.
6. The mover of a procedural motion (adjournments, postponement, lay on table) shall have no right of reply.
7. A member rising on a point of order shall state the point clearly and concisely. (A point of order must have relevance to the Standing Orders).
8. (a) A member shall not 'call' another member 'to order' but may draw the attention of the Chair to a 'Breach of Order'.
(b) In no event can a member call the Chair 'to order'
9. A question should not be put to the 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 put now', may be moved at any time.
10. Only one amendment shall be before the meeting at one and the same time.
11. When a motion is withdrawn, any amendment to it fails.
12. The Chairman shall have, in addition to his ordinary vote, a "Casting Vote" in the case where there are equal votes on the motion at hand.
13. If there is an equality of votes on an amendment and if the Chairman does not exercise his casting vote the amendment is lost.
14. The Chairman shall make provisions for the protection of members from vilification (personal abuse).
15. No member shall impute improper motives against the Chairman, Board of Directors, Officers, or any other member.
16. Only members are allowed to vote.





Standing L to R: Ernest Bleasdille, Shawna Thomas-Cuffie, Jusceno Jacobs, Joseph Sylvester
Sitting: Claudia Alexis, Pearl Doughlin, Wayne Sandiford, Jennifer Gulston-Gittens, Natasha Marquez-Sylvester (photo not inserted)

REPORT

BOARD OF DIRECTORS



INTRODUCTION

Fellow members, the Board of Directors of Communal is pleased to submit for your consideration the report on the financial and administrative performance of our institution for the year 2016.

At the outset, we would like to express our appreciation for the opportunity you gave us to serve you and this noble institution. We do hope that you would be satisfied with the progress our institution has made over the last year with our guidance and leadership.

The year 2016 was a special one for Communal. The year marked the midsecond year of our 2015-2017 Strategic Plan which guided our deliberations for the last year. Our intention was to ensure that we completed all activities in said plan. In this regard a complete review of the Plan 2016 was done in 2016 and we are happy to report that most of the activities planned were implemented.

You would recall that our Theme for 2016 was “Building Communal Institutional Capital.” The desire was to meet the required benchmark as the basis of making dividends payments to members, having been unable to do so in previous year. Specifically, the Theme meant that we focused our work on increasing Communal Operating Surplus and this we were able to do as the audited financial statements would show.

Before detailing Communal’s work for 2016, we would briefly explain the economic conditions under which we had to operate. We then provide a summary of our plans for 2017 and we end this report with a submission of the Resolutions and the 2017 Budget for your consideration and approval.

GRENADA’S ECONOMIC PERFORMANCE 2016

In Grenada, the Structural Adjustment Programme which started in 2014 resulted in growth of 5.2% in 2015, slightly lower than the 5.68% recorded in its initial year. In 2016, the economy was projected to grow by 2.8% with increased economic activity in Agriculture, Manufacturing and Construction. The ECCB third quarter report indicated that the economy grew during the first nine months of the year due to a “rebound in the tourism industry, robust construction activity and an improvement in manufacturing.”

The report also pointed out that for the first nine months of 2016, government achieved current account and overall surpluses in its fiscal performance. The country’s total disbursed outstanding debt fell by 0.6 per cent (\$14.3M) to \$2,327.1M at the end of September 2016 relative to the level at the end of December 2015. In addition the debt to GDP ratio is projected to be less than 90% at the end of 2016. Consumer prices went up by 0.9 per cent. In the monetary sector, liquidity in the commercial banks remained high, while domestic credit fell in the midst of growth in monetary liabilities and the country’s net foreign assets.

The favorable conditions would have had a positive impact on Communal financial performance as many of our members are employed in the productive sectors and with government.

REVIEW OF COMMUNAL OPERATIONS FOR 2016

Board of Directors

The following persons served on the Board for the period April 2016 – March 2017:

Mr. Wayne Sandiford	President
Miss Claudia Alexis	Vice President
Miss Pearl Doughlin	Secretary
Mr. Jusceno Jacob	Treasurer
Mrs. Jennifer Gulston-Gittens	Assistant Secretary / Treasurer
Mr. Joseph Sylvester	Director
Mrs. Natasha Marquez-Sylvester	Director
Mr. Ernest Bleasdille	Director
Mrs. Shawna Thomas-Cuffie	Director



COMMUNAL STAFF



Standing L to R: Larry La Touche, Randy Frank, Kirlan Hosten, Morland Humphrey, Shirley Stephen, Magdalene Steele, Elvis Frederick, Karel Collier, Lance Smith, Chinnel Andrews, Shevon Noel, Mary Holder, Janel Gabriel, Lorna Cyrus, Jeanette Ratto, Marilyn Mapp, Michelle Boney, Dawnleigh Carrington, Stonna Barry, Ann-Marie Montrose, Koss St. Bernard, Jayde Williams, Alonzo Pope, Kellon Passee, Lyndon Clyne, John Marryshow
Sitting L to R: Carol Paul, Shurla Harris-Fields, Karena Tyson, Lennox J Andrews, Betty Charles, Glennisha Williams, Fiona Alexander-Baptiste

Meetings were held monthly to consider the reports from management on the financial and managerial operations of the institution. Coming from these meetings were measures and policies aimed at strengthening financial management and operations. A review was undertaken of the Budget and the necessary adjustments were made to revenue and expenditure to meet a more realistic year end outturn. Moreover, the changes in the financial landscape received our attention and the appropriate actions were designed to deal with them.

FINANCIAL OVERVIEW AND PERFORMANCE IN 2016

The conditions of the financial sector in 2016 remained relatively the same as they were in 2015. Liquidity continued to be high in a narrow domestic economic and financial space, characterized by limited opportunities for loans and investment and by strong competition among service providers. Financial management became difficult under these conditions and warranted a greater collaborative effort among the major players in the credit union movement.

For us at Communal, doing business required the strict implementation of the activities outlined in the work plan which was based in part on the 2015-2017 Strategic Plan. The strategic plan made reference to the fulfillment of five major objectives, namely to:

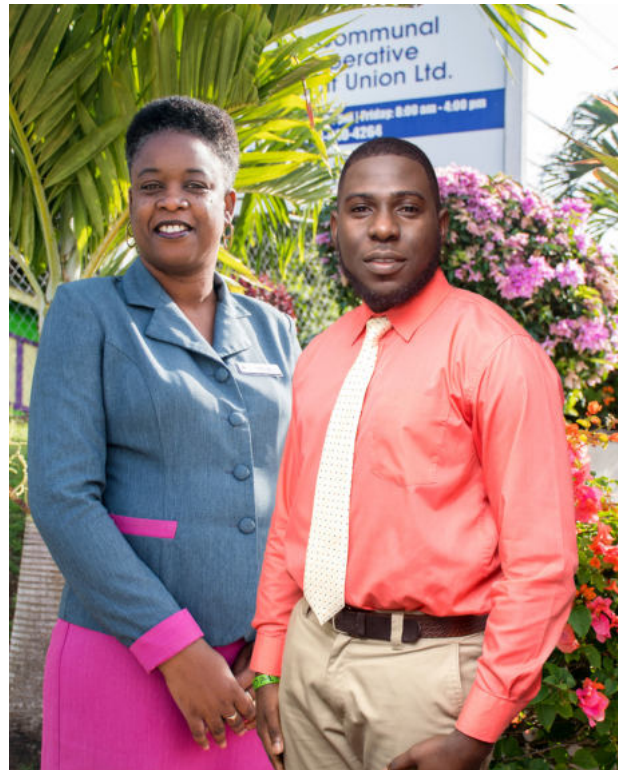
1. Achieve a consistently above-standard annual surplus;
2. Provide the highest level of satisfaction to current and prospective members;
3. Develop and maintain a cadre of highly skilled, motivated and productive staff;
4. Be the leading credit union in Grenada; and
5. Increase membership of Grenadians living abroad.

In seeking to fulfill these objectives, we note the following in 2016:

- The Board reconstituted its sub-committees to better provide support and guidance to management in the conduct of their duties;
- The Board continuously analyzed the changes in the financial landscape and implemented the necessary financial adjustment measures;



- Following the successful staging of the AGM and the appointment of new members to different committees, the first Joint Committee was held at which all members received a presentation from the General Manager on their fiduciary responsibilities;
- Much of our attention during the year focused on raising operating surplus as a basis for improving Communal institutional capital ratio;
- Membership growth has been steady during the year;
- We have maintained and promoted good governance with the Board and other committee members by having prescribed and monthly meetings;



Perdmontemps Branch

L to R: Celia Samuel, Ryan Antoine

Our major decisions and achievements in 2016 are summarized as follows:

- As part of our collaborative effort with other credit unions, we considered a Syndicate Loan arrangement with our sister credit unions;
- We completed a Salary Survey and introduced a new salary scale for Communal staff;
- We resumed the Brian Campbell Empowerment Programme and trained some sixty Communal members in different skills to enhance their self-employment potential;
- Four members of our Board received Orientation Training for Credit Union leaders, organized by the Grenada Cooperative League;
- We considered a Memorandum of Understanding between management and the Board and commenced the task of updating Communal's existing Loan Policy and we reviewed other policies;
- The decision was taken to appoint a Human Resource Manager with effect from March 2016. The decision meant the establishment of a Human Resource Department and with it the implementation of an Appraisal System and a Staff Recognition and Award Scheme;
- To better manage the Communal's finances, the decision was taken to lower interest rate on deposits from institutions;
- During the year additional measures were taken to raise Communal Institutional Capital;
- Each Board member was provided with a handheld tablet device to reduce costs and improve efficiency in operations;



- A new proposal was submitted to GARFIN for Shares to be included in the calculation of Institutional Capital. The proposal was approved;
- The Loans Policy was approved;
- The decision was taken to install two Automatic Teller Machines at Headquarters;
- The Lobby area at Headquarters was retrofitted to accommodate the installation of two Automatic Teller Machines;
- The implementation of the 2015-2017 Strategic Plan was reviewed and appropriate directives given to management;
- We decided on an Incentives Package for officers of the Delinquency Unit;
- Training in customer service was given to officers of the same Unit;
- The first new members' quarterly meeting was held;
- The 2016 Budget was revised with specific directives to management;
- An Internal Auditor was appointed;
- Following recommendation from management the Board received a presentation from Kovack Securities and Advisors on the undertaking of International Investment;
- The 2017 Work Plan and Budget were approved;
- The decision was taken hold the 2017 AGM in March 2017.



Gouyave Branch

L to R: Rhonda Charles ,Verdessa Morain

There were other achievements during the year that are to be mentioned. These are as follows:

- The Operating Surplus achieved in 2015 was surpassed by the end of October 2016;
- In keeping with the objectives indicated in the 2015-2017 Strategic Plan, we trained supervisors and managers to build their capacity in implementing performance management, to master communication skills and to better represent the Communal brand and we recruited the services of two experienced persons to join our staff and maintained all existing staff during the year; and
- Two Joint Committee meetings were held during the year.



MEMBERSHIP PERFORMANCE

Communal's membership has shown continuous growth since our relocation to Halifax Street in April 2012. We present in the table below movement in our membership since that year. It shows an average growth in membership of 9.5% and this may largely be attributed to the quality of service rendered to our members.

	2016	2015	2014	2013	2012
Net members ¹	23,880	21,985	19,977	18,068	16,491
% change	8.6%	10.1%	10.6%	9.6%	8.7%

Approximately 16% of our membership is between the age group 16-30 years. This group of members accounts for 10.0% of Communal shares and 7.1% of Communal loans. The most active group of our members lies within the age group 31-50 years. They account for 45% of our membership; have 39.4% of our shares; 36.7% of our savings and account for 57.4% of Communal loans. On the other hand, approximately 51% of our members are from St. George, next in line is St. David with 15% followed by St. John with 11% of the membership. Approximately 10% our members are overseas. The least number of members are found in St. Patrick and St. Mark, each 2%. During the year about 191 members closed their account because of financial reasons.



Carriacou Branch

Cassandra Cox-Peters & Treicia Mitchell-Frank

TRAINING FOR STAFF IN 2016

Undoubtedly, the changes in the financial landscape warrant that our staff and decision makers are current with recent technological developments in the financial sector and that they can clearly diagnose the changes for appropriate responses. In that regard, during the year suitable training was provided to staff and committee members. Survival in the financial sector also requires our staff to be well equipped and exhibit the highest customer service at all times. The training received by our staff and committee members as outlined in the table below sought to build competence and institutional capacity so that Communal can play a leading role in the financial sector in Grenada.

TRAINING RECEIVED BY STAFF AND MANAGEMENT COMMITTEES IN 2016

DATE	TRAINING	FACILITATED BY	ATTENDEES
January 20 - 22	Social Performance Management	Caribbean Micro Finance Alliance	Mellisa Telesford; Ann-Marie Montrose
February 10	Orientation for Credit Union Leaders	Grenada Co-operative League	Jennifer Gulston-Gittens, Pearl Doughlin; Joseph Sylvester; Jusceno Jacob; Grace-Ann Neptune; Devon La Touche

¹ This figure excludes accounts closed during the year



February 15 - 16	Operational Risk Management	Antigua & Barbuda Co-operative Credit Union League	Lennox J. Andrews
February 19 & 24	Supervisory skills	EMA Solutions	All Supervisors
February 20	Effective Leadership	EMA Solutions	All Managers
March 13 - 19	Caribe DE training	Caribe DE	Jeanette Rattoo; Chinnel Andrews
April 8	Customer Care and Ettiquette	EMA Solutions	All Junior staff
May 19	Understanding Credit Union Laws and Regulations	Grenada Co-operative League Limited	Pearl Douglin; Jennifer Gulston-Gittens; Natasha Marquez-Sylvester; Austin Redhead; Jusceno Jacob; Joseph Sylvester; Kenita Paul; Devon La Touche; Anthony Phillip
June 1	Corporate Governance	ICAEC	Shurla Fields; Joseph Sylvester; Claudia Alexis; Jennifer Gulston-Gittens
July 3 - 5	Hot Topics in Corporate Governance	Caribbean Governance Training Institute	Ernest Bleasdille; Wayne Sandiford
July 07- 08	Operational & Product Marketing	Caribbean Credit Card Corporation	Randy Frank; Lyndon Clyne
July 25 - 6	59th Annual International convention	Caribbean Confederation of Credit Unions	Lennox J. Andrews; Dawne Walker; Jusceno Jacob
September 14 - 18	14th OECS Credit Union Summit	St. Vincent & the Grenadines Co-operative Credit Union League	Shurla Fields; Celia Samuel; Ann-Marie Montrose
October 27 - 28	Early warning signals for Banks	CariCRIS	Wayne Sandiford; Lennox J. Andrews; John Marryshow

BUDGET 2017

The 2017 budget was approved by the Board at its December 2016 meeting. It was prepared on the basis of actual outturn up to October 2016 and projections for the remaining two months of 2016. In preparing the budget we sought to raise the Operating Surplus to a level that would satisfy the benchmark for the institutional capital ratio. In 2017, we have budgeted an operating surplus of \$2.0M, a growth of 14.37% over the projected outturn for 2016.

FOCUS FOR 2017

Moving forward we remain guided by the activities from the 2015-2017 Strategic Plan and in particular those to be implemented in 2017. Those activities that were not completed in 2016 but are still relevant today will also form part of the 2017 work plan. Moreover, activities that are appropriate at this time but might not have been included in the Strategic Plan will be in for implementation in 2017.

The central focus of Communal 2015-2017 Strategic Plan is to raise our Institutional Capital (IC) ratio to the required 7.5% of assets by 2017. To achieve this important target a number of actions have been taken since 2015. Among these was a submission in 2015 to GARFIN of a plan to raise that ratio to the





L to Right: Ann-Marie Montrose; Human Resource Manager, John Marryshow; Loans & Credit Administrative Manager, Lennox J Andrews; General Manager, Shurla Harris-Fields; Finance & Operations Manager, Mellisa Telesford; Administrative Manager (Picture not included)

required level. Another submission was made in 2016 to include Qualifying Shares in the calculation of IC. With this submission being approved, Communal IC ratio has neared the required level and therefore our efforts must continue to achieve and surpass that target in 2017.

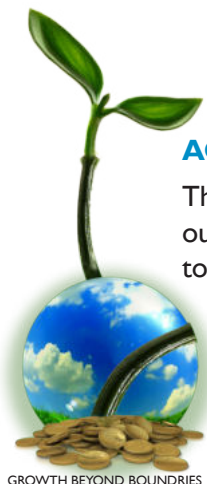
The detailed activities in the 2017 Work Plan have already been approved. As the present Strategic Plan comes to an end in 2017, a major task for the Board in 2017 is the preparation of a new Strategic Plan for the period 2018-2020. This we intend to complete by the last quarter of 2017, to take effect early in 2018.

Apart from the Institutional Capital ratio, there are other areas that would require our full attention in the coming year. These are as follows:

- The lowering of the delinquency ratio to below the required benchmark of 5%;
- The installation of two ATM at our Headquarters to improve the quality and efficiency in the service we provide to our members;
- Undertaking international investments as means of placing our capital where the returns are safest and highest, thereby increasing our total income; and
- The need for our staff to continue providing advanced quality customer service to our members, as the single most important instrument to remain significant in a narrow financial landscape, characterized by high liquidity, strict competition and limited opportunities for loans and investment.

ACKNOWLEDGEMENTS AND CONCLUSIONS

The improved financial performance of 2016 can be attributed to the exemplary quality work displayed by our staff during the year. The Board would like to express its appreciation for the staff and looks forward to better performance and results in 2017.




The achievement in 2016 was also the result of our membership support to the institution and in particular those who met their financial commitments on time. High praise for such members and we do hope that your loyalty to the institution would encourage other members to do likewise.


As you may be aware some of our committee members would be demitting office in 2017. One of them is our present Chairman, Dr. Wayne Sandiford having served two full terms. Those of us continuing express our gratitude for sharing his thoughts with us over the last six years. Best wishes to him in his future endeavors.

Fellow members of Communal, there is no greater merit that one can achieve than to be at the service of his country and people. We the present Board members of Communal cherish the opportunity given to us to serve you and this noble institution Communal. We remain resolute in our search for new ideas that are relevant and practical and would make our institution a going concern in the financial landscape of Grenada. You can count on us for creating an institution that is financially strong and well managed and that satisfy the ever-changing needs of its growing membership.

Mr. Wayne Sandiford 

Miss Claudia Alexis 

Miss Pearl Doughlin 

Mr. Jusceno Jacob 

Mrs. Jennifer Gulston-Gittens 

Mr. Joseph Sylvester 

Mrs. Natasha Marquez-Sylvester 

Mr. Ernest Bleasdille 

Mrs. Shawna Thomas-Cuffie 



TREASURER'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

INTRODUCTION

In keeping with Section 56 (E) of the Bye-Laws of Communal, the Treasurer of the Board of Directors of Communal is to prepare the Annual Statement of Accounts on the financial performance of Communal.

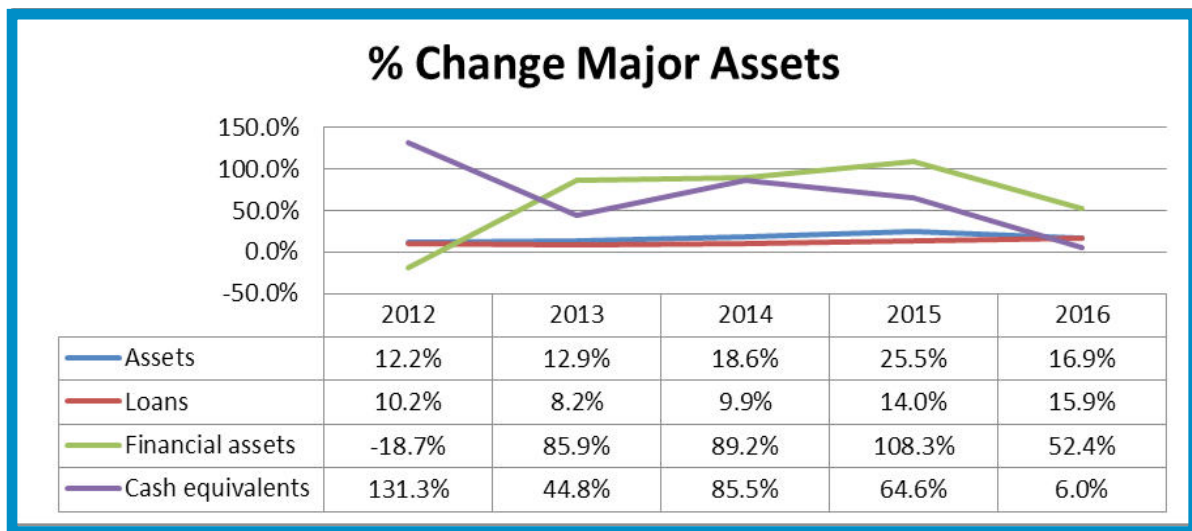
This Statement of Account is for the year ended December 2016 and is based on the Audited Financial Statement prepared by Communal's external auditors, PKF. The statement allows for the analysis of Communal's financial performance for 2016 under the following headings:

- Communal Assets and Liabilities for 2016;
- Communal Comprehensive Income for 2016; and
- Major Financial indicators as indicated by PEARLS.

Communal Assets and Liabilities for 2016

At the end of December 2016, Communal's total assets stood at \$138.7M, a growth of 16.9% over the year 2015. This was largely due to an increase of 19.4% in Communal earning assets, as Members' loans (our major income earner) went up by 15.9% to \$87.2M. There was also growth of 52.4% in financial assets held to maturity and a 11.2% rise in receivable financial assets.

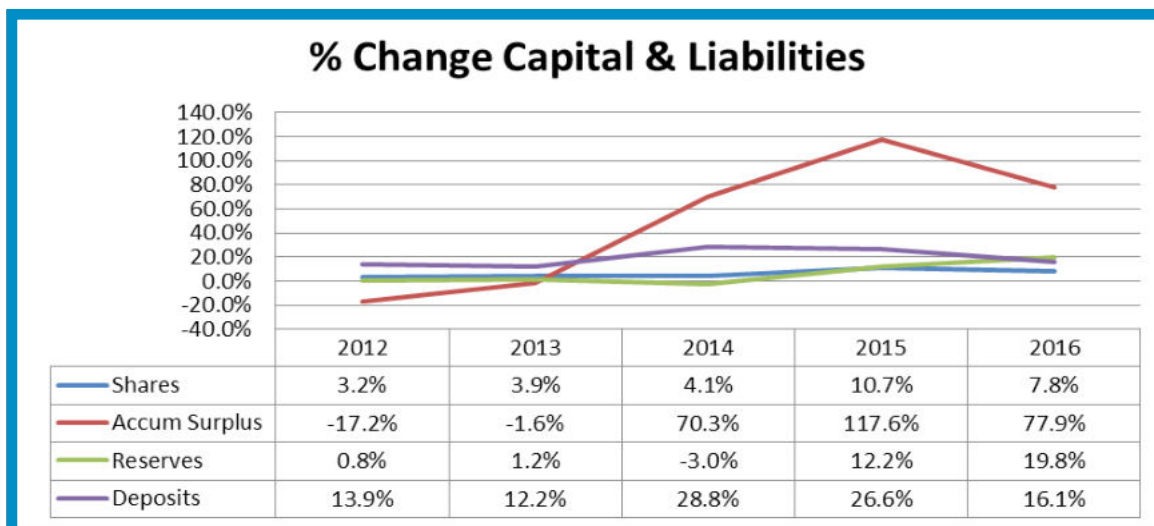
Non-earning assets amounted to \$21.0M, a rise of 10.2% above the December 2015. While the upsurge in cash equivalents was not as large as in 2015, its value of \$19.1M accounted for 91.2% of the total non-earning assets.



On the capital and liabilities side, Communal's institutional capital as indicated in the Audited Financial Statement amounted to \$14.2M, approximately 19.8% higher than in 2015 and represented 10.3% of Communal's total assets. However, in keeping with GARFIN recommendation, institutional capital comprising Statutory Reserves, Accumulated Surplus and (recently agreed on) qualifying shares amounted to \$8.8M and equivalent to 6.4% of total assets, still below the benchmark of 7.5% as established by regulator GARFIN. Communal needs to continue its effort at raising this institutional capital ratio to the established 7.5% benchmark.



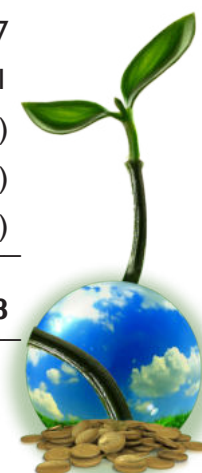
For the year 2016, Communal's current assets showed an increase in members' deposits by 16.1% to \$121.8M and non-interesting bearing liabilities rose by 41.4% to \$2.5M due to the volume of activity on the debit card portfolio.



The following statement shows Communal's assets and liabilities at year end 2016.

Members' Statement of Net Assets Owned: Summary

	2016	2015	Increase/ (Decrease)	Increase/ (Decrease)
	\$	\$	\$	%
Shares	8,812,210	8,176,760	635,450	7.77
Savings and Deposits	121,846,981	104,951,433	16,895,548	16.10
Statutory Reserves	2,339,632	1,971,187	368,445	18.69
Other Reserves	125,410	86,950	38,460	44.23
Undistributed Surplus	3,077,563	1,730,052	1,347,511	77.89
Less amounts owed	2,575,270	1,821,142	754,128	41.41
Our Net Assets	138,777,066	118,737,524	20,039,542	16.88
Loans to us as members	87,256,716	75,262,508	11,994,208	15.94
Investments	23,175,448	16,881,571	6,293,877	37.28
Cash in hand and at bank	19,157,287	18,078,315	1,078,972	5.97
Other current assets	1,855,970	998,347	857,623	85.91
Investment Property	1,569,465	1,624,197	(54,732)	(3.37)
Land and Building	4,849,970	4,939,152	(89,182)	(1.81)
Other fixed assets	912,210	953,434	(41,224)	(4.32)
Agreeing our Net Investments with our asset owned	138,777,066	118,737,524	20,039,542	16.88



Comprehensive Income

At the end of December 2016, Communal's financial operations resulted in a net income of \$6.2M, a growth of 17.3% over 2015. That growth in net income resulted from 11.8% increase in interest income, 58.5% jump in interest earned from Financial Assets and 23.7% rise in other income. Interest expense went up by 12.3%, resulting in a net interest income of \$4.6M as compared to \$4.2M in the previous year.

From this net income of \$6.2M, general and administrative expenses of \$4.4M as well as bad debt expense of \$0.4M must be deducted; leaving an operating surplus before transfers of \$1.78M for 2016.

In keeping with statutory requirements, transfers totaling \$0.3M are to be made to the statutory reserve and the development fund. With these transfers made the Net Surplus for the year amounted to \$1,410,874, substantially above the \$922,827 recorded last year.

In conclusion, 2016 represented the fifth consecutive year of improvement in the financial operations of Communal.

The comprehensive income statement is also presented in the format indicated below to show the source of Communal income, the cost of operations.

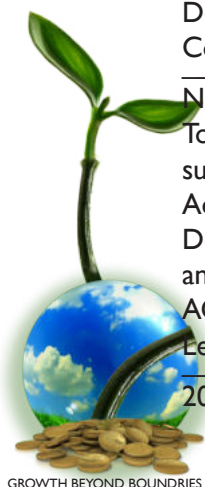
Income and Expenditure Account: Members' Perspective

OUR INCOME WAS EARNED FROM	2016	2015	Increase/ (Decrease)	Increase/ (Decrease)
	\$	\$	\$	%
Interest on members' loans	7,667,676	6,902,662	765,014	11.1
Interest on investments	1,037,245	654,515	382,730	58.5
Rental Income	245,520	238,748	6,772	2.8
Other income/recoveries	611,429	447,188	164,241	36.7
	9,561,870	8,243,113	1,318,757	16.0

OUR COST TO OPERATE THE CREDIT UNION WAS

Operating Expenses	4,764,207	4,392,957	371,250	8.5
Interest to members	3,011,747	2,682,021	329,726	12.3
	7,775,954	7,074,978	700,976	9.9
Net profit before provisions for impaired assets	1,785,916	1,168,135	617,781	52.9
From which we set aside 20% for Statutory Reserve as per the Co-Operative Societies Act.	357,183	233,627	123,556	52.9
Development Fund payable to the Gda Co-Op League	17,859	11,681	6,178	52.9
Net Surplus for the year	1,410,874	922,827	488,047	52.9
To which is added undistributed surplus from previous years	1,730,052	795,150	934,902	117.6
Adjustment to development fund transfer 2014		24,945	(24,945)	-
Deduct dividend and bonus distribution and Health fund approved at the previous AGM for members	63,363	12,870	50,493	392.3
Leaving us with undistributed surplus at year end	3,077,563	1,730,052	1,347,512	77.9

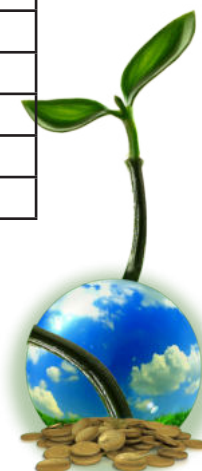
2016 has been another great year in Communal financial performance.



PEARLS Ratio Analysis

PEARLS is a set of financial ratios or indicators designed specifically to analyze the performance of credit unions by setting benchmarks for six (6) categories of indicators (Protection, Effective Financial Structure, Asset Quality, Rates of Return and Costs, Signs of Growth). The following table shows the behavior of these ratios in 2016 relative to 2015 and in comparison with their established benchmarks.

	Required Ratio	Actual Ratio 2016	Actual Ratio 2015	Ratings 2016
PROTECTION				
Total Charge-Off of Delinquent Loans >12 months	100%	100.00%	100.00%	Good
Net Allowance for Loan Losses/ Allowances Required for Loans Delinquent less than 12 months	35%	35.00%	35.00%	Good
EFFECTIVE FINANCIAL STRUCTURE				
Net Loans / Total Assets	70-80%	62.88%	63.39%	Poor
Savings Deposits / Total Assets	70-80%	87.80%	88.39%	Poor
Institutional Capital / Total Assets	Min 7%	6.39%	3.12%	Fair
Members Shares/Total Assets	10-20%	6.35%	6.89%	Fair
ASSET QUALITY				
Total Loan Delinquency / Gross Loan Portfolio	<=5%	5.06%	8.21%	Excellent
Non-Earning Assets / Total Assets	<=5%	17.50%	19.45%	Poor
RATES OF RETURN & COSTS				
Total Financial Investment Income / Average Financial Investments	Market Rate (3.2%)	4.89%	4.64%	Excellent
Total Interest Cost on Savings Deposits / Average Savings Deposits	Market Rate (3%)	2.66%	2.86%	Excellent
Total Operating Expenses / Average Total Assets	10%	3.34%	3.77%	Excellent
LIQUIDITY				
S.T Investments + Liquid Assets - S.T Payables / Savings Deposits	Min. 15%	34.12%	28.14%	Excellent
Liquidity Reserves / Savings Deposits	10%	34.74%	33.09%	Excellent
Non-Earning Liquid Assets / Total Assets	<1%	12.37%	15.93%	Poor
SIGNS OF GROWTH				
Growth in Loans to Members	≥ 10%	15.94%	14.03%	Excellent
Growth in Savings Deposits	20%	16.10%	26.62%	Fair
Growth in Institutional Capital	>5%	28.92%	19.76%	Excellent
Growth in Membership	>12%	8.73%	10.06%	Fair



Protection:

Communal has demonstrated a good performance with the two indicators in this category.

Effective Financial Structure:

None of the four indicators in this category met the required benchmark. This has been mainly due to the faster growth in the total assets. A similar situation existed in 2015. To improve performance in this category Communal needs to have a greater return from the assets and channel more of our member's deposits into loans.

Asset Quality

In 2016 Communal has improved its performance in this category. Non-earning assets ratio is still far above the recommended benchmark but has decreased from 2015 by 10%. Loan delinquency relative to the total loan portfolio has shown notable improvement, the ratio at December 31, 2016 was 5.06% a reduction of 38.5% over 2015.

Rates of Return and Costs

The three indicators in this category have shown excellent performance as Communal continues to pay competitive rates on savings and earn reasonable returns on investments.

Liquidity

Two of the three liquidity ratios have been above the established benchmark in 2016. However the non-earning asset ratio continue to be significantly higher than the benchmark in spite of a slight improvement..

Signs of Growth

Communal showed excellent performance in two of the four indicators making up the signs of growth category. While growth in membership is considered fair, the rate however is not far from the established benchmark. Membership growth is constrained by Grenada's small population size.

In summary, the PEARLS ratio indicates that Communal has demonstrated satisfactory financial performance in 2016. The indicators requiring greater attention are those falling in the categories effective financial structure and asset quality.

Acknowledgements

In closing, I recognize the contribution of my fellow Board members and the management of Communal to the execution of my duties as Treasurer of the Board. I remain committed to fulfilling my fiduciary responsibility as a member of the Board and as Treasurer.



CREDIT COMMITTEE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Credit Committee is pleased to present its report to members of the Communal Co-operative Union Limited for the year ended December 31st 2016.

The year began with the following members continuing to serve to the period ended April 30th 2016 which was the scheduled date for the Annual General Meeting:

- Grace-Ann Neptune;
- Marcia Gabriel-Baptiste;
- Ruth Jerome; and
- Austin Redhead

Following the Annual General Meeting a new committee was elected. The first meeting of the committee was held on May 10th 2016 and the following members were appointed in accordance with the Bye laws.

- Mrs. Grace-Ann Neptune Chairman
- Ms. Kizzy Simon Secretary
- Mr. Austin Redhead
- Mr. Jerome Thomas
- Mrs. Roselyn Telesford

OVERVIEW

At the first meeting the new members were apprised of their role and responsibility which were as follows:

- To oversee and approve credit applications within the limit extended by the Board of Directors;
- Review and recommend measures to maintain delinquency within the accepted ratio of 5% as stipulated by PEARLS standard;
- Submit monthly reports to the Board of Directors; and
- To submit loans for approval above the limit of the Committee.

During the period under review there were changes to the composition of the committee. Grace Ann Neptune resigned effective June 14, 2016 and Kizzy Simon left August 16, 2016 for engagement overseas. Ms. Rhona Andrews was appointed Secretary to replace Ms. Simon and Mr. Jerome Thomas was appointed Chairman of the committee.

Meetings were held on Tuesdays to consider loan applications from management, and the committee worked diligently with loans officers and members of the management team to accomplish its task.



During 2016 the committee received and reviewed 2,669 applications. Of that number, 2,541 were approved and 34 were either not approved or declined. Those approved were secured by either mortgage of real estate, bills of sales, cash and insurance policies where applicable.

The loans declined were as a result of:

- High debt service ratio;
- Insufficient securities; and
- Delinquent history with other institutions.

DELINQUENCY

During the period under review the committee conducted a review of loans granted by management within their designated limits to determine compliance and actions taken by the loan recovery team to recover delinquent loans. As a result of these investigations the following recommendations were made:

- Where customers are having difficulty due to reduced income, loans should be reviewed and rescheduled in accordance with normal lending practice;
- Improvement in information gathering, especially when taking over loans from other financial institutions;
- Taking early measures at the first sign of default; and
- Implementation of a firm strategy to prevent cost overruns during home construction.

At the end of the year the delinquency ratio stood at 5.06% as compared to 8.53% for the last financial year.

A total of 427 loans were considered delinquent with a value of \$1,777,809.43.

The credit committee recommends that the effort at reducing delinquency be strengthened during the ensuing period and efforts directed to seeking quality loans despite the tough economic times and competitive market.

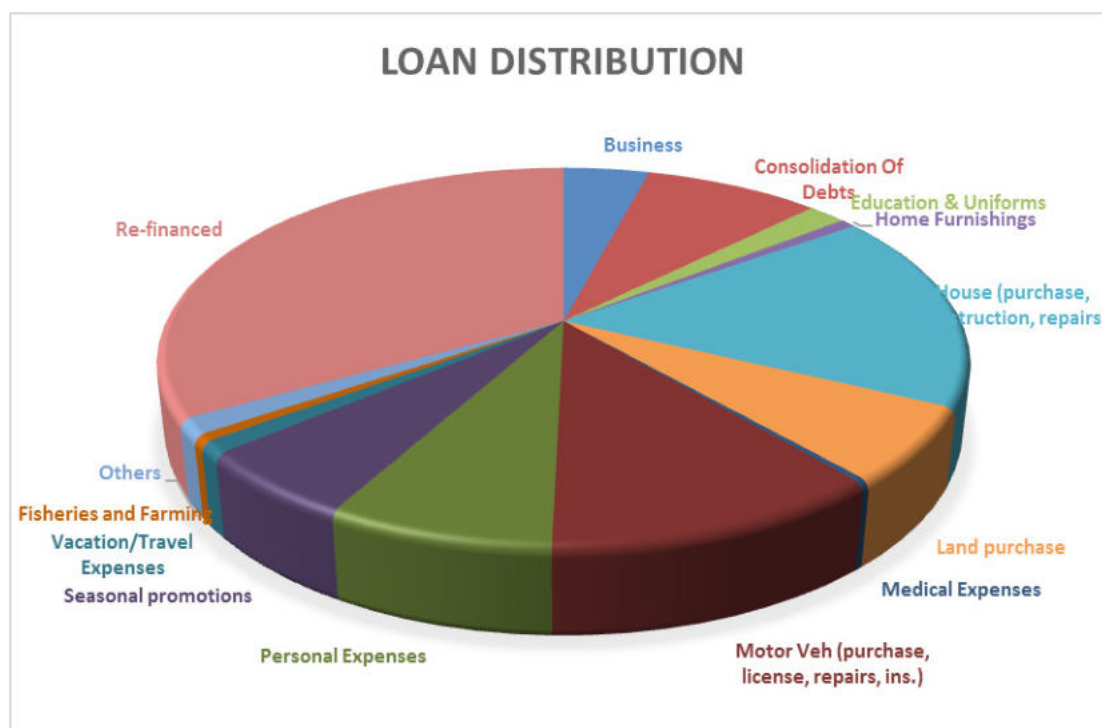


ANALYSIS OF LOANS:

The following table and chart organized according to category/purpose and dollar amounts show the loan disbursed during 2016:

Applications disbursed in 2016

Purposes	Amount	No.	Amt.%
Business	\$2,044,626.00	51	4.11%
Consolidation Of Debts	\$ 4,211,116.00	45	8.46%
Education & Uniforms	\$919,517.00	21	1.85%
Home Furnishings	\$367,297.00	13	0.74%
House (purchase, construction, repairs)	\$8,473,718.00	173	17.02%
Land purchase	\$3,182,675.00	33	6.39%
Medical Expenses	\$144,535.00	17	0.29%
Motor Veh (purchase, license, repairs, ins.)	\$5,738,158.00	158	11.53%
Personal Expenses	\$3,831,167.00	793	7.70%
Seasonal promotions	\$2,895,060.00	370	5.82%
Vacation/Travel Expenses	\$509,168.00	29	1.02%
Fisheries and Farming	\$294,884.00	13	0.59%
Others	\$672,571.00	16	1.35%
Re-financed	\$16,494,920.00	809	33.14%
TOTAL	\$49,779,412.00	2,541	100.00%





L to R: Austin Redhead, Rhona Andrew, Jerome Thomas, Roselyn Telesford

ACKNOWLEDGMENTS

The committee extends its gratitude to members, the Board of Directors, management and staff for their support and confidence demonstrated in the last year and look forward to their continued support during 2017.

Jerome Thomas 

Austin Redhead 

Rhona Andrew 

Roselyn Telesford 



SUPERVISORY AND COMPLIANCE COMMITTEE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

THE COMMITTEE

The Supervisory and Compliance Committee is pleased to present its report to the members of the Communal Co-operative Credit Union Limited for the financial year ended December 31st, 2016.

At the 34th Annual General Meeting held on 30th April, 2016, Mr. Anthony Philip and Ms. Kenita Paul were elected to serve on the Supervisory Committee to replace Mrs. Rolanda Henry and Ms. Stephany Gordon.

The other members of the Committee were:

- Mr. David Bruno - Chairman
- Mrs. Dawn Walker
- Mr. Devon La Touche - Secretary

Subsequent to the Annual General Meeting Mr. David Bruno and Mr. Devon LaTouche were elected as Chairman and Secretary respectively.

MEETINGS

The scheduled monthly meetings of the Supervisory and Compliance Committee (SCC) were well attended. Members also attended Extraordinary Credit Committee (ECC) meetings that were scheduled from time to time to decide on loans for staff and members of the Management Committee. Two Joint Committee meetings were held in 2016. Special meetings were held to conduct specific audit reviews.

The Role of the Supervisory and Compliance Committee is to act as an internal auditor to safeguard the assets of the Communal Co-operative Credit Union by reviewing and sample testing operational procedures; monitoring the management of the Credit Union; and ensuring compliance with the Act, Regulations, By-laws and Policies of the Credit Union.

SCOPE OF WORK

In addition to the monthly reviewing of Reports and/or Minutes of the Board, Credit Committee, Investment Committee and General Manager, the Supervisory and Compliance Committee carried out the following activities during 2016:

- A. Examination of Audited Financial Statements for 2015 and the associated Management Letter;
- B. Performed cash counts in accordance with the bye laws;
- C. Monitored attendance at Management Committee Meetings;
- D. Conducted reviews on the payroll, associated reports and the HR Files;
- E. Reviewed the delinquency loan files;
- F. Reviewed death claim processing procedures and conducted testing on a sample of twenty (20) death claims for 2016;



- G. Carried out two audit reviews of the Dormant accounts;
- H. Reviews of the bank reconciliations and general journals; and
- I. Reviewed the Property and Computer Insurance Policies.

Findings

- a) The Committee met with Management to review issues raised in the 2015 Management Letter from the external auditors and was satisfied that the matters were adequately addressed;
- b) Results from the cash counts did not identify any anomalies;
- c) Attendance by management committee members did not identify excessive absences;
- d) The Committee observed that the payroll was not always signed as being approved or checked;
- e) The number of delinquent loans increased, but the delinquency ratio declined;
- f) A sample of death claims was reviewed, and based on our review we were able to deduce that death claims were processed in accordance with the policy;
- g) The Committee noted a few deceased members were among the listing of dormant accounts and in one instance the death claim was not processed;
- h) All bank reconciliations were done in accordance with best practice; however there is need to ensure that all reconciliations are signed as being approved; and
- i) All the assets were covered in the insurance renewal policy. We also noticed that all the policies were covered by one insurance company.

Recommendations

- 1) The Credit Committee (given its role of providing prudent oversight of the loans portfolio, in accordance with Section 60 of the Co-operative Societies Act 2011) is encouraged to continue to vigorously pursue efforts in dealing with members whose loans have become delinquent. In addition, both the Board and Credit Committee must ensure that Management achieve a higher rate of recovery;
- 2) In light of the importance of payroll, management must ensure that payrolls are signed off as being checked and approved by senior officers;
- 3) The Committee recommends that management should select at least five to ten of the most important key critical success factors and work towards their accomplishment in 2017;
- 4) The Security and Delinquency Unit needs to be more aggressive in its approach in dealing with members whose loans have become delinquent. This is absolutely necessary since any reductions in the bad debt provision will result in higher retained earnings. This will also improve some of Communal's financial ratios.

Observation

The Supervisory and Compliance Committee notes that no written complaints were brought to its attention pursuant to Section 74 (B) (8) of the By-Laws, which states that the Supervisory and Compliance Committee shall 'receive and investigate any complaints made by any member affecting the proper management of the society.





L to R: Devon La Touche, Kenita Paul, David Bruno, Dawn Walker, Anthony Phillip

ACKNOWLEDGEMENTS

The Supervisory and Compliance Committee expresses heartfelt thanks to the Communal Co-operative Credit Union members for giving us the opportunity to serve you. At the end of the AGM Mrs. Dawn Walker will be retiring after having served two full terms on the Committee. We, the continuing members, would like to thank her for her hard work and invaluable service provided over the last six years. We would also like to express our thanks to the Board of Directors, Credit Committee and the Management and Staff for their cooperation and assistance. We look forward to serving in 2017.

David Bruno

Kenita Paul

Dawn Walker

Devon La Touche

Anthony Phillip



NOMINATIONS COMMITTEE REPORT

ANNUAL GENERAL MEETING 2017

INTRODUCTION

The Board of Directors, at its meeting on December 15, 2016, acting in accordance with Article XIII (41) (2), appointed a Nomination's Committee for the purpose of proposing members to fill vacancies for which elections would be held at the 35th Annual General Meeting.

The Nomination's Committee comprised of the following persons:

- Mr. Joseph Sylvester - Board Member
- Mrs. Shurla Harris-Fields - Member of Staff
- Mr. Albert Williams - Member

BOARD OF DIRECTORS:

Dr. Wayne Sandiford has completed his second term and is due to retire. Ms. Claudia Alexis and Mr. Jusceno Jacob have completed their first term and have agreed to continue for a second term.

SUPERVISORY COMMITTEE:

Mrs. Dawn Walker has completed her second term and is due to retire. Messrs David Bruno and Devon La Touche have completed their first term and have agreed to continue for a second term.

CREDIT COMMITTEE:

Mrs. Grace Ann Neptune and Ms. Kizzie Simon resigned during 2016. Ms. Rona Andrew was appointed by the Board of Directors to serve Mrs. Neptune unexpired term. Ms. Simon's position was left vacant.

The General Membership at this meeting may make its own nominations from the floor to fill any vacancies on the respective committees. The criteria for accepting nominations and the recommendations to fill the vacancies on the management committee are based on International Credit Union norms of good governance especially covering the principles of integrity, together with the following:

- Commitment to serve without reward;
- Availability to attend meetings;
- Good financial standing with the Credit Union;
- Expertise and experience; and
- Demonstration of interest in the Credit Union Movement.

The Nomination Committee's recommendations are as follows:

Board of Directors

Credit Committee

Supervisory Committee

RETIRED

Dr. Wayne Sandiford

Ms. Kizzie Simon

Mrs. Dawn Walker

NOMINATED

Mr. Babatunde Oshikanlu

Mr. Kirt Hercules

Mrs. Lou-Ann Phillip-Henry



The following persons will continue to serve unfinished terms on the various committees:

Board of Directors	Year Elected	End of First Term	End of Second Term
Mr. Joseph Sylvester	2012	2015	2018
Ms. Claudia Alexis	2014	2017	2020
Mr. Jusceno J. Jacob	2014	2017	2020
Mrs. Jennifer Gulston-Gittens	2015	2018	2021
Ms. Pearl Douglin	2015	2018	2021
Mr. Ernest Bleasdille	2016	2019	2022
Mrs. Natasha Marquez-Sylvester	2016	2019	2022
Mrs. Shawna Thomas-Cuffie	2016	2019	2022


Supervisory Committee

Mr. David Bruno	2014	2017	2020
Mr. Devon La Touche	2014	2017	2020
Anthony Phillip	2016	2019	2022
Kenita Paul	2016	2019	2022

Credit Committee

Mr. Austin Redhead	Serving unexpired term	2018	
Ms. Rona Andrews	Serving unexpired term	2019	
Ms. Roslyn Telesford	2016	2019	2022
Mr. Jerome Thomas	2016	2019	2022

The Nominations Committee expresses thanks to all persons of the Management Committee for agreeing to serve the Credit Union.



Joseph Sylvester (Mr.)

Chairperson



BUDGET 2017

The 2017 budget shows the following relative to actual management outturn for 2016:

- Total income is to grow by 6.3%
- Total expenses will increase by 4.8%
- The operating Surplus will be up by 12.6%

The details of the 2017 budget are presented in the following table.

Communal Budget 2017 Compared with Provisional Actual 2016

	Actual	Revised	Actual	Projected	Projected	Budget 2017
Account Classification	2015	Budget 2016	Jan-Oct 2016	Nov - Dec 2016	Actual Jan - Dec 2016	
INCOME						
Interest	6,902,262	7,255,182	6,346,055	1,281,990	7,628,045	8,009,447.39
Rental	238,748	242,943	204,700	41,050	245,750	246,000.00
Investments	654,515	918,834	821,737	169,500	991,237	1,177,211.94
Miscellaneous	447,588	533,195	444,876	100,379	545,255	572,517.47
TOTAL INCOME	8,243,111	8,950,154	7,817,368	1,592,919	9,410,287	10,005,176.79
EXPENSES						
Interest on members deposits	2,682,021	2,747,596	2,518,167	539,259	3,057,427	3,149,149.54
Personnel Costs	1,649,481	1,775,365	1,532,149	308,648	1,840,797	1,931,945.00
Financial Charges	42,045	43,113	336,602	5,112	341,714	341,714
Governance	133,641	128,250	133,414	8,000	141,414	145,656.16
Depreciation	515,389	482,500	379,250	90,170	469,420	500,000.00
Utilities	267,199	250,198	225,500	44,992	270,492	275,901.83
Members loan/savings Insurance	243,618	243,000	222,188	44,972	267,160	272,503.51
Marketing & Scholarship	291,285	107,684	119,832	11,441	131,273	133,898.78
General Admin	250,584	184,145	182,456	38,090	220,546	224,956.89
Delinquency	330,482	367,500	90,489	84,000	174,489	270,000.00
Office Rental	29,880	29,880	24,900	4,980	29,880	30,477.60
Business insurance	76,175	72,453	61,277	12,648	73,925	75,403.34
League Dues	115,000	115,000	95,833	19,167	115,000	115,000.00
Honorarium	87,346	90,400	77,108	15,117	92,225	120,000.00
Building, Equip, Maint, Taxes, Vat	220,404	186,398	225,483	22,339	247,822	252,778.51
Security Equipment and service	125,059	120,700	101,497	19,400	120,897	123,314.45
Credit Union celebrations & Members welfare	15,368	21,124	15,320	1,696	17,016	17,355.92
TOTAL EXPENSES	7,074,977	6,965,305	6,341,466	1,270,030	7,611,496	7,980,055
SURPLUS	1,168,135	1,984,848	1,475,902	322,888	1,798,791	2,025,122

Collect your piggy bank when you open a
Piggy Savings Account
at the Communal Co-operative Credit Union.
Children should be taught to be thrifty in
their savings habit.
All kids can save.



KIDS CAN SAVE, TEACH THEM HOW

Do you remember your first Piggy Bank?

Do you remember the "thrill" of dropping coins and paper money into the pig and watching it multiply?

Well you can give your children that same feeling by setting up a Piggy Savings for each of them at the Communal Co-operative Credit Union Ltd.

The Piggy bank encourages savings because it gives them a physical place to save money.

The Piggy Savings can be the first step in creating a MONEY SMART child.

Teach them the "Millionaire's secret" Save every time they receive money.

Our Piggy Savings Account can help you show them how.

Start now! and watch the money grow.

Call us for more information.

HOW TO START

Fill out an application Form for the Piggy Savings account in your child's name.

Start with as little as fifty dollars (\$50.00).

Any amount accepted thereafter.

Present the child's birth certificate upon application.

For each account opened, you get a free piggy Bank.

Interest rate 4% per annum.

Membership required at age 18.

SAVINGS TIPS

This savings plan is opened to all children.

When you put your money in the piggy bank do not take out any of it, put all in your Piggy savings account.

Save at least ¼ of all the money you receive everyday and watch how fast it grows.

Even if you are tempted, do not take out any.

**Just Save! Save! Save!
And Watch It Grow! Grow! Grow!**



**Communal Co-operative
Credit Union Limited**

To grow with us, save with us!

Visit or call us at any of our branches:

Halifax Street, St. George's	440-1755
Central Depradine Street, Gouyave	437-1129
Perdmontemps, St. David	440-4262
Hillsborough, Carriacou	443-6699

Website: www.thecommunalcu.com

E-mail: comcreditunion@spiceisle.com



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Facebook

COMMUNAL IN ACTION

Some of the winners of our Christmas promotion in collaboration with Geo. F Huggins & Rubis Grenada 2016



Highlights from the 2016 Brain Campbell Empowerment Skills training program.

GROWTH BEYOND BOUND



Pastry, Cake making and decorating

Floral arrangement class



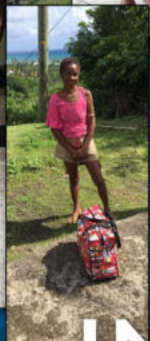
Donation of fans to the St. Andrews Anglican Primary School



Electrical Installation class



Christmas Hamper Distribution



COMMUNAL IN ACTION

COMMUNAL IN ACTION

Highlights from the Rodney Mauricette Scholarship presentation



GROWTH BEYOND BOUNDRIES

Highlights from International Credit Union Day 2016



GROWTH BEYOND BOUNDRIES

Sponsorship of the Communal/GUT St. George's Branch Sports



COMMUNAL IN ACTION



Education Savings



- **Designed to provide for your child's education**
- **Start as early as birth**
- **Matures every 5 years**
- **No fixed amount is required monthly**
- **Interest is paid quarterly**
- **Additional bonus from operating surplus**



**Communal Co-operative
Credit Union Limited**

To grow with us, save with us!

Visit or call us at any of our branches:

Halifax Street, St. George's	440-1755
Central Depradine Street, Gouyave	437-1129
Perdmontemps, St. David	440-4264
Hillsborough, Carriacou	443-6699

Website: www.thecommunalcu.com
E-mail: comcreditunion@spiceisle.com





*Growth
Beyond Boundaries*



**Accountants &
business advisers**

THE COMMUNAL CO-OPERATIVE
CREDIT UNION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2016



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS' OF THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

Opinion

We have audited the financial statements of the Communal Co-operative Credit Union Limited, which comprise the statement of financial position at December 31, 2016, and the statement of comprehensive income, statement of changes in 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 31st, 2016 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 Grenada, 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.

Responsibilities of Management and Those Charged with Governance 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS' OF
THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
(continued)**

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.

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 the 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS' OF
THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
(continued)**

- 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 auditor's 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 auditor's 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.

GRENADA

February 21st, 2017

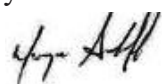
A handwritten signature in black ink that reads 'PKF'.

Accountants & Business Advisers

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2016

	Notes	2016	2015
EARNINGS ASSETS			
Investment property	4	1,569,465	1,624,197
Members' loans	5	87,256,716	75,262,508
Loans and receivables financial assets	6	6,731,641	6,055,918
Available for sale financial assets	6	99,745	99,745
Held-to-maturity financial assets	6	<u>16,344,062</u>	<u>10,725,908</u>
Total earning assets		<u>112,001,629</u>	<u>93,768,276</u>
NON-EARNING ASSETS			
Property, plant and equipment	7	<u>5,762,180</u>	<u>5,892,586</u>
Other Assets			
Inventories	8	83,788	79,807
Receivables and prepayments	9	1,772,182	918,540
Cash and cash equivalents	10	<u>19,157,287</u>	<u>18,078,315</u>
Total non-earning assets		<u>21,013,257</u>	<u>19,076,662</u>
TOTAL ASSETS		<u>\$138,777,066</u>	<u>\$118,737,524</u>
CAPITAL AND LIABILITIES			
Institutional Capital			
Permanent shares	11	8,812,210	8,176,760
Statutory reserve	12	2,339,632	1,971,187
Accumulated surplus		3,077,563	1,730,052
Other Funds and Reserves			
Development fund	13	29,541	11,681
Micro-capital grant	14	54,696	54,696
Special fund	15	5,372	1,103
Members' health fund reserve	16	<u>35,801</u>	<u>19,470</u>
TOTAL EQUITY		<u>14,354,815</u>	<u>11,964,949</u>
Current Liabilities			
Members' deposits	17	121,846,981	104,951,433
Non-interest bearing liabilities	18	<u>2,575,270</u>	<u>1,821,142</u>
TOTAL LIABILITIES		<u>124,422,251</u>	<u>106,772,575</u>
TOTAL EQUITY AND LIABILITIES		<u>\$138,777,066</u>	<u>\$118,737,524</u>

Approved by the Board of Directors on February 23rd, 2017 and signed on their behalf by:



: Director



: Director

The notes on pages 47 to 69 form an integral part of these financial statements

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Notes	2016	2015
INCOME			
Interest income – members’ loans		7,667,676	6,902,662
Less: Interest payments to members		<u>3,093,449</u>	<u>2,682,021</u>
Net interest income		4,574,227	4,220,641
Interest - financial assets		1,037,245	654,515
Other operating income	19	<u>516,574</u>	<u>417,566</u>
Net income		<u>6,128,046</u>	<u>5,292,722</u>
General and Administrative Expenses (Schedule A)		(4,279,866)	(4,062,475)
Bad debts recovered		94,855	29,622
Rental income		245,520	238,748
Bad debts expense		(402,639)	(330,482)
		<u>(4,342,130)</u>	<u>(4,124,587)</u>
Net surplus for the year before transfers		1,785,916	1,168,135
Deduct: Transfer to statutory reserve		(357,183)	(233,627)
Transfer to development fund		<u>(17,859)</u>	<u>(11,681)</u>
Net surplus for the year after transfers		<u>\$1,410,874</u>	<u>\$922,827</u>

The notes on pages 47 to 69 form part of these financial statements

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Permanent Shares	Statutory Reserve	Other Fund and Reserves	Accumulated Surplus	Total
Balance at 1 st January, 2015	7,388,135	1,735,989	98,603	795,150	10,017,877
Net movement in shares	788,625	-	-	-	788,625
Entrance fees	-	1,572	-	-	1,572
Net movement on other funds and reserves	-	233,626	(11,653)	(233,233)	(11,260)
Net surplus for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,168,135</u>	<u>1,168,135</u>
Balance at 31 st December, 2015	8,176,760	1,971,187	86,950	1,730,052	11,964,949
Net movement in shares	635,450	-	-	-	635,450
Entrance fees	-	11,262	-	-	11,262
Net movement on other funds and reserve	-	357,183	38,460	(438,405)	(42,762)
Net surplus for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,785,916</u>	<u>1,785,916</u>
Balance at 31 st December, 2016	<u>\$8,812,210</u>	<u>\$2,339,632</u>	<u>\$125,410</u>	<u>\$3,077,563</u>	<u>\$14,354,915</u>

The notes on pages 47 to 69 form an integral part of these financial statements

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2016

	2016	2015
Cash Flows from Operating Activities		
Net surplus for the year before transfers	1,785,916	1,168,135
Adjustments for non-cash transactions:		
Depreciation	499,526	515,389
Loss/(gain) on disposal of property, plant and equipment	<u>2,485</u>	<u>(599)</u>
Operating surplus before working capital changes	2,287,927	1,682,925
(Increase)/decrease in inventories	(3,981)	16,929
Increase in receivables and prepayments	(853,642)	(107,929)
Increase in members' deposits	16,895,548	22,063,851
Increase in non-interest bearing liabilities	<u>754,128</u>	<u>88,139</u>
Net cash provided by operating activities	<u>19,079,980</u>	<u>23,743,915</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	600
Increase in financial assets	(6,293,877)	(7,727,498)
Purchase of property, plant and equipment	(316,873)	(438,200)
Increase in members' loans	<u>(11,994,208)</u>	<u>(9,262,750)</u>
Net cash used in investing activities	<u>(18,604,958)</u>	<u>(17,427,848)</u>
FINANCING ACTIVITIES		
Entrance fees received	11,262	1,572
Net movement in other funds and reserves	(42,762)	(11,259)
Shares issued	<u>635,450</u>	<u>788,625</u>
Net cash provided by financing activities	<u>603,950</u>	<u>778,938</u>
Net increase in cash and cash equivalents	1,078,972	7,095,005
Cash and cash equivalents - at beginning of the year	<u>18,078,315</u>	<u>10,983,310</u>
- at end of the year	<u>\$19,157,287</u>	<u>\$18,078,315</u>
REPRESENTED BY:		
Cash on hand	662,267	383,012
Cash at bank	16,913,799	16,734,432
Short-term investment	<u>1,581,221</u>	<u>960,871</u>
	<u>\$19,157,287</u>	<u>\$18,078,315</u>

The notes on pages 47 to 69 form an integral part of these financial statements

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016**

1. CORPORATE INFORMATION

The Credit Union was registered on 19th October, 1965 under the Co-operative Societies Ordinance as amended by the Co-operative Societies Act No. 8 of 2011 for the purpose of affording members of the Credit Union the opportunity to accumulate savings and to obtain credit for provident or productive purposes at reasonable rates of interest. The Credit Union employed on average forty (40) persons during the year (2015:37).

2. 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 the years presented, unless otherwise stated.

(a) Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention. Interest income however is recorded on the cash basis which is not in accordance with IFRS. The financial statements are expressed in Eastern Caribbean Currency Dollars.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 3.

(b) New Accounting Standards, Amendments and Interpretations

- (i) There are no new standards, amendments or interpretations that are effective for the first time for the financial year beginning on or after 1st January, 2016 that would be expected to have a material impact on the Credit Union's financial statement.
- (ii) Amendments and interpretations issued but not effective for the financial year beginning 1st January, 2016 and not early adopted. These either do not apply to the activities of the Credit Union or have no material impact on its financial statements.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES

(b) *New Accounting Standards, Amendments and Interpretations (continued)*

Standard	Description	Effective for annual periods beginning on or after
IAS 7	Statement of Cash Flows: Disclosure Initiative (amendments)	1 st January, 2017
IAS 12	Income taxes recognition of Deferred Tax Assets for Unrealized Losses (amendments)	1 st January 2017
IAS 40	Investment property: Transfer of Investment Property (amendments)	1 st January, 2018
IFRS 2	Share-based payment: Classification and Measurement of Share-based payment transactions (amendments)	1 st January, 2018
IFRS 9	Financial Instruments: Classification and measurement	1 st January, 2018
IFRS 15	Revenue from Contracts with Customers	1 st January, 2018
IFRS 16	Leases	1 st January, 2019

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amounts 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 other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The rates used are as follows:

	Per annum
Buildings	2.5%
Leasehold improvements	20%
Furniture, fixtures and equipment	10%
Computers	20%
Moto vehicle	20%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. 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.

Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(d) *Investment property*

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in production or supply of goods or services or for administrative purpose.

Investment property of the Credit Union comprises of land and building situated at Herbert Blaize Street, St. George's held for long-term rental yields and which is not occupied by the Credit Union. Investment property is treated as a long-term investment and is carried at cost less depreciation. The Credit Union investment property is being depreciated using the straight line method over a period of forty (40) years.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial instruments*

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Credit Union's statement of financial position when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial liabilities are derecognised when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the statement of comprehensive income.

Financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Credit Union commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

The Credit Union classifies its financial assets into the following categories: loans to members, loans and receivables, held-to-maturity and available-for-sale. Management determines the appropriate classification of its financial assets at the time of purchase and re-evaluates this designation at every reporting date.

Loans to members

Loans are financial assets provided directly to members. These carry fixed or determinable payments and are not quoted in an active market and are stated at principal amounts outstanding net of any unearned interest and allowances for impairment losses.

Loans and receivables

Investments classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The Credit Union's loans and receivables comprise of fixed deposits which are stated at cost or cost less provision for impairment if necessary.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial instruments (continued)*

Held-to-maturity

Investments classified as held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Credit Union has both the intent and the ability to hold to maturity. These investments are stated at cost.

Available-for-sale

Investments are classified as available-for-sale as they are intended to be held for an indefinite period. These investments may be sold in response to needs for liquidity. These investments are carried at fair value, based on quoted market prices where available. However, where a reliable measure is not available, cost is appropriate. The majority of these investments continue to be carried at cost as in almost all cases they are not traded on an active market and methods of reasonable estimation of fair value are unavailable.

Impairment of financial assets

The Credit Union assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and 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 event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Credit Union about the following loss events:

- (i) Significant financial difficulty of the issuer or obligor.
- (ii) A breach of contract, such as default or delinquency in interest or principal payments.
- (iii) It is becoming probable that the borrower will enter in bankruptcy or other financial organization.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial instruments (continued)*

- (iv) The disappearance of an active market for that financial asset because of financial difficulties.
- (v) Observable data indicating that there is a measurable decrease in the estimated cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Credit Union or national or economic conditions that correlate with defaults on assets in the Credit Union.

The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Credit Union determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment of financial assets

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

- (i) Loans to members

All non-performing and individually significant loans are individually reviewed and specific provisions made for the impaired portion based on the requirements of the Co-operative Societies Act and the PEARLS Standards which recommends that delinquent loans less than three hundred and sixty-five (365) days in arrears are provided for to the extent of 35% while those in excess of that period are provided for in full.

When all efforts have been exhausted to recover a non-performing loan, that loan is deemed uncollectible and written off against the related provision for loan losses.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial instruments (continued)*

(ii) Financial assets measured at cost

The difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised 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 recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been, had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the statement of comprehensive income.

Financial Liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the statement of comprehensive income.

(f) *Cash and cash equivalents*

Cash and cash equivalents comprise of cash on hand and at bank and short-term investments with maturity dates of three (3) months or less.

(g) *Receivables*

Receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

(h) *Accounts payables*

Payables are obligation to pay for goods or services that have been acquired in the ordinary course of the business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

(i) *Stated capital*

Permanent shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Provisions*

Provisions are recognised when the Credit Union has a legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(k) *Employee benefits*

Pension benefits

The Credit Union operates a defined contribution pension plan which is administered by a registered insurance company in Grenada. The Credit Union pays fixed contributions into the fund and has no legal or constructive obligation to pay further contributions. The Credit Union's contribution is recorded as an expense in the statement of comprehensive income.

(l) *Revenue recognition*

i) *Interest income*

Interest income is recognized on a cash basis.

ii) *Investment income*

Investment income is recognized on an accrual basis.

ii) *Rental income*

Rental income is recognised on the accrual basis.

(m) *Dividends*

Dividends that are paid during the period are accounted for as an appropriation of surplus in the statement of changes in members' equity.

(n) *Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the statement of financial position date. The resulting profits and losses are dealt with in the statement of comprehensive income. There are no foreign currency borrowings.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Borrowings

Borrowings are recognised at fair value net of transaction cost incurred. Borrowings are subsequently stated at amortized cost: any difference between the proceeds, net of transaction cost, and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Credit Union has an unconditional right to defer settlement of the liability for at least twelve (12) months after the statement of financial position date.

(p) Finance cost

Finance cost is recognised in the statement of comprehensive income as an expense in the period in which they are incurred.

(q) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in property, plant and equipment or investment property in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognized on a straight-line basis over the lease term. Leases entered into by the Credit Union are all operating leases. Payments made under operating leases are charged to the statement of comprehensive income in accordance with the terms of the lease.

(r) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered into with related parties in the normal course of business are carried out on commercial terms and conditions during the year.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Credit Union's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these financial statements are set out below.

Fair value of available-for-sale investments

The fair values of financial instruments that are not quoted in active markets are determined using the last traded value for the investment. Where no such value exists the investment is carried at cost less impairment.

Impairment of financial assets

Management assesses at each statement of financial position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

Property, plant and equipment

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

4. INVESTMENT PROPERTY

	2016	2015
Written down value – 1 st January, 2016	1,624,197	1,678,929
Less: Depreciation for the year	(54,732)	(54,732)
Balance at 31 st December, 2016	<u>\$1,569,465</u>	<u>\$1,624,197</u>
Investment property at cost	2,375,542	2,375,542
Less: Accumulated depreciation	(806,077)	(751,345)
Balance at 31 st December, 2016	<u>\$1,569,465</u>	<u>\$1,624,197</u>

5. MEMBERS' LOANS

Total loans	88,456,259	77,258,490
Less: Provision for loan losses	(1,199,543)	(1,995,982)
	<u>\$87,256,716</u>	<u>\$75,262,508</u>

These loans are secured by mortgages, bills of sale and personal guarantees. Interest is payable at rates ranging between 8% and 12% per annum.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

6. FINANCIAL ASSETS

	2016	2015
<i>Loans-and-receivables</i>		
First Citizens Investment Services	2,200,535	1,647,920
Grenada Co-operative League Limited - Deposit (i)	535,600	520,000
- Deposit (ii)	237,960	234,444
Grenada Public Service Co-operative Credit Union Limited	1,679,098	1,595,856
Grenada Union of Teachers Co-operative Credit Union Limited	627,448	607,698
Grenville Co-operative Credit Union Limited	1,251,000	1,200,000
Jonas Browne & Hubbard (G'da) Limited	-	250,000
Gateway Co-operative Credit Union Limited	<u>200,000</u>	<u>-</u>
	<u>\$6,731,641</u>	<u>\$6,055,918</u>
<i>Held-to-maturity</i>		
Eastern Caribbean Home Mortgage Bank – 1 year bond	1,000,000	-
Grenada Electricity Services Limited - 010 year bond	-	20,000
Government of St. Lucia – 2 year bond	200,000	200,000
Government of St. Lucia – 4 year bond	-	375,000
Government of St. Lucia – 180 day Treasury Bill	697,547	488,904
Government of St. Lucia – 5 year bond	2,000,000	1,000,000
Government of St. Lucia – 6 year bond	700,000	700,000
Government of St. Lucia - 365 day Treasury Bills	2,392,466	1,325,000
Government of Grenada – 365 day Treasury Bills	3,477,506	2,209,985
Government of St. Vincent – 5 year Treasury Notes	600,000	600,000
Government of St. Vincent – 3 year Treasury Notes	1,500,000	1,500,000
Government of Antigua – 180 day Treasury Bill	1,017,562	516,939
Government of Antigua – 365 day Treasury Bill	1,008,981	790,080
Government of Antigua – 2 year Treasury Notes	250,000	500,000
Government of Antigua – 3 year Treasury Notes	1,000,000	-
Government of Dominica – 5 year Bond	<u>500,000</u>	<u>500,000</u>
	<u>\$16,344,062</u>	<u>\$10,725,908</u>
<i>Available-for-sale</i>		
19,949 ordinary shares in the Grenada Co-operative League Limited	<u>\$99,745</u>	<u>\$99,745</u>

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

7. PROPERTY, PLANT AND EQUIPMENT

	Land and Building	Leasehold Improvement	Furniture Fixtures and Equipment	Computer Equipment and Software	Motor Vehicle	Total
Balance at 1st January, 2015						
Cost	5,785,575	48,241	1,450,828	591,000	-	7,875,644
Accumulated depreciation	(728,073)	(35,258)	(788,751)	(408,518)	-	(1,960,600)
NET BOOK VALUE	<u>\$5,057,502</u>	<u>\$12,983</u>	<u>\$662,077</u>	<u>\$182,482</u>	<u>\$-</u>	<u>\$5,915,044</u>
For the year ended 31st December, 2015						
Opening book value	5,057,502	12,983	662,077	182,482	-	5,915,044
Additions for the year	-	76,505	18,324	343,371	-	438,200
Disposal during the year	-	-	-	(1)	-	(1)
Depreciation charge for the year	(118,350)	(20,849)	(135,981)	(185,477)	-	(460,657)
NET BOOK VALUE	<u>\$4,939,152</u>	<u>\$68,639</u>	<u>\$544,420</u>	<u>\$340,375</u>	<u>\$-</u>	<u>\$5,892,586</u>
Balance at 31st December, 2015						
Cost	5,785,575	124,746	1,469,152	927,386	-	8,306,859
Accumulated depreciation	(846,423)	(56,107)	(924,732)	(587,011)	-	(2,414,273)
NET BOOK VALUE	<u>\$4,939,152</u>	<u>\$68,639</u>	<u>\$544,420</u>	<u>\$340,375</u>	<u>\$-</u>	<u>\$5,892,586</u>
For the year ended 31st December, 2016						
Opening book value	4,939,152	68,639	544,420	340,375	-	5,892,586
Additions for the year	29,916	-	137,205	39,757	109,995	316,873
Disposals during the year	-	-	(251)	(2,234)	-	(2,485)
Depreciation charge for the year	(119,098)	(20,170)	(134,480)	(149,047)	(21,999)	(444,794)
NET BOOK VALUE	<u>\$4,849,970</u>	<u>\$48,469</u>	<u>\$546,894</u>	<u>\$228,851</u>	<u>\$87,996</u>	<u>\$5,762,180</u>
Balance at 31st December, 2016						
Cost	5,815,491	124,746	1,603,907	955,784	109,995	8,609,923
Accumulated depreciation	(965,521)	(76,277)	(1,057,013)	(726,933)	(21,999)	(2,847,743)
NET BOOK VALUE	<u>\$4,849,970</u>	<u>\$48,469</u>	<u>\$546,894</u>	<u>\$228,851</u>	<u>\$87,996</u>	<u>\$5,762,180</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

8. INVENTORIES

	2016	2015
IDC Material	53,351	67,048
Stationery and office supplies	27,791	5,613
Promotional materials	<u>2,646</u>	<u>7,146</u>
	<u>\$83,788</u>	<u>\$79,807</u>

9. RECEIVABLES AND PREPAYMENTS

Matured financial assets	1,745,282	1,745,282
Payroll deductions	282,294	-
Other receivables	1,122,423	585,025
Interest on investments	<u>367,465</u>	<u>333,515</u>
	3,517,464	2,663,822
Less: Provision for impairment	<u>1,745,282</u>	<u>1,745,282</u>
	<u>\$1,772,182</u>	<u>\$918,540</u>

Matured financial assets relate to matured fixed deposits with British American Insurance Company Limited and CLICO International Life totaling \$1,745,282. This amount has been provided been provided for in full as there is considerable doubt concerning recovery.

10. CASH AND CASH EQUIVALENTS

Short-term investment	1,581,221	960,871
Cash on hand	662,267	383,012
Cash at bank	<u>16,913,799</u>	<u>16,734,432</u>
Cash and cash equivalents	<u>\$19,157,287</u>	<u>\$18,078,315</u>

11. PERMANENT SHARES

These shares are of a nominal value of \$5.00 when fully paid up. Each member is required to hold a minimum of forty (40) fully paid up shares.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

12. STATUTORY RESERVE

	2016	2015
Balance at 1 st January, 2016	1,971,187	1,735,988
Add: Transfer from surplus	357,183	233,627
Entrance fees	<u>11,262</u>	<u>1,572</u>
Balance at 31 st December, 2016	<u>\$2,339,632</u>	<u>\$1,971,187</u>

In accordance with Section 125 (4) of the Co-operative Societies Act No. 8 of 2011, at least 20% of the surplus for the year shall be transferred to a Reserve Fund. Entrance fees collected during the year are also credited to this reserve.

13. DEVELOPMENT FUNDS

This fund is calculated at 1% of the surplus for the year and is payable to the Grenada Cooperative League Limited in accordance with Section 126 of the Co-operative Societies Act No. 8 of 2011.

14. MICRO CAPITAL GRANTS

This represents un-disbursed funding originally provided to the Credit Union by donor organizations to facilitate micro-capital activities.

15. SPECIAL FUND

Balance at 1 st January, 2016	1,103	1,103
Add: Allocation for the year	40,000	-
Less: Expenses for the year	<u>(35,731)</u>	<u>-</u>
Balance at 31 st December, 2016	<u>\$5,372</u>	<u>\$1,103</u>

This fund was created to assist with members' empowerment and development.

16. MEMBERS HEALTH FUND RESERVE

2% of the previous year's operating surplus is allocated to this fund to provide medical assistance to members.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016**

(continued)

17. MEMBERS' DEPOSITS

	2016	2015
Term deposits	26,061,876	25,596,852
Regular savings	86,536,733	71,802,208
Special savings	251,393	304,099
Education savings plan	789,891	646,890
Retirement savings plan	3,046,811	2,544,316
Escrow savings	3,033,868	2,136,652
Gold account	379,851	552,743
Su Su savings	168,909	147,035
Other deposits	<u>1,577,649</u>	<u>1,220,638</u>
	<u>\$121,846,981</u>	<u>\$104,951,433</u>

Interest is payable on these amounts at rates varying between 2% and 5% per annum.

18. NON-INTEREST BEARING LIABILITIES

Interest payable	349,851	395,592
Death claims payable	184,119	87,303
Sundry creditors and accruals	85,781	50,752
Other payables	<u>1,955,519</u>	<u>1,287,495</u>
	<u>\$2,575,270</u>	<u>\$1,821,142</u>

19. OTHER OPERATING INCOME

Sale of passbooks	1,932	2,985
Information booklets	1,195	2,762
I.D. cards	19,281	18,399
Application fees	309,700	283,900
Miscellaneous	<u>184,466</u>	<u>109,520</u>
	<u>\$516,574</u>	<u>\$417,566</u>

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016**

(continued)

20. INCOME TAX

The Credit Union is exempt from the payment of Income Tax under Section 25 (P) of the Income Tax Act 1994.

21. FINANCIAL RISK MANAGEMENT

The Credit Union's activities expose it to the following risk from the use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate
- Operational risk

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles are carried out by the executive management of the Credit Union in compliance with the policies approved by the Board of Directors.

The Credit Union's risk management policies are established to identify and analyse the risk faced by the Credit Union, to set appropriate risk limits and controls, to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Credit Union through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The following committees are part of the management team of the Credit Union.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

Credit Committee

This committee considers all applications for loans and makes recommendations to the Board in respect of the applications and performs such duties as prescribed in the articles of the Co-operative Act, the regulations and the By-Laws of the Credit Union.

Supervisory Committee

The supervisory committee examines the books of the Credit Union, confirms the deposits of the members and performs such other duties as are prescribed by the Co-operative Act, the regulation and the By-Law of the Credit Union.

Investment Committee

The Investment Committee is elected by the Board of Directors. This Committee assists in identifying the current and future investment opportunities available to the Credit Union.

Credit risk:

Credit risk is the risk of financial loss to the Credit Union if a member or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Credit Union's receivables from the inability of members to repay loans, the inability of investments and cash and cash equivalents to be recuperated or interest on them to be realized, and receivables to not materialize.

Management credit risk

The Credit Union's main objective as regards to credit risk is to protect against any unwanted counterparty credit exposures, maintain credit risk at a manageable level and identify and avoid material credit failure that would impart earnings.

The Credit Union measures and manages credit risk on an aggregate basis by including all existing relationships with a particular customer or related entity of the same corporate organization. When measuring credit risk, the Credit Union takes a conservative view towards uncertainty and error in the direction of overstating the risk.

Loans

Exposure to credit risk is managed through regular analysis of the ability of borrowers to settle outstanding balances and meet repayment obligations, and by changing lending limits when appropriate.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

Other financial assets

With respect to credit risk arising from the other financial assets of the Credit Union, which comprise cash and cash equivalents and investments, the Credit Union's exposure to credit risk arises from default of the counter-party. The Credit Union seeks to hold its funds with financial institutions which management regards as sound. The markets for investments are monitored regularly to ensure the returns are guaranteed.

Exposure to credit risk

The Credit Union's maximum exposure to credit risk before collateral held and other credit enhancement is as follows:

	Maximum exposure	
	2016	2015
Cash and cash equivalents	19,157,287	18,078,315
Financial assets	23,175,448	16,881,571
Receivables and prepayments	1,772,182	918,540
Members' loans	<u>87,256,716</u>	<u>75,262,508</u>
	<u>\$131,361,633</u>	<u>\$111,140,934</u>

Concentration of credit risk on members' loans:

House/land purchase	51,385,822	43,668,633
Motor vehicle	4,845,624	3,941,110
Business	266,017	342,536
Personal/other	<u>31,958,796</u>	<u>29,306,211</u>
	<u>\$88,456,259</u>	<u>\$77,258,490</u>

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

Analysis of members' loans that are past due but not impaired:

	Neither past due nor impaired	Past due and not impaired				Total
		1-3 months	3-6 months	6-12 months	Over 1 year	
2016	<u>\$81,631,720</u>	<u>\$2,351,351</u>	<u>\$673,244</u>	<u>\$1,558,034</u>	<u>\$1,042,367</u>	<u>\$87,256,716</u>
2015	<u>\$68,840,222</u>	<u>\$1,075,072</u>	<u>\$1,100,331</u>	<u>\$2,223,314</u>	<u>\$2,023,569</u>	<u>\$75,262,508</u>

Analysis of financial assets individually impaired:

	Carrying Amount	Provision	Net book value	
			2016	2015
Members' loans	<u>\$4,473,610</u>	<u>\$1,199,543</u>	<u>\$3,274,067</u>	<u>\$4,320,063</u>
Receivables and prepayments	<u>\$1,745,282</u>	<u>\$1,745,282</u>	<u>\$ -</u>	<u>\$ -</u>

Write off policy

The Credit Union writes off a loan when it determines that the loan is uncollectible after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer meet the obligation, and that proceeds from collateral will not be sufficient to recover the entire exposure.

Provision for loan losses

Allowance for doubtful loans are based on the requirement of The Co-operative Societies Act – (Act. No. 8 of 2011) and the PEARLS standards which recommends that delinquent loans less than three hundred and sixty five (365) days in arrears are provided for to the extent of 35% while those in excess of that period are provided for in full.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counter-party. The Credit Union has guidelines that set out the acceptability of different types of collateral.

The types of collateral held by the Credit Union are registered mortgages over property, bills of sale on motor vehicles and other assets, liens on deposits and shares, guarantees and promissory notes.

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

Liquidity risk:

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Credit Union's reputation. Liquidity, funding risk, and related processes and policies are overseen by management of the Credit Union.

Liquidity management is primarily designed to ensure that funding requirement of the Credit Union can be met or to satisfy the demands of customers for additional borrowing. The primary source of funds of the Credit Union is from members' deposit. Additional funds are also sourced through credit facilities from the Credit Union's bankers.

All of the Credit Union's financial liabilities at year end are payable on demand.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the value of cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Credit Union operates primarily in the Eastern Caribbean Dollars and is therefore not subject to significant foreign currency risk. However, some of its transactions are in United States Dollars but as the Eastern Caribbean Dollar is pegged to the United States Dollar, there are no significant currency risk exposures.

Interest rate risk:

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

Floating rate instrument expose the Credit Union to cash flow interest risk where as fixed rate instruments expose the Credit Union to fair value interest rate risk.

Management of interest risk rate

The Credit Union's exposure to interest risk is managed through the matching of funding products with financial services and monitoring market conditions and yields.

Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personal, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of good corporate behaviour. Operational risk arises from all of the Credit Union's operations. The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Credit Union's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk in the following areas:

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(continued)**

21. FINANCIAL RISK MANAGEMENT (continued)

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Risk mitigation, including insurance where this is effective

22. RELATED PARTY TRANSACTIONS

Key management

Key management comprises directors and senior management of the Company. Compensation to and other balances with these individuals are as follows:

	2016	2015
(a) Compensation:		
Salaries	\$418,361	\$403,864
(b) Other balances:		
Loans	\$719,096	\$563,038
Deposits	\$330,506	\$173,325
Shares	\$8,925	\$6,235



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31ST DECEMBER, 2016

SCHEDULE A

GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Salaries and wages	1,494,197	1,338,313
Uniform expenses	35,505	22,925
Staff incentives and benefits	3,120	3,120
National Insurance Scheme contributions	67,427	62,386
Telephone and electricity	310,208	258,743
Stationery and office supplies	101,910	105,574
Insurance - members	270,075	243,618
- general	70,506	69,886
- bond	-	6,289
Donations and subscription	30,006	27,923
Travel and accommodation	87,539	97,477
Advertising and promotion	117,858	240,163
Annual General Meeting/Committee Meeting expenses	69,124	57,089
Audit fees	17,000	17,000
Miscellaneous expenses	21,422	19,915
Repairs and maintenance	249,202	208,242
Bank charges	59,618	38,696
League dues	115,000	115,000
Postage	4,771	4,304
Scholarship fund	26,747	29,679
Depreciation – property, plant and equipment	444,794	460,657
- investment property	54,732	54,732
Stipend and honorarium	83,900	87,346
Credit Union Day celebration	19,199	15,263
Computer maintenance and expenses	1,675	3,726
Land tax and water rates	20,039	20,619
Pension and medical plan contributions	100,655	90,823
Professional services	32,131	55,776
Employees and members' development	100,986	88,080
Security	128,847	125,059
Carriacou office - rent	11,880	11,880
Gouyave office - rent	18,000	18,000
Cumis licence fee	20,891	24,677
I.D. cards	600	1,555
Officials development	22,757	17,907
Loss/ (gain) on disposal of property, plant and equipment	2,485	(599)
IDC office expenses	26,035	15,632
Garfin fees	10,000	5,000
Shared network fees	29,025	-
	<u>\$4,279,866</u>	<u>\$4,062,475</u>

RESOLUTIONS

FOR 35TH ANNUAL GENERAL MEETING

I. Approval of Budget

Whereas it is required by the By-laws Article XI – Section 37 B-8 to receive and approve the budget for the current financial year;

And whereas the Budget is presented at the Annual General Meeting for approval;

Be it resolved as follows:

That the 2017 Budget as presented be approved.

2. Fixing the Maximum Borrowing Limit for the ensuing year

Whereas it is required by the By-laws Article XI – Section 37 B-14 to fix the maximum borrowing limit for the ensuing year;

And whereas the Communal Credit Union may need to borrow in 2017 to meet unforeseen capital expenditure needs;

Be it resolved as follows:

That the maximum borrowing limit for the year 2017 be fixed at \$500,000.

3. Appointment of Auditors

Whereas the Accounting Firm of PKF has provided satisfactory service to the Credit Union as its Auditors for more than ten consecutive years;

Be it resolved as follows:

That the firm PKF be re-appointed as the Credit Union's auditors for the year 2017.

4. Non Withdrawal of Permanent Equity (Qualifying) Shares

Whereas Article VIII Section 24 of the Bye Laws of Communal states in part as follows:

“There must be at least one (1) class of shares held by the society, namely: permanent equity shares which shall be:

1. Issued at the par value of \$5.00 and purchased by the member;
2. Considered as the permanent equity capital of the society; and
3. Not withdrawable, but may be sold or transferred by the member.

And whereas in contravention to this Article, members have been withdrawing their permanent equity shares for economic and other reasons;



And whereas permanent equity shares are being used in the calculation of Communal Institutional Capital as a basis for dividend payment;

Be it resolved as follows:

That members are not allowed to withdraw their permanent equity shares when closing their accounts; and

That those such shares must be sold or transferred to another member, when accounts are closed.

5. Incentive Payment to Members

Whereas at the end of December 2016, The Communal Co-operative Credit Union Limited achieved an Operating Surplus of \$1.8M;

And whereas our Institutional Capital ratio is 6.4%, and does not meet the 7.5% requirement for a dividend payment;

And whereas last year members received an incentive payment as a replacement for the dividend payment;

Be it resolved as follows:

That Communal gives an incentive payment of \$0.15 to shareholders of the Communal Co-operative Credit Union Limited for the year ended 2016.

6. Increase in Allocation for Brian Campbell Empowerment Programme

Whereas by previous Resolution the Annual General Meeting approved an allocation of \$40,000 from our surplus funds to finance said programme;

And whereas in recent years the cost of holding the programme has increased;

Be it resolved as follows:

That the allocation to Brian Campbell Empowerment Programme be increased to \$100,000, effective as of 2017.

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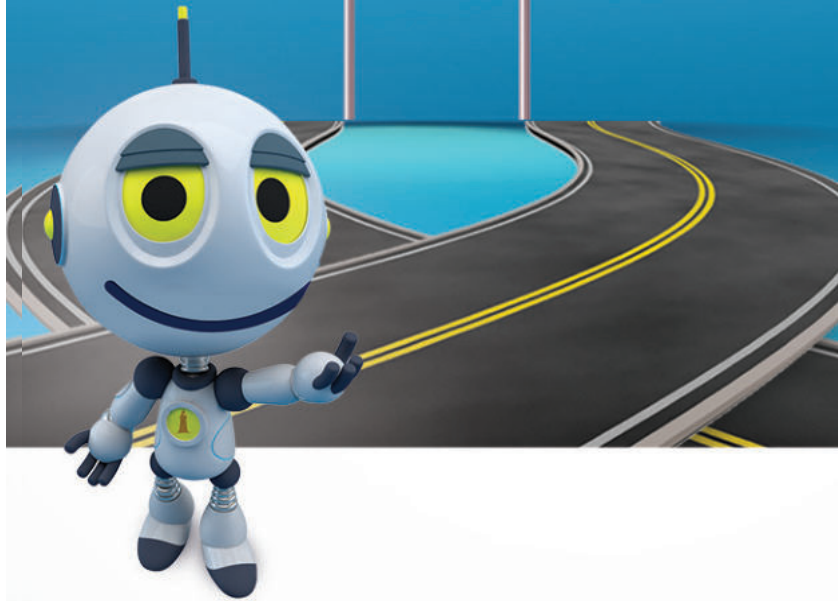


DECEASED MEMBERS 2016

Anthony Alvin Arnold	La Borie, St. Pauls, St. George
Ophelia James	Tempe, St. George
Rosie Campbell	St. Peters St, Gouyave, St. John
Judith Barry	Tempe, St. George
Bernadette Alexis	Gouyave, St. John
Anthony Bubb	Constantine, St. George
Nathaniel Barry	Grand Anse, St. George
Shirley Joseph-Scott	Gouyave, St. John
Augustine Charles	Clozier, St. John
Eslyn Fletcher	Concord, St. John
Desmond Victor	Windsor Forest, St. David
Venita Binda	St. Pauls, St. George
Franklyn Cobb	Victoria, St. Mark
Ignatius Stephen	La Borie, St. Pauls, St. George
Nathan Simeon	Beaton, St. David
Cecilia Mitchel	Beaton, St. David
Patricia Hayes-Charles	Park Estate, St. George
Roslyn Ross	Morne Delice, St. David
Jean Gibbs	Jean Anglais, St. George
Winston Francis	Berrotte, Perdmontemps, St. David
Beatrice Collins	Gouyave, St. John
Clarissa Baptiste-Neckles	Providence, St. David
Jenny Matthew-Peters	Morne Delice, St. David
Dominic Lewis	Paddock, St. George
Kareem Smith	Westerhall, St. David
Florence J. Butler	Upper Depradine Street, Gouyave, St. John
Glenroy Church	La Borie, St. George
Claudette Samuel	River Road, St. George
Lloyd Bernard	Victoria, St. Mark
Roslyn Cobb	Boca, St. George
Jamie-lee Charles	Tempe, St. George
John Jeremiah	St. Pauls, St. George
Ada K Nedd	Old Fort, St. George
Alfred Quashie	Mt. Pleasant, Carriacou
Michael Thorne	Brunswick, Carriacou
Alton Alexis	Hillsview, Gouyave, St. John
Carmene Phillip	Grand Anse Valley, St. George
Natalie K. Victor	Red Gate, St. David
Lebious R. Sylvester	Hillborough, Carriacou
Shirma Cumberbatch	River Lane, Gouyave, St. John
Richard Gary	Windsor Forest, St. David
Denise Bonaparte	23 Athewold Street Apt #3, Dorchester M.A., U. S.A.
Davis C. Joseph	601 Wortman Ave, Brooklyn N.Y. 1208 U. S.A.
Vida Ross	Hope, St. Paul's , St. George
Margaret Mc Queen	Brizan, St. George
Godwin Lewis	Grand Mal, St. George
Theresa Vincent	Grand Anse, St. George
Leslie S Billy	River Road, St. George

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G.U.T Credit Union's Message

Theme: Growth Beyond Boundaries

The Grenada Union of Teachers Co-operative Credit Union congratulates the Communal Co-operative Credit Union on hosting its Annual General Meeting under the theme "Growth Beyond Boundaries".

In the present economic and social environment where financial institutions are facing numerous challenges, the credit unions are poised for significant growth as individuals continue to recognise, expect and value the exceptional service delivered by our movement.

Your theme reminds us that as credit unions we must seize the opportunities to expand our membership base and grow our portfolios while continuing to ensure that our members are the centre of our focus and vision. We must reach new frontiers, offer new services and cater to the changing needs of our members. The success of this vision is dependent on the credit union movement working together to develop and implement emerging initiatives that may have been seemingly unattainable in the past.

Congratulations to you on your successes during the year 2016 and we wish you all the best in 2017 and beyond.



Start & Grow

Micro Finance Loan that changes lives



The Communal Co-operative Credit Union Ltd

**Empowering our members by investing in our
hardworking Entrepreneurs!**

Operating hours: Mon-Thurs; 8:00am to 5:00pm & Fri; 8:00am to 5:30pm

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St. George's
440-1755

Guyave,
St. John's:
437-1129

Perdmontemps,
St. Davids:
440-4264

Hillsborough,
Carriacou:
443-6699

Email: comcredunion@thecommunal.com
Website: www.thecommunalcu.com
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NOMINATION FORM

THE COMMUNAL CO-OPERATIVE CREDIT UNION LTD.

Board of Directors:

A. Babatunde Oshikanlu

B. _____

Supervisory Committee:

C. Lou-Ann Phillip-Henry

D. _____

Credit Committee

E. Kirt Hercules

F. _____



