

20th, 21st, and 22nd ANNUAL GENERAL MEETING TABLE OF CONTENTS

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20th , 21st , and 22nd Annual General Meeting

Business Agenda

1. Meeting Called to Order Mrs. Marie Aleman (President)
2. National Anthem (Instrumental)
3. Prayer of St. Francis of Assisi Mrs. Carolyn Jacobs
4. Minute of Silence for departed Members Mrs. Carolyn Jacobs
5. Reports
 - a. Board of Directors Mrs. Marie Aleman
 - b. Credit Committee Mr. Pedro Kuk
 - c. Treasurer's Report Mr. Ray Martinez
 - d. Supervisory Committee Mrs. Lilia Requena
6. Discussion & Approval of Reports
Declaration of Dividends & Rebates
7. Election of Officers
 1. Board of Directors Five Vacancies
 2. Credit Committee Three Vacancies
 3. Supervisory Committee Three Vacancies
8. New Business
 - a. Appointment of External Auditor
9. Vote Of Thanks
10. Adjournment of Business Meeting
Raffle and Refreshments

Saturday, June 4, 2022 at 9 AM

Julian Cho Technical High School, 14 ½ Miles PG/San Antonio Rd, Dump Area, TOLEDO

SERVING OFFICERS

BOARD OF DIRECTORS

- | | | |
|------------------------|----------------|-------------------|
| 1. Mrs. Marie Aleman | President | (Term ends today) |
| 2. Mr. Gustavo Requena | Vice President | (Term ends today) |
| 3. Mr. Ray Martinez | Treasurer | (Term ends today) |
| 4. Mrs. Carolyn Jacobs | Secretary | (Term ends today) |
| 5. Mrs. Danya Bejarano | Member | (Term ends today) |

CREDIT COMMITTEE

- | | | |
|---------------------|----------|-------------------|
| 1. Mrs. Joanna Monk | Chairman | (Term ends today) |
| 2. Mr. Dennis Oliva | Member | (Term ends today) |
| 3. Mr. Pedro Kuk | Member | (Term ends today) |

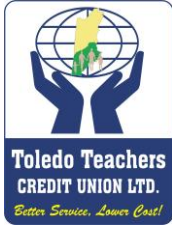
SUPERVISORY COMMITTEE

- | | | |
|------------------------|-----------|-------------------|
| 1. Mrs. Lilia Requena | Chairman | (Term ends today) |
| 2. Mr. Andy Johnston | Member | (Term ends today) |
| 3. Mr. Raymond Coleman | Secretary | (Term ends today) |

NOMINATION COMMITTEE

The nominating committee are as follows:

Mr. Feliz Sho
Mr. Telesforo Paquiul
Ms. Denise Garcia



Toledo Teachers Credit Union, Ltd.

Queen Street, Punta Gorda Town

Post Office Box 95 Toledo District, BELIZE C. A.

Phone No: (501) 722 2522/722 0060; Fax No: (501) 722-0056 E-mail: ttsu@btl.net

“TTCU is the preferred credit union in Southern Belize that provides competitive and sound financial services ensures social and environmental best practices promotes good governance, stability and continuous growth governance, stability, and continuous growth.”

TOLEDO TEACHERS CREDIT UNION LTD BOARD REPORT JUNE 4TH, 2022

Pleasant morning to our members/owners, our Management Team, our Employees and our invited guests. We are grateful for the opportunity to once more report on our Credit Union activities and financial position. This report reflects the activities and financial positions since March 31st, 2020, to March 31st, 2022. The Board of Directors is ultimately in charge of the affairs of our credit union hence, we were vigilant as required to ensure the success of our credit union despite of the serious challenges encountered because of the pandemic. We were obligated to implement several measures to mitigate the risk of operating in such challenging demands, no one was prepared to address. Regulations imposed on the movement adds to the cost and risks of running our credit union and to add to the events, is the fuel crisis that we are now experiencing.

BOARD MONTHLY MEETINGS

The Board of Directors has successfully held all thirty-six (36) monthly meetings required for this period along with the twelve (12) required Joint Meetings. Several Special Board Meetings were held to address Policy development and other related operational matters. This period saw the retiring of several key Board Members, being the past presidents, treasurers, Vice-president, Interim President, several employees, inclusive of our Internal Auditor. We were able to hold interviews and filled in the vacant positions, hired new employees, and ensured the continuous success of our credit union. During this pandemic all our employees and all of our officers contracted the virus at different times and certainly caused some setbacks on the services provided, but certainly we were still able to provide the services to our members. Kudos to all our surviving employees and officers. We lament the passing of one of our officers from the Credit Committee who had other complications, who we miss today as he was our MC at all our AGMs in the past and was very talented in several languages. Today we will hold elections for all officers since our terms have expired and we do request your support to continue the work of our credit union. We have young talented Directors who took over last year and who's term ends today but are willing to continue to serve because it is a real challenge to volunteer many hours of time and work to ensure the credit union is safe and sound. In the last three fiscal period we were able to review and approve all the financial statements and reports and we were able to pay

TTCU is committed to providing affordable financial services to members through community outreach technology best practices.

Dividends and rebates. The Treasurer's Report will inform you on the rates for all payments. We have complied with all our external audits and last year and this year we were able to receive an unqualified report from the External Auditor. This means that all our Financial Statements represent a true value and are in conformity with the IAS, International Accounting Standards, as well as with the IFRS9 Standard. We are happy to report that as of March 31st, 2022, our total assets were 23.9 million, with 4.6 million in reserves. Our members own over 18 million in savings, with an outstanding Loan portfolio of 17.9 million and our delinquency rate is below five percent (5%). We provided members with several options to accommodate the loss of employment and the closure of businesses hence, we are proud of our members who kept their schedules and continue to improve as we go forward. An increase in deaths cause an increase in claims hence, our dividends from our insurance scheme was minimal. We continue to provide all services and we can assure all our members that we have trained, and we have done our work at the credit union effectively. We are not alone since the Belize Credit Union League and the Caribbean Confederation of Credit Unions have always been supportive to our needs. We held the Presidency of the League for the last four years and our General Manger in holding such position also represented the country at the CCCU. He was elected Secretary to the Board of CCCU and later became the Vice-President.

CREDIT UNION ACT CHAPTER 314 & NEW REGULATIONS

New regulations enforced on the credit union movement has cause a serious increase in cost of operations and much discomfort among members, but this has happened across the financial sector. We must update and risk all member's accounts in the first place and keep monitoring and updating depending on the categories. We have Low Risk, Medium Risk and High-Risk categories and each have a time span to update. In doing so members must provide information on their activities so an economic profile can be developed for each account. We are also required to have in place a Compliance Officer and an Internal Auditor since our credit union surpassed the twenty Million (20M), marks in assets. These are senior positions and of course additional cost, but it is in safe keeping of our credit union at the end of the day. We were also required to adopt the IFRS9 Standards in providing for Loan Loss provisioning at the time of issuing a loan which is before the loan even goes into default. Our General Manager has guided us in implementing the process and today we are complying. Whether you are with our credit union or another financial institution the conditions remain the same, that is that each individual must provide evidence for source of funds. The difference with our credit union is that the cost is lower and the benefits are beyond any other institution. We offer free insurance up to eight thousand in savings and forty thousand in Loans coverage. We pay annual dividends and rebates to members, and we provide low cost financing to members concentrating on women who are becoming the leaders in our communities. We have engaged with the Development Finance Corporation (DFC) to secure funding at low interest rate to on lend to our members keeping focus on green financing.

FOREBEARANCE MEASURES EXIT STRATEGIY

In the month of November CBB requested from Credit Unions to present a method of how the forbearance measures will be addressed after the closure on December 31, 2021. The GM and the Credit Manager made use of the ECO MICRO tool that was made available under this project. This template provides for a diagnostic test and forecast of what can possibly occur in the face of this pandemic. In May of 2020 this test was done, and several measures were recommended for implementation. December 31, 2021, the test was done, and the GM presented the results. CBB is requesting for a stress test on the loan portfolio to measure and mitigate the risk behind the portfolio. This type of activities also provides for policy changes and loan concentration issues. The GM is recommending that this type of testing be done quarterly for better control and investments in our loan portfolio. BCUL will assist in the process of testing for each credit union.

ECO MICRO PROJECT PROPOSALS

The Management team presented a detail report on the procedures in developing a concept note and the cost for outsourcing this type of project. The GM explained to the Board all the steps to follow, and the time needed to arrive at the entire project plans. The cost of this initial step would be around \$25 thousand before moving into the final stages of the entire project. The idea behind the proposal is that funding be allocated via grants and line of credit in the tune to 3 to 5 million Belize dollars to invest in the Toledo District. A time sheet and a schedule of meetings have been organized and executed with the Management team. Today we have the blueprint for the completion of the building and the GM to our surprise has met with the team from (CABEI) Central American Bank for Economic Integration. The Minister of Rural Development paid the Credit Union a business visit to familiarize the CABEI team with possible financial assistance to our credit union. The GM presented the ongoing plans to the team who made a commitment to fund the completion of the building in the aspect of the tools used to enhance climate changes as well as a line of credit for on lending to our members in the business and agriculture sectors. This is a major step towards achieving our proposals and injection of fresh capital in our system. The construction of the last phase of the building will be funded via a loan. CABEI clearly stated that they can afford the loan at a rate of 3.5 percent for a period of five years with two years grace period. The team will continue to work with the consultants to further document the process.

STRATEGIC PLAN 2025

All our officers and employees participated in the framework of our Strategic Plan 2025. Meetings and discussions led to formalizing the seven Pillars on which our plan is focused on. We got the Assistance of the former Executive Director of BCUL to complete the process for us. This plan is in its final revision and will be approved soon. The Board has seen the need to reduce interest rates in the different sectors of our loan portfolio as well as to seek ways to assist

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our members since the cost of living has triple since the pandemic. Within the Strategic Plan is the matter of the Consumer Co-operative. Consumer Co-operatives exit from the 18th century, and they were designed to assist members to cope with the cost of goods and services. The International Co-operative Alliance is the organization responsible to ensure the Co-operative Identity and to affiliate and ensure the principles of the co-operative movement are respected all over the world. We identify that fifty-one percent (51%) of our Loan portfolio is under Construction & Building Sector hence, we are recommending of course with your approval that we establish this entity to assist our members in securing afford cost for construction materials, Electrical and plumbing. We have a resolution for your approval to establish this co-operative so that we can all benefit from owing our business and of course expanding as it develops into broader goods and services provider. It is not the only of its kind in Belize and we intend to visit the Valley of Peace Consumer Coop as well as the one in Spanish Lookout. We look forward to your full support and we can assure you that our General Manager will guide the process most efficiently.

EMPLOYMENT

Our Compliance Officer and Internal Auditor resigned during this period, but we were able to carry out an exit interview to determine the cause. There were absolutely no internal issues that led to the resignations, instead better salary offers were the principal matters that ultimately led to the decisions. We were able to hire a Compliance Officer who is now certified and is reporting to the Board. We advertised for the post of Internal Auditor but failed to receive appropriate candidates with the experiences in that field. We then requested for bids from known auditors to outsource the function for this fiscal year. We engaged Crispin Blanco Auditing Firm and the process is well on its way to have quarterly reports. We have also hired additional staff since operations have increased both at the Head Office and at the Branch Office. We employed thirty-six (36) employees of which eighteen (18) are females, inclusive of one female Manager.

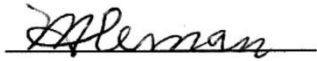
NATIONAL PAYMENT AYATEM (NPS)

The Central Bank of Belize (CBB) has established a National Payment System which will connect all financial institutions inclusive of all credit unions. The Belize Credit Union League guided this process, and we are in the final stages to connect and join the system. This means that our members will be able to make payments and transfer funds from and to any other financial institution within Belize. This is an additional service for our members since we already have online banking in since 2019.

CONCLUSION

The Board is fully aware of the challenges that we face daily in providing these essential services to our members hence, we are very thankful to all our team for participating and working together. We look at this new year 2022 as the steppingstone to greater achievements and to continue the struggle for a better improved way of life for our members, officers and staff. The

Board salutes all our Officers, employees, Management Team and our General Manager for the dedicated hard work engaged to serve our members during one of the most challenging times in our history. We assure you the members that we will continue to grow and strengthen our credit union. Thanks



Mrs. Marie Aleman
President



TOLEDO TEACHERS CREDIT UNION LTD
CREDIT COMMITTEE REPORT
APRIL 1, 2019 – MARCH 31, 2022

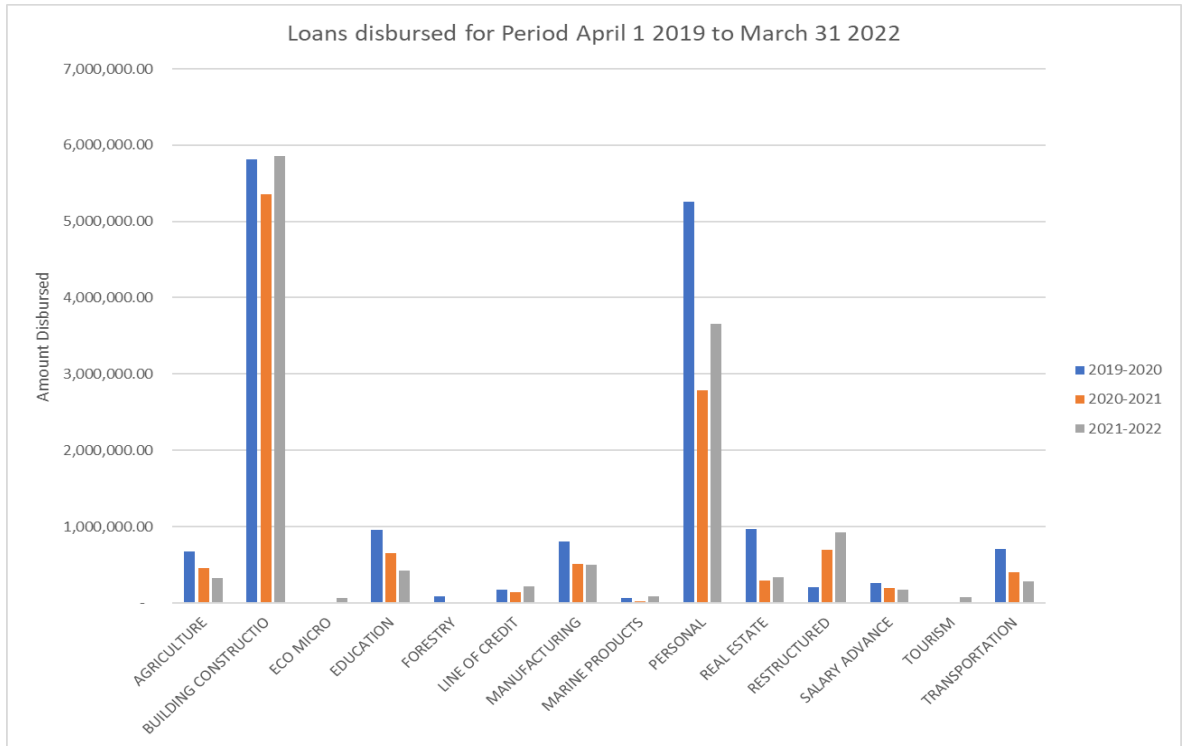
GREETINGS TO OUR PRESTIGIOUS MEMBERS!

The Credit Committee would like to extend our sincere condolences to those who have lost loved ones throughout the COVID 19 Pandemic. Our hearts and prayers are with you as we work diligently to rebuild TTCU's credit portfolio to pre-pandemic status. Similar to several other institutions, businesses, and households, the COVID 19 Pandemic had a significant impact on the lending function of TTCU. One of the challenges faced was that we could not be as efficient since face-to-face meetings were limited. We adapted to this challenge by conducting virtual meetings. Another challenge was the lack of marketing efforts because of the restrictions set in place by the Ministry of Health and prioritizing our credit staff's safety. But the main challenge that we experienced was the loss of employment and dock in salaries for several of our members, which increased our delinquency ratio. We rose to that challenge by putting in place a COVID 19 Relief Package for those members whose income was affected during the climax of the Pandemic. The BOD also approved strengthening our reserves so that we would be able to absorb delinquency shocks because of the Pandemic.

Regardless of the challenges, we still performed at an acceptable level. The table below demonstrates the total loans disbursed from April 1, 2019, to March 31, 2022. As we can see, the amount of restructured loans is increasing, mainly because of the impact on members' income. However, our building & construction sector is also increasing, and we are happy to contribute to the improvement of our members' livelihoods.

Loan Type	2019-2020		2020-2021		2021-2022	
	Count	Amount	Count	Amount	Count	Amount
AGRICULTURE	73	677,452.85	60	452,217.07	40	325,529.79
BUILDING CONSTRUCTIO	413	5,811,100.14	332	5,354,571.41	359	5,852,681.49
ECO MICRO	0	-	0	-	13	58,550.00
EDUCATION	174	961,220.75	98	646,332.90	58	419,743.36
FORESTRY	4	84,978.58	0	-	1	10,000.00
LINE OF CREDIT	318	173,138.00	199	140,754.25	332	211,822.15
MANUFACTURING	79	800,056.30	49	508,755.07	51	503,570.06
MARINE PRODUCTS	6	68,008.46	3	23,857.73	7	81,045.23
PERSONAL	726	5,262,360.61	417	2,780,358.56	475	3,655,355.40
REAL ESTATE	51	968,940.64	30	288,124.42	25	338,355.61
RESTRUCTURED	29	206,514.00	92	697,774.10	65	919,509.34
SALARY ADVANCE	1355	258,892.00	939	189,180.00	869	170,731.00
TOURISM	0	-	1	4,000.00	3	70,587.44
TRANSPORTATION	53	709,533.84	21	402,196.77	17	278,990.96
	3281	15,982,196.17	2241	11,488,122.28	2315	12,896,471.83

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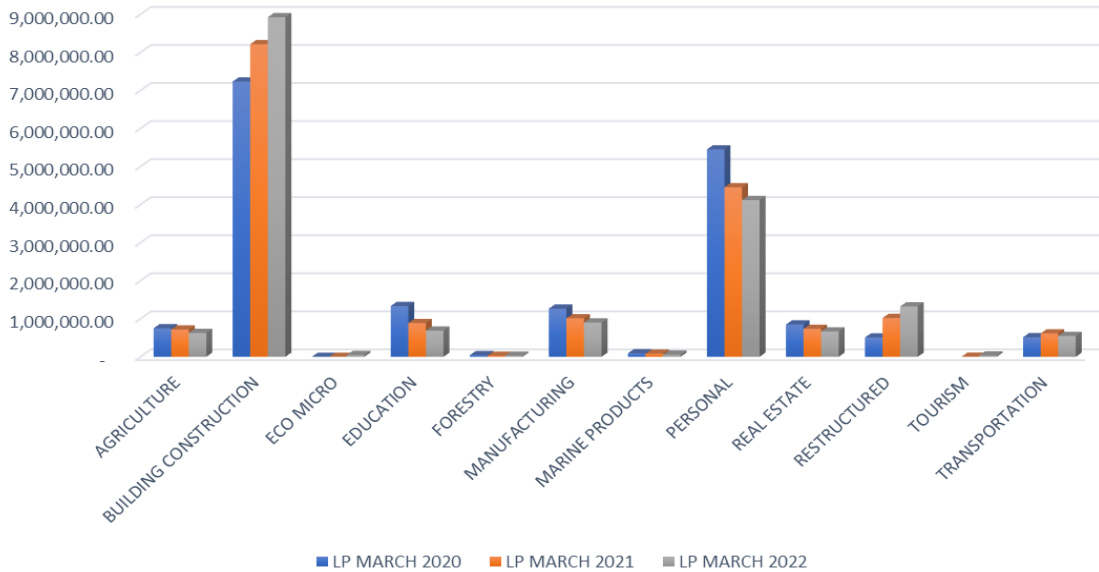


As of March 31, 2022, our total loan portfolio stood at \$17,971,232.61, with the largest sector being Building & Construction, followed by Consumer Personal. The table below shows that minor sector concentrations are Forestry, Tourism, and Eco-Micro, a newly established Green Loans Portfolio.

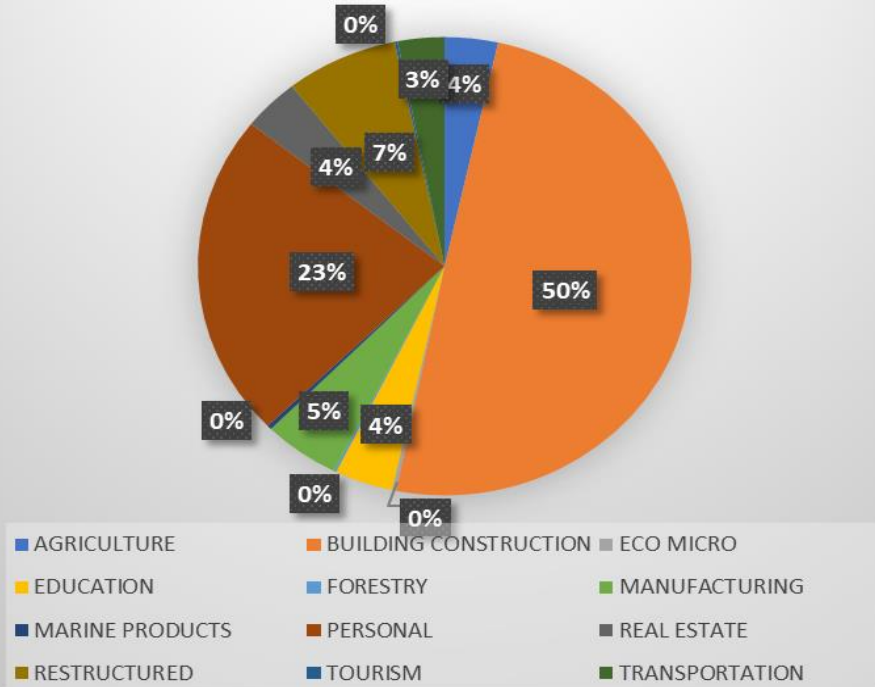
LOAN SECTOR	LP MARCH 2020	LP MARCH 2021	LP MARCH 2022
AGRICULTURE	751,943.69	719,431.38	628,154.33
BUILDING CONSTRUCTION	7,233,495.38	8,215,931.29	8,924,083.47
ECO MICRO	-	-	47,333.00
EDUCATION	1,335,550.09	887,864.46	688,398.98
FORESTRY	44,334.54	29,845.10	29,541.90
MANUFACTURING	1,266,289.40	1,013,903.62	901,654.71
MARINE PRODUCTS	92,709.17	81,793.05	56,162.46
PERSONAL	5,450,551.98	4,455,604.10	4,119,472.43
REAL ESTATE	850,566.56	736,286.92	668,544.58
RESTRUCTURED	510,040.40	1,020,960.42	1,324,190.58
TOURISM	-	3,685.32	34,395.50
TRANSPORTATION	514,353.26	616,792.58	549,300.67
	18,049,834.47	17,782,098.24	17,971,232.61

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TTCU LOAN PORTFOLIO BALANCES



MARCH 2022 LOAN PORTFOLIO CONCENTRATION



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As we can see from the tables and charts above, the loan portfolio fell in March 2021 before a slight increase in March 2022. Most sectors experienced a decline except for the Building Construction and the Restructured loans. The pie chart demonstrates that 50% of the total loan portfolio is concentrated in the Building Construction Sector.

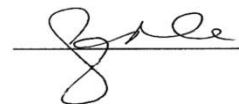
Our newly established Eco-Micro Sector allows us to provide loans for green investments at 6% per annum. We also made amendments to our Credit Policies which will allow a member to borrow loans at a 6% annual interest rate IF the member's shares properly secure those loans. Other adjustments in interest rates were made. We encourage members to contact a loans officer to discuss which loans may be most suitable and cost-effective for their investments. TTCU remains competitive by offering various benefits apart from the adjusted interest rates. For example, a borrower will benefit from free life insurance for up to \$40,000.00 in loans. This means that your family members will not have to repay your loan. Borrowers also enjoy a percentage return on the interest they paid on their loan throughout the year. This is referred to as rebates, and we are hoping to pay 5% in rebates this year.

Our delinquency ratio remains within the Central Bank of Belize's requirement of 5% for adversely delinquent loans. As of March 31, 2022, our ratio is at 3.4%, which includes several loans that could not be recovered due to the impact of the Pandemic. We encourage our borrowers to visit the credit union and speak to their credit officers if they are experiencing financial difficulties. Failure to do so may result in TTCU assuming that you take your commitment for granted and exercise our stringent collection measures. The table below demonstrates the delinquency ratio for the past three fiscal years.

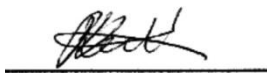
	Mar-20	%	Mar-21	%	Mar-22	%
Performing	17,456,372.51	96.7%	16,896,105.66	95.0%	17,358,972.13	96.6%
Delinquent	593,461.96	3.3%	885,992.58	5.0%	612,260.48	3.4%
Total	18,049,834.47		17,782,098.24		17,971,232.61	

In closing, we would like to express our gratitude to all our members and borrowers for choosing the Toledo Teachers Credit Union Ltd. We rise to the challenge to continue to be *"the preferred financial institution in southern Belize"* and remain committed to serving you!

Respectfully prepared and submitted;



Ms. Joanna Monk
Chairperson



Mr. Pedro Kuk
Secretary

Mr. Dennis Oliva
Member

TREASURER'S REPORT MARCH 31, 2020 to 2022

I joined the ranks of the Board last year hence, the audited reports for 2020 and 2021 have been approved by the previous board but, we have the records of all our external audits. Since then, we have received one qualified Report, and two unqualified reports and have operated within the international accounting standards as well as the IFS9. The following table shows the audited statements for each year.

AUDITED FINANCIAL STATEMENTS 2019 TO 2022

	2022	2021	2020	2019
Assets				
Cash and cash equivalents	2,845,472	2,140,163	2,114,501	2,709,173
Investments	3 984,065	966,324	970,297	1,158,211
Loans receivable	4 17,971,232	17,782,098	18,049,834	16,397,033
Less: loan loss provision	4 (448,604)	(550,093)	(345,097)	(397,509)
Other receivables and prepayments	5 664,144	591,010	332,766	321,024
Property and equipment	6 1,913,999	2,089,546	2,119,075	1,972,252
Investment property	7 --	17,050	17,050	17,050
Total assets	<u>23,930,308</u>	<u>23,036,098</u>	<u>23,258,426</u>	<u>22,177,234</u>
Liabilities				
Member's deposits	8 3,524,063	3,312,804	4,069,186	4,015,392
Non-mandatory shares	9 14,671,927	14,474,474	14,435,653	13,830,959
Accounts payable and accruals	10 599,470	317,222	301,210	93,612
Pension liabilities	11 323,087	284,483	237,176	232,215
Severance payable	12 154,742	136,962	120,012	121,708
Borrowings	--	-	74,958	237,500
Total Liabilities	<u>19,273,289</u>	<u>18,525,945</u>	<u>19,238,195</u>	<u>18,531,386</u>
Net assets	<u>4,657,019</u>	<u>4,510,153</u>	<u>4,020,231</u>	<u>3,645,848</u>
Member's equity (page 5)				
Shares – mandatory	74,840	86,600	86,450	82,000
Undivided earnings	999,449	993,365	719,242	572,890
Guaranty fund	1,753,451	1,631,417	1,458,898	1,376,511
Education fund	353,323	322,815	279,685	238,491
Institutional capital	772,684	772,684	772,684	672,684
Capital grants	703,272	703,272	703,272	703,272
Member's equity	<u>4,657,019</u>	<u>4,510,153</u>	<u>4,020,231</u>	<u>3,645,848</u>

Approved on behalf of the board

Our Guaranty Fund of 1,753,451.00 represents 7% of our total Assets. All allocations to reserves have been implemented and recommended by the Board and the resolution for your approval is to be presented.

Our budget for fiscal period 2022 to 2023 is presented in summary on page ___ of this booklet. The Board has considered the issues associated with compliance and auditing and has ensure that our credit union is in compliance with all regulations. We continue to advocate for the improvement of benefits to our members as well as the ensuring that our credit union is safe and sound.

Once more we recognize the investments of our members, Officers, and employees of our credit union since we all play a major role in the development of our credit union. God bless us all!

Thanks

A handwritten signature in black ink that reads "Ray Martinez" in a cursive style. Below the signature, the word "Director" is printed in a smaller, sans-serif font.

Mr. Ray Martinez
Treasurer of the Board

Budget
April 2022 to March 2023

INCOME		
Income from Loans		2,701,882.81
Other income (Not loan related)		432,229.32
		3,134,112.13
EXPENSES		
Financial Cost	120,000.00	
Emoluments	1,009,011.44	
Governance	63,860.64	
Marketing	103,221.00	
Loan & Savings Protection	162,018.48	
Administration	598,866.12	
Depreciation	265,639.08	
	Total Expenses	2,322,616.76
Net Surplus		811,495.37

**Supervisory Committee Annual Report
April 01, 2019 to March 31, 2022**

To our Devoted Brothers and Sisters of the Toledo Teachers Credit Union,

Greetings!

The Supervisory Committee continues to play its vital role in examining the affairs of the Toledo Teacher's Credit Union, safeguard the Credit Union's assets and protect the interest of all our members. We oversee the work of the Internal Auditor who is also responsible to identify tests and provide recommendations to strengthen TTCU's internal controls. The Central Bank of Belize continues to monitor the operations to ensure compliance with policies, procedures, and regulations.

With the assistance of the Internal Auditor, the Supervisory Committee performed the following tasks:

- 1) Review loan files on a quarterly basis to ensure adherence to TTCU's credit policies and procedures.
- 2) Perform all audits outlined in the annual audit plan approved by the Board of Directors.
- 3) Conduct cash counts throughout the year for both the Head Office and the Bella Vista Branch.
- 4) Ensure staff complies with all of TTCU's policies and procedures.
- 5) Evaluate the adequacy and effectiveness of the system of internal controls established by the board.
- 6) Submit to management and the Board of Directors quarterly audit reports.

Despite all the challenges that the pandemic has caused on the economy and the credit union, The management of TTCU has ensured that all services have been provided to our members and operations are fully functional.

After conducting all audits in the approved audit plan, we can manifest assurance that TTCU's assets are being safeguarded for our members. Our sincere gratitude, however, extends to our Internal Auditor Ms. Leonelle Caliz, who has taken our institution to another level but has taken up other responsibilities elsewhere. Her dedication and hard work aligned compliance with our regulations. In conclusion, we will continue to ensure that there is transparency, accountability and improved controls at Toledo Teacher's Credit Union.

On behalf of the Supervisory Committee, we take this opportunity to thank all our Members and Officers of Toledo Teachers Credit Union for allowing us to serve you.

Respectfully Prepared and Submitted:



Lilia Requeña (Mrs.)
Chairperson



Ray Coleman (Mr.)
Secretary



Andy Johnston (Mr.)
Member

**TOLEDO TEACHER'S CREDIT
UNION LIMITED**
Financial Statements

For the year ended 31 March 2020

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Statement of cash flows	6
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Jasmine Court, Suite 201
35A Regent Street
Belize City, Belize
P.O. Box 756

Independent auditor's report to the Board of Directors and Members of Toledo Teacher's Credit Union Limited

Qualified opinion

We have audited the accompanying financial statements of Toledo Teacher's Credit Union Limited, which comprise of the statement of financial position as at 31 March 2020 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effects of the matters discussed in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Toledo Teacher's Credit Union Limited as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the financial reporting provisions of the Credit Unions Act Chapter 314 of the Substantive Laws of Belize, including CUA Requirement No. 1/2013 and No. 2/2013 as with regards to provisioning for loan losses, issued by Central Bank of Belize, the regulator/registrar of credit unions.

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Toledo Teacher's Credit Union Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for qualified opinion

The Credit Union's information system and industry data in Belize do not provide sufficient data to be able to approximate impairment loss based on the Expected Credit Loss (ECL) model stipulated by IFRS 9. As such, we were unable to obtain sufficient audit evidence to assess whether the loan loss provision would be materially different from the ECL model in accordance with IFRS 9.

Toledo Teacher's Credit Union, as indicated in note 2 to the financial statements, recognizes interest income on a cash basis when collected instead of using the effective interest rate method in accordance with IAS 1 and the Credit Union Act, Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011, Part VII, paragraph 56 (8). As such, at 31 March 2020 interest receivable and interest income were understated by \$190,495.

Emphasis of matter

As discussed in Note 20 to the financial statements, Subsequent Event, the extent of the impact of the ongoing coronavirus pandemic on the operational and financial performance of Toledo Teacher's Credit Union Limited will depend on certain developments, including the duration and spread of the pandemic and its impact on its members, its loans and investment portfolios, and the overall Belizean economy, all of which are uncertain and cannot be predicted at this point. The extent to which the coronavirus pandemic may materially impact the financial condition, liquidity or results of operations of Toledo Teacher's Credit Union Limited is uncertain.

Other matters

The financial statements of Toledo Teacher's Credit Union Limited for the year ended 31 March 2019 were audited by another auditor who expressed a qualified opinion on those statements dated 18 May 2019.

Responsibility of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and financial reporting provisions of the Credit Unions Act Chapter 314 of the Substantive Laws of Belize, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of Toledo Teacher's Credit Union Limited 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 Toledo Teacher's Credit Union Limited or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Toledo Teacher's Credit Union Limited.

Auditor's 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 auditor's 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 on the basis of the financial statements.

As part of an audit in accordance with ISAs, we:

- (i) exercise professional judgement and maintain professional skepticism throughout the audit.
- (ii) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to 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.
- (iii) 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.
- (iv) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (v) 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 Toledo Teacher's Credit Union Limited to cease to continue as a going concern.
- (vi) 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.
- (vii) obtain sufficient audit evidence regarding the financial information of the Credit Union to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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 identified during the audit.


BDO Belize LLP

19 June 2020

Toledo Teacher's Credit Union Limited

Statement of financial position

As at 31 March
(In Belize Dollars)

	Notes	2020	2019
Assets			
Cash and cash equivalents		2,114,501	2,709,173
Investments	3	970,297	1,158,211
Loans receivable	4	18,049,834	16,397,033
Less: loan loss provision	4	(345,097)	(397,509)
Other receivables and prepayments	5	332,766	321,024
Property and equipment	6	2,119,075	1,972,252
Investment property	7	17,050	17,050
Total assets		23,258,426	22,177,234
Liabilities			
Member's deposits	8	4,069,186	4,015,392
Non-mandatory shares	9	14,435,653	13,830,959
Accounts payable and accruals	10	301,210	93,612
Pension liabilities	12	237,176	232,215
Severance payable	13	120,012	121,708
Borrowings	11	74,958	237,500
Total Liabilities		19,238,195	18,531,386
Net assets		4,020,231	3,645,848
Member's equity (page 5)			
Shares - mandatory		86,450	82,000
Undivided earnings		719,242	572,890
Guaranty fund		1,458,898	1,376,511
Education fund		279,685	238,491
Institutional capital		772,684	672,684
Capital grants		703,272	703,272
Member's equity		4,020,231	3,645,848

Approved on behalf of the board


Director


Director

The notes on pages 7 to 21 are an integral part of these financial statements.

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Toledo Teacher's Credit Union Limited

Statement of comprehensive income

Year ended 31 March

(In Belize Dollars)

	Notes	2020	2019
Interest income:			
Interest on loans - regular		228,520	413,441
Interest on loans - micro finance		814,919	187,886
Interest on loans - other		1,030,928	1,457,821
Investment income		36,118	50,986
		<u>2,110,485</u>	<u>2,110,134</u>
Less: interest expense		51,415	89,607
Net interest income		<u>2,059,070</u>	<u>2,020,527</u>
Provision for loan losses		123,855	124,849
Net interest income after provision for loan losses		<u>1,935,215</u>	<u>1,895,678</u>
Noninterest income:			
Fees and service charge		583,637	419,950
Other income	14	153,539	204,527
		<u>737,176</u>	<u>624,477</u>
Income before noninterest expenses		<u>2,672,391</u>	<u>2,520,155</u>
Noninterest expenses:			
Advertising and promotion		27,871	75,507
Annual general meeting		18,126	27,489
ATM expenses		18,709	35,097
Bad debt		-	-
Bank charges		4,851	3,676
BCUA insurance		186,338	162,870
BCUL expenses		9,197	16,969
BFRP project expenses		594	670
Committee and officers		30,839	36,609
Computer and software expense		70,548	6,178
Convention expenses		8,484	9,300
Depreciation expense		240,888	73,529
Donations		13,540	10,612
(Gain)/loss on disposal of asset		(1,805)	15,312
Gratuity		27,339	72,434
Insurance expense		32,319	29,066
Meetings		9,390	5,032
Miscellaneous expense		69,779	88,155
Office expense/stationery and printing		43,018	32,269
Postage and delivery		2,834	4,158
Property tax		1,871	1,871
Professional fees		45,690	42,772
Repairs and maintenance		33,906	47,487
Salaries and wages		700,438	711,988
Security		16,679	10,399
Social security expense		28,382	23,241
Severance		16,418	20,207
Staff benefit		50,616	94,591
Training		36,250	38,978
Travelling		4,960	9,060
Utilities		77,617	67,743
Vehicle expense		22,834	37,339
		<u>1,848,520</u>	<u>1,810,608</u>
Net income for the year		<u>823,871</u>	<u>709,547</u>

The notes on pages 7 to 21 are an integral part of these financial statements.

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Toledo Teacher's Credit Union Limited**Statement of changes in equity**

Year ended 31 March

(In Belize Dollars)

	Mandatory Shares	Guaranty Fund	Education fund	Institutional Capital	Capital Grants	Undivided earnings	Total
At 1 April 2019	82,000	1,376,511	238,491	672,684	703,272	572,890	3,645,848
Transfers:							
Additions, net of closures	4,450	-	-	-	-	-	4,450
Fund uses:							
Dividends and rebates	-	-	-	-	-	(453,938)	(453,938)
Transfers	-	82,387	41,194	100,000	-	(223,581)	-
Surplus	-	-	-	-	-	823,871	823,871
At 31 March 2020	<u>86,450</u>	<u>1,458,898</u>	<u>279,685</u>	<u>772,684</u>	<u>703,272</u>	<u>719,242</u>	<u>4,020,231</u>

Central Bank of Belize Regulations require that member share accounts are divided into mandatory and non-mandatory shares. Mandatory shares are reflected in equity; non-mandatory shares are reflected as liabilities. The Credit Union's policy is that each member has to own a minimum of 2 mandatory shares at \$5 per share. Total mandatory shares issued at 31 March 2020 were 1,222 (2019 - 16,400).

The notes on pages 7 to 21 are an integral part of these financial statements.

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Toledo Teacher's Credit Union Limited

Statement of cash flows

Year ended 31 March

(In Belize Dollars)

	Notes	2020	2019
Cash flow from operating activities:			
Net income for the year (page 4)		823,871	709,547
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	6	240,888	73,529
Provision for losses	4	120,000	120,000
Write off	4	(172,412)	(74,780)
(Gain)/loss on disposal		(1,805)	15,312
		<u>1,010,542</u>	<u>843,608</u>
Changes in working capital			
(Increase)/decrease in loans receivable	4	(1,652,801)	654,974
(Increase) in other receivables and prepayments	5	(11,742)	(59,894)
Increase/(decrease) in members' deposits	8	53,794	(783,999)
Increase in non-mandatory shares	9	604,694	237,797
Increase/(decrease) in accounts payable and accruals	10	207,598	(85,566)
Increase/(decrease) in pension liabilities	12	4,961	(3,344)
(Decrease) in severance payable	13	(1,696)	(6,149)
Net cash flow from operating activities		<u>215,350</u>	<u>797,427</u>
Cash flows from investing activities:			
Purchase of property and equipment	6	(403,328)	(908,150)
Proceeds from disposal of assets		17,424	43,827
Decrease/(increase) in investments	3	187,914	(312,394)
Net cash flow (used in) investing activities		<u>(197,990)</u>	<u>(1,176,717)</u>
Cash flow from financing activities:			
Loan repayment	11	(162,542)	(162,500)
Dividends paid		(453,938)	(368,796)
Increase/(decrease) in member's shares (mandatory)		4,450	(4,170)
Net cash flow (used in) financing activities		<u>(612,030)</u>	<u>(535,466)</u>
(Decrease) in cash and cash equivalents		(594,672)	(914,756)
Cash and cash equivalents at the beginning of the year		<u>2,709,173</u>	<u>3,623,929</u>
Cash and cash equivalents at the end of the year		<u>2,114,501</u>	<u>2,709,173</u>

The notes on pages 7 to 21 are an integral part of these financial statements.

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Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

1. General information

Toledo Teacher's Credit Union Limited (the "Credit Union") was incorporated under and by virtue of the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011.

The Credit Union operates from its principal office on Queen Street, Punta Gorda Town, Toledo District, Belize. The branch office is located in Bella Vista, Independence, Stann Creek District, Belize. As at 31st March 2020, the Credit Union employed 30 (2019 - 30) people.

The Credit Union promotes savings, enterprise and the cooperative principle among its members to pool members' financial resources and to provide personal and corporate banking, loans, and investments.

2. Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements, including the accounting requirements prescribed by the Central Bank of Belize (CBB), are summarized below. These accounting policies conform to IFRS and the Substantive Laws of Belize with the exception of:

(1) Interest income on loans receivable is recognized on a cash basis, when collected, instead of using the effective interest rate method in accordance with IAS 1 and the Credit Union Act, Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011, Part VII, paragraph 56 (8).

(2) Provisioning for loan losses is guided by the Credit Union Act Requirement No. 1/2013 and No. 2/2013 issued by the regulator/registrar, the Central Bank of Belize, instead of the Expected Credit Loss model in accordance with IFRS 9.

Basis of preparation

These financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Unless otherwise stated, monetary amounts are stated in Belize dollars. The accounting policies have been consistently applied to all periods presented. The financial statements have been prepared under the historical cost convention.

The Credit Union also complies with the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011, as reflected in its policies below.

Use of estimates and assumptions

In preparing the financial statements, management is required to make subjective estimates, assumptions and significant judgements that affect the reported amounts of assets, liabilities, net income, and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Use of estimates and assumptions (continued)

Key sources of estimation and significant judgements used in preparing these financial statements include assessments of impairment of investments, determination of fair value of financial instruments, the allowance for credit losses, post-employment benefits and accrued liabilities. Actual results may differ from these and other estimates thereby impacting future financial results.

Significant judgements

In preparation of these financial statements, management is required to make significant judgements that affect the carrying amounts of certain assets and liabilities, and the reported amounts of revenues and expenses recorded during the period. Significant judgements have been made in the following areas and discussed as noted in the financial statements:

Impairment of investments	Note 2
Fair value of financial instruments	Note 2
Allowance for loan losses	Note 2 Note 4
Severance payable	Note 2 Note 13

Financial instruments - recognition and measurement

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits held with various financial institutions with terms of less than 90 days.

Investments

The Credit Union has classified all investments as **held to maturity**. These are securities which are held with the positive intention of holding them to maturity and are stated at amortized cost less provisions made for any permanent diminution in value. Amortized cost is calculated by taking into account any premium or discounts on acquisition over the period of maturity using the effective interest rate method.

At each reporting date, management evaluates investments to determine if there is objective evidence of impairment. Such evidence includes: when an adverse effect on future cash flows from the asset or group of assets can be reliably estimated and when there is a significant or prolonged decline in the fair value of the investment below its cost.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial instruments - recognition and measurement (continued)

Investments (continued)

When assessing impairment on debt instruments, such as government bonds, management primarily considers third party information such as external ratings and comparable sales. Significant judgement is required in assessing impairment as management is required to consider all available evidence in determining where objective evidence of impairment exists and whether the principal and interest can be fully recovered.

When the investments are disposed of or impaired, the related gains and losses are included in the statement of comprehensive income as gains and losses from investment securities. Dividends received on such investments are reported as dividend income. All purchases and sales of trading and investment securities are recognized at settlement date, which is the date the Credit Union completes the transaction.

Loans receivable

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Loans are initially recognized at fair value which is represented by the cash advanced to members. Loans are subsequently measured at principal outstanding, net of unearned interest, less provision made for impairment. Provisions for impairment is built based on the Credit Unions Act (CUA), Chapter 314, Revised Edition 2011, Requirement No.2/2013. All loans are recognized when cash is advanced to borrowers.

Loans are assessed at year end for objective evidence of impairment, which includes indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy, and adverse changes in the repayment status of the borrower.

Provision for loan losses

As required by the Credit Unions Act (CUA) Chapter 314, Revised Edition 2011 Requirement No. 2/2013 loans are individually assessed for losses. Provision for impairment is calculated based on the Credit Unions Act (CUA), Chapter 314, Revised Edition 2011, Requirement No. 2/2013 and is increased by impairment losses recognized and decreased by write-offs, net of recoveries.

Loans are written off, either partially or in full, when there is no realistic prospect of collection. Write-offs are net of recoveries.

The loan loss provision is management's best estimate of losses incurred on the loan portfolio at the balance sheet date, as guided by the Credit Union Act, Chapter 314 Revised Edition 2011, Requirement No. 2/2013.

Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial instruments - recognition and measurement (continued)

Members' deposits

Members' deposits are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

Shares

Mandatory shares are the minimum number of shares a person must have in order to be considered a member of the Credit Union. These are reflected in equity.

Non-mandatory shares are additional shares held by members of the Credit Union which can be withdrawn at any time. These are reflected as liabilities.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs and are subsequently measured using the effective interest rate method.

Determination of fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We determine fair value by incorporating all factors that market participants would consider in setting a price, including commonly accepted valuation approaches. Where an investment does not have an active market and observable prices or inputs are not available, management judgment is required to determine fair value by assessing other relevant sources of information such as historical data and information from similar transactions.

Interest income

Interest income on loans receivable is recognized as income when collected. Interest income on term deposits is recognized on the accrual basis using the effective interest rate method.

Loan application/processing and review fee revenue

Loan application/processing and review fees on loans are recognized as income when received. These fees are non-refundable. They are fully earned by the Credit Union at the outset on the loan application and at the time of review.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset on the statement of financial position when there exists both a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial instruments - recognition and measurement (continued)

De-recognition of financial assets and liabilities

Financial assets are de-recognized when the Credit Union's contractual rights to the cash flows from the assets have expired, when the Credit Union retains the right to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party, or when the Credit Union has transferred the contractual rights to receive the cash flows to a third party.

Financial liabilities are de-recognized when the Credit Union's obligation specified in the contract expires, is discharged, or is cancelled. The difference between the carrying amount of the financial liability and the consideration paid is recognized in the statement of comprehensive income.

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Belize dollars at the rate of US \$1.00 equals BZ \$2.00. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in the statement of comprehensive income. Non-monetary assets and liabilities in foreign denominations are translated into Belize dollars at historical rates.

Employee benefit obligations

Termination benefit - severance

The Credit Union recognizes termination benefits in accordance with the labour laws of Belize and its staff policy document.

Termination benefit - pension

The Credit Union has made available, on a voluntary basis, a defined contribution pension plan for all permanent employees. The Credit Union currently maintains the balance of the pension plan, including any interest earned and accrued. The pension plan is funded by contributions from both employees and the Credit Union at a fixed rate of 3% and 3% percent of salary respectively.

The Credit Union's contributions to the defined contribution plan are expensed monthly. For fiscal 2020, pension costs amounted to \$18,312 (2019 - \$17,290).

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs directly attributable to bringing the asset to its location and condition necessary for its intended use.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset, at the following rates:

Buildings	2.5%
Furniture and equipment	10-33.3%
Computer equipment	33.3%
Motor vehicle	20%
Other equipment	20%

Property and equipment are assessed for impairment at each reporting date. If there is an indication that the asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs of disposal. Land is not depreciated.

Investment property

The Credit Union recognizes as investment property, land that is held to generate income and not for use in its own activities. It is initially stated at acquisition cost including directly assignable expenses subsequently stated net of accumulation and impairment provision, if needed.

Rental from investment property is recognized in income.

Provisions

Provisions are liabilities of uncertain timing or amount and are recognized when the Credit Union has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the consideration required to settle the present obligation at the reporting date. Significant judgement is required to determine whether a present obligation exists and in estimating the probability, timing and amount of any cash outflows.

Provisions are recorded related to litigation, future employee benefits, the allowance for off-balance sheet items and other items. Provisions are recorded on the basis of all available information at the end of the reporting period. In the event that results differ from management expectations, the Credit Union may incur expenses in excess of the provisions recognized.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Guaranty fund

The Guaranty Fund is a reserve fund that is mandated by the Credit Union Act, Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011. The fund consists of at least 10% of the yearly net earnings of the Credit Union, before dividends is declared and is to be accumulated until it reaches 10% of total assets. The fund should not be used for any other purpose except upon liquidation of the Credit Union and it cannot be distributed to members.

Education fund

Under the Credit Union Act, Chapter 314 of the Substantive Laws of Belize Revised Edition 2011, the Board of Directors may, before declaring a dividend, set aside an amount not exceeding 5% of the annual net income to be used for educational purposes as the Board may determine. The Education fund cannot be distributed to members.

Institutional capital and capital grants

The Institutional capital and capital grants are amounts set aside by the members of the Credit Union for any purpose the Credit Union may need to use it for. There is no specific event or purpose for which these reserves have been created except to be used at the discretion of members to allocate to other reserves. It is not available for distributions to members.

Donation income and deferred income

The Credit Union receives donation income from a number of different sources which is restricted to be used for a specific purpose. Income is comprised of the fair value of consideration received or receivable.

Income is recognized when the amount of income can be reliably measured and it is probable that future economic benefits will flow to the entity. Restricted donation income is not recognized until specific services have been rendered or goods delivered in accordance with the donation agreement. Income which has been received but not yet recognized is recorded as deferred income in the statement of financial position.

Leasing

A lease is an agreement in which the lessor grants the lessee the right to use an asset for an agreed period of time in return to a payment or series of payments. A finance lease is a lease that transfers substantially all the risk and rewards incidental to ownership of the leased asset to the lessee, where title may or may not eventually be transferred. An operating lease is a lease other than a financing lease.

Operating leases

The total payments made under operating leases are charged to income on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any penalty payable is recognized as an expense in the period in which the termination takes place.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Leasing (continued)

Finance leases

In the event that the Credit Union is a lessee in a financing lease, the leased asset is recorded to property and equipment and the related lease obligation is recorded as a liability in the statement of financial position. The amount recorded is the lower of the fair value of the leased asset and the minimum lease payments.

Financial risk management

By its nature the Credit Union's activities are principally related to the use of financial instruments. The Credit Union accepts cash as deposits and purchase of shares from customers and seeks to earn above average interest margins by investing these funds in high quality assets. The Credit Union seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher interest rates whilst maintaining sufficient liquidity to meet all claims that may fall due.

The Credit Union is exposed to fraud risks, market risks, cash flow risks, and interest rate risks. The Credit Union's risk management program seeks to minimize potential adverse effects on the overall financial performance. Risks are managed through policies approved by the Board of Directors and are executed by management who identify, evaluate and establish procedures to minimize them.

Credit risk

The Credit Union is exposed to credit risk that a counterparty will be unable to pay amounts in full when due. Management mitigates its credit risk by limiting the amount of credit extended to one borrower or group which is monitored on a revolving basis and subject to annual review. Limits are also regulated by Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011.

The Credit Union's risk management policies are designed to achieve a balance between risk and return and minimize potential adverse effects of its' financial performance. The Credit Union therefore identifies and analyses these risks, designs internal controls to set appropriate limits, and to monitor these limits through reliable and up to date information systems and reports.

Exposure to credit risk is managed through regular monitoring of the borrowers' ability to repay, current exposure to individual customers, the likelihood of default and the historical recovery ratio on any defaulted obligation. Exposure is also managed in part by obtaining marketable collateral, personal guarantees and authority for salary deductions for instalment payments.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial risk management (continued)

Market risk/interest rate risk

The Credit Union is exposed to market risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk for the Credit Union arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Credit Union's Board of Directors sets limits on the amount of risk that may be accepted, which is monitored on a daily basis and reviewed by the Board monthly.

The Credit Union takes on interest rate risk in that fluctuations in interest rates on deposits may affect its capacity to on-lend at competitive rates. The Credit Union manages this risk by maintaining an adequate interest rate spread between interest paid and interest received.

The Credit Union is exposed to the risk of fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Liquidity risk

Liquidity risk is the risk that the Credit Union is unable to settle its financial liabilities when they fall due and to replace funds when they are withdrawn. The Credit Union manages this risk by closely monitoring customer payments, setting credit limits and by arranging credit facilities from other sources to ensure cash availability. The Credit Union also maintains highly liquid assets that can be liquidated as protection against any unforeseen cash flow shortage.

Fraud risk

The Credit Union is exposed to fraud risks from customers as well as employees and seeks to minimize these risks by internal controls, authorizations for payments and other checks and balances including valid identification security checks.

Adoption of standards

The Credit Union adopts newly issued International Financial Reporting Standards in the year stipulated for adoption to the extent they are relevant to its operations. The Credit Union may adopt a standard early if early adoption is permitted. The effect of adoption, if material, is disclosed in the financial statements.

Subsequent events

The Credit Union evaluates subsequent events for recognition and disclosure through 29 June 2020, which is the date the financial statements were available to be issued.

Toledo Teacher's Credit Union Limited
Notes to the financial statements
(In Belize Dollars)
3. Investments

	2020	2019
Held to maturity:		
Debt instruments (measured at amortized cost):		
Term deposits for terms greater than 90 days ending by April 2019 held with Belize Bank Limited; with interest accruing at 2 - 3.75% per annum	-	202,861
20 redeemable preference shares at \$1,000 par in Belize Credit Union League Limited - redeemable by November 2030. Interest accrues at 4 - 6% per annum receivable annually.	19,685	29,685
Restricted savings at Holy Redeemer Credit Union Limited; interest receivable annually at a variable rate (as of 31 March 2020 interest rate was 6% on first \$10K, 3.5% on remaining balance per annum).	911,675	875,617
Accrued interest on debt instruments	36,062	47,173
	<u>967,422</u>	<u>1,155,336</u>
Unlisted equity investments (measured at fair value):		
Investment in Belize Credit Union Assurance Service Limited - 575 common shares (13.9% ownership)	2,875	2,875
Total investments	<u>970,297</u>	<u>1,158,211</u>

4. Loans receivable

	2020	2019
Members' loans	13,666,832	13,229,698
Micro finance loans	1,248,758	1,404,679
Student loans	310,791	571,317
Other loans	2,823,453	1,191,339
Total loans before provision for loan losses	<u>18,049,834</u>	<u>16,397,033</u>
Provision for loan losses:		
At beginning of the year	397,509	352,289
Additions	120,000	120,000
Loans written off - net of collections	(172,412)	(74,780)
At end of the year	<u>345,097</u>	<u>397,509</u>
Net loans receivable	<u>17,704,737</u>	<u>15,999,524</u>

Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

4. Loans receivable (continued)

Maturity of loans

Loans to members, not including accrued interest, mature as follows:

	2020	2019
Under 1 year	1,277,960	1,095,869
1 to 2 years	3,040,406	3,080,986
2 to 3 years	3,880,827	4,368,759
3 to 4 years	4,421,536	3,355,546
Over 4 years	5,429,105	4,495,873
	<u>18,049,834</u>	<u>16,397,033</u>

Loans past due but not impaired

A loan is considered past due when the borrower has not made a payment by the contractual due date. The table below shows the carrying value of loans at 31 March that are past due but not classified as impaired because they are either i) less than 90 days past due, or ii) fully secured and collection efforts are reasonably expected to result in full repayment.

	30-59 days \$	60-89 days \$	90 days and greater \$	Total \$
March 31 2020				
Members' receivable	<u>399,457</u>	<u>88,011</u>	<u>123,493</u>	<u>610,961</u>
March 31 2019				
Members' receivable	<u>382,777</u>	<u>229,984</u>	<u>41,275</u>	<u>654,036</u>

At 31 March 2020, total past due loans amount to \$1,080,930 (2019 - \$1,185,851).

Collateral is held on loans to minimize the Union's exposure to credit risk. Collateral includes land, buildings and equipment.

Total value of loans which do not have collateral held by the Credit Union	<u>13,142,345</u>	<u>14,405,506</u>
Percentage of loan portfolio of loans which do not have collateral	73%	88%

5. Other receivables and prepayments

	2020	2019
HBL/Credit Union ATM/POS Project ⁽ⁱ⁾	50,000	50,000
Ameya/National Payment System ⁽ⁱⁱ⁾	120,153	93,094
Prepaid expenses	16,453	16,082
Other receivables	146,160	161,848
	<u>332,766</u>	<u>321,024</u>

Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

5. Other receivables and prepayments (continued)

(i) The Credit Union has entered into a joint investment agreement with the Heritage Bank Limited and five other institutions called the ATM/POS Project. Since the formation of the new company directing this project is still in process, the initial investment is included in other receivables and prepayments at 31 March 2020.

(ii) The Credit Union has entered into a joint investment agreement with Ameya Systems and six other institutions, called The National Payment System. Since the formation of the new company directing this project is still in process, the initial investment is included in other receivables and prepayments at 31 March 2020.

6. Property and equipment

	Land & buildings	Motor vehicle	Furniture & equipment	Asset Under Construction	Total
Cost					
At 1 April 2019	1,245,483	309,827	1,017,249	-	2,572,559
Additions	-	73,200	37,342	292,786	403,328
Disposals	-	(58,200)	(1,425)	-	(59,625)
At 31 March 2020	1,245,483	324,827	1,053,166	292,786	2,916,262
Accumulated depreciation					
At 1 April 2019	235,918	134,257	230,130	-	600,305
Additions	29,678	42,959	168,251	-	240,888
Disposals	-	(43,650)	(356)	-	(44,006)
At 31 March 2020	265,596	133,566	398,025	-	797,187
Net Book Value					
At 31 March 2020	979,887	191,261	655,141	292,786	2,119,075
At 31 March 2019	1,009,565	175,570	787,119	-	1,972,254

7. Investment property

	2020	2019
Land in Benque Viejo del Carmen, Belize	17,050	17,050
	17,050	17,050

8. Members' deposits

	2020	2019
Regular deposits	1,705,230	1,579,746
Term deposits	2,363,956	2,435,646
	4,069,186	4,015,392

Members' deposits mature in less than one year.

Toledo Teacher's Credit Union Limited
Notes to the financial statements
(In Belize Dollars)
9. Non-mandatory shares

	2020	2019
At beginning of the year	13,830,959	13,626,946
Net additions	604,694	204,013
At end of the year	<u>14,435,653</u>	<u>13,830,959</u>

10. Accounts payable and accruals

	2020	2019
Accruals	68,543	54,656
Other	232,667	38,956
	<u>301,210</u>	<u>93,612</u>

11. Borrowings

	2020	2019
Loan from Development Finance Corporation (DFC) for Micro and Small Enterprise development under the Rural Credit Union Fund (RCF) of the Belize Rural Finance Programme (BRFP). Term of 7 years ending 2021. Interest at 3.75% per annum payable quarterly. Principal payments due quarterly beginning June 2016. Loan was repaid during the year.	-	87,500
Loan from Development Finance Corporation (DFC), for Micro and Small Enterprise development under the Rural Credit Union Fund (RCF) of the Belize Rural Finance Programme (BRFP). Term of 3 years ending 2020. Interest at 2% per annum payable quarterly. Principal payments due quarterly beginning June 2017.	74,958	150,000
	<u>74,958</u>	<u>237,500</u>
Less: current portion	74,958	162,500
	<u>-</u>	<u>75,000</u>
Loans are repayable as follows:		
Within one year	74,958	162,500
Within two to five years	-	75,000
After five years	-	-
	<u>74,958</u>	<u>237,500</u>

12. Pension liabilities

	2020	2019
At beginning of the year	232,215	235,559
Contributions	36,117	39,830
Withdrawals	(31,156)	(43,174)
At end of the year	<u>237,176</u>	<u>232,215</u>

Toledo Teacher's Credit Union Limited**Notes to the financial statements***(In Belize Dollars)***13. Severance payable**

	2020	2019
At beginning of the year	121,708	127,857
Additions	16,418	20,207
Payments	(18,114)	(26,356)
At end of the year	<u>120,012</u>	<u>121,708</u>

14. Other income

	2020	2019
Miscellaneous income	39,685	66,696
Rental income	7,072	9,906
Income from dormant accounts	1,375	2,425
Payroll fees	56,693	40,409
Account maintenance fees	48,714	85,091
	<u>153,539</u>	<u>204,527</u>

15. Related party transactions

	2020	2019
At 31 March, the Board of Directors and management have the following loan balance with the Credit Union which are included in loans receivable:	<u>506,431</u>	<u>553,781</u>
Interest income from related party loans during the year	<u>51,200</u>	<u>83,580</u>

16. Key management compensation

	2020	2019
Key management compensation	<u>332,640</u>	<u>332,640</u>

17. Taxation

The Credit Union is licensed under the Credit Union Act, Chapter 314 of the Substantive laws of Belize, Revised Edition 2011 and is exempt from taxes on profits, gains, interest and dividends earned.

18. Fair value of financial instruments

Fair value is the exchange price receivable for an asset or payable for transferring a liability in the most advantageous market for the asset or liability in an arms-length transaction between market participants on the measurement date. In the absence of a ready market for its financial instruments, the Credit Union develops its fair value estimates by using significant, reliable inputs that market participants would reasonably be expected to use in pricing an asset or liability.

Notes to the financial statements

(In Belize Dollars)

18. Fair value of financial instruments (continued)

The amounts reported in the statement of financial position for cash and cash equivalents, including interest-bearing deposits with banks, approximate fair value due to the short-term maturity of these instruments.

The carrying amounts of loans due from members, net of allowances, are estimated to approximate fair value based on their respective interest rates, repayment terms, collateral consideration and regular monitoring.

The fair value of members' deposit liabilities reflects fair values based on rates offered by other financial institutions for deposits of similar maturities.

The Credit Union's investments in debt securities are considered investment grade securities issued by credit-worthy institutions. Their carrying amounts approximate fair value based on comparable interest rates and maturity terms offered by banks with acceptable credit ratings.

Investment property was acquired at a price based on a professional appraisal. Its net carrying amount and commercial lease rental arrangement reflect fair value.

In the opinion of management, all other financial instruments reflect current market conditions and their fair value is not expected to differ significantly from amounts they are recorded at.

19. Commitments, contingent liabilities and regulatory matters

Like other major financial institutions in Belize, the Toledo Teacher's Credit Union is subject to regulatory oversight, regulations and directives issued by the Registrar of Credit Unions in Belize, who is the Governor of the Central Bank of Belize, and to regulatory inspections, information gathering requests and remedial actions stipulated by the Registrar. Consequently, interaction with the Registrar is ongoing.

20. Subsequent event

The extent of the impact of the ongoing coronavirus pandemic on the Credit Union's operational and financial performance will depend on certain developments, including the duration and spread of the pandemic and its impact on our members and our loans and investment portfolios, and the overall Belizean economy, all of which are uncertain and cannot be predicted. At this point, the extent to which the coronavirus pandemic may materially impact our financial condition, liquidity or results of operations is uncertain.



**TOLEDO TEACHER'S CREDIT
UNION LIMITED**
Financial Statements

For the year ended 31 March 2021



Toledo Teacher's Credit Union Limited**Index to the financial statements**

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Independent auditor's report to the Board of Directors and Members of Toledo Teacher's Credit Union Limited

Opinion

We have audited the accompanying financial statements of Toledo Teacher's Credit Union Limited, which comprise of the statement of financial position as at 31 March 2021 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Toledo Teacher's Credit Union Limited as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the financial reporting provisions of the Credit Unions Act Chapter 314 of the Substantive Laws of Belize.

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Toledo Teacher's Credit Union Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 20 which states that the spread of COVID-19 has impacted many local and international economies and disrupted businesses for an indefinite period. Measures taken to counteract the pandemic have resulted in an economic slowdown worldwide. The extent of the impact of the COVID-19 pandemic on the operating and financial position of Toledo Teacher's Credit Union Limited will depend on certain developments, including the duration and spread of the pandemic and the impact on its operations, all of which are uncertain and cannot be predicted at this point.

Responsibility of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and financial reporting provisions of the Credit Unions Act Chapter 314 of the Substantive Laws of Belize, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of Toledo Teacher's Credit Union Limited 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process.

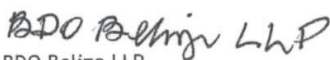
Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 on the basis of the financial statements.

As part of an audit in accordance with ISAs, we:

- (i) exercise professional judgement and maintain professional skepticism throughout the audit.
- (ii) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to 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.
- (iii) 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.
- (iv) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (v) 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 Toledo Teacher's Credit Union Limited to cease to continue as a going concern.
- (vi) 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.
- (vii) obtain sufficient audit evidence regarding the financial information of Toledo Teacher's Credit Union Limited to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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 identified during the audit.



BDO Belize LLP

29 June 2021

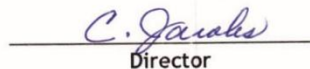
Toledo Teacher's Credit Union Limited**Statement of financial position**

As at 31 March

(In Belize Dollars)

	Notes	2021	2020
Assets			
Cash and cash equivalents		2,140,163	2,114,501
Investments	3	966,324	934,235
Loans receivable	4	17,782,098	18,049,834
Less: loan loss provision	4	(550,093)	(345,097)
Other receivables and prepayments	5	591,010	368,828
Property and equipment	6	2,089,546	2,119,075
Investment property	7	17,050	17,050
Total assets		<u>23,036,098</u>	<u>23,258,426</u>
Liabilities			
Member's deposits	8	3,312,804	4,069,186
Non-mandatory shares	9	14,474,474	14,435,653
Accounts payable and accruals	10	317,222	301,210
Pension liabilities	12	284,483	237,176
Severance payable	13	136,962	120,012
Borrowings	11	-	74,958
Total Liabilities		<u>18,525,945</u>	<u>19,238,195</u>
Net assets		<u>4,510,153</u>	<u>4,020,231</u>
Member's equity (page 5)			
Shares - mandatory		86,600	86,450
Undivided earnings		993,365	719,242
Guaranty fund		1,631,417	1,458,898
Education fund		322,815	279,685
Institutional capital		772,684	772,684
Capital grants		703,272	703,272
Member's equity		<u>4,510,153</u>	<u>4,020,231</u>

Approved on behalf of the board on 29 June 2021.


Director
Director

The notes on pages 7 to 21 are an integral part of these financial statements.

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Toledo Teacher's Credit Union Limited

Statement of comprehensive income

Year ended 31 March

(In Belize Dollars)

	Notes	2021	2020
Interest income:			
Interest on loans - regular		195,869	228,520
Interest on loans - micro finance		681,394	814,919
Interest on loans - other		1,218,668	1,030,928
Investment income		33,032	36,118
		<u>2,128,963</u>	<u>2,110,485</u>
Less: interest expense		41,971	51,415
Net interest income		<u>2,086,992</u>	<u>2,059,070</u>
Provision for loan losses		296,764	120,000
Net interest income after provision for loan losses		<u>1,790,228</u>	<u>1,939,070</u>
Noninterest income:			
Fees and service charge		378,934	583,637
Other income	14	415,245	153,539
		<u>794,179</u>	<u>737,176</u>
Income before noninterest expenses		<u>2,584,407</u>	<u>2,676,246</u>
Noninterest expenses:			
Advertising and promotion		28,050	27,871
Annual general meeting		-	18,126
ATM expenses		39,245	18,709
Bank charges		4,035	4,851
BCUA insurance		171,412	186,338
BCUL expenses		216	9,197
BFRP project expenses		459	594
Bad debt write off		3,684	3,855
Committee and officers		27,400	30,839
Computer and software expense		20,651	70,548
Convention expenses		-	8,484
Depreciation expense		236,893	240,888
Donations		300	13,540
(Gain) on disposal of asset		-	(1,805)
Gratuity		4,083	27,339
Insurance expense		31,566	32,319
Meetings		6,610	9,390
Miscellaneous expense		92,127	69,779
Office expense/stationery and printing		31,553	43,018
Postage and delivery		480	2,834
Property tax		1,871	1,871
Professional fees		56,256	45,690
Repairs and maintenance		47,350	33,906
Salaries and wages		692,583	700,438
Security		24,359	16,679
Social security expense		31,220	28,382
Severance		20,923	16,418
Staff benefit		48,994	50,616
Training		9,379	36,250
Travelling		900	4,960
Utilities		68,860	77,617
Vehicle expense		20,352	22,834
		<u>1,721,811</u>	<u>1,852,375</u>
Net income for the year		<u>862,596</u>	<u>823,871</u>

The notes on pages 7 to 21 are an integral part of these financial statements.

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Toledo Teacher's Credit Union Limited**Statement of changes in equity**

Year ended 31 March

(In Belize Dollars)

	Mandatory Shares	Guaranty Fund	Education fund	Institutional Capital	Capital Grants	Undivided earnings	Total
At 1 April 2020	86,450	1,458,898	279,685	772,684	703,272	719,242	4,020,231
Transfers:							
Additions, net of closures	150	-	-	-	-	-	150
Fund uses:							
Dividends and rebates	-	-	-	-	-	(372,824)	(372,824)
Transfers	-	172,519	43,130	-	-	(215,649)	-
Surplus	-	-	-	-	-	862,596	862,596
At 31 March 2021	<u>86,600</u>	<u>1,631,417</u>	<u>322,815</u>	<u>772,684</u>	<u>703,272</u>	<u>993,365</u>	<u>4,510,153</u>

Central Bank of Belize Regulations require that member share accounts be divided into mandatory and non-mandatory shares. Mandatory shares are reflected in equity; non-mandatory shares are reflected as liabilities. The Credit Union's policy is that each member has to own a minimum of 2 mandatory shares at \$5 per share. Total mandatory shares issued at 31 March 2021 were 17,320 (2020 - 17,290).

The notes on pages 7 to 21 are an integral part of these financial statements.

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TTCU is committed to providing affordable financial services to members through community outreach technology best practices.

Toledo Teacher's Credit Union Limited

Statement of cash flows

Year ended 31 March

(In Belize Dollars)

	Notes	2021	2020
Cash flow from operating activities:			
Net income for the year (page 4)		862,596	823,871
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	6	236,893	240,888
Provision for losses	4	296,764	120,000
Write off	4	(91,768)	(172,412)
Loss/(gain) on disposal		-	(1,805)
		<u>1,304,485</u>	<u>1,010,542</u>
Changes in working capital			
Decrease/(increase) in loans receivable	4	267,736	(1,652,801)
(Increase) in other receivables and prepayments	5	(222,182)	(11,744)
(Decrease)/increase in members' deposits	8	(756,382)	53,794
Increase in non-mandatory shares	9	38,821	604,694
Increase in accounts payable and accruals	10	16,012	207,598
Increase in pension liabilities	12	47,307	4,961
Increase/(decrease) in severance payable	13	16,950	(1,696)
Net cash flow from operating activities		<u>712,747</u>	<u>215,348</u>
Cash flows from investing activities:			
Purchase of property and equipment	6	(207,364)	(403,328)
Proceeds from disposal of assets		-	17,424
(Increase)/decrease in investments	3	(32,089)	187,914
Net cash flow (used in) investing activities		<u>(239,453)</u>	<u>(197,990)</u>
Cash flow from financing activities:			
Loan repayment	11	(74,958)	(162,542)
Dividends paid		(372,824)	(453,938)
Increase in member's shares (mandatory)		150	4,450
Net cash flow (used in) financing activities		<u>(447,632)</u>	<u>(612,030)</u>
Increase/(decrease) in cash and cash equivalents		25,662	(594,672)
Cash and cash equivalents at the beginning of the year		<u>2,114,501</u>	<u>2,709,173</u>
Cash and cash equivalents at the end of the year		<u>2,140,163</u>	<u>2,114,501</u>

The notes on pages 7 to 21 are an integral part of these financial statements.

Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

1. General information

Toledo Teacher's Credit Union Limited (the "Credit Union") was incorporated under and by virtue of the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011.

The Credit Union operates from its principal office on Queen Street, Punta Gorda Town, Toledo District, Belize. The branch office is located in Bella Vista, Independence, Stann Creek District, Belize. As at 31st March 2021, the Credit Union employed 31 (2020 - 30) people.

The Credit Union promotes savings, enterprise and the cooperative principle among its members to pool members' financial resources and to provide personal and corporate banking, loans, and investments.

2. Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements, including the accounting requirements prescribed by the Central Bank of Belize (CBB), are summarized below.

Basis of preparation

These financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Unless otherwise stated, monetary amounts are stated in Belize dollars. The accounting policies have been consistently applied to all periods presented. The financial statements have been prepared under the historical cost convention.

The Credit Union also complies with the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011, as reflected in its policies below.

Use of estimates and assumptions

In preparing the financial statements, management is required to make subjective estimates, assumptions and significant judgements that affect the reported amounts of assets, liabilities, net income, and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable.

Key sources of estimation and significant judgements used in preparing these financial statements include assessments of impairment of investments, determination of fair value of financial instruments, the allowance for credit losses, post-employment benefits and accrued liabilities. Actual results may differ from these and other estimates thereby impacting future financial results.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Significant judgements

In preparing these financial statements, management is required to make significant judgements that affect the carrying amounts of certain assets and liabilities, and the reported amounts of revenues and expenses recorded during the period. Significant judgements have been made in the following areas and discussed as noted in the financial statements:

Impairment of investments	Note 2
Fair value of financial instruments	Note 2
Allowance for loan losses	Note 2 Note 4
Severance payable	Note 2 Note 13

Financial instruments - recognition and measurement

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits held with various financial institutions with terms of less than 90 days.

Investments

The Credit Union has classified all investments as **held to maturity**. These are securities held with the positive intention of holding them to maturity and are stated at amortized cost less provisions made for any permanent diminution in value. Amortized cost is calculated by taking into account any premium or discounts on acquisition over the period of maturity using the effective interest rate method.

At each reporting date, management evaluates investments to determine if there is objective evidence of impairment. Such evidence includes: when an adverse effect on future cash flows from the asset or group of assets can be reliably estimated and when there is a significant or prolonged decline in the fair value of the investment below its cost.

When assessing impairment on debt instruments, such as government bonds, management primarily considers third party information such as external ratings and comparable sales. Significant judgement is required in assessing impairment as management is required to consider all available evidence in determining where objective evidence of impairment exists and whether the principal and interest can be fully recovered.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial instruments - recognition and measurement (continued)

Investments (continued)

When the investments are disposed of or impaired, the related gains and losses are included in the statement of comprehensive income as gains and losses from investment securities. Dividends received on such investments are reported as dividend income. All purchases and sales of trading and investment securities are recognized at settlement date, which is the date the Credit Union completes the transaction.

Loans receivable

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Loans are initially recognized at fair value which is represented by the cash advanced to members. Loans are subsequently measured at principal outstanding, net of unearned interest, less provision made for impairment. Provisions for impairment is built based on the Credit Unions Act (CUA), Chapter 314, Revised Edition 2011, Requirement No.2/2013. All loans are recognized when cash is advanced to borrowers.

Loans are assessed at year end for objective evidence of impairment, which includes indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy, and adverse changes in the repayment status of the borrower.

Provision for loan losses

As required by the Credit Unions Act (CUA) Chapter 314, Revised Edition 2011 Requirement No. 2/2013 loans are individually assessed for losses. Provision for impairment is calculated based on the Credit Unions Act (CUA), Chapter 314, Revised Edition 2011, Requirement No. 2/2013 and is increased by impairment losses recognized and decreased by write-offs, net of recoveries.

Loans are written off, either partially or in full, when there is no realistic prospect of collection. Write-offs are net of recoveries.

The loan loss provision is management's best estimate of losses incurred on the loan portfolio at the balance sheet date, as guided by the Credit Union Act, Chapter 314 Revised Edition 2011, Requirement No. 2/2013.

Members' deposits

Members' deposits are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial instruments - recognition and measurement (continued)

Shares

Mandatory shares are the minimum number of shares a person must have in order to be considered a member of the Credit Union. These are reflected in equity.

Non-mandatory shares are additional shares held by members of the Credit Union which can be withdrawn at any time. These are reflected as liabilities.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs and are subsequently measured using the effective interest rate method.

Determination of fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We determine fair value by incorporating all factors that market participants would consider in setting a price, including commonly accepted valuation approaches. Where an investment does not have an active market and observable prices or inputs are not available, management judgment is required to determine fair value by assessing other relevant sources of information such as historical data and information from similar transactions.

Interest income

Interest income on loans receivable is recognized as income when collected. Interest income on term deposits is recognized on the accrual basis using the effective interest rate method.

Loan application/processing and review fee revenue

Loan application/processing and review fees on loans are recognized as income when received. These fees are non-refundable. They are fully earned by the Credit Union at the outset on the loan application and at the time of review.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset on the statement of financial position when there exists both a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

Toledo Teacher's Credit Union Limited**Notes to the financial statements**

(In Belize Dollars)

2. Summary of significant accounting policies (continued)**Financial instruments - recognition and measurement (continued)***De-recognition of financial assets and liabilities*

Financial assets are de-recognized when the Credit Union's contractual rights to the cash flows from the assets have expired, when the Credit Union retains the right to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party, or when the Credit Union has transferred the contractual rights to receive the cash flows to a third party.

Financial liabilities are de-recognized when the Credit Union's obligation specified in the contract expires, is discharged, or is cancelled. The difference between the carrying amount of the financial liability and the consideration paid is recognized in the statement of comprehensive income.

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Belize dollars at the rate of US \$1.00 equals BZ \$2.00. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in the statement of comprehensive income. Non-monetary assets and liabilities in foreign denominations are translated into Belize dollars at historical rates.

Employee benefit obligations*Termination benefit - severance*

The Credit Union recognizes termination benefits in accordance with the labour laws of Belize and its staff policy document.

Termination benefit - pension

The Credit Union has made available, on a voluntary basis, a defined contribution pension plan for all permanent employees. The Credit Union currently maintains the balance of the pension plan, including any interest earned and accrued. The pension plan is funded by contributions from both employees and the Credit Union at a fixed rate of 3% and 3% percent of salary respectively.

The Credit Union's contributions to the defined contribution plan are expensed monthly. For fiscal 2021, pension costs amounted to \$18,802 (2020 - \$18,312).

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs directly attributable to bringing the asset to its location and condition necessary for its intended use.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset, at the following rates:

Buildings	2.5%
Furniture and equipment	10-33.3%
Computer equipment	33.3%
Motor vehicle	20%
Other equipment	20%

Property and equipment are assessed for impairment at each reporting date. If there is an indication that the asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs of disposal. Land is not depreciated.

Investment property

The Credit Union recognizes as investment property, land that is held to generate income and not for use in its own activities. It is initially stated at acquisition cost including directly assignable expenses subsequently stated net of accumulation and impairment provision, if needed.

Rental from investment property is recognized in income.

Provisions

Provisions are liabilities of uncertain timing or amount and are recognized when the Credit Union has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the consideration required to settle the present obligation at the reporting date. Significant judgement is required to determine whether a present obligation exists and in estimating the probability, timing and amount of any cash outflows.

Provisions are recorded related to litigation, future employee benefits, the allowance for off-balance sheet items and other items. Provisions are recorded on the basis of all available information at the end of the reporting period. In the event that results differ from management expectations, the Credit Union may incur expenses in excess of the provisions recognized.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Guaranty fund

The Guaranty Fund is a reserve fund that is mandated by the Credit Union Act, Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011. The fund consists of at least 10% of the yearly net earnings of the Credit Union, before dividends is declared and is to be accumulated until it reaches 10% of total assets. The fund should not be used for any other purpose except upon liquidation of the Credit Union and it cannot be distributed to members.

Education fund

Under the Credit Union Act, Chapter 314 of the Substantive Laws of Belize Revised Edition 2011, the Board of Directors may, before declaring a dividend, set aside an amount not exceeding 5% of the annual net income to be used for educational purposes as the Board may determine. The Education fund cannot be distributed to members.

Institutional capital and capital grants

The Institutional capital and capital grants are amounts set aside by the members of the Credit Union for any purpose the Credit Union may need to use it for. There is no specific event or purpose for which these reserves have been created except to be used at the discretion of members to allocate to other reserves. It is not available for distributions to members.

Leasing

A lease is an agreement in which the lessor grants the lessee the right to use an asset for an agreed period of time in return to a payment or series of payments. A finance lease is a lease that transfers substantially all the risk and rewards incidental to ownership of the leased asset to the lessee, where title may or may not eventually be transferred. An operating lease is a lease other than a financing lease.

Operating leases

The total payments made under operating leases are charged to income on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any penalty payable is recognized as an expense in the period in which the termination takes place.

Finance leases

In the event that the Credit Union is a lessee in a financing lease, the leased asset is recorded to property and equipment and the related lease obligation is recorded as a liability in the statement of financial position. The amount recorded is the lower of the fair value of the leased asset and the minimum lease payments.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial risk management

By its nature the Credit Union's activities are principally related to the use of financial instruments. The Credit Union accepts cash as deposits and purchase of shares from customers and seeks to earn above average interest margins by investing these funds in high quality assets. The Credit Union seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher interest rates whilst maintaining sufficient liquidity to meet all claims that may fall due.

The Credit Union is exposed to fraud risks, market risks, cash flow risks, and interest rate risks. The Credit Union's risk management program seeks to minimize potential adverse effects on the overall financial performance. Risks are managed through policies approved by the Board of Directors and are executed by management who identify, evaluate and establish procedures to minimize them.

Credit risk

The Credit Union is exposed to credit risk that a counterparty will be unable to pay amounts in full when due. Management mitigates its credit risk by limiting the amount of credit extended to one borrower or group which is monitored on a revolving basis and subject to annual review. Limits are also regulated by Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011.

The Credit Union's risk management policies are designed to achieve a balance between risk and return and minimize potential adverse effects of its' financial performance. The Credit Union therefore identifies and analyses these risks, designs internal controls to set appropriate limits, and to monitor these limits through reliable and up to date information systems and reports.

Exposure to credit risk is managed through regular monitoring of the borrowers' ability to repay, current exposure to individual customers, the likelihood of default and the historical recovery ratio on any defaulted obligation. Exposure is also managed in part by obtaining marketable collateral, personal guarantees and authority for salary deductions for instalment payments.

Market risk/interest rate risk

The Credit Union is exposed to market risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk for the Credit Union arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Credit Union's Board of Directors sets limits on the amount of risk that may be accepted, which is monitored on a daily basis and reviewed by the Board monthly.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial risk management (continued)

Market risk/interest rate risk (continued)

The Credit Union takes on interest rate risk in that fluctuations in interest rates on deposits may affect its capacity to on-lend at competitive rates. The Credit Union manages this risk by maintaining an adequate interest rate spread between interest paid and interest received.

The Credit Union is exposed to the risk of fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Liquidity risk

Liquidity risk is the risk that the Credit Union is unable to settle its financial liabilities when they fall due and to replace funds when they are withdrawn. The Credit Union manages this risk by closely monitoring customer payments, setting credit limits and by arranging credit facilities from other sources to ensure cash availability. The Credit Union also maintains highly liquid assets that can be liquidated as protection against any unforeseen cash flow shortage.

Fraud risk

The Credit Union is exposed to fraud risks from customers as well as employees and seeks to minimize these risks by internal controls, authorizations for payments and other checks and balances including valid identification security checks.

Adoption of standards

The Credit Union adopts newly issued International Financial Reporting Standards in the year stipulated for adoption to the extent they are relevant to its operations. The Credit Union may adopt a standard early if early adoption is permitted. The effect of adoption, if material, is disclosed in the financial statements.

Subsequent events

The Credit Union evaluates subsequent events for recognition and disclosure through 29 June 2021, which is the date the financial statements were available to be issued.

Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

3. Investments

	2021	2020
Held to maturity:		
Debt instruments (measured at amortized cost):		
20 redeemable preference shares at \$1,000 par in Belize Credit Union League Limited - redeemable by November 2030. Interest accrues at 4 - 6% per annum receivable annually.	19,685	19,685
Restricted savings at Holy Redeemer Credit Union Limited; interest receivable annually at a variable rate (as of 31 March 2020 interest rate was 6% on first \$10K, 3.5% on remaining balance per annum).	943,764	911,675
	<u>963,449</u>	<u>931,360</u>
Unlisted equity investments (measured at fair value):		
Investment in Belize Credit Union Assurance Service Limited - 575 common shares (13.9% ownership)	2,875	2,875
Total investments	<u>966,324</u>	<u>934,235</u>

4. Loans receivable

	2021	2020
Members' loans	13,436,243	13,666,832
Micro finance loans	1,050,891	1,248,758
Student loans	61,911	310,791
Other loans	3,233,053	2,823,453
Total loans before provision for loan losses	<u>17,782,098</u>	<u>18,049,834</u>
Provision for loan losses:		
At beginning of the year	345,097	397,509
Additions	296,764	120,000
Loans written off - net of collections	(91,768)	(172,412)
At end of the year	<u>550,093</u>	<u>345,097</u>
Net loans receivable	<u>17,232,005</u>	<u>17,704,737</u>

Maturity of loans

Loans to members, not including accrued interest, mature as follows:

	2021	2020
Under 1 year	915,866	1,277,960
1 to 2 years	2,391,799	3,040,406
2 to 3 years	4,396,246	3,880,827
3 to 4 years	3,539,166	4,421,536
Over 4 years	6,539,021	5,429,105
	<u>17,782,098</u>	<u>18,049,834</u>

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Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

4. Loans receivable (continued)

Loans past due but not impaired

A loan is considered past due when the borrower has not made a payment by the contractual due date. The table below shows the carrying value of loans at 31 March that are past due but not classified as impaired because they are either i) less than 90 days past due, or ii) fully secured and collection efforts are reasonably expected to result in full repayment.

	30-59 days \$	60-89 days \$	90 days and greater \$	Total \$
March 31 2021				
Members' receivable	446,565	326,008	85,579	858,152
March 31 2020				
Members' receivable	399,457	88,011	123,493	610,961

At 31 March 2021, total past due loans amount to \$1,658,566 (2020 - \$1,080,930).

Collateral is held on loans to minimize the Credit Union's exposure to credit risk. Collateral includes land, buildings and equipment.

Total value of loans which do not have collateral held by the Credit Union	10,371,299	13,142,345
Percentage of loan portfolio of loans which do not have collateral	58%	73%

5. Other receivables and prepayments

	2021	2020
HLB/Credit Union ATM/POS Project ⁽ⁱ⁾	50,000	50,000
Ameya/National Payment System ⁽ⁱⁱ⁾	147,213	120,153
Prepaid expenses	70,506	16,453
Other receivables	222,941	146,160
Investment interest receivable	37,001	36,062
Loan interest receivable	63,349	-
	<u>591,010</u>	<u>368,828</u>

(i) The Credit Union has entered into a joint investment agreement with the Heritage Bank Limited and five other institutions called the ATM/POS Project. This project is still in process and the initial investment is included in other receivables and prepayments.

(ii) The Credit Union has entered into a joint investment agreement with Ameya Systems and six other institutions, called The National Payment System. This project is still in process and the initial investment is included in other receivables and prepayments.

Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

6. Property and equipment

	Land & buildings	Motor vehicle	Furniture & equipment	Asset Under Construction	Total
Cost					
At 1 April 2020	1,245,483	324,827	1,053,166	292,786	2,916,262
Additions	17,589	-	189,775	-	207,364
Transfers	292,786	-	-	(292,786)	-
At 31 March 2021	1,555,858	324,827	1,242,941	-	3,123,626
Accumulated depreciation					
At 1 April 2020	265,596	133,566	398,025	-	797,187
Additions	30,656	45,681	160,556	-	236,893
At 31 March 2021	296,252	179,247	558,581	-	1,034,080
Net Book Value					
At 31 March 2021	1,259,606	145,580	684,360	-	2,089,546
At 31 March 2020	979,887	191,261	655,141	292,786	2,119,075

7. Investment property

	2021	2020
Land in Benque Viejo del Carmen, Belize	17,050	17,050
	<u>17,050</u>	<u>17,050</u>

8. Members' deposits

	2021	2020
Regular deposits	1,739,822	1,705,230
Term deposits	1,572,982	2,363,956
	<u>3,312,804</u>	<u>4,069,186</u>

Members' deposits mature in less than one year.

9. Non-mandatory shares

	2021	2020
At beginning of the year	14,435,653	13,830,959
Net additions	38,821	604,694
At end of the year	<u>14,474,474</u>	<u>14,435,653</u>

10. Accounts payable and accruals

	2021	2020
Accruals	70,741	68,543
Other	246,481	232,667
	<u>317,222</u>	<u>301,210</u>

Toledo Teacher's Credit Union Limited**Notes to the financial statements***(In Belize Dollars)***11. Borrowings**

	2021	2020
Loan from Development Finance Corporation (DFC) for Micro and Small Enterprise development under the Rural Credit Union Fund (RCF) of the Belize Rural Finance Programme (BRFP). Term of 3 years ending 2020. Interest at 2% per annum payable quarterly. Principal payments due quarterly beginning June 2017. Loan was repaid in fiscal 2021.	-	74,958
	<u>-</u>	<u>74,958</u>
Less: current portion	-	74,958
	<u>-</u>	<u>-</u>
Loans are repayable as follows:		
Within one year	-	74,958
Within two to five years	-	-
After five years	-	-
	<u>-</u>	<u>74,958</u>

12. Pension liabilities

	2021	2020
At beginning of the year	237,176	232,215
Contributions	51,466	36,117
Withdrawals	(4,159)	(31,156)
At end of the year	<u>284,483</u>	<u>237,176</u>

13. Severance payable

	2021	2020
At beginning of the year	120,012	121,708
Additions	23,444	16,418
Payments	(6,494)	(18,114)
At end of the year	<u>136,962</u>	<u>120,012</u>

14. Other income

	2021	2020
Miscellaneous income	284,919	39,685
Rental income	2,300	7,072
Income from dormant accounts	425	1,375
Payroll fees	53,561	56,693
Account maintenance fees	74,040	48,714
	<u>415,245</u>	<u>153,539</u>

Toledo Teacher's Credit Union Limited**Notes to the financial statements***(In Belize Dollars)***15. Related party transactions**

	2021	2020
At 31 March, the Board of Directors and management have the following loan balances with the Credit Union which are included in loans receivable:	<u>625,622</u>	<u>506,431</u>
Interest income from related party loans during the year	<u>65,121</u>	<u>51,200</u>

16. Key management compensation

	2021	2020
Key management compensation	<u>313,890</u>	<u>332,640</u>

17. Taxation

The Credit Union is licensed under the Credit Union Act, Chapter 314 of the Substantive laws of Belize, Revised Edition 2011 and is exempt from taxes on profits, gains, interest and dividends earned.

18. Fair value of financial instruments

Fair value is the exchange price receivable for an asset or payable for transferring a liability in the most advantageous market for the asset or liability in an arms-length transaction between market participants on the measurement date. In the absence of a ready market for its financial instruments, the Credit Union develops its fair value estimates by using significant, reliable inputs that market participants would reasonably be expected to use in pricing an asset or liability.

The amounts reported in the statement of financial position for cash and cash equivalents, including interest-bearing deposits with banks, approximate fair value due to the short-term maturity of these instruments.

The carrying amounts of loans due from members, net of allowances, are estimated to approximate fair value based on their respective interest rates, repayment terms, collateral consideration and regular monitoring.

The fair value of members' deposit liabilities reflects fair values based on rates offered by other financial institutions for deposits of similar maturities.

The Credit Union's investments in debt securities are considered investment grade securities issued by credit-worthy institutions. Their carrying amounts approximate fair value based on comparable interest rates and maturity terms offered by banks with acceptable credit ratings.

Toledo Teacher's Credit Union Limited**Notes to the financial statements**

(In Belize Dollars)

18. Fair value of financial instruments (continued)

Investment property was acquired at a price based on a professional appraisal. Its net carrying amount and commercial lease rental arrangement reflect fair value.


In the opinion of management, all other financial instruments reflect current market conditions and their fair value is not expected to differ significantly from amounts they are recorded at.

19. Commitments, contingent liabilities and regulatory matters

Like other major financial institutions in Belize, the Toledo Teacher's Credit Union is subject to regulatory oversight, regulations and directives issued by the Registrar of Credit Unions in Belize, who is the Governor of the Central Bank of Belize, and to regulatory inspections, information gathering requests and remedial actions stipulated by the Registrar. Consequently, interaction with the Registrar is ongoing.

20. Impact of COVID-19

Since March 2020, the spread of COVID-19 has impacted many local and international economies and disrupted businesses for an indefinite period. Measures taken to counteract the pandemic have resulted in an economic slowdown worldwide. The extent of the impact of the COVID-19 pandemic on the operating and financial position of the Credit Union will depend on certain developments, including the duration and spread of the pandemic and the impact on its operations, all of which are uncertain and cannot be predicted at this point.



**TOLEDO TEACHER'S CREDIT
UNION LIMITED**
Financial Statements
For the year ended 31 March 2022



Toledo Teacher's Credit Union Limited**Index to the financial statements**

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Independent auditor's report to the Board of Directors and Members of Toledo Teacher's Credit Union Limited

Opinion

We have audited the accompanying financial statements of Toledo Teacher's Credit Union Limited, which comprise of the statement of financial position as at 31 March 2022 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Toledo Teacher's Credit Union Limited as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the financial reporting provisions of the Credit Unions Act Chapter 314 of the Substantive Laws of Belize.

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Toledo Teacher's Credit Union Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 19 which states that the spread of COVID-19 has impacted many local and international economies and disrupted businesses for an indefinite period. Measures taken to counteract the pandemic have resulted in an economic slowdown worldwide. The extent of the impact of the COVID-19 pandemic on the operating and financial position of Toledo Teacher's Credit Union Limited will depend on certain developments, including the duration and spread of the pandemic and the impact on its operations, all of which are uncertain and cannot be predicted at this point.

Responsibility of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and financial reporting provisions of the Credit Unions Act Chapter 314 of the Substantive Laws of Belize, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of Toledo Teacher's Credit Union Limited 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process.

Auditor's 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 auditor's 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 on the basis of the financial statements.

As part of an audit in accordance with ISAs, we:

- (i) exercise professional judgement and maintain professional skepticism throughout the audit.
- (ii) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to 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.
- (iii) 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.
- (iv) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (v) 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 Toledo Teacher's Credit Union Limited to cease to continue as a going concern.
- (vi) 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.
- (vii) obtain sufficient audit evidence regarding the financial information of Toledo Teacher's Credit Union Limited to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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 identified during the audit.


BDO Belize LLP

12 May 2022

Toledo Teacher's Credit Union Limited**Statement of financial position**

As at 31 March

(In Belize Dollars)

	Notes	2022	2021
Assets			
Cash and cash equivalents		2,845,472	2,140,163
Investments	3	984,065	966,324
Loans receivable	4	17,971,232	17,782,098
Less: loan loss provision	4	(448,604)	(550,093)
Other receivables and prepayments	5	664,144	591,010
Property and equipment	6	1,913,999	2,089,546
Investment property	7	-	17,050
Total assets		23,930,308	23,036,098
Liabilities			
Members' deposits	8	3,524,063	3,312,804
Non-mandatory shares	9	14,671,927	14,474,474
Accounts payable and accruals	10	599,470	317,222
Pension liabilities	11	323,087	284,483
Severance payable	12	154,742	136,962
Total Liabilities		19,273,289	18,525,945
Net assets		4,657,019	4,510,153
Members' equity (page 5)			
Shares - mandatory		74,840	86,600
Undivided earnings		999,449	993,365
Guaranty fund		1,753,451	1,631,417
Education fund		353,323	322,815
Institutional capital		772,684	772,684
Capital grants		703,272	703,272
Members' equity		4,657,019	4,510,153

Approved on behalf of the board on May 13, 2022



Director



Director

The notes on pages 7 to 23 are an integral part of these financial statements.

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Toledo Teacher's Credit Union Limited
Statement of comprehensive income

Year ended 31 March

(In Belize Dollars)

	Notes	2022	2021
Interest income:			
Interest on loans - regular		147,353	195,869
Interest on loans - micro finance		628,474	681,394
Interest on loans - other		1,360,256	1,218,668
Investment income		26,971	33,032
		<u>2,163,054</u>	<u>2,128,963</u>
Less: interest expense		30,455	41,971
Net interest income		<u>2,132,599</u>	<u>2,086,992</u>
Provision for loan losses		165,000	296,764
Net interest income after provision for loan losses		<u>1,967,599</u>	<u>1,790,228</u>
Noninterest income:			
Fees and service charge		445,386	378,934
Other income	13	211,905	415,245
		<u>657,291</u>	<u>794,179</u>
Income before noninterest expenses		<u>2,624,890</u>	<u>2,584,407</u>
Noninterest expenses:			
Advertising and promotion		26,396	28,050
ATM expenses		35,620	39,245
Bank charges		3,941	4,035
BCUA insurance		173,822	171,412
BCUL expenses		3,305	216
BFRP project expenses		54	459
Bad debt write off		6,180	3,684
Committee and officers		56,540	27,400
Computer and software expense		75,814	20,651
Depreciation expense		265,084	236,893
Donations		743	300
Gratuity		36,912	4,083
Insurance expense		38,968	31,566
Meetings		6,272	6,610
Miscellaneous expense		69,185	92,127
Office expense/stationery and printing		40,871	31,553
Postage and delivery		1,546	480
Property tax		4,893	1,871
Professional fees		52,680	56,256
Repairs and maintenance		51,637	47,350
Salaries and wages		785,320	692,583
Security		30,941	24,359
Social security expense		34,944	31,220
Severance		19,315	20,923
Staff benefit		59,117	48,994
Training		13,038	9,379
Travelling		4,917	900
Utilities		76,634	68,860
Vehicle expense		40,032	20,352
		<u>2,014,721</u>	<u>1,721,811</u>
Net income for the year		<u>610,169</u>	<u>862,596</u>

The notes on pages 7 to 23 are an integral part of these financial statements.

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Toledo Teacher's Credit Union Limited
Statement of changes in equity

Year ended 31 March

(In Belize Dollars)

	Mandatory Shares	Guaranty Fund	Education fund	Institutional Capital	Capital Grants	Undivided earnings	Total
At 1 April 2021	86,600	1,631,417	322,815	772,684	703,272	993,365	4,510,153
Transfers:							
Closures, net of additions	(11,760)	-	-	-	-	-	(11,760)
Fund uses:							
Dividends and rebates	-	-	-	-	-	(451,543)	(451,543)
Transfers	-	122,034	30,508	-	-	(152,542)	-
Surplus	-	-	-	-	-	610,169	610,169
At 31 March 2022	<u>74,840</u>	<u>1,753,451</u>	<u>353,323</u>	<u>772,684</u>	<u>703,272</u>	<u>999,449</u>	<u>4,657,019</u>

Central Bank of Belize regulations require that member share accounts be divided into mandatory and non-mandatory shares. Mandatory shares are reflected in equity; non-mandatory shares are reflected as liabilities. The Credit Union's policy is that each member has to own a minimum of 2 mandatory shares at \$5 per share. Total mandatory shares issued at 31 March 2022 were 14,968 (2021 - 17,320).

Toledo Teacher's Credit Union Limited**Statement of cash flows**

Year ended 31 March

(In Belize Dollars)

	Notes	2022	2021
Cash flow from operating activities:			
Net income for the year (page 4)		610,169	862,596
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	6	265,084	236,893
Provision for losses	4	165,000	296,764
Write off	4	(266,489)	(91,768)
		<u>773,764</u>	<u>1,304,485</u>
Changes in working capital			
(Increase)/decrease in loans receivable	4	(189,134)	267,736
(Increase) in other receivables and prepayments	5	(73,134)	(222,182)
Increase/(decrease) in members' deposits	8	211,259	(756,382)
Increase in non-mandatory shares	9	197,453	38,821
Increase in accounts payable and accruals	10	282,248	16,012
Increase in pension liabilities	11	38,604	47,307
Increase in severance payable	12	17,780	16,950
Net cash provided by operating activities		<u>1,258,840</u>	<u>712,747</u>
Cash flows from investing activities:			
Purchase of property and equipment	6	(89,537)	(207,364)
(Increase) in investments	3	(17,741)	(32,089)
Decrease in investment property	7	17,050	-
Net cash (used in) investing activities		<u>(90,228)</u>	<u>(239,453)</u>
Cash flow from financing activities:			
Loan repayment		-	(74,958)
Dividends paid		(451,543)	(372,824)
(Decrease)/increase in member's shares (mandatory)		(11,760)	150
Net cash (used in) financing activities		<u>(463,303)</u>	<u>(447,632)</u>
Increase in cash and cash equivalents		705,309	25,662
Cash and cash equivalents at the beginning of the year		<u>2,140,163</u>	<u>2,114,501</u>
Cash and cash equivalents at the end of the year		<u>2,845,472</u>	<u>2,140,163</u>

The notes on pages 7 to 23 are an integral part of these financial statements.

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Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

1. General information

Toledo Teacher's Credit Union Limited (the "Credit Union") was incorporated under and by virtue of the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011.

The Credit Union operates from its principal office on Queen Street, Punta Gorda Town, Toledo District, Belize. The branch office is located in Bella Vista, Independence, Stann Creek District, Belize. As at 31st March 2022, the Credit Union employed 36 (2021 - 31) people.

The Credit Union promotes savings, enterprise and the cooperative principle among its members to pool members' financial resources and to provide personal and corporate banking, loans, and investments.

2. Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements, including the accounting requirements prescribed by the Central Bank of Belize (CBB), are summarized below.

Basis of preparation

These financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Unless otherwise stated, monetary amounts are stated in Belize dollars. The accounting policies have been consistently applied to all periods presented. The financial statements have been prepared under the historical cost convention.

The Credit Union also complies with the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011, as reflected in its policies below.

Use of estimates and assumptions

In preparing the financial statements, management is required to make subjective estimates, assumptions and significant judgements that affect the reported amounts of assets, liabilities, net income, and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable.

Key sources of estimation and significant judgements used in preparing these financial statements include assessments of impairment of investments, determination of fair value of financial instruments, the allowance for credit losses, post-employment benefits and accrued liabilities. Actual results may differ from these and other estimates thereby impacting future financial results.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Significant judgements

In preparing these financial statements, management is required to make significant judgements that affect the carrying amounts of certain assets and liabilities, and the reported amounts of revenues and expenses recorded during the period. Significant judgements have been made in the following areas and discussed as noted in the financial statements:

Impairment of investments	Note 2
Fair value of financial instruments	Note 2
Allowance for loan losses	Note 2 Note 4

Financial instruments - recognition and measurement

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits held with various financial institutions with terms of less than 90 days.

Investments

Debt instruments at amortized cost

The Credit Union assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Credit Union's business model for managing the asset.

For an asset to be classified and measured at amortized cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

The Credit Union recognizes financial assets and liabilities when it becomes a party to the terms of the contract.

Financial assets are classified on the basis of two criteria:

- The business model within which the financial assets are managed;
- The contractual cash flow characteristics (whether the cash flows represent SPPI).

Management determines the classification of its investments at initial recognition.

Financial assets are measured at amortized cost if they are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and their contractual cash flows represent SPPI.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial instruments - recognition and measurement (continued)

Investments (continued)

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

Other financial assets are measured at fair value through profit or loss.

The Credit Union has recorded all investments at amortized cost less provisions made for any permanent diminution in value. Amortized cost is calculated by taking into account any premium or discounts on acquisition over the period of maturity using the effective interest rate method.

At each reporting date, management evaluates investments to determine if there is objective evidence of impairment. Such evidence includes: when an adverse effect on future cash flows from the asset or group of assets can be reliably estimated and when there is a significant or prolonged decline in the fair value of the investment below its cost.

When assessing impairment on debt instruments management primarily considers third party information such as external ratings and comparable sales. Significant judgement is required in assessing impairment as management is required to consider all available evidence in determining where objective evidence of impairment exists and whether the principal and interest can be fully recovered.

When the investments are disposed of or impaired, the related gains and losses are included in the statement of comprehensive income as gains and losses from investment securities. Dividends received on such investments are reported as dividend income. All purchases and sales of trading and investment securities are recognized at settlement date, which is the date the Credit Union completes the transaction.

Loans receivable

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Loans are initially recognized at fair value which is represented by the cash advanced to members. Loans are subsequently measured at principal outstanding, net of unearned interest, less provision made for impairment. All loans are recognized when cash is advanced to borrowers.

Impairment

The Credit Union assesses loss allowances for expected credit losses ("ECLs") on its financial instruments that are not measured at FVTPL. Loss allowances are recognized on loans to members.

No impairment loss is recognized on equity investments.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial instruments - recognition and measurement (continued)

Impairment (continued)

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECLs that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECLs that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition.

For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided below.

ECLs are an estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Credit Union under the contract and the cash flows that the Credit Union expects to receive, discounted at the asset's EIR.

The Credit Union measures ECL on an individual basis. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Measurement of ECL

The key inputs used for measuring ECL are:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD").

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information, where applicable.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is largely based on historical default rates by category of loan product and credit rating. PDs are estimated considering the contractual maturities of exposures. The estimation is based on current conditions, adjusted where applicable to take into account estimates of future conditions that will impact PD.

Toledo Teacher's Credit Union Limited**Notes to the financial statements**

(In Belize Dollars)

2. Summary of significant accounting policies (continued)**Financial instruments - recognition and measurement (continued)***Impairment (continued)*

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account cost of realization of collateral. LGD models for unsecured assets consider time of recovery and recovery rates. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Credit Union's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortization profiles, early repayment or overpayment, and changes in utilization of undrawn commitments. The Credit Union uses EAD models that reflect the characteristics of the portfolios.

The Credit Union measures ECL considering the risk of default over the maximum contractual period over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities that include both a loan and an undrawn commitment component, the Credit Union's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Credit Union's exposure to credit losses to the contractual notice period. For such financial instruments the Credit Union measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.

The Credit Union also complies with the Credit Unions Act (CUA) Chapter 314, Revised Edition 2011 Requirement No. 2/2013 which requires that loans are individually assessed for losses. Loan loss provision is increased by impairment losses recognized and decreased by write-offs.

Write-offs

Loans are written off when the Credit Union has no reasonable expectations of recovering the financial asset. This is the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Credit Union may apply enforcement activities to financial assets written off. Recoveries resulting from the Credit Union's enforcement activities will result in impairment gains.

Members' deposits

Members' deposits are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial instruments - recognition and measurement (continued)

Shares

Mandatory shares are the minimum number of shares a person must have in order to be considered a member of the Credit Union. These are reflected in equity.

Non-mandatory shares are additional shares held by members of the Credit Union which can be withdrawn at any time. These are reflected as liabilities.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs and are subsequently measured using the effective interest rate method.

Determination of fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We determine fair value by incorporating all factors that market participants would consider in setting a price, including commonly accepted valuation approaches. Where an investment does not have an active market and observable prices or inputs are not available, management judgment is required to determine fair value by assessing other relevant sources of information such as historical data and information from similar transactions.

Interest income

Interest income on loans receivable is recognized as income when collected. Interest income on term deposits is recognized on the accrual basis using the effective interest rate method.

Loan application/processing and review fee revenue

Loan application/processing and review fees on loans are recognized as income when received. These fees are non-refundable. They are fully earned by the Credit Union at the outset on the loan application and at the time of review.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset on the statement of financial position when there exists both a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

Toledo Teacher's Credit Union Limited**Notes to the financial statements**

(In Belize Dollars)

2. Summary of significant accounting policies (continued)**Financial instruments - recognition and measurement (continued)***De-recognition of financial assets and liabilities*

Financial assets are de-recognized when the Credit Union's contractual rights to the cash flows from the assets have expired, when the Credit Union retains the right to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party, or when the Credit Union has transferred the contractual rights to receive the cash flows to a third party.

Financial liabilities are de-recognized when the Credit Union's obligation specified in the contract expires, is discharged, or is cancelled. The difference between the carrying amount of the financial liability and the consideration paid is recognized in the statement of comprehensive income.

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Belize dollars at the rate of US \$1.00 equals BZ \$2.00. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in the statement of comprehensive income. Non-monetary assets and liabilities in foreign denominations are translated into Belize dollars at historical rates.

Employee benefit obligations*Termination benefit - severance*

The Credit Union recognizes termination benefits in accordance with the labour laws of Belize and its staff policy document.

Termination benefit - pension

The Credit Union has made available, on a voluntary basis, a defined contribution pension plan for all permanent employees. The Credit Union currently maintains the balance of the pension plan, including any interest earned and accrued. The pension plan is funded by contributions from both employees and the Credit Union at a fixed rate of 3% and 3% percent of salary respectively.

The Credit Union's contributions to the defined contribution plan are expensed monthly. For fiscal 2022, pension costs amounted to \$23,295 (2021 - \$18,802).

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs directly attributable to bringing the asset to its location and condition necessary for its intended use.

Toledo Teacher's Credit Union Limited**Notes to the financial statements***(In Belize Dollars)***2. Summary of significant accounting policies (continued)****Property and equipment (continued)**

Depreciation is calculated using the straight-line method over the estimated useful life of the asset, at the following rates:

Buildings	2.5%
Furniture and equipment	10-33.3%
Computer equipment	33.3%
Motor vehicle	20%
Other equipment	20%

Property and equipment are assessed for impairment at each reporting date. If there is an indication that the asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs of disposal. Land is not depreciated.

Investment property

The Credit Union recognizes as investment property, land that is held to generate income and not for use in its own activities. It is initially stated at acquisition cost including directly assignable expenses subsequently stated net of accumulation and impairment provision, if needed.

Provisions

Provisions are liabilities of uncertain timing or amount and are recognized when the Credit Union has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the consideration required to settle the present obligation at the reporting date. Significant judgement is required to determine whether a present obligation exists and in estimating the probability, timing and amount of any cash outflows.

Provisions are recorded related to litigation, future employee benefits, the allowance for off-balance sheet items and other items. Provisions are recorded on the basis of all available information at the end of the reporting period. In the event that results differ from management expectations, the Credit Union may incur expenses in excess of the provisions recognized.

Guaranty fund

The Guaranty Fund is a reserve fund that is mandated by the Credit Union Act, Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011. The fund consists of at least 10% of the yearly net earnings of the Credit Union, before dividends is declared and is to be accumulated until it reaches 10% of total assets. The fund should not be used for any other purpose except upon liquidation of the Credit Union and it cannot be distributed to members.

Toledo Teacher's Credit Union Limited**Notes to the financial statements**

(In Belize Dollars)

2. Summary of significant accounting policies (continued)**Education fund**

Under the Credit Union Act, Chapter 314 of the Substantive Laws of Belize Revised Edition 2011, the Board of Directors may, before declaring a dividend, set aside an amount not exceeding 5% of the annual net income to be used for educational purposes as the Board may determine. The Education fund cannot be distributed to members.

Institutional capital and capital grants

The Institutional capital and capital grants are amounts set aside by the members of the Credit Union for any purpose the Credit Union may need to use it for. There is no specific event or purpose for which these reserves have been created except to be used at the discretion of members to allocate to other reserves. It is not available for distributions to members.

Leasing

A lease is an agreement in which the lessor grants the lessee the right to use an asset for an agreed period of time in return to a payment or series of payments.

All leases are short-term leases. Lease payments are recognized as an expense on a straight-line basis over the lease term as office expense in the statement of comprehensive income.

Financial risk management

By its nature the Credit Union's activities are principally related to the use of financial instruments. The Credit Union accepts cash as deposits and purchase of shares from customers and seeks to earn above average interest margins by investing these funds in high quality assets. The Credit Union seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher interest rates whilst maintaining sufficient liquidity to meet all claims that may fall due.

The Credit Union is exposed to fraud risks, market risks, cash flow risks, and interest rate risks. The Credit Union's risk management program seeks to minimize potential adverse effects on the overall financial performance. Risks are managed through policies approved by the Board of Directors and are executed by management who identify, evaluate and establish procedures to minimize them.

Credit risk

The Credit Union is exposed to credit risk that a counterparty will be unable to pay amounts in full when due. Management mitigates its credit risk by limiting the amount of credit extended to one borrower or group which is monitored on a revolving basis and subject to annual review. Limits are also regulated by Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011.

Notes to the financial statements

(In Belize Dollars)

2. Summary of significant accounting policies (continued)

Financial risk management (continued)

Credit risk (continued)

The Credit Union's risk management policies are designed to achieve a balance between risk and return and minimize potential adverse effects of its' financial performance. The Credit Union therefore identifies and analyses these risks, designs internal controls to set appropriate limits, and to monitor these limits through reliable and up to date information systems and reports.

Exposure to credit risk is managed through regular monitoring of the borrowers' ability to repay, current exposure to individual customers, the likelihood of default and the historical recovery ratio on any defaulted obligation. Exposure is also managed in part by obtaining marketable collateral, personal guarantees and authority for salary deductions for instalment payments.

Market risk/interest rate risk

The Credit Union is exposed to market risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk for the Credit Union arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Credit Union's Board of Directors sets limits on the amount of risk that may be accepted, which is monitored on a daily basis and reviewed by the Board monthly.

The Credit Union takes on interest rate risk in that fluctuations in interest rates on deposits may affect its capacity to on-lend at competitive rates. The Credit Union manages this risk by maintaining an adequate interest rate spread between interest paid and interest received.

The Credit Union is exposed to the risk of fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Liquidity risk

Liquidity risk is the risk that the Credit Union is unable to settle its financial liabilities when they fall due and to replace funds when they are withdrawn. The Credit Union manages this risk by closely monitoring customer payments, setting credit limits and by arranging credit facilities from other sources to ensure cash availability. The Credit Union also maintains highly liquid assets that can be liquidated as protection against any unforeseen cash flow shortage.

Toledo Teacher's Credit Union Limited**Notes to the financial statements***(In Belize Dollars)***2. Summary of significant accounting policies (continued)****Financial risk management (continued)***Fraud risk*

The Credit Union is exposed to fraud risks from customers as well as employees and seeks to minimize these risks by internal controls, authorizations for payments and other checks and balances including valid identification security checks.

Adoption of standards

The Credit Union adopts newly issued International Financial Reporting Standards in the year stipulated for adoption to the extent they are relevant to its operations. The Credit Union may adopt a standard early if early adoption is permitted. The effect of adoption, if material, is disclosed in the financial statements.

Subsequent events

The Credit Union evaluates subsequent events for recognition and disclosure through 13 May 2022, which is the date the financial statements were available to be issued.

3. Investments

	2022	2021
<i>Held to maturity:</i>		
Debt instruments (measured at amortized cost):		
20 redeemable preference shares at \$1,000 par in Belize Credit Union League Limited - redeemable by November 2030. Interest accrues at 4 - 6% per annum receivable annually. Preference shares were redeemed in fiscal 2022.	-	19,685
Restricted savings at Holy Redeemer Credit Union Limited; interest receivable annually at a variable rate (as of 31 March 2020 interest rate was 6% on first \$10K, 3.5% on remaining balance per annum).	981,190	943,764
	<u>981,190</u>	<u>963,449</u>
Unlisted equity investments (measured at fair value):		
Investment in Belize Credit Union Assurance Service Limited - 575 common shares (13.9% ownership)	2,875	2,875
Total investments	<u>984,065</u>	<u>966,324</u>

Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

4. Loans receivable

	2022	2021
Members' loans	13,865,548	13,436,243
Micro finance loans	991,152	1,050,891
Student loans	421,484	61,911
Other loans	2,693,048	3,233,053
Total loans before provision for loan losses	<u>17,971,232</u>	<u>17,782,098</u>

Provision for loan losses:

At beginning of the year	550,093	345,097
Additions	165,000	296,764
Loans written off - net of collections	<u>(266,489)</u>	<u>(91,768)</u>
At end of the year	448,604	550,093
Net loans receivable	<u>17,522,628</u>	<u>17,232,005</u>

Maturity of loans

Loans to members, not including accrued interest, mature as follows:

	2022	2021
Under 1 year	724,741	915,866
1 to 2 years	2,558,119	2,391,799
2 to 3 years	3,494,010	4,396,246
3 to 4 years	4,371,026	3,539,166
Over 4 years	6,823,336	6,539,021
	<u>17,971,232</u>	<u>17,782,098</u>

Loans past due but not impaired

A loan is considered past due when the borrower has not made a payment by the contractual due date. The table below shows the carrying value of loans at 31 March that are past due but not classified as impaired because they are either i) less than 90 days past due, or ii) fully secured and collection efforts are reasonably expected to result in full repayment.

	30-59 days \$	60-89 days \$	90 days and greater \$	Total \$
March 31 2022				
Members' receivable	<u>364,718</u>	<u>81,913</u>	<u>56,474</u>	<u>503,105</u>
March 31 2021				
Members' receivable	<u>446,565</u>	<u>326,008</u>	<u>85,579</u>	<u>858,152</u>

At 31 March 2022, total past due loans amount to \$1,058,891 (2021 - \$1,658,566).

Toledo Teacher's Credit Union Limited

Notes to the financial statements

(In Belize Dollars)

4. Loans receivable (continued)

Collateral is held on loans to minimize the Credit Union's exposure to credit risk. Collateral includes land, buildings and equipment.

	2022	2021
Total value of loans which do not have collateral held by the Credit Union	11,434,347	10,371,299
Percentage of loan portfolio of loans which do not have collateral	63%	58%

5. Other receivables and prepayments

	2022	2021
HBL/Credit Union ATM/POS Project ⁽ⁱ⁾	50,000	50,000
Ameya/National Payment System ⁽ⁱⁱ⁾	147,213	147,213
Prepaid expenses	90,204	70,506
Other receivables	276,544	222,941
Investment interest receivable	26,546	37,001
Loan interest receivable	73,637	63,349
	664,144	591,010

(i) The Credit Union has entered into a joint investment agreement with the Heritage Bank Limited and five other institutions called the ATM/POS Project. This project is still in process and the initial investment is included in other receivables and prepayments.

(ii) The Credit Union has entered into a joint investment agreement with Ameya Systems and six other institutions, called The National Payment System. This project is still in process and the initial investment is included in other receivables and prepayments.

6. Property and equipment

	Land & buildings	Motor vehicle	Furniture & equipment	Asset under construction	Total
Cost					
At 1 April 2021	1,555,858	324,827	1,242,941	-	3,123,626
Additions	9,281	-	69,186	11,070	89,537
At 31 March 2022	1,565,139	324,827	1,312,127	11,070	3,213,163
Accumulated depreciation					
At 1 April 2021	296,252	179,247	558,581	-	1,034,080
Charge	37,489	45,680	181,915	-	265,084
At 31 March 2022	333,741	224,927	740,496	-	1,299,164
Net Book Value					
At 31 March 2022	1,231,398	99,900	571,631	11,070	1,913,999
At 31 March 2021	1,259,606	145,580	684,360	-	2,089,546

Toledo Teacher's Credit Union Limited**Notes to the financial statements***(In Belize Dollars)***7. Investment property**

	2022	2021
Land in Benque Viejo del Carmen, Belize	-	17,050
	<u>-</u>	<u>17,050</u>

8. Members' deposits

	2022	2021
Regular deposits	2,281,844	1,739,822
Term deposits	1,242,219	1,572,982
	<u>3,524,063</u>	<u>3,312,804</u>

Members' deposits mature in less than one year.

9. Non-mandatory shares

	2022	2021
At beginning of the year	14,474,474	14,435,653
Net additions	197,453	38,821
At end of the year	<u>14,671,927</u>	<u>14,474,474</u>

10. Accounts payable and accruals

	2022	2021
Accruals	57,541	70,741
Other	541,929	246,481
	<u>599,470</u>	<u>317,222</u>

11. Pension liabilities

	2022	2021
At beginning of the year	284,483	237,176
Contributions	47,937	51,466
Withdrawals	(9,333)	(4,159)
At end of the year	<u>323,087</u>	<u>284,483</u>

12. Severance payable

	2022	2021
At beginning of the year	136,962	120,012
Additions	21,714	23,444
Payments	(3,934)	(6,494)
At end of the year	<u>154,742</u>	<u>136,962</u>

Toledo Teacher's Credit Union Limited**Notes to the financial statements***(In Belize Dollars)***13. Other income**

	2022	2021
Miscellaneous income	153,992	284,919
Rental income	1,400	2,300
Income from dormant accounts	1,375	425
Payroll fees	55,138	53,561
Account maintenance fees	-	74,040
	<u>211,905</u>	<u>415,245</u>

14. Related party transactions

At 31 March, the Board of Directors and management have the following transactions and outstanding balances with the Credit Union which are included in loans receivable, deposits and shares respectively in the statement of financial position:

	2022	2021
Loans receivable:		
Officers' loans	132,237	625,622
Employees' loans	604,505	439,128
	<u>736,742</u>	<u>1,064,750</u>

	2022	2021
Deposits:		
Officers' deposits	16,692	81,821
Employees' deposits	57,825	19,646
	<u>74,517</u>	<u>101,467</u>

	2022	2021
Shares:		
Officers' shares	107,933	141,838
Employees' shares	142,564	133,274
	<u>250,497</u>	<u>275,112</u>

	2022	2021
Transactions with related parties:		
Interest income earned from related party loans during the year	69,971	65,121
	<u>69,971</u>	<u>65,121</u>

15. Key management compensation

	2022	2021
Key management compensation	335,400	313,890
	<u>335,400</u>	<u>313,890</u>

Notes to the financial statements

(In Belize Dollars)

16. Taxation

The Credit Union is licensed under the Credit Union Act, Chapter 314 of the Substantive laws of Belize, Revised Edition 2011 and is exempt from taxes on profits, gains, interest and dividends earned.

17. Fair value of financial instruments

Fair value is the exchange price receivable for an asset or payable for transferring a liability in the most advantageous market for the asset or liability in an arms-length transaction between market participants on the measurement date. In the absence of a ready market for its financial instruments, the Credit Union develops its fair value estimates by using significant, reliable inputs that market participants would reasonably be expected to use in pricing an asset or liability.

The amounts reported in the statement of financial position for cash and cash equivalents, including interest-bearing deposits with banks, approximate fair value due to the short-term maturity of these instruments.

The carrying amounts of loans due from members, net of allowances, are estimated to approximate fair value based on their respective interest rates, repayment terms, collateral consideration and regular monitoring.

The fair value of members' deposit liabilities reflects fair values based on rates offered by other financial institutions for deposits of similar maturities.

The Credit Union's investments in debt securities are considered investment grade securities issued by credit-worthy institutions. Their carrying amounts approximate fair value based on comparable interest rates and maturity terms offered by banks with acceptable credit ratings.

Investment property was acquired at a price based on a professional appraisal. Its net carrying amount and commercial lease rental arrangement reflect fair value.

In the opinion of management, all other financial instruments reflect current market conditions and their fair value is not expected to differ significantly from amounts they are recorded at.

18. Commitments, contingent liabilities and regulatory matters

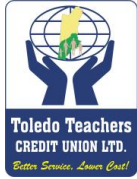
Like other major financial institutions in Belize, the Toledo Teacher's Credit Union is subject to regulatory oversight, regulations and directives issued by the Registrar of Credit Unions in Belize, who is the Governor of the Central Bank of Belize, and to regulatory inspections, information gathering requests and remedial actions stipulated by the Registrar. Consequently, interaction with the Registrar is ongoing.

Notes to the financial statements

(In Belize Dollars)

19. Impact of COVID-19

Since March 2020, the spread of COVID-19 has impacted many local and international economies and disrupted businesses for an indefinite period. Measures taken to counteract the pandemic have resulted in an economic slowdown worldwide. The extent of the impact of the COVID-19 pandemic on the operating and financial position of the Credit Union will depend on certain developments, including the duration and spread of the pandemic and the impact on its operations, all of which are uncertain and cannot be predicted at this point.



Toledo Teachers Credit Union, Ltd.

Queen Street, Punta Gorda Town

Post Office Box 95

Toledo District, BELIZE C. A.

Phone No: (501) 722 2522/722 0060; Fax No: (501) 722-0056

E-mail: ttcu@btl.net

RESOLUTION FOR THE PAYMENT OF DIVIDENDS & REBATES 2020, 2021 & 2022

WHEREAS, The Toledo Teachers Credit Union Limited of Queen Street, Punta Gorda Town, Belize, Central America, a duly registered Credit Union under the Laws of Belize, (hereinafter referred to as TTCU) requests to ITS MEMBERS AT THE 21ST, ANNUAL GENERAL MEETING, (hereinafter referred to as THE AGM) FOR THE PAYMENT OF DIVIDENDS & REBATES, 2019, 2020, 2021 & 2022.

Be it:

RESOLVED, THAT the Board of Directors recognizes that the payment of dividends & Rebates was done as an interim payment because of the pandemic that did not allow for AGM 2019, 2020 & 2021 and which rates were 3% & 3%; and 3.5% & 4% paid for the respective fiscal period and that for the fiscal period April 1st, 2021 to March 31st, 2022 be ratified and approved for a Dividend & Rebates payment of 5% & 5%.

Further resolved that the reserves allocations of 5% to Education Fund and 20% to Guarantee Fund be allocated for the fiscal period April 1st, 2021 to March 31st, 2022 and for the two previous fiscal periods.

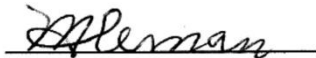
The undersigned hereby certify that they are the duly elected and qualified President and Secretary of Toledo Teachers Credit Union Limited, a Credit Union duly formed pursuant to the Credit Union Act of the Laws of Belize, and that the foregoing is a true record of a resolution duly adopted at the 21st, Annual General Meeting of the Toledo Teachers Credit Union Limited and that the said meeting was held in accordance with the Credit Union Act of the Laws of Belize and the By-laws of the above-named Credit Union on June 4th, 2022 and that the said resolution is now in full force and effect without modification or rescission.

IN WITNESS THEREOF, we have executed our names as President and Secretary and have hereunto affixed the corporate seal of the Toledo Teachers Credit Union Limited this June 4th, 2022

A True Record.

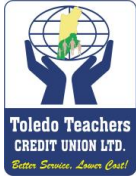
Attested.

For and on behalf of the Toledo Teachers Credit Union.

A handwritten signature in cursive script, appearing to read "Aleman", is written over a horizontal line.

Mrs. Marie Aleman
President, TTCU Board

Mrs. Carolyn Jacobs
Secretary, TTCU Board



Toledo Teachers Credit Union, Ltd.

Queen Street, Punta Gorda Town

Post Office Box 95

Toledo District, BELIZE C. A.

Phone No: (501) 722 2522/722 0060; Fax No: (501) 722-0056

E-mail: ttcu@btl.net

**RESOLUTION FOR THE ESTABLISHMENT OF A CONSUMER
CO-OPERATED FOR MEMBERS OF THE TOLEDO TEACHERS
CREDIT UNION LTD**

TTCU BOARD MONTHLY MEETING MAY 13TH 2022

WHEREAS, The Toledo Teachers Credit Union Limited of Queen Street, Punta Gorda Town, Belize, Central America, a duly registered Credit Union under the Laws of Belize, (hereinafter referred to as TTCU) requests to ITS MEMBERS AT THE 21ST, ANNUAL GENERAL MEETING, (hereinafter referred to as THE AGM) FOR THE ESTABLISHMENT OF A CONSUMER CO-OPERATIVE FOR ITS MEMBERSHIP INITIATING WITH CONSTRUCTION MATERIALS AND ALL ELECTRICAL AND PLUMBING ASSOCIATED WITH AND TO INCREASE IN SERVICES AND PRODUCTS ONCE THE ENTITY ENOVATES & DEVELOPS.

Be it:

RESOLVED, THAT the Board of Directors recognizes that the pandemic and the ongoing fuel crisis has severely impacted the economy of the world and our country and that the cost of living has tripled in recent times, that a consumer co-operative will resolve the issues of inflated cost of goods and construction materials and that all benefits associated with the entity will be in favor of all members.

Further resolved that a pro temp Board of Directors be established to facilitate the entire process for the establishment of the unity and that all human and financial resources be made available.

Further resolved that all financial resources used for the full functionality of the Consumer Co-operative be refunded to the credit union once registered and become a fully independent entity.

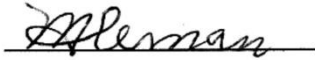
The undersigned hereby certify that they are the duly elected and qualified President and Secretary of Toledo Teachers Credit Union Limited, a Credit Union duly formed pursuant to the Credit Union Act of the Laws of Belize, and that the foregoing is a true record of a resolution duly adopted at the 21st , Annual General Meeting of the Toledo Teachers Credit Union Limited and that the said meeting was held in accordance with the Credit Union Act of the Laws of Belize and the By-laws of the above-named Credit Union on June 4th, 2022 and that the said resolution is now in full force and effect without modification or rescission.

TTCU is committed to providing affordable financial services to members through community outreach technology best practices.

IN WITNESS THEREOF, we have executed our names as President and Secretary and have hereunto affixed the corporate seal of the Toledo Teachers Credit Union Limited this June 4th, 2022

A True Record.
Attested.

For and on behalf of the Toledo Teachers Credit Union.



Mrs. Marie Aleman
President, TTCU Board

Mrs. Carolyn Jacobs
Secretary, TTCU Board

Opening of Accounts Requirements

To all potential new members:

We take this opportunity to welcome you to join our credit union. Toledo Teachers Credit Union has made significant growth over the past 22 years with an estimated 24 million in assets.

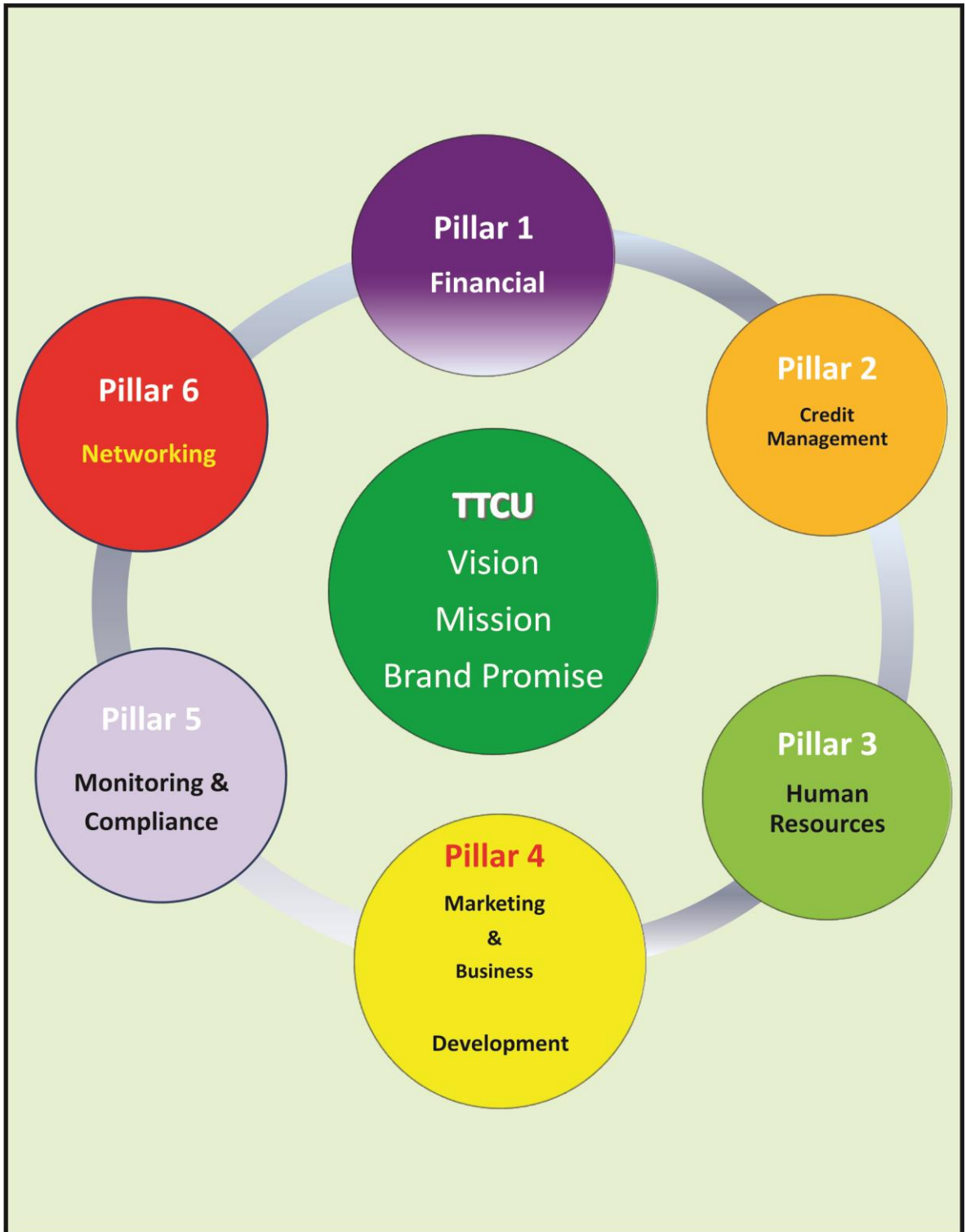
We encourage you to open your account and be a part of this vibrant institution.

In opening your account with Toledo Teachers Credit Union, kindly bring the following:

1. A valid Social Security Card or Passport
2. A Utility bill (water, telephone or electricity bill) used to confirm your address. If you do not have a utility bill stop by the office for further information.
3. Purchase a minimum of 6 shares at \$5.00 each
4. A non-refundable processing fee of \$6.00

TTCU CORE VALUES

- ✦ **COMMITMENT** – Ensure all stakeholders are involved and contributing to the growth and development of TTCU and its members.
- ✦ **PROFESSIONALISM** – Maintain excellent and reputable relationship with affiliates, stakeholders and members for an improved service.
- ✦ **TEAMWORK** – Work in harmony to achieve our objectives to move forward.
- ✦ **ACCOUNTABILITY** – To meet its performance objectives and remain transparent, trustworthy and credible to its members while preserving the underlying philosophy of the credit union movement.
- ✦ **VISIONARY** – Stay one step ahead of the competition while adapting to a changing environment and remaining true to the core values of credit unions.
- ✦ **EXCELLENCE** – Provide exceptionally warm, courteous, friendly customer service to members.



TTCU is committed to providing affordable financial services to members through community outreach technology best practices.

