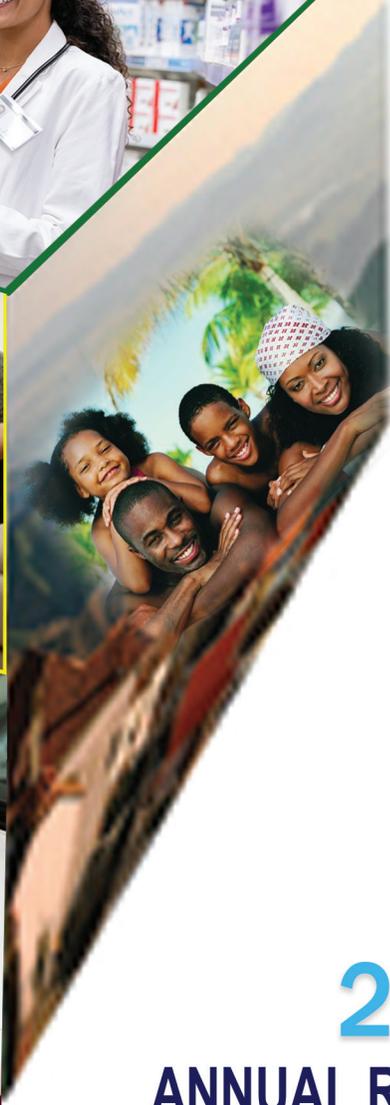




NAJ & Health Services Co-operative Credit Union Limited

45th Annual General Meeting



“Helping You to Realize Your Dreams!”

2021 ANNUAL REPORT



Mission Statement

The NAJ & Health Services Co-operative Credit Union is committed to the promotion of thrift among its members, the provision of sound financial advice and assistance offered through a wide range of financial services, delivered by a highly efficient and motivated staff; committed to excellence.

Our True Purpose

The **NAJ & Health Services Co-operative Credit Union** is in the business to **help** every medical professional to **realize their** dreams, by offering **trusted advice** and **better value** on the financial services that are available to them.

Trusted Advice means that we will never offer a **product or service** that does not put the needs of **you, our members FIRST**. We ask you about your **long-term goals** and take pride in **helping you** to make **smart decisions** that meet **your unique situation**. Unlike most financial institutions, we do not have the conflict of trying to serve the competing needs of customers and investors. **You, our members** are our owners. When we **help you**, we are meeting **your objectives as owners**.

Help People Get More means **improve your finances**. We choose to operate as a non-profit organization, so we can **share our earning with you, our owners**, instead of outside investors by offering **competitive rates, low fees, online services, high capital reserves** and more.

Better Value means that although we may not always offer the lowest cost, we consistently offer a combination of **competitive pricing, personal service and convenience**. We are transparent in our terms and do not engage in teaser rates or highly restrictive conditions.



The 45th Annual General Meeting

**NAJ & HEALTH SERVICES
CO-OPERATIVE CREDIT UNION LIMITED**

"Helping you to realize your dreams"



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MISSION STATEMENT

The NAJ & Health Services Co-operative Credit Union is committed to the promotion of thrift among its members, the provision of sound financial advice and assistance offered through a wide range of financial services, delivered by a highly efficient and motivated staff; committed to excellence.

VISION STATEMENT

To provide a solid financial foundation and a secured future, by improving the lives of members within the health sector, through quality products and services to build a better shareholder value.



NOTICE OF MEETING



Notice is hereby given that the 45th Annual General Meeting of NAJ & Health Services Co-operative Credit Union Limited will be held as a Hybrid Meeting on Saturday, July 9, 2022, at the Jamaica Co-operative Credit Union League, 2a Manhattan Road, Kingston 5, commencing at 9:30 a.m., to transact the ordinary business of the Society.

Yours truly,

Doreen Cushnie (Ms.)
Board Secretary

AGENDA

1. Ascertainment of Quorum
2. Call to Order
3. Notice Convening AGM
4. Prayer
5. Obituaries
6. Welcome
7. Apologies for Absence
8. Greetings
9. Reports
 - Boards of Directors
 - Credit Committee
 - Supervisory Committee
 - Treasurer and Auditor
10. Fixing of Maximum Liability
11. Nominating Committee's Report and Election of Officer
12. Nomination to the League's Annual General Meeting
13. Any Other Business
14. Adjournment



**Minutes of the 44th Annual General Meeting
of the NAJ & Health Services Co-operative Credit Union Limited
held on Saturday, June 26, 2021**

The 45th Annual General Meeting of the NAJ & Health Services Co-operative Credit Union Limited was called to order at 9:40 a.m. by Mrs. Janett Coore-Farr, President of the Credit Union, and Chairperson for the 45th AGM. Miss Doreen Cushnie, the Secretary, confirmed that a quorum was present.

Mr. Barrington Hibbert was invited to pray which was followed by the recital of the Prayer of Saint Francis of Assisi.

CORRECTIONS

To make corrections from the Errata Sheet, the Standing Orders were suspended on a motion moved by Mrs. Mureen Young-Sewell and seconded by Miss Shirley Hibbert. The Secretary was asked to read the corrections and make amendments to the 2019 Reports. This was done.

On page 4 under Notice of Meeting, amend the Notice to remove 45th AGM and insert the words ‘as a hybrid meeting’ after the word ‘held’ and insert a comma. Then ‘2021’ followed by June 26. Also, on page 4 under Agenda, remove ‘Item 11 Resolution’ and insert it after Item 2.

Continuing page 4 amend the words, ‘to allow for electronic meetings, attendance, participation, and voting.’ Still on page 4, still on the agenda, insert after Item 8, ‘Greetings,’ insert

‘Reading and Confirmation of Minutes of 43rd Annual General Meeting.’ On page 5, ‘Board of Directors Report,’ delete the brackets from 2.51 under 2019 and delete the figure 106.40 the in bracket under ‘percentage growth’ and insert 3.89.

Page 67, under 'Proposal for Fixing of Maximum Liability' in the first line change 2019 to 2020.

Page 68, under 'Nominating Committee Report for the Board Directors' where there is Doreen Cushnie, changes one year to two years. Under Supervisory Committee on page 69 remove the name Michelle Clarke and replace it with Mrs. Mendis Dennis-Vincent.

Page 75 under 'Special Resolution,' delete the first paragraph.

The Resolution amending the rules to allow for electronic meetings was read to the meeting by the Secretary. After the reading of the Resolution, the session was moderated by Mrs. Sheryl Brown from the Department of Co-operatives and Friendly Societies. She enquired from the members if they had any questions or comments regarding the Resolution, they could state them. Iona White-Lawson stated that as a preamble to the Resolution it should be stated that it was because of the Covid 19 Pandemic that the meeting





had to be held with some members virtually so that persons not at the meeting will know why there is this Resolution. Mrs. Sheryl Brown explained that in relation to the amendments to the rules, Co-operative Societies were not allowed to have hybrid meetings before. She further stated that the regulations were passed on January 2021 to allow credit unions and other Co-operatives to hold their meetings virtually and hybrid but before that can be done, credit unions need to amend their rules to include having virtual and hybrid meetings. She further stated that it was not necessary to say that it is because of the pandemic.

There were no further questions or comments, Mrs. Brown asked that a motion be moved and seconded for the acceptance of the Resolution. The motion for the acceptance of the Resolution was moved by Mrs. Patsy Edwards-Henry and seconded by Mr. Egon Fagon.

The next item was the passing of the Resolution which was done by poll for the online members and by raising of hands by members present in the room. She advised members that for the Resolution to be passed, ninety-five percent of the members present had to vote for the Resolution. It was confirmed that there were 140 members present both virtually and present in the room. The Resolution was passed with One hundred and twenty-six voted virtually and fourteen members in the conference room making it a total of 140 who

voted for the Resolution. Three persons virtually voted against it. No person in the room voted against and four persons who attended virtually abstained. No in-house person abstained. The Resolution was passed successfully.

The Chairperson thanked Mrs. Sheryl Brown for so ably conducting the voting process.

The resumption of the Standing Orders was moved on a motion by Mr. Ashani Thomas and seconded by Mr. Derrick Tulloch. The motion was carried.

THE MEETING CALL TO ORDER

The Secretary read the Notice convening the 44th Annual General Meeting of NAJ & Health Services Co-operative Credit Union Limited.

OBITUARIES

One minute of silence was observed for members who had passed since the last AGM.

WELCOME

The President welcomed all persons physically present and those online. She stated that she was particularly pleased and congratulated people for being punctual. She said that it is her pleasure to have them all there, both online and in-house. Continuing she stated that it has been an interesting year, thanks to Covid but it has taught us many things such as, 'we can do all things through Christ.' At this juncture, she asked for apologies for absence.



**APOLOGIES FOR ABSENCE**

There was no apology for absence.

Members celebrating birthdays in May and June were asked to show their hands and the song 'Happy Birthday' was sung in celebration.

The Chairperson introduced the Board of Directors, Committees, Management, and staff to the members of the AGM. She thanked them for working hard for the past year. Those introduced for the Board of Directors were Janett Coore-Farr, President, Dr. Robert Hibbert, Vice President, Mr. Derrick Tulloch, Treasurer, Charmaine O'Reilly, Assistant Treasurer, Doreen Cushnie, Secretary, Dr. Hillary Jones, Assistant Secretary, Dr. Audrie McNab, Director, Claudia Wallen, Director. The President thanked them for their service.

Members of the Credit Committee introduced were Constance Roberts Perkins, Novelette Arthurs, Camille Williams, Dion Murphy Nedrick, and Mureen Young-Sewell.

Members of the Supervisory Committee introduced were Barrington Hibbert, Beretta Thomas, and Serica Brandon Betty.

She extended a special welcome to the Nurses Association of Jamaica, Department of Co-operatives, the Credit Union League, Bogle and Company, CUNA Caribbean, the Recording Secretary, the Photographer, and the technical team. She thanked them for

being a very valuable part of the Credit Union.

She informed the meeting that there would be Greetings from The Jamaica Cooperative Credit Union League, CUNA Caribbean, and Nurses Association of Jamaica.

SPECIAL WELCOME TO INVITED GUESTS

She welcomed Mr. Thomas Wint from Bogle and Company, Mr. Errol Gallimore, Registrar, Ms. Tanisha Facey, Director of Inspectorate, and Mrs. Sheryl Brown Acting Regional Manager from DCFS, Mr. Robin Levy, League Group CEO, Mrs. Georgia Morrison Assistant VP Sales, CUNA Caribbean, Mrs. Patsy Edwards-Henry, President of NAJ, Ms. Melaine Campbell Member Service Officer, League, Videographers, Ms. Yvonne Bernard, recording secretary, Mr. Phillip Bulli, photographer, Ms. Tanesha Facey, Mrs. Cheryll Brown, Ms. Tresann Thompson, and Ms. Nicola Scott, Auditors from DCFS.

Jamaica Cooperative Credit Union League Miss Vera Lindo brought greetings from the Jamaica Co-operative Credit Union League. She greeted members in-house and online. On behalf of the Jamaica Cooperative Credit Union League and the Credit Union Movement as a whole, she thanked the nurses and medical fraternity for their commitment, perseverance, and sacrifice during 2020 and even now during the pandemic. She also congratulated the Credit Union for being there for the





members so that they could be there for us as a country. She said that she knew it was a difficult year in terms of some members who had challenges paying their loans, but she assured the members that they will rise again in 2021. She encouraged the Credit Union to continue to work hard for the members. She advised that the credit union is a valued part of the Movement. She wished them a successful AGM.

CUNA CARIBBEAN JAMAICA LIMITED

Miss Georgia Morrison, Assistant Vice President for sales brought greetings on behalf of CUNA Caribbean Jamaica Limited. She said that it was her distinct pleasure and honour to be at the AGM. She used the opportunity to congratulate the members and the Credit Union on all the years of service to the health sector. She stated that NAJ and Health Services was a very special Credit Union. It has been a very challenging time for the health sector in terms of the Covid 19 Pandemic. She said that she knew that the health sector workers are very appreciative of the services and products being offered by the NAJ & Health Services Credit Union.

Mrs. Morrison stated that at CUNA Caribbean it has been their pleasure to provide insurance solutions to this august body. She also stated that she knows that several Credit Union's members have benefited from CUNA'S product offerings, especially the Family Indemnity Plan. She wants to continue to work with the

Credit Union and provide solutions to the members and she looks forward to growing and keeping their relationship. She thanked the Credit Union for having her at the AGM and wish them a successful AGM. On behalf of CUNA Mutual, she wished the Credit Union God's richest blessing for the year and the years to come.

NURSES ASSOCIATION OF JAMAICA

Mrs. Patsy Edwards Henry, President of the Nurses Association of Jamaica, brought greetings on behalf of the Association. She said that today is a momentous day in the history of the Credit Union because it is the first time that they were meeting online and were not sitting together. She stated that it is usually a time that they share hugs, meet and greet, and network with those they have not seen for a long time. She stated that she was seeing a lot of persons from overseas online, so it is momentous for them to be here today.

The year she said has been a challenging one, and she did not need to explain because as healthcare workers in the different areas of healthcare they have undergone the stress and the challenges of the pandemic, but they have also had some victories.

She congratulated the Credit Union on standing firm and standing out and keeping the monies of the members safe. She said that she knew that they have developed strategies to stay afloat and keep members satisfied. She has looked in the history book and realized





that as of November last year there are only twenty-five credit unions remaining in Jamaica. Over the last ten years, they have had the challenges with mergers and the closing of some credit unions, but NAJ & Health Services stood strong and as they widened their bond, they were still and are still an independent entity. She asked members in the room and online to give a round of applause.

She congratulated the staff and the Board of Directors for their innovative and creative strategies. Mrs. Edwards-Henry stated that the pandemic forced the Credit Union to postpone the meeting last year but thankfully the new norm has given us this opportunity. She wished for the Credit Union a productive and successful AGM.

MINUTES OF THE 43RD AGM

The Secretary, Miss Doreen Cushnie presented the Minutes which were found on pages 6 to 13 in the booklet. She said that the meeting was adjourned because there was no quorum and so today, they had to go back to the Minutes of the 43rd AGM. She asked for a motion for the Minutes to be taken as read. This was done by Miss Shirley Hibbert and seconded by Mrs. Nadine Anderson Lawrence.

CORRECTION OF MINUTES OF THE 43RD AGM

On page 6 under the heading 'Birthdays,' it should be happy birthday was sung to them. On page 9, the line that says page 10 is still

incorrect. It should be Miss Novlette Arthurs. Under Credit Committee, page 12, second paragraph, Miss Novelette Robinson, Novlette with two 'ls'.

She then asked for the Minutes to be confirmed. The Minutes were confirmed by Mrs. Mureen Young-Sewell and seconded by Constance Roberts Perkins.

MATTERS ARISING FROM THE MINUTES

There was no matter arising from the Minutes for 2019.

At this juncture, the meeting was handed back to the President, Mrs. Coore-Farr.

2019 BOARD OF DIRECTORS REPORTS

It was suggested and agreed that the Board of Directors Reports for 2019 and 2020 be taken together. Both reports were taken as read on a motion moved by Miss Doreen Cushnie and seconded by Mr. Derrick Tulloch. Mrs. Coore Farr went through the 2019 report quickly as it is an overview for 2020 and it was on the screen.

She stated that during the period 2019 there were some challenges, but the Board of Directors and Management worked extremely hard to maintain the Credit Union. There was a strategic focus that was maintained to make certain the Credit Union provided relevant goods and services for the members' benefit. All was achieved through careful financial navigation and proactive action. She said, the





Credit Union continued to show growth in key performance areas and some of those performance areas looked at members' shares where the growth was at 6.4%, Permanent Shares at 50%, Members' Deposit at 6.9%, Loan Provision was 16.67%, and Total Assets 4.58%. Institutional Capital remained zero between 2018 and 2019 and the surplus was minus \$96.58M. There was some membership growth between 2019 and 2020. In 2019 there were 189 and in 2020 there were 153 which was an increase in 36 new members bringing the portfolio to 4,894 compared with 4,723 in 2018. The increase in membership was due to the dedicated staff.

The Credit Union continues to provide exceptional services to our valuable members. Of note, they did not have to visit the Credit Union when they needed to withdraw funds as this could be done online as online banking services were provided. Insurance was provided through the Credit Union by Sagicor Insurance Company. Members continued to pay their insurance premiums, mortgages, and other payments through standing order agreements which worked well for 2019. The Credit Union also continues to partner with other organizations to ensure that the Credit Union has the right savings plan, death benefits, and critical illness plans as follows: CUNA Caribbean Family Indemnity Plan, FIP Critical Illness Plan, and the Golden Harvest Savings Plan. The Credit Union ensures that members' savings and loans are protected by CUNA Caribbean Life Savings and Life

Protection Plan accordingly, as well as the Jamaica Co-operative Insurance Agency Group and Creditors Life Insurance policies.

THE 2020 BOARD OF DIRECTORS REPORT

The President, Mrs. Coore Farr said she was very pleased to announce that the Credit Union is now celebrating its 44th year. The Board, Management, staff, and volunteers continue to celebrate the hard-working professionals, and this is when they saw the health care workers at their best and they certainly realized that without them this could not have been possible. She said the members' utilized products and services available to them.

Mrs. Coore Farr said that during the Covid-19 Pandemic the Credit Union remained open. Persons who are in health care were very happy about this because they had somewhere to transact their business. In 2020, many people found it particularly challenging as there were massive job losses in the public sector in general, but the health sector did not have any job losses. She indicated that the Health Sector was short-staffed, however, fortunately, the health sector remains a priority in Jamaica so medical professionals were able to keep working and continue to seek financial assistance from the Credit Union.

GROWTH PERFORMANCE

Mrs. Coore Farr said the growth in the Credit Union depicts a resemblance to the financial climate which had been impacted severely by





the effect of the Covid-19 Pandemic both locally and globally. Despite the odds, the Credit Union still shows signs of growth in key areas. However, it will take some time to realize a more sustained growth given the different variables encountered from time to time.

MEMBERSHIP GROWTH

One hundred and sixty-nine new members were accepted into membership, and this was a decrease of twenty members compared to 2019 which had 189. The total membership stands at 5062 compared with 4,894 in 2019. Efforts continue to entice all medical professionals across the island to understand that the credit union was designed to suit their every need.

FUTURE LEADERS

Mrs. Coore-Farr lauded those persons who encouraged children to put money in the Credit Union and advised that they need to start from now. The number of Future Leaders' accounts open in the year under review were nineteen compared to the previous year which was twenty-one. She stated that now that the children are almost out of school this is the time to encourage them to save, and the Credit Union is grateful that their parents saw it fit for them to save with the Credit Union.

KEY OPERATING PERFORMANCE

Members Shares went up by 5.87% to \$334.44 for 2019 and \$354.08M in 2020. Permanent Shares went up by 2.70%. Mem-

bers' Deposits went up by 22.51%, Loans by 11.67%, and Total Assets by 9.24%. Institutional Capital remained flat at 0.03% and the Surplus/Deficit was 3.89%.

OBITUARIES

Condolences were extended to all members and their families who lost loved ones during the years under review.

SERVICE DELIVERY

The President mentioned the Board of Directors recognized that during the pandemic period members were finding it hard to sustain their families and themselves so interest rates on loans were reduced to facilitate them and special loans were offered.

MEETING ATTENDANCE

The President advised that four Board Meetings were not held during the Covid-19 Pandemic, nevertheless, Board members attended the meetings that were held.

LEAGUE AGM

The Credit Union League's Annual General Meeting was held as a hybrid meeting on Saturday, October 3, 2020, with a limited number of persons at the Knutsford Court Hotel and most of its members were online. Those who attended the meeting from the Credit Union were Janet Coore-Farr who was at the Knutsford Court Hotel while Mr. Derrick Tulloch and Dr. Desreen Marquis were on Zoom.





OUTREACH PROGRAMME

The Credit Union still managed to do outreach programmes although had to tighten its spending during the pandemic period. The President said the Board of Directors believes in its social corporate responsibility. She named the institutions and the individuals that were assisted.

THE WAY FORWARD

The overall strategic direction of the Credit Union is growth by market penetration as the bond caters to all health professionals including the clerical and non-clerical workers and all family members. She is hoping that for the year coming, the Credit Union will be moving in that direction. The President also said that the focus will be on members' needs which include, affordability of loan products and creative savings. She stated that the Board is committed to ensuring that the strategic initiatives of the Credit Union remain viable in this unpredictable environment with emphasis on stronger capital adequacy and the pending Bank of Jamaica's Credit Union Regulations.

APPRECIATION

Mrs. Coore Farr expressed that despite the difficulties we faced in 2020 during Covid-19 and all the challenges it has brought to us, the dedicated staff of the Credit Union was determined to make it successful. They brought out, resilience, hard work, and dedication. She said that we must always re-evaluate and look at ways for improvements. Turning to the Management of the Credit Union she said that

Dr. Marquis has always been motivating her staff and making sure there is no mediocrity despite what is happening. She believes in always striving for excellence.

She thanked the Board Members who can always be called upon to assist and for their dedicated service. Thanks to the staff who worked beyond the call of duty, the Credit Union League, and all the other credit unions who supported the facility. She thanked Miss Vera Lindo who has always been offering her service to the Credit Union.

At this juncture, she introduced the staff of the Credit Union.

The adoption of the Board of Directors' Report was moved by Mr. Barrington Hibbert and seconded by Mrs. Dion Murphy-Nedrick. The motion was unanimously carried.

CREDIT COMMITTEE REPORT

Miss Constance Roberts-Perkins presented the Credit Committee Report for the year ended December 31, 2020 and highlighted some of the figures for 2019. She said that the year under review will forever be edged in the history books as this year the world adopted a new way of functioning. The Credit Committee will also adapt to the new operations. She informed that for two and a half months the Committee did not meet due to the closedown and restrictions that were imposed by the Government of Jamaica containing the spread of the Covid-19 virus.





The Credit Committee, nevertheless, continues to carry out the mandate of the Credit Union and by extension ensures that all members realize their dreams.

She said that it was a privilege to be entrusted with the important tasks of assisting and approving members' loans. Although it was a challenging year the members remain resolute and committed to the task entrusted to them.

Mrs. Roberts-Perkins stated that the Committee meets on Wednesdays and reviews loans for approvals. The Committee also attended quarterly joint Board Meetings which also included the Supervisory Committee. At this point, she introduces the members of the Credit Committee. She stated that the responsibility of the Committee members during the meetings was to ensure:

- ◆ Compliance with the credit union loan policy and procedures,
- ◆ Documents are accurately and appropriately completed,
- ◆ Risks minimized,
- ◆ Appropriate securities are maintained for each loan application

LOANS DISBURSED IN 2019 AND 2020

For 2020, 407 loans were disbursed during the period January to December at a total value of \$210.49M. In 2019, 446 loans were disbursed with a total value of \$109.67M. Therefore in 2020, there was a decrease in the number of loans disbursed by 39. However,

there was an increase in the dollar value of these loans by \$100.82M. The Personal Loans and the Motor Vehicle Loans were compared for the two years. Three hundred and sixty-nine Personal Loans were approved for 2019 which amounted to \$61.5M. In 2020 the number was reduced to 303 loans, but the dollar value was increased to \$43.3M. There were only 19 Motor Vehicle loans with a total dollar value of \$21.3M in 2019. In 2020 the number of Motor Vehicle Loans was 57 with a total dollar value of \$114.6M.

APPRECIATION

The Credit Committee extend appreciation to the Board of Directors, the Supervisory Committee, and the Management and staff for their guidance and continued support which enabled them to accomplish their tasks in an efficient manner. She also thanked the members of the Credit Union for their understanding and cooperation. She thanked the members for electing the Credit Committee members to serve and said it was a pleasure working with them.

There were no questions or comments on the Credit Committee Report. A motion was moved by Mr. Egan Fagon and seconded by Gillian Mason-Quarrie for the adoption of the Credit Committee Report.

The President informed the meeting that in attendance from the Jamaica Co-operative Credit Union League were Mrs. Kleo Error and Miss Katrina Grant-D'Agular as well as





Mrs. Pearly Esteem Murray, and Mrs. Fay Smart from England. Mrs. Grace-Smart-Simms past Board President had also joined the meeting. Mrs. Pearly Esteem Grant greeted Management and members.

SUPERVISORY COMMITTEE

Mr. Barrington Hibbert, Chairman of the Supervisory Committee presented the report. He greeted the members including those in the diaspora. He first gave a synopsis of 2019. He named the persons of the Supervisory Committee who were elected to serve for 2019. He also outlined the duties that the Supervisory Committee performed during 2019 which included reviewing and assessing the internal control of the Credit Union and making recommendations where necessary to minimize operational risks. He said that meetings were held monthly to facilitate these activities. Several areas were examined such as areas of the Credit Union operations including business processes, bank accounts, bank reconciliation, segregation of duties, and several other areas.

The Supervisory Committee's findings were that the operations of the Credit Union were compliant with established policies and procedures and the Supervisory Committee concluded that during 2019 the Credit Union realized a surplus of \$2.6M and this was compared to \$12.25M surplus in 2018. He said that based on the 2019 audit carried out by Bogle and Company they concluded that financial challenges were experienced during

the year, and they were expecting even more challenges during 2020 and beyond, and because of the Covid-19 pandemic, the profit for 2019 was only \$2.6M.

2020 SUPERVISORY COMMITTEE REPORT

For the year 2020, he said that the Supervisory Committee operated with three members due to the resignation of two of its five members. The three members are Miss Beretta Thomas, Mrs. Serica Brandon-Betty, Secretary, and Mr. Barrington Hibbert as Chairman.

Mr. Hibbert said that the Committee continued to review and assess the internal controls of the Credit Union and make recommendations where necessary to minimize operational risks. In addition to regular meetings, the members of the Committee also attended Joint Board and Committee Meetings which were held quarterly.

He outlined areas of the Credit Union's operations and business processes examined by the Supervisory Committee which included Source Documentation, Bank Reconciliation, Property Tax Payments, Staff Attendance, Petty Cash verification, Utility Payments, Surprise Cash Count, Property Insurance, and reviews of Internal Audit Reports.

He stated that the Credit Union contracted Smith & Associates to conduct quarterly internal audits. Reports from these audits were perused and analyzed by the Supervisory Committee with special note of the





Auditors' recommendations. He said that as a follow-up, discussions were held with the Management of the Credit Union regarding the findings and recommendations. The findings of the Supervisory Committee were that the operations of the Credit Union were compliant with established policies and procedures.

The Credit Union recorded a deficit of \$9,178,278 compared with a surplus of \$2,510,303 in 2019. The deficit of \$9,178,278 was due largely to the financial challenges experienced during the year relating to Covid-19 and measures to control the spread of the disease. He said that with the assistance of the Supervisory Committee the Credit Union will continue its observance of good fiscal discipline and adherence to the established policies and procedures to facilitate improved performance in 2021.

He said members of the Supervisory Committee expressed their gratitude for the opportunity to serve the Credit Union. He extended thanks to the Board of Directors for their continued support, the Management, and staff for their level of operation and commitment, and the membership of the Credit Union for trusting them with this tremendous responsibility.

There being no questions or comments a motion was moved for the adoption of the Supervisory Report. The motion was moved by Mrs. Michelle Hales-Thompson and seconded by Mrs. Nadine Francis-Smith.

THE TREASURER'S AND AUDITOR'S REPORT

After greeting the Management, staff, and members of the Credit Union Mr. Derrick Tulloch, Treasurer, asked the Auditor, Mr. Thomas Wint, to present the Auditors Report for 2020 because it encompasses everything.

THE AUDITOR'S REPORT

Mr. Wint greeted the President, Management, and members. He informed the meeting that the Auditor's Report was presented from pages 16 to 19 of the Annual Report which he read. He stated that he had obtained all the information and explanation, and, in his opinion, proper accounting records have been maintained as appeared from the examination of those records and the financial statements which agree therein given the information required by the Co-operative Societies Act in the manner required.

THE TREASURER'S REPORT

Mr. Tulloch said that the Treasurer's Report can be found on pages 63 to 67 of the Annual Report. Mr. Tulloch outlined the economic impact of Covid-19 on the Jamaican economy. He made special mention of the members who have been the vanguard on the front line fighting the virus and keeping the nation safe.

Turning to the Jamaican economic experienced, he said there was a reduction in GDP of 10.2% and the downturn in the global spin





as we continue to see the impact that this world is now facing with vaccines. The shock brought on by the Covet-19 Pandemic resulted in lower employment levels as well as lower business investments and therefore today we see the Government of Jamaica opening the economy safely.

THE CREDIT UNION MOVEMENT

Mr. Tulloch then informed the meeting of the financial position of the Credit Union Movement. He said the Total Assets of the 25 Credit Unions which are members of the Credit Union Movement moved from \$123.97B at the end of 2019 to \$136.97B in 2020, making it a 10.49% increase. Loans only grew by 3.57% moving from \$88.44B to \$91.60B, a 3.57% growth. Savings did a lot better he said. It moved from \$96.31B to \$105.80B or a 9.95% increase. Membership in the Movement showed some increase moving from 1,006,557 to 1,034,962 a growth of 2.82%.

NAJ & HEALTH SERVICES

FINANCIAL PERFORMANCE

Mr. Tulloch stated that in 2020 one of the challenges that the Credit Union faced over the period was a loan impairment of \$7M which significantly impacted the performance of the Credit Union. In 2019 Interest Income was \$54.52M, and in 2020 it was \$56.31M so it is virtually stable, a \$1.7M difference. Interest Expenses plus bad debts totaled \$10.71M, compared with \$9.26M in 2019 a change of \$1.45M. Interest Income remains

relatively stable at \$45.26M in 2019 and \$45.60M in 2020. This is an area in which they expected growth. What they found is that the rates that are being paid on the investments that they have in the financial sector had dropped significantly. There were no Bad Debts Recovered in 2020. In 2019 they had \$2.67M and the provision that they had to make for write-off was \$7M. In 2021 the Credit Union had engaged new legal services and efforts have been made since the start of 2021 to make inroads in collecting on these loans. Most of these loans were secured by assets, for example, real estate and they have moved to realize those assets. Interest Income after Allowance for Loan Loss in 2019 was \$47.93M and in 2020 \$38.60M. Other Income went down because of the prevailing economic conditions. In 2019 it was \$12.99M and in 2020 it was \$8.52M. Gross Income was \$41.12M; Operating Expense was \$56.29M as against \$56.3M. In 2020 although the expenses remain relatively stable at \$56M Income dropped from \$58.64M to \$47.12M resulting in a deficit in 2020 of \$9.17M as against \$2.61M in 2019. Interest Income increased marginally from \$56.31M in 2020 compared to \$54.52M in 2019 reflecting a growth of 3.29%. The Operating Expenses remain relatively stable. The Balance Sheet reflected some positive changes, for example, Total Loans reflected an increase of \$54.04M or 11.66% growth. Loan Balance increased from \$463.17M in 2019 to \$517.21M in 2020. Total Assets stood at \$777.41M at the end of





2020. At the end of 2019, it was \$711.64M reflecting an increase of \$65.77M. Members Share Capital in December stood at \$354.08M compared to \$334.44M, reflecting an increase of \$19.64M or 5.87% growth. Members' Loans increased from \$463.17M in 2019 to \$517.21M in 2020, an increase of \$54.04M.

Members' Deposits moved from \$248.47M in 2019 to \$304.39M in 2020, a growth of \$55.92M. The Credit Union offers the best rates available in the market. He said that banks are offering 1% interest whilst the Credit Union is offering over 4%, so the Credit Union is the best place to deposit funds. Financial investments went down from \$166.22M to \$157.03M. Equity moved from \$98.20M to \$90.25M. Institutional Capital moved from \$67.94M in 2019 to \$67.96M in 2020. For Institutional Capital the goal is 8%.

Some key indicators were looked at such as Solvency. For Solvency, the goal is 111%. As of December 2020 the Credit Union was at 113.75. For Net loans to Total Assets, the goal was 60 to 80% and we were at 66.01%. Savings Deposit to Total Asset standard is 70 to 80% NAJ and Health Services was at 84.65%, and for Membership, the goal is 5%, we only achieved 3.43%.

In relation to Delinquency, he said that they were still having problems getting the funds from the Ministry of Health Regional Bodies on a timely basis and it is impacting on the

Credit Union delinquency portfolio. He said that representations have been made to the Ministry of Health on the matter and as soon as the Credit Union starts receiving the money on time, the delinquency portfolio should be in a better position. He also said that when they received the funds earlier it had an impact on the surplus of the Credit Union. As of December 2020, total delinquent loans were \$1.1M. That is \$45M or 44% in the category of 1-29 days. Thirty-Five Million or 35% of the loans outstanding were in the category of 30 to 60 days. Eleven million or 11% of the loans were outstanding for 61 to 90 days, Two Million or 2% in the category 181 to 360 days and this area is where the concern is and \$6M or 6% in the category over 360 days.

He said the Board will ensure that there is continued growth and continued viability and profitability of the Credit Union. He encouraged the members to utilize the services offered by the Credit Union to secure all their loans to transform and enhance the quality of their lives.

Mr. Tulloch informed the meeting that this year the Credit Union would be putting on seminars dealing with Wills and Financial Management. He said that the Marketing Team has intensified their work to reach people on social media.

The Treasurer reminded the meeting of the Mission of the Credit Union. He thanked the





members of the for supporting the Credit Union and his fellow Board Members and staff for their continued dedication to the survival of NAJ & Health Services Credit Union. He thanked Bogle & Company and the Jamaica Cooperative Credit Union League for their support.

The adoption of the Auditors and Treasurer's Reports was moved by Miss Lilian Lewis and seconded by Mrs. Shirley Hibbert. The motion was carried.

Proposal for the Fixing of Maximum Liability It is proposed that the Maximum Liability to December 31, 2019, remains at 16 times Capital and Reserve. This was moved by Mr. Derrick Tulloch and seconded by Mrs. Constance Roberts-Perkins.

REPORT OF THE NOMINATING COMMITTEE

The Nominating Committee Report was presented by Mrs. Patsy Edwards-Henry Chairperson of the Committee. The report was found on page 68 with the amendments that were given earlier. She informed the meeting that according to Rule XII the three members of the Nominating Committee shall be appointed by the Board of Directors. The three members are Patsy Edwards-Henry, Egon Fagon, and Ashani Thomas. She informed the meeting of the terms and conditions under which members could be nominated to serve and for what periods.

ELECTION OF OFFICERS

The President invited Mrs. Sheryll Brown from the Department of Co-operatives and Friendly Societies to preside over the election of Officers.

BOARD OF DIRECTORS

The members of the Board of Directors retiring are Janet Core-Far, Derrick Tulloch, Deryck Graham, Charmaine O'Reilly, Hilary Jones, Doreen Cushnie, Robert Hibbert, Audrie McNab, and Claudia Wallen. She asked if there were any nominations from the floor and online three times. There being none. The members on the Board duly elected to serve are Janett Coore-Farr, Derrick Tulloch, Deryck Graham, Charmaine O'Reilly, Hilary Jones, and Doreen Cushnie serving for one year, and Robert Hibbert, Audrie McNab, Claudia Wallen serving for two years.

A motion for the acceptance of the Board of Directors was moved by Mrs. Iona Whyte-Lawson and seconded by Mr. Barrington Hibbert. The motion was carried.

THE CREDIT COMMITTEE

The members of the Credit Committee retiring are Constance Roberts-Perkins, Novlette Arthurs, Dion Murphy Nedrick, Blondel Walker, and Camille Williams. She asked three times if there were any nominations on the floor both physically and online for nomination to the Credit Committee. There being no nominations, the members duly





elected to serve are Constance Roberts-Perkins, and Novlette Arthurs for one year, Dion Murphy Nedrick, Mureen Young-Sewell, and Camille Williams, for two years.

The motion for the members to serve on the Credit Committee was moved by Miss Doreen Cushnie and seconded by Miss Novlette Robinson. The motion was carried.

SUPERVISORY COMMITTEE

For the Supervisory Committee, the nominees are Barrington Hibbert, Beretta Thomas, Serica Brandon-Betty, Dennis Vincent Berry, and Blondel Walker. It was asked three times if there were any nominations from the floor. There being no nomination from the floor Barrington Hibbert, Beretta Thomas, Serica Brandon-Betty, Mendis Dennis-Vincent and Blondel Walker were nominated to serve for a term of one year.

A Motion was moved by Mr. Derrick Tulloch and seconded by Ms. Donna Charles. The motion was carried.

NOMINATION TO THE LEAGUE ANNUAL GENERAL MEETING

Permission was sought for the Manager, Secretary, and Treasurer to be allowed to be elected to the League's Annual General meeting. The motion was moved by Mr. Egon Fagon and seconded by Dr. Hilary Jones. The motion was carried.

Mrs. Brown reminded the members of the Board to meet and select officers and submit the information to the relevant agencies within two weeks after the meeting.

There was a moment of prizes and surprises.





Board of Directors' Report to the Annual General Meeting for the Year Ended December 31, 2021

Fellow Co-operators, it is indeed my pleasure to present this report on behalf of the Board of Directors of the NAJ & Health Services Credit Union. We have indeed weathered the COVID Pandemic this far and managed a successful year of operations. We were successful and skillful in our financial negotiation and proactive actions were necessary for this changing COVID environment.

CAPITAL BASE

We continue to work in readiness for the Bank of Jamaica Credit Union Regulations. One of the main requirements for licensing under the BOJ Credit Union regulations is to ensure we meet the Capital adequacy, and our Institutional Capital is above the standard set by Jamaica Co-operative Credit Union League (JCCUL) PEARLS and BOJ's primary ratio of 8% and 6% respectively. Our Credit Union Institutional Capital stands at 8% which is within both the League and BOJ's standards.

FINANCIAL PERFORMANCE IN KEY OPERATING AREAS

The performance of the Credit Union in key



Janett Coore Farr
President

areas of operations resulted in total assets moving from \$771.41 million to \$861.80 million, an increase of \$90.39 million or 11.0% compared in comparison to the year 2020. The loan portfolio increased from \$517.21 million to \$639.02 million, an increase of \$121.81 million or 24%. The savings portfolio increased from \$354.08 million to \$388.70 million, an increase of \$34.62 million or 10%. Please see the table below highlighting two years of key operating statistics:

	2021 M	2020 M	% Growth
Member Share	388.70	354.08	10
Permanent Share	15.82	15.21	4
Members Deposit	356.13	304.39	17
Loans Originated	639.02	517.21	24
Total Assets	861.80	777.41	11
Institutional Capital	68.02	67.96	-
Surplus/Deficit	(6.49)	(6.40)	1





RISK AND COMPLIANCE

The Credit Union continues to ensure that the policies, procedures, and programs to prevent and detect money laundering and the finance of counter-terrorist activities in compliance with Jamaica’s AML/CFT regulations are in place and being monitored.

The Credit Union also continues to maintain a high level of compliance with all regulations relating to its operation. Throughout the year 2021, the Credit Union continued to work with the Credit Union League on improving its AML/CFT framework as well as its Enterprise Risk Management (ERM) framework.

The staff and all volunteers were trained in the Proceeds of Crime Act (POCA) on September 25, 2021. The training was administered by

the Credit Union League and Shirley-Ann Eaton was the presenter.

STAFF COMPLEMENT

At the end of 2021, the Credit Union has a total staff complement of ten (10) employees. Throughout the year one staff resigned and three were employed.

The Board and Management welcomed the following persons to the staff:

- ◆ Ashani Thomas
- ◆ Tyrese Sterling
- ◆ Annie-Kay Gray

MEMBERSHIP GROWTH

For the year 2021, 288 persons were received into membership compared to 169 in the previous year, which is an increase of 119





members. The total portfolio now stands at 5350 compared to 5062 compared in the year 2020. The Credit Union's Marketing Team headed by Mr. Ashani Thomas has been making considerable efforts to market our products and services to all the medical professionals across the island, to assist them to realize their dreams.

- ◆ Edith Allwood-Anderson
- ◆ Kim Atkins
- ◆ Veronica Stewart
- ◆ Fitzroy Brown
- ◆ Veva Martin
- ◆ Ayinde Musari
- ◆ Annette Best
- ◆ Donnette Gray-Morris

OBITUARIES

The Credit Union Board and Management extend condolences to all members and their families who lost loved ones during the year 2021. The following members passed on during the period under review:

MEETINGS

the following table depicts the attendance at meetings of Board Members who were elected to serve during the period under review:

Attendance at Board Meeting			
Names	Times Possible	Attended	Special Note
Janett Coore Farr	12	8	Three (3) meetings were not held due to COVID-19
Robert Hibbert	12	4	
Derrick Tulloch	12	6	
Charmaine O'Reilly	12	5	
Doreen Cushnie	12	9	
Audrie McNab	12	6	
Hillary Jones	12	4	
Deryck Graham	12	8	
Claudia Wallen	12	9	

LEAGUE AGM

The Jamaica Co-operative Credit Union League's 80th Annual General Meeting was held at the Credit Union House's Sullivan Hall on Saturday, June 5, 2021, and via Zoom. One hundred persons comprising credit union delegates, alternate delegates, JCCUL Group

Board members, JCCUL Group staff, and observers were in attendance on the Zoom platform while 16 persons attended in person. These include the Registrar, some JCCUL Board members, the Supervisory and Nominating Committee Chairperson, and JCCUL Group staff.





Mrs. Janett Coore Farr, Mr. Derrick Tulloch, and Dr. Desreen Marquis were in attendance on behalf of NAJ & Health Services Co-operative Credit Union.

CORPORATE SOCIAL RESPONSIBILITY

Despite the challenges faced by the Credit Union, the Board of Directors saw it fit to continue to assist individuals and institutions as follows:

- ◆ Nurses Association of Jamaica Island Conference
- ◆ NAJ Summer School
- ◆ Caribbean School of Nursing
- ◆ Hear the Children Cry
- ◆ Tamar McFarlane Marshall
- ◆ Lillian Lewis McDonald

APPRECIATION

On behalf of the Board of Directors, we wish to thank the many individuals and organizations who partnered with us throughout the year under review. These include the Credit Union League, Credit Union Fund Management, CUNA Caribbean Insurance, Jamaica Co-operatives Insurance Agency, Centralized Strategic Services, Department of Co-operatives and Friendly Societies, Nurses Association of Jamaica, and the Ministry of Health and Wellness In-service Education Unit.

Special appreciation to our Chief Executive Officer, Dr. Desreen Marquis, her excellent management team, and dedicated staff members. Their performance throughout the year was exemplary. We looked forward to interesting marketing strategies and Birthday Greetings on the Social media platforms which assisted in the positive performance of the Credit Union, particularly among the younger age cohort.

We also wish to thank the Supervisory and Credit Committee members who have worked tirelessly to help us realize our dreams. Thanks also to our dedicated members who have supported their Credit Union and continue to make it successful.

Henry Ford's quote, "If everyone is moving forward together, then success takes care of itself."

We look forward to giving continuous dedicated service to this awesome Credit Union family.

Yours sincerely

Janett Coore Farr (Mrs.)
Board President





Board Members



Janett Coore Farr
President



Dr. Robert Hibbert
Vice President



Derrick A. Tulloch, JP
Treasurer



Charmaine O'Reilly
Assistant Treasurer



Doreen Cushnie
Secretary



Claudia Wallen
Assistant Secretary



Dr. Audrie McNab
Director



Deryck Graham
Director



Dr. Hillary Jones
Director





**CUNA CARIBBEAN
INSURANCE**

**MAKE
A LITTLE
GO A
LONG
WAY**



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REQUIRED
TO SIGN UP**

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Special conditions apply

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Credit Union Week

NAJ & Health Services Credit celebrated Credit Union Week during the period October 17-22, 2021. Members were feted as

well as participated in activities and won prizes.

Below are a few pictoral highlights of the week.



Members of staff pose with the nurses who participated in International Credit Union Day.



Mr. Tyrese Sterling, Delinquency Officer, educates our members about the products and services offered by the NAJ & Health Services CCU.



NAJ & HSCCU members checking out our loan information booth at our 2021 Credit Union Week-long activities held at the head office.



Two of our members win prizes during International Credit Union Day activities.

Team Building Session



NAJ & Health Services Credit Union staff pause to take a photo while at a Team Building Session held in December at the Hilton Rose Hall Resort & Spa in Montego Bay.





STAFF MEMBERS

Those Who Serve Us



Vivienne Wallace
Accounting Manager



Dr. Desreen Marquis, JP
CEO



Renee Collins
Loans Manager



Ashani Thomas
Marketing Officer



Tyrese Sterling
Delinquency Officer



Lindon Brown
Member Service Rep/
Relief Cashier



Gary Fisher
Accounting Officer



Donna Brown
Cashier/Payroll Officer



Elvira Austin
Office Assistant



Annie-Kay Gray
Administrative Assistant





Save with a CREDIT UNION today!

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knowing your Credit Union is always working with you.

With Your Credit Union:

- Your savings are secure.
- You can borrow what you need without touching your savings.
- You get automatic life insurance on savings.*
- Your loans are insured at no direct cost to you.*
- Your family can benefit from up to 200% of your savings upon death.*
- Your family achieves peace of mind knowing you have a solid FIP for final expenses.
- You share in any surplus the credit union makes because you are a part owner.

*Conditions Apply



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Financial Statements

***NAJ & Health Services Co-operative Credit Union Limited
Financial Statements
For the Year Ending December 31, 2021***





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DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

CHARITIES AUTHORITY, JAMAICA

Ministry of Industry, Investment and Commerce

2 Musgrave Avenue, Kingston 10

Jamaica, W. I.

Tel: (876) 927-4912 | 927-6572 | 978-1946

E-mail: info@dcs.gov.jm

Website: www.dcs.gov.jm

ANY REPLY OR SUBSEQUENT REFERENCE TO THIS COMMUNICATION SHOULD BE ADDRESSED TO THE REGISTRAR AND THE FOLLOWING REFERENCE QUOTED

S1
R456/557/05/21

May 31, 2022

The Secretary
NAJ & Health Services Co-operative
Credit Union Limited
6 Trevennion Park Road
Kingston 5

Dear Sir/Madam:

I forward herewith the Financial Statements of your Society for the year ended December 31, 2021.

The Annual General Meeting (AGM) must be convened under **Regulation 19, 21 and 25 a-f** of the Co-operative Societies (Amendment) Regulations, 2021. At least seven (7) days' notice shall be given before the meeting is held.

A copy of your report, which you intend to present to the Annual General Meeting on the year's working of the Society as set forth in **Regulation 35 (b)** of the Co-operative Societies Regulations should be forwarded to this office.

Kindly advise the Department of the date of the Annual General Meeting, so that arrangements can be made for representation.

Yours truly,

Lavern Gibson-Eccleston (Mrs.)
(For) Registrar of Co-operative Societies
And Friendly Societies

HOPE GARDENS

Hope Gardens
Kingston 6
(876) 977-2508 / 927-1948

MANDEVILLE, MANCHESTER

23 Caledonia Road
(RADA Bldg.)
(876) 615-9083

MONTEGO BAY, ST. JAMES

10 Delisser Drive
(The Office of the Prime Minister)
(876) 952-7913





Bogle and Company
Chartered Accountants
Warrick Bogle FICCA, FCA, CPA

Independent Auditor's Report

To the Registrar of Co-operative Societies

NAJ & Health Services Co-operative Credit Union Limited

(A Society Registered Under the Co-operative Societies Act)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NAJ & Health Services Co-operative Credit Union Limited ("the Credit Union") set out on pages 5 to 39, which comprise the statements of financial position as at December 31, 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Credit Union as at December 31, 2021 and of financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Co-operative Societies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union 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 opinion.

UNIT #6, DRAGON CENTRE, 6 SOUTH AVENUE, KINGSTON 10

Tel: 876-926-6148, 968-0506, Fax: 876-906-0311

www.bogleandcompany.com

email: info@bogleandcompany.com





Independent Auditor's Report (cont'd)

To the Registrar of Co-operative Societies

NAJ & Health Services Co-operative Credit Union Limited

(A Society Registered Under the Co-operative Societies Act)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed key audit matters
Other Assets contained significant balances in respect to bad debts recoverable and misappropriation.	We analyzed these accounts and ensure that these amount were adjusted to reflect the recoverable amounts.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.





The Board of Directors is responsible for overseeing the Credit Union's financial reporting process.

Independent Auditor's Report (cont'd)

To the Registrar of Co-operative Societies

NAJ & Health Services Co-operative Credit Union Limited

(A Society Registered Under the Co-operative Societies Act)

Report on the Audit of the Financial Statements (cont'd)

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 International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description, which is located on page 4, forms part of our auditor's report.

Report on additional matters as required by the Co-operative Societies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by Co-operative Societies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Worrick Bogle.


BOGLE & COMPANY
Chartered Accountants

April 19, 2022





Appendix to the Independent Auditor's Report

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

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

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

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

From the matters communicated with the Board of Directors we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

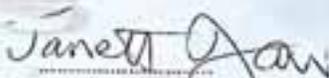




STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

<u>Assets</u>	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
Non-current assets			
Earning:			
Financial investments	5	15,529,784	17,623,907
Loans originated	6	627,469,703	507,118,552
		<u>642,999,487</u>	<u>524,742,459</u>
Non-earning:			
Property, plant & equipment	7	49,848,321	52,054,098
Retirement benefit asset	8	7,139,158	7,602,159
		<u>56,987,479</u>	<u>59,656,257</u>
Current assets			
Earning:			
Financial investments	5	129,028,020	139,407,091
Loans originated	6	11,551,733	10,095,695
Liquid assets	9	1,990,502	5,118,168
		<u>142,570,255</u>	<u>154,620,954</u>
Non-earning:			
Other assets	10	12,198,696	16,998,221
Cash and bank balances	11	7,042,173	21,396,796
		<u>19,240,869</u>	<u>38,395,017</u>
Total assets		<u><u>861,798,090</u></u>	<u><u>777,414,687</u></u>

The financial statements were approved by the Board of Directors on April 19, 2022, and signed on its behalf by:


Ms. Janett Coore - Farr
President


Mr. Derrick Tullock
Treasurer

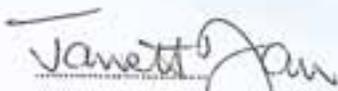




STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

<u>Equity and Liabilities</u>	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Equity:			
Members' permanent shares	12	15,817,871	15,205,745
Institutional capital	13	68,015,588	67,963,988
Non-institutional capital	14	12,195,553	13,482,911
Undistributed surplus	15	<u>(6,493,018)</u>	<u>(6,402,516)</u>
		<u>89,535,994</u>	<u>90,250,128</u>
Non-current liabilities			
Interest bearing liabilities:			
Members' shares (voluntary)	16	132,155,188	122,065,505
External credit- long-term portion	17	<u>22,143,033</u>	<u>25,112,568</u>
		<u>154,298,221</u>	<u>147,178,073</u>
Current liabilities			
Interest bearing liabilities:			
Members' shares (voluntary)	16	256,517,158	232,010,886
External credit - current portion	17	2,729,735	1,254,888
Members' deposits	18	<u>356,130,191</u>	<u>304,393,258</u>
		<u>615,377,084</u>	<u>537,659,032</u>
Non-interest-bearing liabilities:			
Payables & accruals	19	<u>2,586,791</u>	<u>2,327,454</u>
		<u>2,586,791</u>	<u>2,327,454</u>
Total equity and liabilities		<u>861,798,090</u>	<u>777,414,687</u>

The financial statements were approved by the Board of Directors on April 19, 2022, and signed on its behalf by:


Ms. Janett Coore -Farr
President


Mr. Derrick Tulloch
Treasurer





STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT DECEMBER 31, 2021

	Notes	2021 \$	2020 \$
Interest income			
Interest on members' loans		56,588,983	52,944,218
Interest on investments		3,149,203	3,367,321
		<u>59,738,186</u>	<u>56,311,539</u>
Financial expenses			
Loss on investment		103,621	-
External credit		2,201,364	2,495,713
Shares & deposits		9,368,831	8,217,304
		<u>11,673,816</u>	<u>10,713,017</u>
Net interest income		48,064,370	45,598,522
Movement on loan impairment provision		847,872	(7,009,691)
Bad debts (written off)		(1,249,114)	-
Net interest income after allowance for loan loss		<u>47,663,128</u>	<u>38,588,831</u>
Other income	20	12,123,615	8,524,278
Gross margin		59,786,743	47,113,109
Operating expenses	21	(60,204,246)	(56,291,387)
Deficit for the year		<u>(417,503)</u>	<u>(9,178,278)</u>
Other comprehensive income			
<u>Items that will not be reclassified to profit or loss</u>			
Pension re-measurement		(136,000)	269,000
		<u>(136,000)</u>	<u>269,000</u>
Total comprehensive loss		<u>(553,503)</u>	<u>(8,909,278)</u>





STATEMENT OF CHANGES IN EQUITY AS AT DECEMBER 31, 2021

	Permanent Shares \$	Institutional Capital \$	Non - Institutional Capital \$	Undistributed Surplus \$	Total \$
December 31, 2019	14,808,638	67,940,188	12,942,144	2,510,303	98,201,273
Deficit for the year				(9,178,278)	(9,178,278)
Entrance fees		23,800			23,800
Pension remeasurement			269,000		269,000
Transfer from surplus			(265,459)	265,459	-
Share subscriptions	397,107				397,107
Share transfer fund			32,808		32,808
Dad debt reserve			657,962		657,962
Donation reserve			(155,705)		(155,705)
Dividend reserve			2,161		2,161
December 31, 2020	15,205,745	67,963,988	13,482,911	(6,402,516)	90,250,128
Deficit for the year				(417,503)	(417,503)
Entrance fees		51,600			51,600
Retirement benefit reserve			(327,001)	327,001	-
Bad debt recoverable			(707,314)		(707,314)
Pension remeasurement			(136,000)		(136,000)
Share subscriptions	612,126				612,126
Share transfer fund			52,957		52,957
Donation reserve			(170,000)		(170,000)
Balance December 31, 2021	15,817,871	68,015,588	12,195,553	(6,493,018)	89,535,994





STATEMENT OF CASH FLOWS AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Deficit for the year	(417,503)	(9,178,278)
Adjustment to reconcile loss for the year to net cash from operating activities		
Depreciation	1,534,377	1,879,724
Bad debt reserve	(707,314)	-
Retirement benefit asset	463,001	265,459
	<u>872,561</u>	<u>(7,033,095)</u>
<u>(Increase)/decrease in current assets</u>		
Other assets	4,799,525	(6,460,079)
<u>Increase/(decrease) in current liabilities</u>		
Payables & accruals	259,337	175,194
Net cash flows provided /(used) by operating activities	<u>5,931,423</u>	<u>(13,317,980)</u>
<u>Cash flows from investing activities</u>		
Loans to members	(121,807,189)	(54,039,053)
Financial investments	12,473,194	5,188,459
Acquisition of property, plant and equipment	(87,751)	(1,119,477)
Disposal of property plant and equipment	759,151	272,775
Net cash used in investing activities	<u>(108,662,595)</u>	<u>(49,697,296)</u>
<u>Cash flows from financing activities</u>		
Members shares & deposits	86,332,888	75,555,019
Deferred income	-	(754,013)
External credit	(1,494,688)	(1,257,294)
Permanent shares	612,126	397,107
Entrance fees	51,600	23,800
Appropriations	(253,043)	537,226
Net cash flows provided by financing activities	<u>85,248,883</u>	<u>74,501,845</u>
Net (decrease)/increase in cash & cash equivalents	(17,482,289)	11,486,569
Cash & cash equivalents at the beginning of the year	26,514,964	15,028,395
Cash & cash equivalents at the end of the year	<u>9,032,675</u>	<u>26,514,964</u>
<u>Represented by:</u>		
Liquid assets	1,990,502	5,118,168
Cash and bank balances	7,042,173	21,396,796
	<u>9,032,675</u>	<u>26,514,964</u>





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

1. Identification & Activities

NAJ & Health Services Co-operative Credit Union Ltd- "the Credit Union"

- a) The Credit Union is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act. The Credit Union's registered office is located 6 Trevennion Park Road, Kingston 5, Jamaica.
- b) Membership is restricted to members of the Nurses Association of Jamaica and other medical professionals and their families. The liability of members is limited by shares.
- c) No member may hold more than 20% of the total share capital.
- d) The main activities of the Credit Union are to promote thrift among its members by affording them an opportunity to accumulate their savings and to create for them a source of credit for provident or productive purposes at reasonable rates of interest.
- e) The Credit union is exempted from Income Tax under Section 59(1) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

2. Significant Accounting Policies

a) Basis of preparation

The significant accounting policies that have been used in preparation of the financial statements are summarised below and have been consistently applied for all the years presented. The measurement bases used are those specified by International Financial Reporting Standards (IFRS) for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board (IASB).

New, revised, amended standards and interpretations that became effective during the year.

Interest rate benchmark reform – Phase 2 (Amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16) effective after January 1, 2021.

Covid 19 -Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16) effective after April 1, 2021.

These new, revised, amended standards and interpretations have had no impact on the Credit Union's financial statements.





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

2. Significant Accounting Policies (cont'd)

a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that are issued but not yet effective.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) effective after January 1, 2023.

Reference to the Conceptual Framework (Amendments to IFRS 3) effective after January 1, 2022.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective January 1, 2022.

These new, revised, amended standards and interpretations are not expected to have any significant impact on the Credit Union's financial statements

Functional currency

The amounts stated in the financial statements are in Jamaican Dollars which is the functional currency of the primary economic environment in which the Credit Union operates.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

2. Significant Accounting Policies (cont'd)

a) Basis of measurement (cont'd)

Level 3 inputs are unobservable inputs for the asset or liability.

Use of estimates and judgements

The preparation of the financial statements to conform with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to assets and liabilities at the reporting date, and the income and expenses for the year ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised, and future period if the revision affects both current and future periods.

Judgements made by management in the application of International Reporting Financial Standards (IFRS) that have significant effect on the financial statements and estimates with a significant risks of material adjustments are discussed below

I. Useful Lives of Property, plant and equipment

The useful life of property, plant and equipment are reviewed at the reporting date, and, if any expectations differ from previous estimates, the charge is accounted for as a change in accounting estimates.

II. Going concern

The preparation of the financial statements in accordance with IFRS assumes that the Credit Union will continue in operational existence for the foreseeable future. This means that the statements of profit or loss and other comprehensive income and financial position assume no intention or necessity to liquidate the Credit Union or curtail the scale of operation.

III. Covid -19 Impact

The world Health Organization (WHO) has declared the coronavirus, Covid-19, to be a pandemic. Jamaica discovered its first case on March 10, 2020.

The pandemic has had no significant impact on the operations of the Credit Union in the current year.





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

2. Significant Accounting Policies

b) Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset if, and only if: It is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be reliably measured.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost.

The Credit Union recognises depreciation under the expense heading of "depreciation" in the period.

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The depreciation is charged using the straight-line method and is designed to write off the cost of the assets over the period of their useful lives. The annual rates of depreciation are as follows:

Building	2.5%
Furniture, fixtures & equipment	10%
Computer and Equipment	20%

Repairs and maintenance expenditures are charged to the profit or loss during the financial period in which they are incurred.

c) Employee benefits

The cost of providing employee benefits is recognised in the period in which the benefit is earned by the employee, rather than when it is paid, and each category of employee benefits are measured, providing detailed guidance in particular about post-employment benefits.

Defined benefit plan

The Credit Union participates in a multi-employer defined benefit plan administered by the Jamaica Co-operative Credit Union League Limited into which the Credit union and its employees make contributions. The Credit Union has an obligation to provide agreed benefits to current and past employees and effectively places actuarial and investment risk on the Credit Union.





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

2. Significant Accounting Policies (cont'd)

c) Employee benefits (cont'd)

Defined Contribution Plan (cont'd)

The Credit Union also contributes to a defined contribution plan. Contribution by the Credit Union to this plan is an expense to the Credit Union and the Credit Union bears no further risk nor obligation.

d) Financial Instruments: Classification; Recognition; Derecognition and Measurement

A financial instrument is an instrument that give rise to a financial asset in one entity and a financial liability or equity instrument of another entity.

Classification

Financial assets comprise financial investments, loans originated, liquid assets, cash and bank balances and other assets. Financial liabilities comprise voluntary shares, members deposits and payables. Equity is described as permanent shares

Recognition & Initial Measurement

The Credit Union recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The Credit Union initially recognise loans to members and other assets on the date they are generated. At initial recognition the Credit Union measures a financial asset or liability at its fair value. Transaction cost of assets or liabilities carried at fair value through profit or loss are expensed.

Classification and subsequent re-measurement

The Credit Union has classified its financial instruments in the following measurement categories:

- Amortised cost
- Fair value through profit or loss

Financial investments

Financial investments are financial instruments which are held to collect contractual cash flows and to sell.

Permanent shares held with the Jamaica Co-operative Credit Union League are equity instruments. The Credit Union has elected to measure these shares at fair value through profit or loss.





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

2. Significant Accounting Policies (cont'd)

d) Financial Instruments: Classification; Recognition; Derecognition and measurement (cont'd)

Financial investments (cont'd)

Voluntary shares, mortgage fund, gilt edge securities and bond are debt instruments and are measured at fair value through the profit or loss.

Loans originated

Loans provided by the Credit Union to its members are classified as loans originated. The objectives of the loan portfolio is to hold and collect contractual cash flows; the performance targets of the portfolio are determined by the compliance rate in terms of interest and principal payments and the key performance index for each portfolio is the delinquency ratio. Loan originated are measured at fair value through the profit or loss.

Liquid assets

A liquid asset is an asset that can readily be converted into cash is similar to cash itself because the asset can be sold with little impact on its value. Investments are considered liquid assets if they can be readily liquidated. Savings accounts held at The National Commercial Bank Jamaica Limited and Cumax Money Market Account held with Credit Union Fund Management Company Limited are classified as liquid assets and measured at fair value through the profit or loss.

Cash and bank balances

Cash and Bank balances includes notes and coins on hand and unrestricted funds held at other financial institutions representing non-interest-bearing liquid assets owned by the Credit Union.

Other assets

Other assets are sundry receivables and prepayments. These are recognized at fair value and measured at amortized cost.

Members' voluntary shares

The voluntary shares are classified as interest earning liabilities. Interest is calculated and paid annually based on the weighted average balance on the members account during the year. The rate of interest is determined by the Board of Directors. Voluntary shares are initially recognized at fair value and subsequently measured at amortized cost.





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

2. Significant Accounting Policies (cont'd)

d) Financial Instruments: Classification; Recognition; Derecognition and measurement (cont'd)

Members' deposits

These are savings accounts held by the members of the Credit Union. These amounts are payable on demand. Interest on these accounts is calculated and paid annually. The rates of interest paid are determined by the Board of Directors. Members deposits are classified as financial liabilities and are measured at amortized cost.

Permanent shares

This represents equity in the Credit Union which cannot be withdrawn but may be transferred to another member or repurchased by the Credit Union. These shares are classified as equity and are measured at their nominal value.

Payables & accruals

These are short term liabilities which are recognized at fair value and measured at amortized cost

e) Institutional capital

Institutional Capital includes the Statutory Reserve Fund as well as various other reserves established from time to time as is deemed necessary by the Board of Directors to support the operation of the Credit Union and thereby protect the interest of the members. These reserves are not available for distribution.

The stronger the overall capital position, the easier it is for the Credit Union to deal with future uncertainties such as asset loss and adverse economic cycles.

f) Non - Institutional capital

Non institutional capital are amounts approved by the members at their annual general meetings and set aside to facilitate outreach and development activities of the Credit Union.





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

2. Significant Accounting Policies (cont'd)

g) Revenue recognition

Interest on loans

Interest on loans is recognized when interest is calculated on the outstanding balance at the beginning of each month, using the reducing balance method. When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases and interest is taken into account on the cash basis.

Interest on investments

Interest income from investments is recognized on the accrual basis.

Dividend income

Dividend income is recognized when the Credit Union's right to receive payment is established.

Commission and Fees

Fees and commission income are generally recognised on a cash basis when the services have been provided.

h) Interest expense

Interest expense is recognized in the statement of profit or loss for interest bearing liabilities on the accrual basis using the weighted average method.

i) Operating expense

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred.

j) Allowance for loan impairment

An allowance for loan impairment is established based on lifetime expected credit loss (ECL) which is the ECL that result from all possible default events over the expected life of the loan. Loans for which a lifetime ELC is recognized but which are not credit impaired are referred to as 'stage 1'. If significant increase in credit risk since initial recognition is identified, the loan moves to 'stage 2', but is not yet credit impaired. If the loan is credit impaired it moves to 'stage 3'





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

2. Significant Accounting Policies (cont'd)

j) Allowance for loan impairment (cont'd)

The loan loss provision is derived based on a model which takes account of, among other factors, the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective rate of interest of the loan and the probability of default. Provision is calculated as follows:

State 1: 12 months loan repayments for loans 30 days past due

Stage 2: Principal & interest for loans 31-90 days past due

Stage 3: Principal only for loans over 90 days past due.

In both current and prior year regulatory provisions are established for loans originated as a result of a review of the carrying value of loans in arrears and are derived based on the requirements stipulated by the Jamaica Co-operative Credit Union League Limited (JCCUL) provisioning policy of making full provision for loans in arrears over twelve (12) months. General provisions ranging from 10 % to 60% are established in respect of loans in arrears for two (2) to twelve months. Regulatory provision that exceeds International Financial Reporting Standards are dealt with in a non -distributable loan loss as an appropriation of undistributed surplus.

k) write-offs

Loans are written of (either partially or in full) when there is no reasonable expectation of recovering it in its entirety or a portion thereof. This generally 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 amount subject to write-off. This assessment is carried out at the individual asset level. Recoveries of amounts written off could still be subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

3. Financial risk management

The Credit Union activities are related to the use of financial instruments which involves analysis, evaluation and management of risks. The Board of Director is responsible for the establishment of the risk management framework.

The Credit Union has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

a) Credit risk

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Credit Union's loans to members & debt instruments with other institutions.

Loans to members

The management of credit risk in respect of loans to members and guarantees is delegated to the Credit Committee. The Committee is responsible for oversight of the Credit Union's credit risk, including formulating credit policies, establishing the authorisation structure for the approval of credit facilities, reviewing and assessing credit risk, limiting concentration of exposure to counterparties and developing and maintaining the Credit Union's risk grading. There is a documented credit policy in place which guides the Credit Union's credit review process.

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk (before recognition of collateral held) at the reporting date was:





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

3. Financial risk management(cont'd)

b) Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations for its financial liabilities. The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its obligations when due under both normal or stressed conditions. Prudent liquidity risk management which the Credit Union uses includes maintaining sufficient cash and marketable securities, monitoring future cash flows and liquidity on a daily basis.

The Credit Union is subject to a liquidity limit imposed by the Credit Union League and compliance is regularly monitored. The key measure used by the Credit Union for managing liquidity risk is the ratio of liquid assets to total savings deposit. For this purpose, liquid assets include loans which are expected to be repaid within the year, cash bank balances, deposits held with JCCUL and highly liquid investments which are readily converted into cash within three months. The liquid asset ratio at the reporting date was 0.27 (2020 0.27)

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash resources:		
Loans (after provision for loan impairment)	5,388,943	5,261,237
Financial investments	137,420,707	114,815,678
Liquid assets	1,990,502	5,118,168
Other assets	12,198,696	1,439,576
Cash & bank balances	7,042,173	21,396,796
	<u>164,041,021</u>	<u>148,031,455</u>
Saving deposits and other liabilities:		
Members' share capital	256,517,158	232,010,886
Members deposits	356,130,191	304,393,258
External loans	682,434	307,708
Payables & accruals	2,586,791	2,327,454
	<u>615,916,574</u>	<u>539,039,306</u>
Ratio	0.27	0.27





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

3. Financial risk management(cont'd) b) Liquidity risk (cont'd)

The following table presents the undiscounted contractual maturities of financial liabilities, on the basis of their earliest possible contractual maturity.

	2021			
	Within 3 months	3 to 9 months	Over 12 months	Carrying value
	\$	\$	\$	\$
Members' share capital	252,630,534	3,886,624	132,155,188	388,672,346
Members' deposits	218,977,583	137,152,608	-	356,130,191
External loans	682,434	2,047,301	22,143,033	24,872,768
Payables and accruals	2,586,713	-	-	2,586,713
	474,877,264	143,086,533	154,298,221	772,262,018

	2020			
	Within 3 months	3 to 9 months	Over 12 months	Carrying value
	\$	\$	\$	\$
Members' share capital	216,696,006	57,548,314	60,199,973	334,444,293
Members' deposits	232,103,954	-	-	232,103,954
External loans	307,708	953,592.00	26,363,450	27,624,750
Payables and accruals	2,327,454	-	-	2,327,454
	451,435,122	58,501,906	86,563,423	596,500,451





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

3. Financial risk management(cont'd)

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rate and equity prices and will affect the Credit Union's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Credit Union's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Credit Union does not deal in foreign currencies nor currently hold any securities denominated in foreign currencies. There was no exposure to currency risk at the end of the reporting period.

Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed by holding primarily fixed rate financial instruments. The Credit Union exposure to interest rate risk at the end of the reporting period was as follows:

	2021			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
Assets	\$	\$	\$	\$
Loans	5,388,943	6,162,790	627,469,703	639,021,436
Liquid assets	1,990,502	-	-	1,990,502
Financial investments	137,420,707	1,986,384	17,623,907	157,030,998
	144,800,152	8,149,174	645,093,610	798,042,936
Liabilities				
Savings deposits	189,999,307	114,393,951	-	304,393,258
Members' shares	252,630,534	3,886,624	132,155,188	388,672,346
External Loans	682,434.00	2,047,301	22,143,033	24,872,768
	443,312,275	120,327,876	154,298,221	717,938,372
Total interest rate gap	(298,512,123)	(112,178,702)	490,795,389	80,104,564
Cumulative gap	(298,512,123)	(410,690,825)	80,104,564	-





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

3. Financial risk management(cont'd) c) Market risk (cont'd)

Interest rate risk(cont'd)

	2020			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
Assets	\$	\$	\$	\$
Loans	5,261,237	4,834,458	507,118,552	517,214,247
Liquid assets	5,118,168	-	-	5,118,168
Financial investments	114,815,678	14,212,342	15,529,784	144,557,804
	125,195,083	19,046,800	522,648,336	666,890,219
Liabilities				
Savings deposits	218,977,583	137,152,608	-	356,130,191
Members' shares	229,888,756	2,122,130	122,065,505	354,076,391
External Loans	307,708	953,592	26,363,450	27,624,750
	449,174,047	140,228,330	148,428,955	737,831,332
Total interest rate gap	(323,978,964)	(121,181,530)	374,219,381	(70,941,113)
Cumulative gap	(323,978,964)	(445,160,494)	(70,941,113)	-





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

4. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure and from external factors other than financial risks such as arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Credit Union's objective when managing operational risk so as to balance the avoidance of financial loss and damages to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of control to identify operational risk is assigned to the Board of Directors. This responsibility is supported by overall co-operative standards for the management of operational risk in following areas:

Requirements for periodic assessment of operational risk faced, and the adequacy of controls and procedure to address the risks identified.

Requirements for the appropriate segregation of duties, including the independent authorisation of transactions;

Compliance with regulatory and other legal requirements;

Documentation of controls and procedures;

Requirements for the reporting of operational losses and proposed remedial action;

Development of contingency plans;

Ethical and business standards;

Risk, mitigation, including insurance where this is effective;

Compliance with the Credit Union's policies is supported by a programme of periodic reviews;

Capital management

The Credit Union's objectives when managing capital are to safeguard the Credit Union's ability to continue as a going concern. The Credit Union defines its capital as Permanent share capital, institutional capital and special reserve. Its dividend pay-out is made taking into account the maintenance of an adequate capital base. The Credit Union is required by the Jamaica Co-operative League Limited to maintain its institutional capital at a minimum of 8 % of total assets. At the statement of financial position date, this ratio was 11 % (2020:- 12 %) which is in compliance with the requirements.





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

4. Operational risk (cont'd)

Insurance

The Credit Union has in place the following insurance coverage which are deemed adequate: fidelity bond; life savings & loan protection and general all risk.

Related party balances

At December 31, 2021, 18 members of the Credit Union's Board of Directors, Committee members and staff had savings and loans inclusive of interest as stated below:

	<u>2021</u>	<u>2020</u>
	\$	\$
Savings	23,593,788	18,733,158
Loans (inclusive of interest)	73,501,973	59,780,958

Staff Compliment

	<u>2021</u>	<u>2020</u>
Number of persons employed		
Full time	7	7
Temporary	2	2
	<u>9</u>	<u>9</u>

General Ledger & Subledger Comparison

	Shares	<u>2021</u> Deposits	Loans
	\$	\$	\$
Balance as per general ledger	404,490,217	355,297,592	643,495,252
Balance as per members' ledger	404,490,217	355,312,009	643,495,252
Differences	-	<u>(14,417)</u>	-

	Shares	<u>2020</u> Deposits	Loans
	\$	\$	\$
Balance as per general ledger	369,282,136	303,995,893	522,564,908
Balance as per members' ledger	369,282,136	303,993,530	522,564,908
Differences	-	<u>2,363</u>	-





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

4. Operational risk (cont'd)

Collaterals

The Credit Union holds collateral against loans to members in the form of mortgage interests over property, lien over motor vehicles, other registered securities over assets, hypothecation of shares held in the Credit Union and guarantees. Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired.

5. Financial investments

	2021			
	Within 3 months	3 to 12 months	Over 1 year	Carrying value
Equity Instruments-Unquoted	\$	\$	\$	\$
Permanent shares	-	-	2,007,555	2,007,555
Ordinary shares	-	-	930,480	930,480
Equity Instruments-Quoted				
Ordinary shares	-	-	2,606,726	2,606,726
Debt Instruments				
Cumax Money Market Fund	114,815,678	-	-	114,815,678
Income portfolio	-	14,212,342.00	-	14,212,342
Wealth Management fund	-	-	9,957,316	9,957,316
Capital Growth Fund	-	-	27,707	27,707
	114,815,678	14,212,342.00	15,529,784	144,557,804

	2020			
	Within 3 months	3 to 12 months	Over 1 year	Carrying value
Equity Instruments-Unquoted	\$	\$	\$	\$
Permanent shares	-	-	2,007,555	2,007,555
Ordinary shares	-	-	930,480	930,480
Equity Instruments-Quoted				
Ordinary shares	-	-	3,004,679	3,004,679
Debt Instruments				
Cumax Money Market Fund	137,420,707	-	-	137,420,707
Income portfolio	-	-	11,114,644	11,114,644
Investment in unit trust	-	1,986,384	-	1,986,384
Capital Growth Fund	-	-	566,549	566,549
	137,420,707	1,986,384	17,623,907	157,030,998





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

6. Loans originated

	2021				Total Value
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
	\$	\$	\$	\$	\$
Principal	1,294,759	14,730,790	261,259,980	366,209,723	643,495,252
Interest receivable	4,094,184	-	-	-	4,094,184
Less provision for loan loss	-	(8,568,000)	-	-	(8,568,000)
Carrying value	5,388,943	6,162,790	261,259,980	366,209,723	639,021,436

	2020				Total Value
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
	\$	\$	\$	\$	\$
Principal	1,196,026	14,250,330	214,548,443	292,570,109	522,564,908
Interest receivable	4,065,211	-	-	-	4,065,211
Less provision for loan loss	-	(9,415,872)	-	-	(9,415,872)
Carrying value	5,261,237	4,834,458	214,548,443	292,570,109	517,214,247

Movement in loan loss provision

	2021	2020
	\$	\$
Allowance for loan loss at the beginning of year	9,415,872	2,406,182
Increase/(decrease) in provision	(847,872)	7,009,690
Net provision at December 31,	8,568,000	9,415,872





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

6. Loans originated (cont'd)

Provision for loan loss

The credit union provides for loan loss using the expected credit loss model. At the reporting date the provision for loan loss was as follows:

2021

Stages	Aging	Number of Loans	Expected Credit Loss	Calculated Provision
Stage 1	Less than 2 months	501	68,905,209	6,456,062
Stage 2	2 - 3 months	25	5,042,238	1,083,917
Stage 3	over 3 months	18	3,076,113	1,028,021
Total		544	77,023,560	8,568,000

2020

Stages	Aging	Number of Loans	Expected Credit Loss	Calculated Provision
Stage 1	Less than 2 months	441	56,684,571	5,925,758
Stage 2	2 - 3 months	27	9,993,060	1,891,306
Stage 3	over 3 months	39	4,624,216	1,598,809
Total		507	71,301,847	9,415,873





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

6. Loans originated (cont'd)

Regulatory provision

Provision required by the rules of the Jamaica Co-operative Credit Union League Limited are stated below for comparative purposes.

2021

Months in Arrears	Total Number of loans	Total Delinquent loans	Savings Held	Exposure	Provision	
		\$	\$	\$	\$	%
Less than 2 months	158	126,633,217	159,007,754	(32,374,537)	-	-
2-3 months	11	8,018,717	6,571,368	1,447,349	801,872	10%
4-6 months	9	4,767,711	3,106,287	1,661,424	1,430,313	30%
7- 12 months	6	9,827,122	2,640,521	7,186,601	5,896,273	60%
Over 12 months	-	-	-	-	-	100%
Totals	184	149,246,767	171,325,930	(22,079,163)	8,128,458	

2020

Months in Arrears	Total Number of loans	Total Delinquent loans	Savings Held	Exposure	Provision	
		\$	\$	\$	\$	%
Less than 2 months	113	80,080,655	97,899,949	(17,819,294)	-	-
2-3 months	13	10,779,843	10,680,138	99,705	1,077,984	10%
4-6 months	9	2,100,936	896,620	1,204,316	630,281	30%
7- 12 months	4	1,968,837	2,938,292	(969,455)	1,181,302	60%
Over 12 months	4	6,321,586	1,016,220	5,305,366	6,321,586	100%
Totals	143	101,251,857	113,431,219	(12,179,362)	9,211,153	





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

7. Property, plant & equipment

	Furniture & fixtures	Building	Computers	Total
<u>At cost</u>	\$	\$	\$	\$
Balance December 31, 2019	4,191,381	60,281,508	949,741	65,422,630
Addition during 2020	-	-	1,119,477	1,119,477
Assets written off	(272,775)	-	-	(272,775)
Balance December 31, 2020	3,918,606	60,281,508	2,069,218	66,269,332
Addition during 2021	9,551	-	78,200	87,751
Assets written off	(663,235)	-	(95,916)	(759,151)
Balance December 31, 2021	3,264,922	60,281,508	2,051,502	65,597,932
<u>Accumulated depreciation</u>				
Balance December 31, 2019	2,833,698	9,287,782	214,030	12,335,510
Charge for the year 2020	131,036	1,507,038	241,650	1,879,724
Balance December 31, 2020	2,964,734	10,794,820	455,680	14,215,234
Depreciation retired	(663,235)	-	(95,990)	(759,225)
Charge for the year 2021	344,585	1,507,038	441,979	2,293,602
Balance December 31, 2021	2,646,084	12,301,858	801,669	15,749,611
<u>Carrying value</u>				
December 31, 2021	618,838	47,979,650	1,249,833	49,848,321
December 31, 2020	953,872	49,486,688	1,613,538	52,054,098





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

8. Retirement benefit asset (cont'd)

Amounts recognized in the statement of financial position

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Present Value of obligations	33,061	30,436
Fair value of plan assets	(40,200)	(38,038)
Asset recognised in the statement of financial position	<u>(7,139)</u>	<u>(7,602)</u>

Movement in net liability (asset)

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Opening Net Liability (Asset)	(7,602)	(7,598)
Pension Expense (Income)	1,354	1,372
Total Remeasurement included in OCI	136	(269)
Employer's Contributions	(1,027)	(1,107)
	<u>(7,139)</u>	<u>(7,602)</u>

Movement in the fair value of the plan assets.

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Fair value of plan assets at the beginning of the period	38,038	34,268
Employees' contributions	642	692
Employer's contributions	1,027	1,107
Interest income	3,441	2,638
Benefits paid	(1,267)	-
Administrative expenses	(194)	(246)
Actuarial loss on plan assets	(1,487)	(420)
Fair value plan assets at the end of period	<u>40,200</u>	<u>38,039</u>





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

8. Retirement benefit asset (cont'd)

Plan of assets consist of the following assets

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Debentures	10,451	11,902
Quoted equities	9,299	9,226
Investment properties	9,172	7,742
Debentures-USD	5,298	6,013
Repurchase agreements	3,592	1,605
Unit Trust	2,139	1,097
Real estate investment trusts	453	787
Certificates of deposits-USD	335	415
Net current assets	<u>(539)</u>	<u>(748)</u>
	<u>40,200</u>	<u>38,039</u>

Expense recognized in profit or loss

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Employers' current service cost	1,919	1,737
Interest cost on obligation	2,682	2,026
Interest income on plan assets	(3,441)	(2,638)
Administrative expenses	<u>194</u>	<u>246</u>
	<u>1,354</u>	<u>1,371</u>

Amounts recognized in other comprehensive income

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Actuarial loss on obligation	(1,351)	(688)
Actuarial loss (gain) on plan assets	<u>1,487</u>	<u>420</u>
	<u>136</u>	<u>(268)</u>





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

8. Retirement benefit asset (cont'd)

Principal actuarial assumptions

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Discount rate	8.00%	9.00%
Expected future salary increases	5.50%	6.50%
Expected future pension increases	3.75%	4.50%

Sensitivity analysis of key economic assumptions

	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
	\$'000	\$'000	\$'000	\$'000
Assumptions	+1%	-1%	+1%	-1%
Discount rate	(5,957)	7,856	(5,378)	7,049
Future salary increases	3,210	(2,736)	2,980	(2,564)
Future pension increases	3,847	(3,253)	3,327	(2,827)

Liability duration

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Active members	23.4	22.5
Differed pensioners	11.9	9.6
All participants	21.6	21.3

9. Liquid assets

	<u>2021</u>	<u>2020</u>
	\$	\$
Savings accounts	1,173,146	4,300,812
Current account	817,356	817,356
	<u>1,990,502</u>	<u>5,118,168</u>





**NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021**

10. Other assets		
	<u>2021</u>	<u>2020</u>
	\$	\$
Staff loans	8,236,221	8,119,510
Withholding Tax	-	108,575
Rent	60,000	60,000
Bad debt recoverable	1,182,975	1,868,957
Other receivable	719,500	-
Misappropriation	2,000,000	9,116,662
Provision for Impairment – cash	-	(2,275,483)
	<u>12,198,696</u>	<u>16,998,221</u>
11. Cash & bank balances		
	<u>2021</u>	<u>2020</u>
	\$	\$
Bank-current accounts	5,657,473	21,034,628
Cash in hand	1,384,700	362,168
	<u>7,042,173</u>	<u>21,396,796</u>
12. Permanent Shares		
	<u>2021</u>	<u>2020</u>
	\$	\$
Balance at December 31	15,205,745	14,808,638
Add subscription	612,126	397,107
	<u>15,817,871</u>	<u>15,205,745</u>
13. Institutional capital		
	<u>2021</u>	<u>2020</u>
	\$	\$
Retained earnings	27,421,779	27,421,779
Statutory reserve	40,593,809	40,542,209
	<u>68,015,588</u>	<u>67,963,988</u>





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

14. Non-institutional capital

	<u>2021</u>	<u>2020</u>
	\$	\$
Scholarship fund reserve	70,000	70,000
Promotion	667,197	667,197
Share transfer fund	316,565	263,608
Retirement Benefit Asset Reserve	7,139,157	7,602,159
Special reserve	1,350,874	1,350,874
Dividend reserve	1,194,142	1,194,142
Donation & gifts reserve	57,618	227,617
Bad debt reserve	-	707,314
Information technology development	600,000	600,000
General reserve	800,000	800,000
	<u>12,195,553</u>	<u>13,482,911</u>

15. Undistributed surplus

	<u>2021</u>	<u>2020</u>
	\$	\$
Balance January 1,	(6,402,516)	2,510,303
Deficit	(417,503)	(9,178,278)
Transfer from retirement benefit reserve	327,001	265,459
Balance at December 31,	<u>(6,493,018)</u>	<u>(6,402,516)</u>

16. Members' share capital

<u>2021</u>			
Within 3 months	3 to 12 months	Over 12 months	Carrying value
\$	\$	\$	\$
252,630,534	3,886,624	132,155,188	388,672,346





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

16. Members' share capital (cont'd)

2020			
Within 3 months	3 to 12 months	Over 12 months	Carrying value
\$	\$	\$	\$
229,888,756	2,122,130	122,065,505	354,076,391

17. External Loans

	2021	2020
	\$	\$
Amount payable after one year	22,143,033	25,112,568
Amount payable within one year	2,729,735	1,254,888
	<u>24,872,768</u>	<u>26,367,456</u>

This loan is from Credit Union Fund Management Company Limited with the following terms:

Principal - \$30,985,560
 Interest Rate 10 %
 Repayment period 15 years
 Maturity date December 25, 2031
 Secured by legal mortgage over property located at 6 Trevennion Park Road, Kingston 5, registered at Volume 1047 folio 80.

18. Members deposits

	2021			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
	\$	\$	\$	\$
Regular deposits	164,754,072	-	-	164,754,072
Fixed deposits	-	129,457,662	-	129,457,662
Golden harvest deposits	54,085,742	-	-	54,085,742
Santa account	21,000	-	-	21,000
Partner Plan	-	7,254,675	-	7,254,675
Interest payable	-	440,271	-	440,271
Advance Protector	116,769	-	-	116,769
	<u>218,977,583</u>	<u>137,152,608</u>	-	<u>356,130,191</u>





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

18. Members deposits (cont'd)

	2020			Carrying value
	Within 3 months	3 to 12 months	Over 12 months	
	\$	\$	\$	
Regular deposits	135,697,089	-	-	135,697,089
Fixed deposits	-	113,996,586	-	113,996,586
Golden harvest deposits	54,258,218	-	-	54,258,218
Santa account	44,000	-	-	44,000
Interest payable	-	397,365	-	397,365
	<u>189,999,307</u>	<u>114,393,951</u>	<u>-</u>	<u>304,393,258</u>

19. Payables and accruals

	2021	2020
	\$	\$
Deceased members' balances	890,621	890,621
Unallocated receipts	381,243	223,300
Other accruals	120,660	5,001
Audit fees	402,500	503,500
Vacation leave	86,538	144,893
Withholding tax payable	705,229	560,139
	<u>2,586,791</u>	<u>2,327,454</u>

20. Other income

	2021	2020
	\$	\$
Rental income	645,000	698,754
Gain on valuation of equity instruments	(397,953)	(1,120,435)
Dividends	94,247	90,972
Stabilization fund	-	754,013
Service charge	3,611,444	2,691,076
Loan processing fees	8,170,877	5,409,898
	<u>12,123,615</u>	<u>8,524,278</u>





NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

21. Operating expenses

	<u>2021</u>	<u>2020</u>
Personnel	\$	\$
Pension	1,613,286	1,372,000
Salaries	26,604,814	27,374,108
Staff welfare and training	2,685,094	4,105,401
Statutory contributions-prior year	2,460,265	-
Statutory contributions	3,609,920	3,005,293
	<u>36,973,379</u>	<u>35,856,802</u>
	<u>2021</u>	<u>2020</u>
	\$	\$
Administrative		
Audit Fees-external	632,500	579,025
Audit Fees-internal	662,025	634,750
Bank charges	286,579	311,665
Cleaning & sanitation	667,779	424,997
Insurance premiums	4,261,770	4,194,763
Depreciation	2,293,602	2,208,365
Electricity	1,662,447	1,719,520
Professional fees	746,250	445,640
AML Monitoring	1,462,500	-
Office expenses	104,741	69,241
Printing and stationery	422,207	736,980
Property tax	96,600	96,600
Repairs and maintenance	2,275,814	2,569,588
Security	169,724	227,722
Telephone & cable	1,628,272	1,676,493
Travelling	20,170	39,500
Water	1,985,035	159,388
	<u>19,378,015</u>	<u>16,094,237</u>
	<u>2021</u>	<u>2020</u>
	\$	\$
Marketing & promotion	562,735	319,751





NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

21. Operating expenses (cont'd)

	<u>2021</u>	<u>2020</u>
<u>Representation & affiliation</u>	\$	\$
Annual General Meeting	540,905	503,421
League & committee meetings	922,240	682,713
League fees and other dues	1,250,674	1,423,920
Stabilization dues	452,860	894,384
Training	123,438	516,159
	<u>3,290,117</u>	<u>4,020,597</u>
Total operating expenses	<u>60,204,246</u>	<u>56,291,387</u>





Report of the Credit Committee

for the Year Ended December 31, 2021

Once more we have come to the end of another challenging year yet successful. The Credit Committee adapted to the new operations and new way of functioning as we continue amidst the COVID-19 Pandemic and its protocols.

The Committee continued to carry out the mandate of the Credit Union and by extension ensured that all our members “realize their dreams.” It was a privilege to have been entrusted with the very important task of assessing and approving members’ loans. It was truly a challenging year, but the members of the Committee remained resolute and committed to the task entrusted to them. We met weekly to consider loan applications. We attended quarterly Joint Board meetings with members of the Board of Directors and Supervisory Committee.

Members of the Credit Committee are:

- ◆ Mrs Constance Roberts Perkins
- ◆ Miss Novlette Arthurs



Constance Roberts Perkins
Chairperson

- ◆ Miss Camille Williams
- ◆ Miss Dion Murphy Nedrick
- ◆ Mrs Mureen Young Sewell

The loans disbursed for the period January to December 31, 2021, are highlighted in the graph overleaf.





Loans Disbursed for the period January - December 2021



CONCLUSION

The Board of Directors, Management, and Staff of the Credit Union, your efforts and dedication are being acknowledged at this time. The Credit Committee wishes to thank those members who have borrowed prudently over the last year, and we encourage other members to use the Credit Union more for their borrowing needs.

To the members of the Committee, your unrelenting commitment to your duties is again

recognized and it was a pleasure working alongside you. It has also been a pleasure serving the organization for another year and we will continue to do so with God's guidance.

Yours truly

Constance Roberts-Perkins
Constance Roberts-Perkins (Mrs.)

Chairperson





Members of the Credit Committee



Novlette Arthurs



Camille Williams



Dion Murphy Nedrick



Mureen Young Sewell





Report of the Supervisory Committee

for the Year Ended December 31, 2021

Only a life lived for others is worth living (Albert Einstein). The Supervisory Committee continues to support the vision of the Credit Union “to provide a solid financial foundation and secured future.” We Take pride in offering our service to our colleagues to improve their quality of life. Our scheduled meeting day remains the first Tuesday of each month. The supervisory committee had its capacity of five members, but by the third week, our Membership fell to four through resignation. However, for 50% of our meetings, we had only three of our members honor our obligation to the Credit Union. The COVID 19 Pandemic, which is the new norm for Jamaican citizens was noted as the main stressor for the members who offered their services to the Credit Union.

The following persons served on the Committee:

- ◆ Miss Beretta Thomas – Chairperson
- ◆ Mrs Serica Brandon-Betty – Secretary
- ◆ Mr Barrington Hibbert
- ◆ Mrs Mendis Dennis-Vincent

The Supervisory Committee continued to perform the following activities as mandated to manage the internal controls of the Credit Union and make recommendations to protect the Credit Union from operational risk and



Beretta Thomas
Chairperson

promote financial stability. The Committee members attended Joint Board Meetings that were held every quarter; but only two of its members attended these meetings in house or via the zoom platform.

The following are some of the areas of assessment that the Supervisory Committee focuses on – Property Insurance, Source Recording Documentation, Bank Reconciliation, Property Tax Payment, Staff Attendance, Petty Cash Verification, Utility Payments, and Surprise Cash Count. The Smith and Associates Company was contracted to audit the





internal control of the Credit Union quarterly. The recommendations from the audit were perused by the Supervisory Committee, and the CEO was facilitated in several discussions, where plans were discussed, and recommendations were made to improve findings from the audit.

GENERAL COMMENT

The Supervisory Committee was impressed that the operations of the Credit Union are in accordance with the policy and protocol of the Credit Union League.

ACKNOWLEDGMENT

The Supervisory Committee is proud to extend gratitude for the privilege to be able to serve the Credit Union in this capacity. Nevertheless, we must extend our appreciation to the Board of Directors, the Management and staff, and the members of the Credit Union for entrusting us with such a vital responsibility to serve and protect the integrity and asset of the Credit Union.

CONCLUSION

During the Economic Performance of the Credit Union. The Credit Union recorded a deficit of \$6.49 million in comparison with a surplus of \$6.40 million. It is believed that the deficit for 2021 was due to the negative impact of COVID 19 and inflation of the Jamaican dollar which continued to linger with us. This resulted in Jamaica's economy declining by 4.6 percent in 2021 but is projected to show some growth in 2022 because some of the restrictions related to the COVID-19 Pandemic is lifted by the Jamaican Government. This facilitated an increased revenue for the business sector and NAJ & Health Services Credit Union. The Supervisory Committee stands in solidarity with the Credit Union to continue the observance of good fiscal discipline policies and procedures to facilitate improved performance for 2022.

Yours sincerely

Bereta Thomas (Ms.)
Chairperson



Serica Brandon-Betty



Barrington Hibbert



Mendis Dennis-Vincent





Treasurer's Report

for the Year Ended December 31, 2021

Fellow co-operators I am pleased to present the Treasurer's Report at this our 45th Annual General Meeting. The Credit Union performed significantly better than in 2020.

A summary of these statements is set out in the Treasurer's Report in the Annual Report Booklet.

EXTERNAL

Jamaica's economy grew by an estimated six (6) percent in 2021. The inflation target was projected by the Bank of Jamaica to be between 4 to 6 percent. However, the global pandemic COVID 19 and the disruption of the global logistic chain issues with supplies from China, and the war between Ukraine and Russia have negatively impacted inflation globally. At the time of preparing this report inflation in Jamaica is currently 7.9 percent and the Bank of Jamaica Governor is projecting that inflation will increase between 11 to 15 percent and then trend down by mid-2023 all things being equal. The bank of Jamaica's monetary policy is geared toward achieving a medium-term continuous inflation target of 4 to 6 percent. Inflation at December 31, 2021, stood at 5.9% compared to 5.21% at December 31, 2021.



Derrick Tulloch, JP
Treasurer

Interest rate which has been relatively low for the past five years have started to trend up. The Bank of Jamaica Policy rate has trended up from 0.5% the rate currently stands at 4.5 percent

The exchange rate remained relatively stable in 2021 moving from US\$1 to J\$143.27 at December 2020 to US\$1 to 151.62 at December 31, 2021, reflecting a 5.74% depreciation.





CREDIT UNION MOVEMENT

Movement is as follows:

The performance of the Jamaica Credit Union

	2021 \$Billion	2020 \$Billion	Variance \$Billion	%
Savings	116.72	105.80	10.92	10.32
Loans	91.60	96.93	5.33	5.82
Assets	150.40	136.97	13.43	9.80
Membership	1,000,157	1,034,692	(34,535)	(3.34)

The Movement has shown growth in Savings of 10.32%, Loans at 5.82%, and Assets grew by 9.8% which was above the inflation rate of 5.9% in 2021. However, Membership recorded declined by 34,535 or 3.34 percent reflecting a purging of the records of the Credit Unions.

OUR CREDIT UNION

Financial Performance

Our Credit Union generated a deficit for the year of \$417,503 on its operations compared with a loss of \$9,178,278 in 2020. This reflects a turnaround of \$9,595,181. Our performance for 2021 was negatively impacted by a water leak on our property costing approximately \$2M and retroactive Tax on payments not previously assessed of \$2.4 M.

Summary of Income Statements 2021 & 2020

	2021 \$Million	2020 \$Million	Variance \$Million	%
Interest Income	59.738	56.312	3.426	6.08
Less: Interest Expenses	11.674	10.713	0.961	8.97
Net Interest Income	48.064	45.599	2.465	5.40
Add other Income	11.723	(1.514)	13.237	874.30
Gross Margin	59.787	47.113	12.674	26.90
Less: Operating Expenses	60.204	56.291	3.913	6.95
Surplus/(Loss)	(0.417)	(9.178)	9.595	104.54





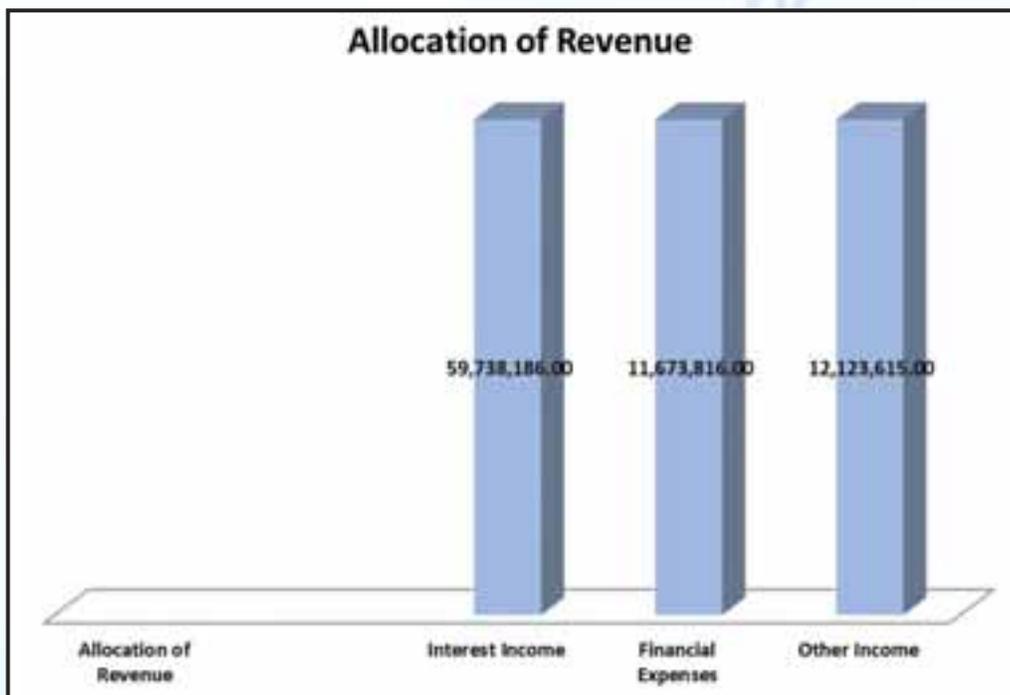
Interest Income - stood at \$59.738M on December 31, 2021, compared with \$56.312 M on December 31, 2020, reflecting an increase of \$3.426 million or 6.08%.

Interest Expense - grew marginally from \$10.713 million on December 31, 2020, to \$11.674M on December 31, 2021, reflecting a change of 8.97percent. Interest rates remained stable despite the increase in Deposits and Shares.

Other Income - increased significantly from a negative \$1.514M to \$11.723 million reflecting an increase of \$13.237M. This positive move resulted from fees generated from the over 23.73% growth in Loans.

Operating Expenses increased by \$3.913 million moving from \$56.921 million in 2020 to \$60.204 million in 2021 reflecting a 6.95% increase. The major drivers were:

- a. Personnel Costs of \$36.9 million remain relatively flat
- b. Administrative expenses increased from \$16.09 million in 2020 to \$19.38 million reflecting an increase of \$3.384 million. The variance was driven by prior year Statutory payments assessed on payments not previously taxed amounting to \$2.46 million. Water bills of \$1.99 million, which was due to a leak that took a long time to identify and repair. Implementing of Asset Management Monitoring system by JCCUL costing \$1.5 million.





Summary of Balance Sheet Items

	2021 \$M	2020 \$M	Variance \$M	%
Total Assets	861.798	777.415	86.383	10.85
Members Share	256.517	232.010	24.507	10.56
Loans after Provision	627.470	507.119	120.351	23.73
Member Deposits	356.130	304.393	51.73	17.00
Financial Investments	129.028	139.407	10.379	-7.45
Institutional Capital	68.016	67.964	0.052	.07

Assets grew by 10.85% in 2021 moving from \$777.45 million to \$861.798 million. This growth was well over the 5.9% inflation attained for 2021.

Members Shares increased by \$24.507 million reflecting a 10.56% growth.

Loans grew by 23.73% moving from \$507.119 million to \$627.470 million reflecting a growth of \$120.351 million. This is higher than the 5.82% achieved by the Jamaican Credit Union Movement.

Deposits were \$356.130 million moving from \$304.393 million reflecting a change of \$51.73 million or 17%. This demonstrates members placing funds at competitive rates.

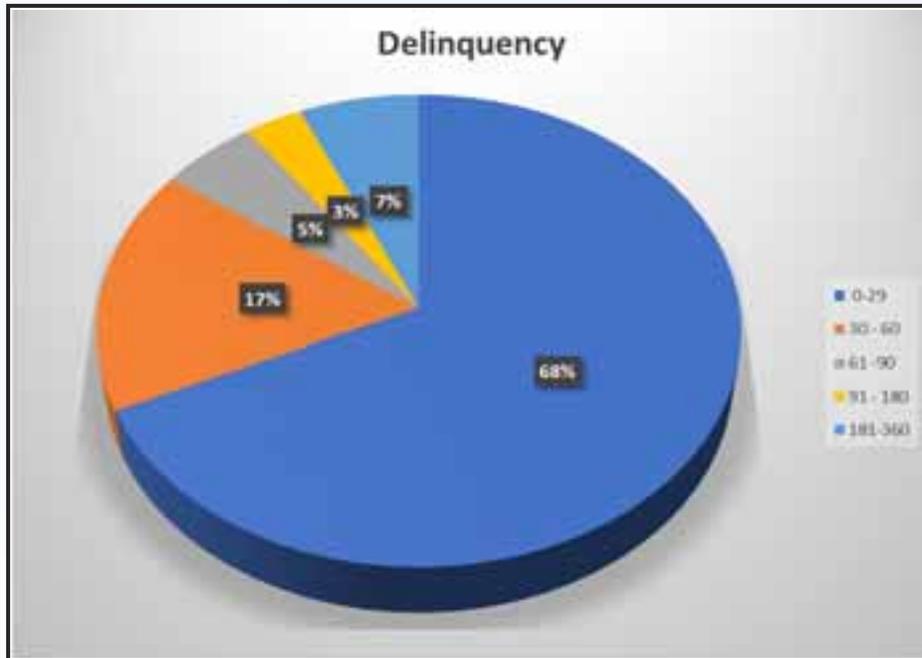
Financial Investments declined by 7.45% or \$10.379 million as the funds were used to fund the increased demand for Loans.

Institutional Capital remained stable at \$68.016 million.

DELINQUENCY

As of December 2021, total delinquent loans were \$149 million. One Hundred and Two Million Dollars or 68% of the loans in the category 0-29 days. Twenty-Five Million Dollars or 17% of the loans outstanding were in the category of 30 – 60 days. The delinquency portfolio showed that Eight Million or 5% of the loans were outstanding for the 61 - 90 days, Four Million or 3% in the category 91-180 days, and Ten Million or 7 % in the category 181-360 days.





THE WAY FORWARD

We recognize that we are living in a society that is constantly changing. Consequently, we must change not only to meet our members' needs but to successfully navigate through the sea of competition permeating this financial-economic climate.

CONCLUSION

On behalf of the Treasury, I would like to extend much appreciation to our members for their commitment and dedication to the Credit Union over the years. We would also like to recognize and thank the following:

- i. Almighty God for his steadfast guidance and assurance
- ii. Board, Management, and staff for their commitment and dedication
- iii. The Jamaica Co-operative Credit Union League

- iv. Our Internal Auditors Smith and Associates
- v. Our External Auditors Bogle and Company (Chartered Accountants)
- vi. The Payroll Stations

Over the years, experience has taught us that leadership, dynamism, and teamwork are critical ingredients for the survival of the credit union in this competitive and dynamic global environment in which we operate.

Finally, God bless our Credit Union and God bless Jamaica land we love.

Yours sincerely

Derrick A. Tulloch, JP
Treasurer





***Proposal for Fixing
of Maximum Liability***

for the Year Ended December 31, 2021

RESOLUTION 1

It is proposed that the Maximum Liability to December 31, 2021 remains at 16 times the Capital and Reserves.

For and on behalf of the Board of Directors

Moved by:


Derrick Tulloch, JP
Treasurer





Nominating Committee Report

for the Year Ended December 31, 2021



Constance Roberts-Perkins
Chairperson

According to Article XII, Rule 63 governing the operations of NAJ & Health Services Co-operative Credit Union Limited,

not less than 30 days prior to each Annual General Meeting, the Board of Directors shall appoint a Nominating Committee of three members, of which not more than one may be a member of the existing Board of Directors. Based on these rules, the Board appointed the following persons to serve on this Committee:

- ◆ Constance Roberts Perkins – Chairperson (Credit Committee)
- ◆ Doreen Cushnie (Board of Directors)
- ◆ Renee Collins (Loans Manager)

In performing its task, the Committee was guided by Rule 63(1) to (3): The following tables indicate those who are willing to serve

Board of Directors

Retiring	Nominated	Term in Office
Janett Coore-Farr	Adella Campbell	2 Years
Derrick Tulloch	Kevin Allen	2 Years
Deryck Graham	Nadine Anderson Lawrence	1 Year
Charmaine O'Reilly	Shailee Neish	2 Years
Hilary Jones	Hilary Jones	2 Years
Doreen Cushnie	Novelette Robinson	2 Years
Audrie McNab	Audrie McNab	1 Year
Claudia Wallen	Claudia Wallen	1 Year
Robert Hibbert	Barrington Hibbert	1 Year





Supervisory Committee

Retiring	Nominated	Term in Office
Barrington Hibbert	Shirley Hibbert	1 Year
Beretta Thomas	Beretta Thomas	1 Year
Serica Brandon-Betty	Dwight Burchell	1 Year
Mendis Dennis-Vincent	Mendis Dennis-Vincent	1 Year
Blondel Walker	Fitzgerald Percy	1 Year

Credit Committee

Retiring	Nominated	Term in Office
Constance Roberts Perkins	Lorna Calder	2 Years
Novlette Arthurs	Novlette Arthurs	2 Years
Dion Murphy Nedrick	Dion Murphy Nedrick	1 Year
Mureen Young Sewell	Mureen Young-Sewell	1 Year
Camille Williams	Camille Williams	1 Year

Co-operatively Yours

Constance Roberts Perkins

Chairperson





Members of the Nominating Committee



Doreen Cushnie



Renee Collins

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For life's unexpected challenges, take it easy with our

CASH IN A FLASH LOAN

Borrow up to **\$200,000** Repay within **24 Months**

Loan Amount	Terms	Monthly Repayment
\$200,000	24 Months	\$10,081.72

YOU DON'T NEED TO WORRY | APPROVED!

Repayment via Salary Deductions

☑ Easy ☑ Quick ☑ Hassle Free

*Conditions apply

Our Contact Details:
📞 01929 929-0070, 906-1235-4
🌐 naj@najhcsu.com

Our Office Address:
📍 6 Trevelion Park Road, Kingston S.





HIGHLIGHTS - 44TH ANNUAL GENERAL MEETING

The 44th Annual General Meeting of the NAJ & Health Services Co-operative Credit Union Limited was held on Saturday, June 26, 2022 at the office of the Jamaica Co-operative Credit Union League on

Manhattan Road, Kingston 5. This first hybrid meeting was well attended. Prizes were awarded to members who participated in pop quiz about the Credit Union and its services. See pictorial highlights below.



Miss Yvonne Bernard, stenographer for the AGM takes notes on the day's activities.



Members of the technical team assist in the smooth flowing of meeting.



Mrs. Sheryl Brown from DCFS conducts the elections.



Mr. Egon Fagon (standing), member of the Nominating Committee, makes his point on a matter raised in the Board of Directors' Report.



NAJ & Health Services CCU President, Mrs. Janett Coore-Farr discusses matters from the Board of Directors' Report put forward by members.





The members in attendance as well as those on the Zoom platform, raise their hands as an indication of agreement to the moving of the maximum liability.



Mr. Barrington Hibbert, chairperson of the Supervisory Committee presents his report.



Dr. Hilary Jones accepts her prize from Miss Doreen Cushnie after she correctly answers a question during the quiz session.



Mr. Ashani Thomas of the Marketing Department, informed the members of the benefits of being apart of the Credit Union.



Miss Vera Lindo of the Credit Union League makes a point.



Mr. Derrick Tulloch and Mrs. Janett Coore-Farr voted in agreement with the resolution.





Highlights of JACCUL 80th Annual General Meeting

The Jamaica Co-operative Credit Union League's 80th Annual General Meeting was held at the Credit Union House's Sullivan Hall on Saturday, June 5, 2021. One hundred persons comprised credit union delegates, alternate delegates, JCCUL Group Board members, JCCUL Group staff, and observers were in attendance on the Zoom platform. Sixteen persons attended in person. These include the Registrar, some JCCUL Board members, the Supervisory and Nominating Committee Chairpersons, and JCCUL Group staff.

Delegates from 25 Credit Unions attended the 80th annual general meeting. The following activities took place:

ANNUAL GENERAL MEETING

President Mr. Lambert Johnson chaired the meeting. He welcomed the participants and then gave a summary of the Board report for the year 2020.

The following reports were presented: Board of Director's Report, Treasurer's Report, Auditor's Report, Fixing of Maximum Liability, Supervisory Committee Report, Nominating Committee Report, Resolutions, and the Credit Union of the Year Awards.

RESOLUTIONS

Five congratulatory resolutions were passed at the meeting as follows:

1. Ambassador Aloun Ndombet-Assamba, COK Sodality Co-operative Credit Union – Congratulations on Retirement.
2. Hope Mowatt, Grace Co-operative Credit Union - Congratulations on Retirement.
3. C&WJ Co-operative Credit Union – 60th Anniversary Congratulations.
4. Manchester Co-operative Credit Union – 70th Anniversary Congratulations.
5. Portland Co-operative Credit Union – 50th Anniversary Congratulations.

RULE CHANGES

1. Jamaica Co-operative Credit Union League Ltd. - Special Resolution to amend Rules 23, 25, 30, and 86 to allow for virtual-only and hybrid meetings, was passed.
2. Jamaica Co-operative Credit Union League Ltd. – Resolution to amend Rule 15 regarding flexibility to amend liquidity reserves requirement, was passed.





LEAGUE BOARD

Following the AGM, the executive was elected to serve on the League Board for the 2021-2022 year. They are:

- ◆ Lambert Johnson - President
- ◆ Andrea Messam - 1st Vice President
- ◆ O'Neil Grant - 2nd Vice President
- ◆ Norris Gilbert - Treasurer
- ◆ Patrick Smith - Assistant Treasurer
- ◆ Jerry Hamilton - Secretary
- ◆ Brenda Cuthbert - Assistant Secretary
- ◆ Winston Fletcher

The other directors are:

- ◆ Immediate Past President Michael Anglin
- ◆ Martin Blackwood
- ◆ Alexander Bourne
- ◆ Bornette Donaldson
- ◆ Ryan Muir
- ◆ Hector Stephenson
- ◆ Anthony McLaughlin





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INSURES YOUR LOANS AND SAVINGS?

Introducing

LOAN PROTECTION & LIFE SAVINGS INSURANCE

When you take a loan from your Credit Union, it is safe, secure, guarantees great rates and includes the added protection of Life Savings and Loan Protection Insurance... all at no extra cost!



LOAN PROTECTION INSURANCE

Our Loan Protection Insurance is a safety net for you our members. It pays the outstanding balance on your loan if you die or become totally or permanently disabled, thereby providing peace of mind for the member, the member's family and the co-makers against the burden of any unpaid loans.

This benefit is available to all our members under the age of 70.

LIFE SAVINGS INSURANCE

As an added benefit to you and at no extra cost, we also top up the legacy you leave your loved ones upon your death. Life Savings Insurance provides you with insurance that increases your savings in the Credit Union.

We know we won't take away the pain, but it will certainly help the financial strain – just for once, peace of mind that does not come at a price.





I AM A PROUD MEMBER OF



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CO-OPERATIVE CREDIT UNION**

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 @najhccu
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Email: naj@najhccu.com



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- ✓ Interest Rate : 6.5% - 7.35%
- ✓ Year : 2013 - NEW
- ✓ Terms : 4 - 10 years to repay
- ✓ Fees slashed

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FOR CHRISTMAS
FROM NOW TIL JANUARY 31 2021



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REWARD
FROM
15-85%
OF HAND

**Payment frequency is weekly, monthly or fortnightly only.
Payments must be made before the agreed day of the
week/fortnightly/monthly in order to avoid penalties.*

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**"Dont Dream
It HAVE It"**

7.5% **8 YEARS**

Facebook, Twitter, Instagram icons



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BRUK POCKET **4%**

PAY DAY LOANS ARE NOW AVAILABLE TO GET YOU GOING

MEMBERS CAN ACCESS FROM \$50,000 - \$100,000

REPLACEMENT PERIOD 6 MONTHS

Facebook, Twitter, Instagram icons



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YOUR SHARE AMOUNT**

ON THE REDUCING BALANCE

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Low Low Interest Rates!!

*Our
Loan
Products*



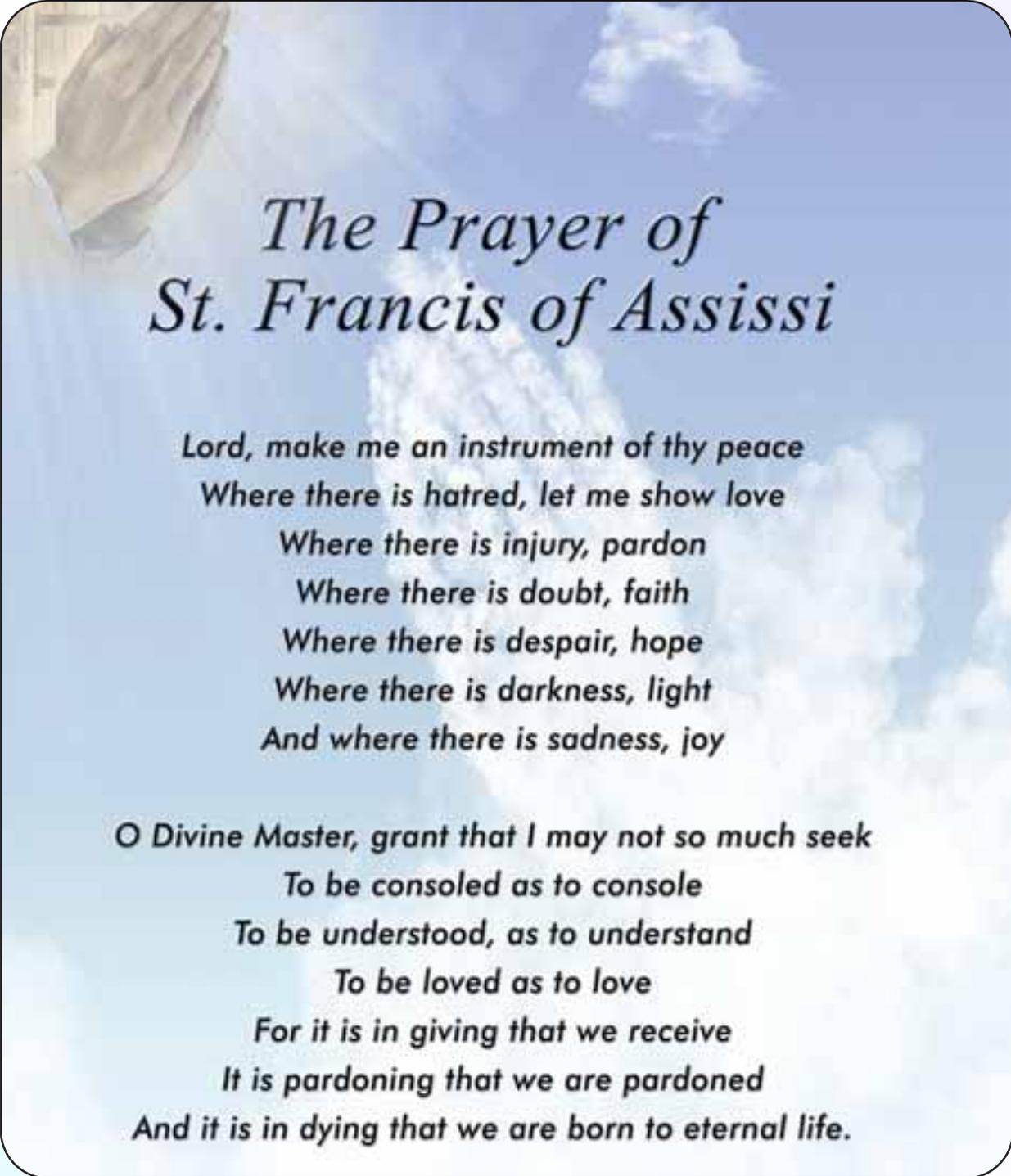
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**"Dont Dream
It HAVE It"**

7.5% **8 YEARS**

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The Prayer of St. Francis of Assisi

*Lord, make me an instrument of thy peace
Where there is hatred, let me show love
Where there is injury, pardon
Where there is doubt, faith
Where there is despair, hope
Where there is darkness, light
And where there is sadness, joy*

*O Divine Master, grant that I may not so much seek
To be consoled as to console
To be understood, as to understand
To be loved as to love
For it is in giving that we receive
It is pardoning that we are pardoned
And it is in dying that we are born to eternal life.*





National Anthem

**Eternal Father, bless our Land
Guide us with Thy mighty hand
Keep us free from evil powers
Be our light through countless hours
To our leaders, Great Defender
Grant true wisdom from above
Justice, truth be ours forever
Jamaica, Land we love.**

Chorus:

**Jamaica, Jamaica
Jamaica, Land we love**

**Teach us true respect for all
Stir response to duty's call
Strengthen us, the weak to cherish
Give us vision, lest we perish
Knowledge send us, Heavenly Father
Grant true wisdom from above
Justice, truth be ours forever
Jamaica. Land we love.**





Notes





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INTEREST RATE

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8 VEHICLES UP TO
YEARS

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BRUK POCKET

INTEREST
4%
PER MONTH

PAY DAY LOANS ARE NOW
AVAILABLE TO GET YOU GOING

**MEMBERS CAN ACCESS FROM
\$50,000 - \$100,000**

REPLACEMENT PERIOD 6 MONTHS

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YOUR SHARE AMOUNT**

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Dont Become Absent **EDUCATION** Is The Key

Low Low Interest Rates!!

Our Loan Products



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"Dont Dream It **HAVE** It"

INTEREST RATE

7.5%

8 VEHICLES UP TO
YEARS

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