Annual
REPORT

A strong economy starts with strong communities.

NBTA
CREDIT UNION

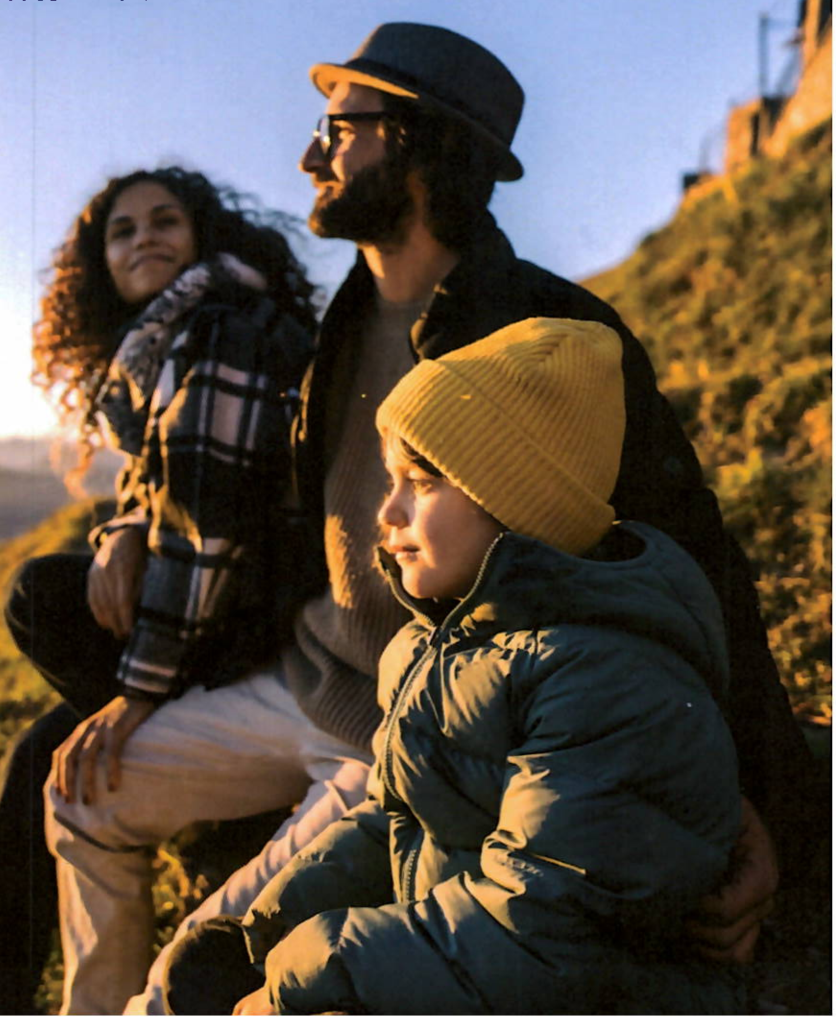
2024

NBTA
CREDIT UNION

New Look in 2024

- Same personalized service
- Same community minded banking
- Same warm welcome
- Same community values
- Same people-before-profits vibe

54 years in Business!



DG DAVE GORMAN
FINANCIAL STRATEGIES INC.

Services Offered

Life Insurance

Disability Insurance

Critical Insurance

Blue Cross Health Plans for Groups and Individuals

All Types of Mutual Funds

Segregated Funds

RRIF, RDSP, TFSA and RESPs

Life Income Funds (Locked-in Pension Money)

Life Annuities

G.I.C.'s

Dave Gorman
CPCA, CWC, LUATC
(506) 462-0203
dgorman@davegormanfinancial.com

Chris Reid
Wealth Advisor
(506) 462-0204
creid@davegormanfinancial.com

Paula Curtis
Account Assistant
(506) 462-0205
pcurtis@davegormanfinancial.com

Dear Member /Owner

Are you interested in becoming a future member of the Board of Directors or a member of one of the Committees of NBTA Credit Union?

If so, please contact the Credit Union office, and we will be sure to contact you in coming years.

Remember, you are an owner of this credit union, and being a director or committee member enables you to participate fully in the changes and progress of NBTA Credit Union.

Name ______________________________

Account # ______________________________

Telephone # ______________________________

Occupation ______________________________

Yes, I am interested in becoming:

A Director ____

A Committee Member ____

Please mail to: NBTA Credit Union
650 Montgomery St
Fredericton, NB
E3B 5R6

Deceased Members
January 2024 – December 2024

Yoland Roy
Linda Scott
Harriet Rutledge
Floyd Geldart
Allan McIntyre
Clayton Sharpe
Eleanor Duncan
David Robinson
Daniel Copp
Margaret Barker
L. Ian MacMichael
Ralph Stopps
Frank Quigg
Daniel Duguay
Robert White
Shane Gallagher
Stephen Grimwade
Avis Lewis Booth
Deborah Doucet
Shirley Reicker
Maxine Collins

Betty MacCallum
Callum MacPhee
C. Jerome McFarland
Mary Rachel Porelle
Robert Kenyon
Wilbert Sabine
Patricia Butler
Russell Winchester
Bruce Campbell
Frank White
Christopher Charles
Charles Prescott
Sydney Rutter
Robert Strange
Diana Austin
Clara Flanagan
William Crowhurst
James Matheson
Kimberley Ann Grant
Joanne Hurley
Michael Wood

"Thank you for making this happen so quickly and efficiently. It is so nice to deal with a real person who is helpful!"

"Holy cow thank you so much! I am the worst at this paperwork! You are always such a bright light when I am spinning! Thank you again."

"Man, credit unions are great."

NBTA
CREDIT UNION

"I honestly don't know how we would have managed without you. Right by our side this whole time!"

“Thank you again for your ongoing professionalism and support in helping us meet our financial needs. I have NEVER experienced such a great banking model and wanted you to know how much we appreciate you.”

“I am so thankful for NBTA CU 😊 and their star staff”

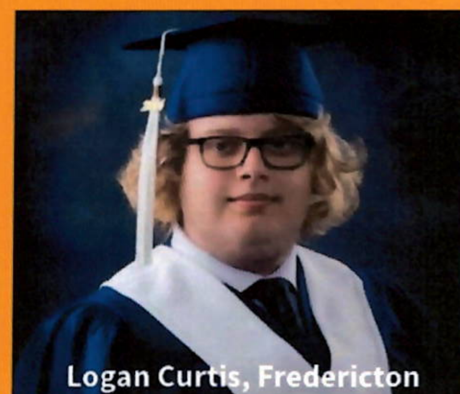
“I am looking to purchase a motor bike. Since I had an awesome experience dealing with you, thought I'd try you first before I go to the dealership.”

I can’t believe the personalization of service I am getting from you guys!!

Savannah Thomas, Hanwell

Sarah Ross, Sussex

Hailey Fisher, Bathurst



Logan Curtis, Fredericton

Lia Munn, Doaktown

Elisabeth Harris, St. Stephen

WINNERS!

2024 SCHOLARSHIPS

NBTA CREDIT UNION

NBTA CREDIT UNION LIMITED
FIFTY THIRD
ANNUAL GENERAL MEMBERSHIP MEETING
Wednesday, May 28, 2025

AGENDA

1. Call to Order
2. Moment of Silence in Memory of Deceased Members
3. Determination of Quorum
4. Approval of Agenda
5. Approval of Fifty-Second AGM Minutes – April 25, 2024.
6. Nominating Committee Report
7. Introduction of Guests
8. Guest Speakers
   (a) Greener Village Presentation
   (b) Dave Gorman – Dave Forman Financial Strategies

Short Break

9. Reports
   (a) President's Report
   (b) General Manager's Report
   (c) Auditor Report and Financial Statements
10. Approval of Reports
11. Recommendations from the Board of Directors
   (a) Appointment of Auditors
   (b) Patronage Rebate Recommendation
   (c) By-Law Changes
12. New Business
13. Adjournment

MINUTES
NEW BRUNSWICK TEACHERS' ASSOCIATION
CREDIT UNION LIMITED
52nd ANNUAL GENERAL MEETING
Thursday, April 25, 2024

The Fifty-Second Annual General Membership Meeting of the New Brunswick Teachers' Association Credit Union Limited was held on Thursday, April 25, 2024, at the NBTF Building, 650 Montgomery Street, Fredericton, NB.

The registration list of members is on file at the Credit Union office.

CALL TO ORDER

The President, Dale Weldon, called the meeting to order at 7:00 p.m.

The President asked those in attendance to stand for the singing of our National Anthem.

MOMENT OF SILENCE

The President asked those in attendance to share in a moment of silence in memory of our members who passed away throughout the year.

QUORUM

The President asked the Corporate Secretary, Derek Taggart, to report if a quorum was present. Derek declared we have 45 members registered; therefore, a quorum was present.

Bob Fitzpatrick will act as our Parliamentarian for this evening.

APPROVAL OF AGENDA

Mike Ketchum/Dawna Scott

> THAT THE AGENDA BE APPROVED AS DISTRIBUTED. Carried

APPROVAL OF FIFTY-FIRST ANNUAL GENERAL MEETING MINUTES, APRIL 20, 2023

Geordie Andrews/Pat O'Brien

> THAT THE MINUTES OF THE FIFTY-FIRST ANNUAL GENERAL MEETING HELD ON, APRIL 20, 2023, BE APPROVED. Carried

APPOINTMENT OF SCRUTINEERS

The President appointed Kristy MacKinnon and Shawnalynn Reid as scrutineers. He explained that the scrutineers would be responsible for counting election ballots.

REPORT OF NOMINATING COMMITTEE

Moira McLaughlin, Chair of the Nominating Committee gave the Nominating Committee Report. She explained there were three vacancies to fill and five candidates offering for those positions.

The Chair of the Nominating Committee, Moira McLaughlin introduced the following candidates for a position as director on the NBTA Credit Union Board:

Sandra Boone
Bob Fitzpatrick
Michael Ketchum
Ken McIntyre
Blake Robichaud

The President, Dale Weldon, call for nominations from the floor. There were no nominations from the floor. Each candidate spoke on their qualifications and interest in serving as a member of the Board. Ballots were collected by the scrutineers.

INTRODUCTION OF GUESTS

The President introduced the Guests in attendance.

Danielle Gosson, Deloitte
Judy Jewett, Past General Manager
Brenda Trafford, wife of the late Tom Trafford
Dave Gorman, Dave Gorman Financial Strategies
Paula Curtis, Dave Gorman Financial Strategies
Ardith Shirley, NBTA Executive Director
Peter Lagacy, NBTA President

GUEST SPEAKERS

The President introduced the following guest speakers:

Dave Gorman, Dave Gorman Financial Strategies

Dave Gorman spoke on a new life insurance policy with benefits of disability and long-term disability, the First Home Savings Account and the Federal Budget. He gave an overview of what crypto currency is and how it works. He spoke on the economy and how unpredictable it is with 40 elections happening in the world this year.

NBTA Greeting by Peter Lagacy

Peter Lagacy brought greetings from NBTA.

REPORTS

The President, Dale Weldon, reported on behalf of the Board of Directors for the fiscal year ending December 31, 2023.

Margery Nichol, General Manager, reported on the previous year's success, introduced the Credit Union Staff and thanked the Staff, Directors and the Members.

Margery Nichol, General Manager, presented the audited financial statements.

Danielle Gosson reported that we had a very successful year and a clean audit.

Geordie Andrews/Lynne Horsnell

THAT THE ABOVE REPORTS BE APPROVED AS PRESENTED. Carried.

Shawnalynn Reid/Blake Robichaud

THAT THE ADDITIONAL REPORTS SUBMITTED IN THE ANNUAL REPORT BE APPROVED. Carried

RECOMMENDATIONS TO THE OWNERS

(a) APPOINTMENT OF AUDITORS

Kristy MacKinnon/Emma Andrews

THAT THE FIRM OF DELOITTE BE APPOINTED AUDITORS FOR THE FISCAL YEAR JANUARY 1, 2024, TO DECEMBER 31, 2024. Carried

(b) PATRONAGE REBATE

Elizabeth Andrews/Mike Ketchum

THAT A PATRONAGE REBATE OF 8% BASED ON INTEREST PAID ON LOANS AND INTEREST EARNED ON SAVINGS ACCOUNTS FOR THE PERIOD JANUARY 1, 2023, TO DECEMBER 31, 2023, BE PAID TO MEMBERS OF RECORD AS AT DECEMBER 31, 2023. Carried.

(c) MILEAGE

Judy Jewett/P O'Brien

THAT THE MILEAGE RATE BE INCREASED FROM 0.52 CENTS PER KM TO 0.57 CENTS PER KM TO FOLLOW THE NB GOVERNMENT GUIDELINES AND GOING FORWARD MILEAGE RATES SHOULD BE CHANGED AS PER PROVINCIAL GUIDELINES. Carried

(d) BY-LAW CHANGE

Geordie Andrews/Emma Andrews

THAT ARTICLE VII – NOMINATION AND ELECTION OF DIRECTORS, SECTION (e) REGARDING CALLING FOR NOMINATIONS FROM THE FLOOR BE REMOVED. Carried

INTRODUTION OF NEW DIRECTORS

Chair of the Nominating Committee, Moira McLaughlin, introduced the successful candidates of the election.

3-year terms: Sandra Boone
Bob Fitzpatrick
Blake Robichaud

DESTRUCTION OF BALLOTS

Lynne Horsnell/Mike Ketchum

THAT THE SCRUTINEERS DESTROY THE BALLOTS. Carried

OATH OF OFFICE

Chair of the Nominating Committee, Moira McLaughlin, read aloud the Oath of Office to which the new Directors replied, "I Do".

THANK YOU

The President, Dale Weldon, thanked the nominees for allowing their names to stand for election. He also presented Ken McIntyre with a certificate and thanked him for his years of dedicated service to NBTA Credit Union.

NEW BUSINESS

The President, Dale Weldon, presented Kristy MacKinnon with flowers to recognize her volunteer contribution to the Junior Achievement group. She was awarded the Geoff Gallant Memorial Volunteer of the Year Award from JA Fredericton.

CORPORATE SPONSORS

The President thanked our corporate sponsors who very graciously donated the lovely gifts the membership was about to receive. Staff then delivered the prizes as the member's ticket numbers were drawn.

ADJOURNMENT

The President reminded Board Members of the meeting to be held immediately following adjournment of this session.

There being no further business, the meeting adjourned at 8:56 p.m.

President   Secretary

2024 BOARD OF DIRECTORS ANNUAL REPORT
DALE WELDON, PRESIDENT

Introductory Comments

In last year's report I wrote about how we were expecting increases in interest rates and did we ever! However, we did see some reductions in inflation and the Bank of Canada's interest rates, so we lowered our rates accordingly. Higher interest rates in 2024 didn't deter our members from borrowing money though, and our loan portfolio grew significantly and that contributed to record earnings for your Credit Union.

One of our biggest challenges in 2024 was the implementation of the new banking system. While the initial weekend went smoothly, the ongoing onboarding had its challenges. I would like to credit the management and staff for keeping their chins up during this process. Although most systems are working relatively well now, there are still issues that are constantly being worked on. I would also like to thank our members for being patient with us during this process.

Your Board of Directors is pleased to say that our financial operations resulted in the strongest surplus position ever, and we exceeded our budgeted surplus. More about our financial position later in this report.

This report is bittersweet for me though, as this AGM concludes my nine years serving on your Board of Directors. I want to thank Bob Fitzpatrick for asking me back in late 2015 to run for a board position, and you for electing me at the April 2016 AGM. I have been president of your Board since 2019, and I can't adequately describe how wonderful an experience this has been. I am going to miss it immensely! You never know though, you may see me again in a year's time asking for your vote.

Your Board of Directors

It is with great pleasure that I introduce your 2024 Board of Directors:

Sandra Boone – Sandra again agreed to chair the Scholarship committee. She reviews all scholarship applications and makes recommendations to the board, a task which she takes great pride in. Sandra is your Second Vice-President, sits on the Governance committee and chairs the Credit committee.

Bob Fitzpatrick – Bob is First Vice-President, the Vice-Chair of the Audit and Governance committees as well as contributing to the Youth/Marketing and Scholarship committees. Bob brings a wealth of corporate history from his previous experience on the board.

Jim Dysart – Jim continues to chair the Audit committee. He also sits on the Youth/Marketing and Personnel committees. He also helps us with technological issues whenever they arise.

Ronna Gauthier –Ronna is Vice-Chair of the Credit and Youth/Marketing committees and sits on the Nominating and Personnel committees. Ronna is looking forward to her upcoming retirement this year.

Blake Robichaud – Blake was elected to your Board last year and has enjoyed his learning experience so far. Blake sits on the Credit, Nominating, and Youth/Marketing committees.

Dale Weldon – I continued to act as President of your Board and participated in most committee meetings filling in as necessary to maintain a committee quorum in a director's absence. I thoroughly enjoy working with such a diverse and talented group of directors and interacting almost daily with the leadership and staff of your Credit Union.

Directors reaching the end of their three-year term can offer their candidacy for re-election for another three-year term. This year we have three directors reaching the end of their terms who are seeking re-election and my seat at the table needs to be filled.

Moira McLaughlin – Moira thoroughly enjoys her director role, and sits on the Governance, Social Responsibility and Audit committees.

Derek Taggart – Derek is a teacher at Leo Hayes High School and always brings a hearty laugh and seriousness when required at our meetings. Derek sits on the Credit and Personnel committees, chairs the Youth/Marketing committee, and continues in the role of Corporate Secretary.

Kerry Leopkey – Kerry has been a great addition to your Board as his work role allows him to work with us on items like enhanced building signage initiatives and marketing opportunities. Kerry sits on the Audit and Social Responsibility committees and chairs the Governance committee.

Your Board of Directors are very hard-working and dedicated to helping make your Credit Union as successful as possible and keep the interests of you, our membership, leadership, and staff at the forefront of their work and decision-making at all times.

Financial Results

Marge will provide more details on our financial position, but I am pleased to say we had an incredible financial year in 2024, resulting in a record surplus.

Our assets on December 31, 2024, were approximately $95M, an increase of $8M, which is significant growth in one year. We grew faster than we anticipated over the last few years; however, our equity position is still very strong at 7.04%, and far above the Credit Union Act's minimum requirement of 5%. Our loan portfolio grew by 8.91% and we added new members.

We finished the year with a profit of $806,162.00 before taxes and a patronage rebate. We are very pleased with our financial performance in 2024.

Last year I indicated that we had a strong plan in place in 2024 to strengthen our profitability position and our plan worked! Therefore, the Board of Directors passed a motion to recommend a patronage rebate this year.

Community Support

The Credit Union philosophy is to support the community and our members. In 2024 we turned our support to Greener Village and their Thrive Campaign. We have committed to donating $2.00 per member on record as of December 31st each year. In 2024 we were pleased to present Greener Village with a cheque for $8,896.00. We continued our support of the NBTA Counselling Program with annual funding of $18,000. Kevin Montague continues to collect pop tabs to support the Muscular Dystrophy Foundation. Feel free to drop yours off at the branch. We also appreciate Kevin's participation on the Marketing committee.

Committees

Your board meets ten times per year, and the Audit and Credit Committees have an additional meeting in August. The governance, youth/marketing, personnel, nominating, and scholarship committees meet several times per year, and the chairs of each committee present a summary of their meetings to the board of directors. Each year, we strive to offer directors some diversity in committee membership to enhance their experiences, while maintaining a balance of experience on the committees. Each board member is enrolled in continuing education through the Credit Union Director Achievement (CUDA) program with the goal of receiving their accreditation certificate, and following the completion of each course, the director shares a summary on what they learned in the course to the board.

Strategic Plan

In 2022 all Directors and Staff met to establish our new three-year Strategic Plan and in 2024 we did a strategic update to our plan. This exercise was a very interactive session under the guidance of Bob Fitzpatrick. Breakout groups were formed to examine and revise our goals as needed and to suggest ideas and strategies to accomplish those goals. We are always very excited to involve the staff in this planning session, and they have many ideas on how we can grow your Credit Union. Not all credit unions involve their staff in this exercise but who better knows what members are saying on a daily basis? We value their input.

Conclusion

For several years now we have emphasized how new member growth is vital to our continuing success. Last year we added 174 new members before our system conversion! We need our membership to increase in this and future years. Please tell our story to friends and family. 2025 is off to a very good start with a surplus far exceeding our budget and as of April, our assets exceeded ONE HUNDRED MILLION DOLLARS! When I started on the board in 2016 our assets were $49,145,267.00.

Thank You

Thank you for attending our AGM in person this year; next year the Board plans to implement electronic voting for Board candidates if you approve the by-law change.

Thank you to our excellent, hard-working, dedicated, and forward-thinking staff who throughout the past year have always kept a smile on their face.

Thank you, Marge and Patria, for your amazing leadership.

Thank you to the board of directors and volunteers for your continuing commitment and hard work.

And finally, thank you to you and all our members. We are pleased to work for you and the continuing success of the NBTA Credit Union.

General Manager's Report
2024

It is with pleasure that I give my report to you again this year. Wow! The year end results for 2024 are great. We had a record year for profit, and we have continued to grow our membership. I tell our staff and members of the Board of directors that any financial institution can offer good account packages and competitive interest rates but none of them can offer the personal service our members enjoy every time they phone us or come into the branch.

This year we faced some major changes. We spent the first half of the year preparing for the conversion to a new banking platform, accounting system, reporting system, and a new public website. The new fully digital systems will serve us well into the future as Canada prepares for open banking and real time payments.

The staff did their training on these new systems and then we had to clean up our data to make the transition as smooth as it could be. The conversation weekend went very well but on Monday morning following the transition, we discovered not all members read their mail. Our voice mailboxes were full, and the phones were ringing off the hook. Most calls were because members had locked themselves out of their online banking. The staff of your credit union worked into the evenings calling members back and by the end of that first week, we had our members back on track. It has taken slightly longer to get me there and I know I couldn't have done it without Patria by my side every step of the way. All of us appreciate the patience and understanding that our members gave us as well.

We are fortunate to have trusted partners at our provincial and national trade associations, Atlantic Central and the Canadian Credit Union Association. League Data, our credit union owned service provider, and Atlantic Central assisted us with everything from communications, training, data cleanup and verification. The enormity of the transition to all the new systems can't be understated. It would be one thing to take our credit union and get all this accomplished, but our partners had thirty more credit unions that they were also assisting.

The folks at Deloitte, our auditing firm, performed extra due diligence this year to satisfy themselves that all the data was entered into the new systems accurately. We appreciate all they do to ensure we are looking after your accounts, and the systems we use are secure. We are all looking forward to 2025 when we will be back to having one system for the entire year. This will make next year's audit a breeze in comparison.

Although the conversion took a lot of our time, your staff managed to get out to Junior Achievement events, the Fredericton Business Awards, Adopt-A-School visits and gave financial literacy sessions in some classrooms. We held fundraisers in support of the Fredericton Community Kitchen and Greener Village. We also won a $10,000 grant for Greener Village from the "Empowering Your Community" program through Equitable Bank/Concentra.

As I mentioned earlier in my report, we had a fantastic year. Our assets grew by just over $7.5 million. Loans grew by over $5 million, and our deposits grew by $7.7 million. We had a record profit of over $800,000. By the first week of September, we had 174 new members.

There are many ways to measure success. We were successful financially, we added new members, and we had a successful banking platform conversion. We had growth in all areas, and this allowed the Board to approve the hiring of two additional staff members.

We receive numerous emails from members commending our staff on their professionalism, knowledge and their customer service. I love hearing from you. Please feel free to send me an email, call or drop in. My door is always open, and we are all here to help you in any way we can.

Thank you for giving us the opportunity to work for you. I am looking forward to more successes in 2025 and beyond.

CREDIT COMMITTEE REPORT
2024
Fiscal Year ending 2024-12-31

The NBTA Credit Union Credit Committee for this past year consisted of the following members of the Board of Directors: Sandra Boone (Chair), Derek Taggart, Blake Robichaud and Ronna Gauthier. Each member of the committee brings valuable experience, talents, and insights to his/her role in this extremely important committee. The tasks of the Credit Committee require high confidentiality and accountability. All members have been trained in the Best Practices for Credit Committees as well as the specific mandate of the NBTA Credit Union Credit Committee.

The Credit Committee wishes to salute and thank the hard-working Loans team of Shawnalynn Reid, Dawna Scott, Meghan Reed and Rachel Harvey.

During this past year, the Credit Committee reviewed loans according to a variety of criteria established by the Board of Directors, FCNB (Financial and Consumer Affairs New Brunswick) and the Credit Union Act and Regulations. Loans outside regular Credit Union guidelines are forwarded to Atlantic Central for approval.

Loans are most commonly broken down into seven categories: personal lines of credit, mortgages, home equity lines of credit, auto purchase and repair, consolidation, home renovations and repairs, and other. During this past fiscal year, a total of 379 loans were disbursed. The total amount of loans disbursed for all categories in 2024 was $16,059,731.63.

The total loan portfolio for 2024 was $73,214,914.12.

The Credit Committee continues to be concerned with the television and radio advertisements which provide misleading information that bankruptcy is a quick and easy method of getting out of debt. We continue to express our concerns to Atlantic Central.

Should you have questions concerning the Credit Committee, I, as chair, or any member of the committee will be happy to answer.

Respectfully submitted,

Sandra Boone

Chair
NBTA Credit Union Credit Committee
2024

Audit Committee Report
2024
Fiscal Year ending 2024-12-31

It has been an exciting and a demanding year for the NBTA Credit Union, its members, its staff, and its Board of Directors. It has also been an interesting year for the Audit Committee.

In last year's report, I indicated "attention turned to the potential risks of renewing mortgages at substantially higher interest rates, and the potential impact of having higher interest rate term deposits should the interest rates drop".

Well, as we now know, interest rates have been dropping throughout the last number of months of 2024. I am pleased to report that, with this downward trend, members have begun to start spending once again, and as a result the NBTA Credit Union has had a record year of profitability, and therefore members will receive the benefits of that profit through the patronage rebate program.

That was the exciting part.

There was also a very demanding aspect to the 2024 fiscal year that had more to do with process than profit/loss. I am referring to the transition to a new banking platform. This transition, necessary to keep our credit union in step with current security and service standards, placed a significant strain on all of us as members trying to figure out the new account structure and processes. It was particularly difficult for your staff who had to transition quickly to the new system with different procedures , reports (some of which were just being created as transition occurred), and who spent many hours assisting members who were having trouble understanding the structure and accessing the new system.

It was only through the dedication and pure determination of every single staff member of the NBTA Credit Union that members continued to receive the professional, and most importantly, individualized personal support in accessing their financial services.

During the transition, many traditional benchmark reports were substantially restructured or simply unavailable. Some reports from the system are still not complete, making the work of the Credit Union management team much more difficult. Fortunately, we have a very experienced management team who are able to provide the Board of Directors and its various committees, including the Audit Committee with the information required to make informed decisions to continue the work of the Credit Union.

That was the demanding part.

In summary, even though we had a year full of complex and somewhat unpredictable factors from interest rate changes to major software system changes, we have had a very successful year with record results. This is due in no small part to the skill and determination of staff and management to be able to adjust quickly to unexpected changes in processes. But it also is due in large part to the continued support, trust, and understanding each member has in the NBTA Credit Union. As is always the case in the Credit Union philosophy, each individual member has an important role to play in the success of the group.

Submitted by:

Jim Dysart

Chair
NBTA Credit Union Audit Committee
2024

GOVERNANCE COMMITTEE REPORT

2024

The members of the Governance Committee during the past year were Sandra Boone, Bob Fitzpatrick, Kerry Leopkey and Moira McLaughin. Margery Nichol, Patria White and Dale Weldon also attended when available or required. Tracy Russell was the recording secretary for all meetings and was invaluable in keeping our committee and meetings on task.

The Governance Committee is responsible for recommending new policies to the Board as well as reviewing all policies and by-laws on a three-year cycle.

This year the committee focused on reviewing the necessary changes in order to introduce a hybrid voting model (electronic and in person) for members which will hopefully be implemented for the election of board members presenting at the 2026 NBTA Credit Union Annual General Meeting. Amendments to the process will be discussed during this year's Annual General Meeting.

The committee is also responsible for administering the Annual Board Self Evaluation.

Respectfully submitted,

Kerry L Leopkey

Chair

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Management of New Brunswick Teachers' Association Credit Union Limited is responsible for the integrity, objectivity and consistency of the financial information presented in this annual report. This responsibility includes selecting appropriate accounting principles and ensuring that the financial information is based on informed judgments and estimates with appropriate consideration as to materiality. The Board of Directors has approved the financial statements for issuance to the members.

Management maintains the necessary system of internal controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records maintained.

The Board of Directors oversees Management's responsibilities for financial statements through the Audit Committee. The Audit Committee conducts a detailed review of the financial statements with Management and the independent auditors before recommending their approval to the Board of Directors.

Deloitte, the independent auditors, have examined our financial statements and issued their report, which follows. The auditors have full and complete access to, and meet periodically with, the Audit Committee to discuss the audit and matters arising there from.

Bob Fitzpatrick
1st Vice-President
Board of Directors

Margery Nichol
General Manager

RECOMMENDATIONS TO THE MEMBERS

11.(a)

AUDITORS

NBTA Credit Union is recommending that the firm Deloitte be appointed auditors for the fiscal year January 1, 2025, to December 31, 2025.

11.(b)

PATRONAGE REBATE

NBTA Credit Union Board of Directors is recommending that a patronage rebate of 8.00% based on interest paid on personal loans, lines of credit and mortgages and interest earned on savings accounts be paid for the period of January 1, 2024 to December 31, 2024 to members of record as at December 31, 2024.

11.(c)

BY-LAW CHANGES

NBTA Credit Union Board of Directors is recommending that Article VI – Methods of Voting and Article VII – Nomination and Election of Directors, be changed to allow for hybrid voting (electronic and in person) in future meetings.

Financial statements of New Brunswick Teacher's Association Credit Union Limited

December 31, 2024

Deloitte.

Deloitte LLP
Brunswick House
44 Chipman Hill 7th Floor
Saint John NB E2L 2A9
Canada

Tel: 506-632-1080
Fax: 506-632-1210
www.deloitte.ca

Independent Auditor's Report

To the Members of
New Brunswick Teacher's Association Credit Union Limited

Opinion

We have audited the financial statements of New Brunswick Teacher's Association Credit Union Limited (the "Credit Union"), which comprise the statement of financial position as at December 31, 2024, and the statements of income and comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian GAAS, 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 achieves fair presentation.

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

Deloitte LLP

Chartered Professional Accountants
May 27, 2025

New Brunswick Teacher's Association Credit Union Limited
Statement of income and comprehensive income
Year ended December 31, 2024
(in Canadian dollars)

	Notes	2024 $	2023 $
Interest income			
Interest on loans	4	**4,135,095**	3,502,051
Interest on investments	4	**294,151**	374,481
		4,429,246	3,876,532
Interest expense	5	**1,492,007**	1,175,933
Net interest income		**2,937,239**	2,700,599
(Recovery) allowance for credit losses	10	**(11,186)**	136,409
		2,948,425	2,564,190
Other income	6 and 12	**416,102**	520,515
Total operating income		**3,364,527**	3,084,705
Operating expenses			
Personnel		**1,222,197**	1,173,741
General and administrative		**818,514**	788,462
Operations		**146,380**	132,238
Member security		**178,040**	162,246
Depreciation			
Right-of-use asset	12	**75,383**	81,365
Property and equipment		**25,595**	29,243
Occupancy		**31,472**	18,957
Finance costs	12	**15,429**	19,448
Total operating expenses		**2,513,010**	2,405,700
Earnings before patronage rebate and income taxes		**851,517**	679,005
Patronage rebate	16	**359,704**	275,380
Earnings before income taxes		**491,813**	403,625
Income tax expenses			
Current	15	**63,796**	47,901
Deferred (recovery)		**15,200**	(1,100)
		78,996	46,801
Net income and comprehensive income for the year		**412,817**	356,824

The accompanying notes are an integral part of the financial statements.

New Brunswick Teacher's Association Credit Union Limited

Statement of changes in members' equity

Year ended December 31, 2024

(in Canadian dollars)

	2024	2023
	$	$
Retained earnings, beginning of year	**4,659,253**	4,302,429
Net comprehensive income	**412,817**	356,824
Retained earnings, end of year	**5,072,070**	4,659,253

The accompanying notes are an integral part of the financial statements.

New Brunswick Teacher's Association Credit Union Limited
Statement of financial position
As at December 31, 2024
(in Canadian dollars)

	Notes	2024 $	2023 $
Assets			
Cash and cash equivalents	7	**11,645,316**	9,809,629
Investments	8	**11,361,598**	10,870,904
Loans receivable	9	**71,037,745**	65,228,895
Accrued interest receivable		**145,943**	112,714
Other receivables		**246,165**	96,693
Prepaid expenses		**1,034,496**	707,615
Property and equipment	11	**15,498**	25,779
Right-of-use asset	12	**413,605**	488,988
Deferred income taxes	15	**8,100**	23,300
		95,908,466	87,364,517
Liabilities			
Deposits from members	14	**87,581,529**	79,802,664
Accrued patronage rebate	16	**359,704**	275,380
Accrued interest payable		**444,714**	283,853
Accounts payable		**175,799**	82,469
Lease liability	12	**449,015**	521,833
Current tax payable	15	**25,201**	27,189
Retirement allowance		**124,713**	113,713
Membership shares	16	**1,675,721**	1,598,163
		90,836,396	82,705,264
Members' equity			
Retained earnings		**5,072,070**	4,659,253
		95,908,466	87,364,517
Commitments	19		

The accompanying notes are an integral part of the financial statements.

On behalf of the Board

______________________, Director

______________________, Director

New Brunswick Teacher's Association Credit Union Limited

Statement of cash flows

Year ended December 31, 2024

(in Canadian dollars)

	Notes	2024 $	2023 $
Operating activities			
Net income and comprehensive income		**412,817**	356,824
Adjustments for			
(Recovery) provision for credit losses	10	**(11,186)**	136,409
Interest income		**(4,429,246)**	(3,876,532)
Interest expense		**1,492,007**	1,175,933
Retirement allowance		**12,000**	12,000
Patronage rebate	16	**359,704**	275,380
Depreciation		**100,978**	110,608
Deferred income taxes	15	**15,200**	(1,100)
Current income taxes	15	**63,796**	47,901
		(1,983,930)	(1,762,577)
Changes in operating assets/liabilities			
Change in loans receivable		**(5,797,664)**	(5,946,503)
Change in deposits from members		**7,778,865**	3,025,899
Change in other operating assets		**(476,353)**	(344,733)
Change in accounts payable		**93,330**	(294,890)
		(385,752)	(5,322,804)
Interest received		**4,396,017**	3,855,296
Interest paid		**(1,331,146)**	(1,030,262)
Income taxes paid		**(66,784)**	(41,424)
		2,612,335	(2,539,194)
Investing activities			
(Increase) decrease in investments		**(490,694)**	7,397,673
Purchase of property and equipment		**(15,314)**	(24,148)
		(506,008)	7,373,525
Financing activities			
Increase in membership shares		**77,558**	29,285
Payment of patronage rebate		**(275,380)**	(138,848)
Interest paid on leased asset	12	**(15,429)**	(19,448)
Repayment of lease liability		**(57,389)**	(58,174)
		(270,640)	(187,184)
Net change in cash and cash equivalents		**1,835,687**	4,647,147
Cash and cash equivalents, beginning of year		**9,809,629**	5,162,482
Cash and cash equivalents, end of year		**11,645,316**	9,809,629

The accompanying notes are an integral part of the financial statements.

1. Reporting entity

New Brunswick Teacher's Association Credit Union Limited (the "Credit Union" or "NBTA") is incorporated under the Credit Unions Act of New Brunswick (the "Credit Unions Act") and is a member of the New Brunswick Credit Union Deposit Insurance Corporation ("NBCUDIC"). The Credit Union was incorporated on October 13, 1971 and was organized for the benefit of the members of the New Brunswick Teacher's Association. Effective June 2010, the Credit Union opened to the general public.

The Credit Union provides financial services including lines of credit, mortgages, loans and deposit taking to its members. The registered office of the Credit Union is at 650 Montgomery Street, Fredericton, New Brunswick.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Credit Union's Board of Directors ("Board") and authorized for issuance on May 27, 2025.

Basis of preparation

These financial statements are presented in Canadian dollars which is the Credit Union's functional currency. They are prepared on the historical cost basis, except for financial instruments at fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI"), which are stated at their fair values.

Use of significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosures of contingent assets and contingent liabilities at the date of these financial statements, and the reported amounts of revenues and expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from estimates made in these financial statements.

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

2. Basis of preparation (continued)

Use of significant accounting judgments, estimates and assumptions (continued)

Judgments made by management in the application of IFRS Accounting Standards that have a significant effect on these financial statements and estimates with a significant risk of material adjustment in the next year are discussed below. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the Credit Union's financial statements are as follows:

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from observable markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives, discount rates and prepayment rates. The valuation of financial instruments is described in more detail in Note 21.

(b) Allowances for expected credit losses

The measurement of impairment losses on loans to members is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Please see the impairment of financial assets section of Note 3 for further detail on these. A number of significant judgments are also required in applying the accounting requirements for measuring the expected credit loss ("ECL"), such as:

- Determining criteria for significant increase of credit risk: IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Credit Union takes into account qualitative and quantitative reasonable and supportable information.
- Choosing appropriate models and assumptions: The Credit Union uses various models and assumptions in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.
- When measuring ECL the Credit Union uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers.
- Probability of default ("PD"): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, and assumptions/expectations of future conditions.
- Loss Given Default ("LGD"): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The impairment loss on loans to members is disclosed in more detail in Note 9 and Note 10.

2. Basis of preparation (continued)

Use of significant accounting judgments, estimates and assumptions (continued)

(c) Economic lives of property and equipment

Management determines the estimated useful lives of its property and equipment based on historical experience of the actual lives of property and equipment of similar nature and functions, and reviews these estimates at the end of each reporting period.

(d) Provisions

The amount recognized as provisions and accrued liabilities, including legal, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Credit Union assesses its liabilities and contingencies based upon the best information available.

3. Material accounting policy information

The following accounting policies have been applied consistently by the Credit Union:

Financial instruments

Financial assets and financial liabilities are recognized when the Credit Union becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, are subsequently measured at amortized cost.

3. Material accounting policy information (continued)

Financial assets (continued)

The measurement and classification categories of financial assets in accordance with IFRS 9 are outlined below. The Credit Union has no debt instruments that are subsequently measured at FVTOCI.

Financial instrument	Classification
Cash and cash equivalents	Amortized cost
Investments	
Equity investments	FVTPL
Liquidity reserve deposits	Amortized cost
Loans and mortgages	Amortized cost
Other assets	Amortized cost
Accounts payable	Amortized cost
Deposits from members	Amortized cost
Other liabilities	Amortized cost

For the purpose of the SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Credit Union determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Credit Union's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Credit Union has business models for managing its financial instruments which reflect how the Credit Union manages its financial assets in order to generate cash flows. The Credit Union's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Credit Union considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Credit Union does not reasonably expect to occur, such as so-called 'worst case' or stress case' scenarios.

3. Material accounting policy information (continued)

Debt instruments at amortized cost

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

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

At initial recognition of a financial asset, the Credit Union determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Credit Union reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Credit Union has not identified a change in its business models.

Debt instruments are measured at amortized cost using the effective interest method, and are subject to impairment. See the impairment section below. Interest income on debt instruments at amortized cost is recognized in interest on loans to members and investment income on the statement of income and other comprehensive income.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability, and of allocating interest income or expense over the relevant period. The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 21.

Impairment of financial assets

The Credit Union assesses loss allowances for expected credit losses ("ECLs") on its financial instruments that are not measured at FVTPL. Loss allowances are recognized on loans to members described in Note 10.

No impairment loss is recognized on equity investments.

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

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

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

3. Material accounting policy information (continued)

Impairment of financial assets (continued)

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

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

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

(i) Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event.

It may not be possible to identify a single discrete event. Instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Credit Union assesses whether debt instruments that are financial assets measured at amortized cost are credit-impaired at each reporting date.

(ii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see below).

The Credit Union considers the following as constituting an event of default:

- the borrower is past due more than 90 days on the credit obligation to the Credit Union; or
- the Credit Union considers the borrower to be unlikely to pay the loan to the Credit Union in full, without recourse by the Credit Union to actions such as realizing security.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Credit Union takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in commercial lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status are key inputs in this analysis.

3. Material accounting policy information (continued)

Impairment of financial assets (continued)

(iii) Significant increase in credit risk

The Credit Union monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Credit Union will measure the loss allowance based on lifetime rather than 12-month ECL. The Credit Union's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Credit Union monitors all financial assets that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Credit Union compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the date when the financial instrument was first recognized. In making this assessment, the Credit Union considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Credit Union allocates its loans to members to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- The remaining lifetime PD at the reporting date; with
- The remaining lifetime PD that was estimated based on facts and circumstances at the time of initial recognition.

The PDs used are forward looking and the Credit Union uses the same methodologies and data used to measure the loss allowance for ECL.

For retail lending the Credit Union considers events such as bankruptcy and consumer proposals.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. For corporate lending there is particular focus on assets that are included on a 'watch list', given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Credit Union considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL, unless the Credit Union has reasonable and supportable information that demonstrates otherwise.

More information about significant increase in credit risk is provided in Note 21.

(iv) Measurement of ECL

The key inputs used for measuring ECL are:

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

3. Material accounting policy information (continued)

Impairment of financial assets (continued)

(iv) Measurement of ECL (continued)

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

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

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account cost of realization of collateral. LGD models for unsecured assets consider time of recovery and recovery rates. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Credit Union's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortization profiles, early repayment or overpayment, and changes in utilization of undrawn commitments. The Credit Union uses EAD models that reflect the characteristics of the portfolios.

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

(v) Write-offs

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

3. Material accounting policy information (continued)

Modification and derecognition of financial assets

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets; where a financial instrument includes both a drawn and an undrawn component, such as a line of credit, and the Credit Union cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Credit Union presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified, the Credit Union assesses whether this modification results in derecognition. In accordance with the Credit Union's policy a modification results in derecognition when it gives rise to substantially different terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Credit Union determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

The Credit Union derecognizes a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Credit Union neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Credit Union recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Credit Union retains substantially all the risks and rewards of ownership of a transferred financial asset, the Credit Union continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost other than in its entirety (e.g. when the Credit Union retains an option to repurchase part of a transferred asset), the Credit Union allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized is recognized in income.

Financial liabilities

The Credit Union is required to classify all financial liabilities as either financial liabilities 'at FVTPL' or 'other financial liabilities'. All of the Credit Union's financial liabilities are classified as other financial liabilities.

3. Material accounting policy information (continued)

Other financial liabilities

Other financial liabilities, including deposits from members, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Credit Union derecognizes financial liabilities when, and only when, the Credit Union's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with Atlantic Central, and other liquid investments with original maturities of three months or less. Cash and cash equivalents are used by the Credit Union in the management of its short-term commitments.

Cash and cash equivalents are classified as loans and receivables and are carried at amortized cost, which is considered to be equivalent to fair value due the short-term nature of these assets.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant components of property and equipment have different useful lives, they are accounted for as separate assets.

Depreciation is recognized in profit or loss on a straight-line basis over the respective assets' estimated useful lives. The depreciation rates for each class of asset in the current and comparative period are as follows:

Office equipment	1 to 10 years
Computer hardware	1 to 5 years
Computer software	1 to 5 years
Automated banking machine	5 years

Depreciation methods, useful lives, and residual values are reassessed at the end of each reporting period.

The Credit Union as a lessee

The Credit Union assesses whether a contract is or contains a lease, at inception of the contract. The Credit Union recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Credit Union recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. Material accounting policy information (continued)

The Credit Union as a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Credit Union remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Credit Union expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.
The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

3. Material accounting policy information (continued)

The Credit Union as lessor

When the Credit Union is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as an operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from an operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Impairment of non-financial assets

The Credit Union assesses at the reporting date whether there is evidence that an asset may be impaired. An impairment loss is recognized when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. Fair value is the best estimate of the amount that can be obtained from a sale during an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is calculated using the most appropriate method, generally by discounting recoverable future cash flows. Impairment losses on that asset may be subsequently reversed and are recognized in the statement of income in the period in which they occur.

Estimating the recoverable amount of a non-financial asset to determine if it is impaired also requires that management make estimates and assumptions, and any change in these estimates and assumptions could impact the determination of the recoverable amount of non-financial assets and, therefore, the outcome of the impairment test.

Deposits from members

Deposits from members represent the Credit Union's main source of funding. They are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method.

Provisions

Provisions are recognized when the Credit Union has a present obligation as a result of a past event, it is probable that the Credit Union will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

(a) Short-term employee benefits

Short-term employee benefits include salaries and wages, employee benefits and bonuses. Short-term employee benefits are expensed as the related service is provided.

3. Material accounting policy information (continued)

Employee benefits (continued)

(b) *Retirement allowance*

Upon retirement, eligible employees are paid a retirement allowance based on years of service. The allowance is recognized when eligible employees reach the age of retirement or it is probable that the employee will receive the retirement allowance. If the allowance is payable more than 12 months after the reporting period, it is recorded at the discounted present value.

Membership shares

The Credit Union's membership and surplus shares are presented in the statement of financial position as financial liabilities in accordance with the substance of the contractual terms of the instruments. These shares qualify as capital for regulatory purposes. Payments of patronage rebates on membership shares presented as a financial liability are recognized as a distribution of profit or loss. Patronage rebates are recorded when declared by the Credit Union's Board of Directors.

Revenue recognition

Interest income is accrued on a daily basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income is recognized when the right to receive payment is established. Dividends are included in interest income in the statement of income and comprehensive income.

Other income, which includes commission fees, account service fees, investment management fees and insurance fees are recognized over the period the services are performed.

Income taxes

Income tax expense comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax bases of assets and liabilities and their respective carrying amounts for financial reporting purposes.
The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the asset can be utilized.

Current tax and deferred tax relating to items recognized directly in equity are also recognized in equity and not in the statement of income and comprehensive income.

(In Canadian dollars)

3. Material accounting policy information (continued)

New and amended IFRS Accounting Standards that are effective for the current year

(i) Amendments to IAS 1 – presentation of financial statements – classification of liabilities as current or non-current

The IASB issued amendments to IAS 1 to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The classification is based on rights that are in existence at the end of the reporting period and specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments are applied retrospectively upon adoption. These amendments were effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. The application of these amendments did not have a material impact on the Credit Union's financial statements.

New and revised IFRS Accounting Standards in issue but not yet effective

(i) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures ("MPMs") in the notes to the financial statements;
- improve aggregation and disaggregation.

The Credit Union is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when the Credit Union applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions. The application of these amendments are not expected to have a material impact on the Credit Union's financial statements.

4. Interest income

	2024	2023
	$	$
Interest on loans		
Pooled fund mortgages	**1,791,922**	1,193,725
Personal loans	**1,305,541**	1,374,931
Lines of credit and overdraft	**1,037,632**	933,395
	4,135,095	3,502,051
Interest on investments	**294,151**	374,481
	4,429,246	3,876,532

(In Canadian dollars)

5. Interest expense

	2024 $	2023 $
Tax-free saving accounts and other	**659,489**	344,534
Term deposits	**444,524**	330,483
Member Life savings	**296,061**	400,181
Chequing	**91,933**	100,735
	1,492,007	1,175,933

6. Other income

	2024 $	2023 $
Commissions, net	**221,668**	223,088
Service charges	**148,349**	193,746
Foreign exchange gain (loss)	**21,357**	(756)
Other	**14,300**	27,009
Rent	**10,428**	10,428
Atlantic Central rebate	**—**	67,000
	416,102	520,515

7. Cash and cash equivalents

	2024 $	2023 $
Cash on deposit with Atlantic Central	**10,812,486**	9,131,919
Cash on hand	**343,052**	364,615
Cash – CEBA	**226,014**	303,542
Cash – Other	**161,009**	—
Cheque clearing	**102,755**	9,553
	11,645,316	9,809,629

The Credit Union has an available line of credit of $2,184,000 ($2,103,000 in 2023) with Atlantic Central, bearing interest at a rate of 5.45% (7.2% in 2023). This line of credit was $nil as at December 31, 2024 (nil in 2023). The line of credit is secured by investments with Atlantic Central and a general assignment of book debts.

The Credit Union has cash on deposit with Atlantic Central of $231,016 ($303,542 in 2023) relating to the issuance of Canadian Emergency Business Account ("CEBA") loans as part of the Government of Canada's response to COVID-19. The Credit Union is acting as an intermediary for these loans on behalf of the Government of Canada and therefore this cash balance is restricted for funding CEBA loans only.

(In Canadian dollars)

8. Investments

	2024	2023
	$	$
Amortized cost		
Pooled fund mortgages	**2,024,354**	2,335,942
Atlantic Central shares	**1,822,956**	1,927,609
League Data shares	**225,940**	50,940
FVTPL		
Atlantic Central liquidity reserve deposit	**7,288,348**	6,556,413
	11,361,598	10,870,904

As required by the Credit Unions Act, the Credit Union maintains investments in Atlantic Central to satisfy the legislated liquidity level of 10% of total liabilities of which 8% is to be in liquidity reserve deposits with Atlantic Central.

9. Loans receivable

	2024	2023
	$	$
Personal	**12,363,973**	24,553,135
Lines of credit	**17,258,295**	9,085,070
	29,622,268	33,638,205
Mortgages	**41,595,147**	31,772,622
	71,217,415	65,410,827
Less: allowance for impaired loans (Note 10)	**(179,670)**	(181,932)
	71,037,745	65,228,895

Personal loans and mortgages are repayable to the Credit Union in monthly blended principal and interest instalments over a maximum term of five years. Line of credit ("LOCs") loans are repayable on a revolving credit basis and require minimum monthly payments. All loans are open and, at the option of the borrower, may be repaid at any time without notice. Types of collateral generally obtained by the Credit Union include member's personal property such as vehicles or homes.

(In Canadian dollars)

10. Allowance for impaired loans

The following changes in gross carrying amount are provided to help explain their significance to the changes in the loss allowance:

Carrying amounts Personal and LOCs	**Stage 1** **$**	**Stage 2** **$**	**Stage 3** **$**	**2024** **ECL Staging** **Total** **$**
Credit Grading	**29,461,088**	**—**	**—**	**29,461,088**
Standard monitoring	**—**	**—**	**—**	**—**
Under 30 days past due	**—**	**—**	**—**	**—**
Greater than 30 days past due, but not in default	**—**	**102,099**	**—**	**102,099**
Default	**—**	**—**	**59,081**	**59,081**
Total gross carrying amount	**29,461,088**	**102,099**	**59,081**	**29,622,268**
Loss allowance	**(104,428)**	**(51,049)**	**(24,003)**	**(179,480)**
Carrying amount	**29,356,660**	**51,050**	**35,078**	**29,442,788**

Carrying amounts Personal and LOCs	Stage 1 $	Stage 2 $	Stage 3 $	2023 ECL Staging Total $
Credit Grading	33,628,350	—	—	33,628,350
Standard monitoring	—	—	—	—
Under 30 days past due	—	—	—	—
Greater than 30 days past due, but not in default	—	12,106	—	12,106
Default	—	—	37,748	37,748
Total gross carrying amount	33,628,350	12,106	37,748	33,678,204
Loss allowance	(124,037)	(12,106)	(37,748)	(173,891)
Carrying amount	33,504,313	—	—	33,504,313

(In Canadian dollars)

10. Allowance for impaired loans (continued)

The following changes in gross carrying amount are provided to help explain their significance to the changes in the loss allowance:

Carrying amounts Mortgages	**Stage 1** **$**	**Stage 2** **$**	**Stage 3** **$**	**2024** **ECL Staging** **Total** **$**
Credit Grading	**43,491,695**	—	—	**43,491,695**
Standard monitoring	—	—	—	—
Under 30 days past due	—	—	—	—
Greater than 30 days past due, but not in default	—	—	—	—
Default	—	—	**127,806**	**127,806**
Total gross carrying amount	**43,491,695**	—	**127,806**	**43,619,501**
Loss allowance	**(190)**	—	—	**(190)**
Carrying amount	**43,491,505**	—	**127,806**	**43,619,311**

Carrying amounts Mortgages	Stage 1 $	Stage 2 $	Stage 3 $	2023 ECL Staging Total $
Credit Grading	33,970,881	—	—	33,970,881
Standard monitoring	—	—	—	—
Under 30 days past due	—	—	—	—
Greater than 30 days past due, but not in default	—	28,984	—	28,984
Default	—	—	108,699	108,699
Total gross carrying amount	33,970,881	28,984	108,699	34,108,564
Loss allowance	(7,922)	(119)	—	(8,041)
Carrying amount	33,962,959	28,865	108,699	34,100,523

The activity in the allowance for impaired loans is summarized as follows:

	Personal and LOCs **$**	**Mortgages** **$**	**2024** **Total** **$**	2023 Total $
Balance, beginning of year	**173,891**	**8,041**	**181,932**	157,504
Collection of loans previously written-off as uncollectible	**61,186**	—	**61,186**	55,313
Loans written-off as uncollectible	**(52,847)**	—	**(52,847)**	(172,514)
(Recovery) provisions for credit losses	**(11,186)**	—	**(11,186)**	136,409
Change in model inputs	**8,436**	**(7,851)**	**585**	5,220
Balance, end of year	**179,480**	**190**	**179,670**	181,932

(In Canadian dollars)

10. Allowance for impaired loans (continued)

The tables below analyze the movement of the IFRS 9 loss allowance during the fiscal 2024 year:

Loss allowance Personal and LOCs	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Loss allowance as at January 1, 2024	124,037	12,106	37,748	173,891
Transfer to stage 1	26,806	(2,270)	(24,536)	—
Transfer to stage 2	—	51,049	—	51,049
Transfer to stage 3	—	—	24,003	24,003
Financial assets that have been derecognized	(52,847)	—	—	— (52,847)
Change in model inputs	6,432	(9,836)	(13,212)	(16,616)
Loss allowance as at December 31, 2024	104,428	51,049	24,003	179,480

Loss allowance Mortgages	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Loss allowance as at January 1, 2024	7,922	119	—	8,041
Transfer to stage 1	108	(108)	—	—
Transfer to stage 2	—	—	—	—
Transfer to stage 3	—	—	—	—
Financial assets that have been derecognized	—	—	—	—
Change in model inputs	(7,840)	(11)	—	(7,851)
Loss allowance as at December 31, 2024	190	—	—	190

11. Property and equipment

	Cost $	Accumulated depreciation $	2024 Net book value $	2023 Net book value $
Office equipment	271,673	270,409	1,264	3,207
Computer hardware	143,902	137,686	6,216	7,439
Automated banking machine	79,986	75,406	4,580	9,623
Computer software	41,030	37,592	3,438	5,510
	536,591	521,093	15,498	25,779

(In Canadian dollars)

12. Leases

Right-of-use asset

At December 31, 2024 the carrying amount of the right-of-use asset was $413,605 ($488,988 in 2023), the cost was $488,189 ($813,648 in 2023) and the accumulated depreciation was $74,584 ($324,660 in 2023).

The Credit Union's obligations are secured by the lessors' title to the leased assets for such leases.

Amounts recognized in profit and loss

	2024	2023
	$	$
Depreciation expense on right-of-use-asset	**75,383**	81,365
Interest expense on lease liability	**15,429**	19,448
Income from subleasing right-of-use-asset	**45,107**	48,533

Lease liabilities

Lease liability maturity over the next five years are as follows:

	$
2025	366,871
2026	281,806
2027	193,715
2028	102,491
2029	8,022

13. Operating lease arrangements

The Credit Union as a lessor

Operating leases, in which the Credit Union is the lessor, relate to property leased by the Credit Union with a sublease term of 10 years. The operating lease contract contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Credit Union, as they relate to property which is located in a location with a constant increase in value over the last number of years. The Credit Union did not identify any indications that this situation will change.

The minimum operating lease payment in 2025 is $45,107.

(In Canadian dollars)

14. Deposits from members

	2024 $	2023 $
Savings	**37,053,545**	33,451,304
Chequing	**24,076,605**	22,610,538
Term deposits	**18,070,733**	16,288,694
Tax-free savings	**6,270,064**	5,940,242
Plan 24	**1,195,379**	1,511,886
RRSP	**915,203**	—
	87,581,529	79,802,664

15. Income taxes

The provision for income taxes reported for the year ended December 31, 2024 differs from the amount computed by applying the Canadian statutory rate to earnings before patronage rebate and income taxes mainly due to the impact of the deduction for the patronage rebate for tax purposes.

	2024 $	2023 $
Earnings before patronage rebate and income taxes	**851,517**	679,005
Combined Canadian basic federal and provincial statutory income tax rate	**12.23%**	11.50%
	104,141	78,086
Effect of permanent differences	**117**	132
Patronage dividend	**(43,985)**	(31,669)
Other	**18,723**	252

Temporary differences, which give rise to the following deferred income tax asset, are as follows:

	2024 $	2023 $
Deferred income tax assets		
Capital assets	**4,400**	3,800
Retirement allowance	**18,200**	13,100
Collective reserve	**4,100**	17,000
Right of use asset	**14,300**	3,800
Deferred distribution	**(32,900)**	(14,400)
	8,100	23,300

(In Canadian dollars)

16. Membership shares

	2024	2023
	$	$
Surplus shares	**1,653,323**	1,575,975
Membership shares	**22,398**	22,188
	1,675,721	1,598,163

Authorized share capital and classification

Membership shares

These shares have specific restrictions on withdrawal and are not covered by Credit Union Deposit Insurance. Since membership shares are redeemable on demand, they are presented as a liability on the Credit Union's statement of financial position in accordance with IAS 32 Financial Instrument Presentation and IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments.

Section 30-1 of the Credit Unions Act describes shares as the capital of the Credit Union. Pursuant to the Credit Union's by-laws, the value of each membership share is $5. As a condition of membership, each adult member is required to hold one share.

Surplus shares

Pursuant to the Credit Union's by-laws, the value of each surplus share is $1 and may be issued to eligible members holding at least forty membership shares. These shares have specific restrictions on withdrawal and are not covered by Credit Union Deposit Insurance. Surplus shares are presented as a liability on the Credit Union's balance sheet in accordance with IAS 32 Financial Instrument Presentation and IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments.

Patronage rebates

Patronage rebates on membership shares may be declared by the Credit Union's Board of Directors, subject to availability of sufficient earnings to meet the regulatory requirements of the Credit Unions Act and the approval of the members. The Board of Directors of the Credit Union have recommended that a patronage rebate be issued for the year ended December 31, 2024 of $359,704 ($275,380 in 2023).

17. Capital management

The Credit Union's capital consists of membership and surplus shares and retained earnings. The Board approves annually the capital management policy and the annual business plan. This policy outlines the Credit Union's overall objectives and guidelines to ensure that the Credit Union has the required quantity, quality and appropriate composition of capital needed to address the inherent risks of the Credit Union and to support the current and future operating plans.

The Credit Unions Act requires that each Credit Union maintain a minimum level of equity of 5% of its total assets to provide protection against potential financial losses. The equity level of the Credit Union for the year ended December 31, 2024 was 7.0% (7.2% in 2023).

(In Canadian dollars)

18. Related party transactions

Key management personnel, directors and their related parties have transacted with the Credit Union as follows:

	2024	2023
	$	$
Loan to members	**776,021**	861,505
Member deposits	**510,575**	417,380
Membership and surplus shares	**7,111**	7,197

Preferential interest rates are charged on balances outstanding from key management personnel, directors and their related parties in accordance with the Credit Union's policies. Loans and lines of credit balances are secured as per the Credit Union's lending policies.

Key management personnel received compensation for the year ended December 31, 2024, of $237,864 ($237,130 in 2023) for salaries and short-term employee benefits.

Directors received reimbursement for the year ended December 31, 2024, of $14,872 ($14,353 in 2023) for travel and out of pocket expenses.

19. Commitments

The Credit Union has a contract with League Data Limited for data processing services. The contract is automatically renewed every five years until terminated by either party giving a three-year notice period. The costs incurred from League Data Limited services are based on membership transactions. Cost incurred for the year ended December 31, 2024, totalled $257,126 ($248,379 in 2023).

20. Fair value of financial instruments

Fair value

The amounts set out below represent the fair values of the Credit Union's financial instruments using the valuation methods and assumptions described below. The fair values disclosed do not reflect the value of assets that are not considered financial instruments, such as prepaids, property and equipment, deferred income taxes and accrued retirement allowance.

The estimated fair value amounts are designed to approximate amounts at which instruments could be exchanged in a current transaction between willing parties who are under no compulsion to act. Fair values are based on estimates using present value and other valuation techniques, which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates which reflect varying degrees of risk. Because of the estimation process and the need to use judgment, the aggregate fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instruments.

The following methods and assumptions were used to estimate the fair value of financial instruments:

(i) The fair values of cash and cash equivalents, other receivables and accounts payable approximate their carrying values, due to their short-term nature.

20. Fair value of financial instruments (continued)

Fair value (continued)

(ii) The fair value of investments is based on quoted market values where available (see Note 3). Where the Credit Union has concluded that the fair value cannot be reliably measured, the investments are recorded at cost. The Credit Union holds investments in Atlantic Central and League Data, which are not traded in an active market. As the fair value cannot be reliably measured, these investments are carried at cost, less any identified impairment losses. The Credit Union has not recorded any impairment losses on these investments.

(iii) The estimated fair value of floating rate loans and floating rate deposits is assumed to be equal to book value as the interest rates on these loans and deposits reprice to market on a periodic basis.

(iv) The fair value of fixed rate loans and member deposits do not approximate their fair market value. Any difference between fair values and book values of these financial instruments would not be significant or material to these financial statements.

Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As at December 31, 2024 and December 31, 2023 all financial instruments carried at fair value were classified as Level 2 financial instruments, except for investments in Atlantic Central and League Data which are carried at cost as fair values could not be reliably measured.

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the years ended December 31, 2024 and December 31, 2023. Additionally, there are no financial instruments classified in Level 3.

21. Nature and extent of risks arising from financial instruments

The Credit Union is exposed to the following risks as a result of holding financial instruments: credit risk, liquidity risk and market risk. The following is a description of these risks and how the Credit Union manages its exposure to these risks

Credit risk

The business of the Credit Union necessitates the management of credit risk. Credit risk is the potential for loss due to the failure of a borrower to meet its financial obligations.

The Credit Union's credit risk is primarily attributable to its loans receivable. The amounts disclosed on the statement of financial position are net of allowance for impaired loans, estimated by management of the Credit Union based on previous experience and its assessment of the current economic environment. The credit risk on cash and investments is limited because the assets are held with Atlantic Central.

The carrying amounts of financial assets on the statement of financial position represent the Credit Union's maximum credit exposure at the statement date.

The Credit Union's Board of Directors sets policy and oversees the risk management process. Senior management ensures adherence to policy on risk management issues, assesses the risk exposure of the Credit Union and reviews the effectiveness of internal control processes.

The Credit Union uses a disciplined lending approach with standard underwriting parameters for each category of loans. These parameters are used to assist the Credit Union in implementing a prudent and effective process to assess the borrower's ability to repay.

The Credit Union mitigates credit risk by obtaining quality collateral. The Credit Union considers collateral to be of good quality if it can determine the legal validity and market value on an on-going basis. The Credit Union's internal policy provides additional information regarding the appropriate collateral based on the category of loan. Types of collateral generally obtained by the Credit Union include, but are not limited to, the following: member's personal property such as houses, vehicles; cash and marketable securities; mortgage charges; fixed, floating or specific general security agreements; and personal guarantees.

In addition, the Credit Union monitors its loan concentration to ensure that it is in compliance with its policies.

Liquidity risk

The business of the Credit Union necessitates the management of liquidity risk. Liquidity risk is the risk of being unable to meet financial commitments, under all circumstances, without having to raise funds at unreasonable prices or sell assets on a forced basis.

The Credit Union's objective is to implement a policy that addresses limits on the sources, quality and amount of the assets to meet normal operational, contingency funding for significant deposit withdrawals and regulatory requirements.

The Board is ultimately responsible for the liquidity risk management policy. Management reports monthly, to the Board, the Credit Union's compliance with the policy and regulatory requirements; concentration of large deposits of single/connected depositors as a percentage of total deposits; and reports borrowings for liquidity purposes, the level of borrowings and the liquidity less borrowings in relation to the statutory minimum.

(In Canadian dollars)

21. Nature and extent of risks arising from financial instruments (continued)

Liquidity risk (continued)

The Act requires credit unions to maintain investments in Atlantic Central, to satisfy the legislated liquidity level. Assets held by the Credit Union for such purposes are investments, and demand deposits with Atlantic Central, as outlined in the table below.

	2024	2023
	$	$
Cash on deposit with Atlantic Central	**10,812,486**	9,131,919
Investments		
Atlantic Central shares	**1,822,956**	1,927,609
League Savings and Mortgage shares	**296,150**	296,150
Liquidity reserve deposit	**6,992,198**	6,260,263
	19,923,790	17,615,941

Contractual maturities of financial liabilities are shown under interest rate risk. The Credit Union has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. All accounts payable and accrued interest payable is current as at year-end.

Market risk

Market risk is the risk of loss that may arise from change in market factors such as interest rates and foreign exchange rates. The Credit Union is exposed to this market risk in its investing and asset/liability management activities.

Senior management is responsible for managing market risk in accordance with the Credit Union's internal policy. Senior management reports monthly to the Board its compliance with the policy and regulatory requirements; dollar volume and yields of all investments by investment category; and the particulars of all investment transactions entered into by the Credit Union. All exceptions noted are reported to the Board.

The Board is responsible for monitoring significant variances and to ensure that corrective measures are implemented.

Interest rate risk

Interest rate risk refers to the potential impact of changes in interest rates on the Credit Union's earnings and net asset values when maturities of its financial liabilities are not matched with the maturities of its financial assets or which are priced on a different basis. The Credit Union manages the impact of interest rate changes with self-imposed limits on borrowings and deposits, thus minimizing fluctuations of income during periods of changing interest rates.
The Credit Union's major source of income is the financial margin between the income earned on investments and loans to members, and the interest paid to members on their deposits and interest on temporary borrowings.

(In Canadian dollars)

21. Nature and extent of risks arising from financial instruments (continued)

Interest rate risk (continued)

The table below summarizes the carrying amounts of financial instruments exposed to interest rate risk by maturity dates:

	On Demand $	**Less than 1 year $**	**One to five years $**	**2024 Total $**
Assets				
Cash and cash equivalents	**11,645,316**	**—**	**—**	**11,645,316**
Investments	**8,534,963**	**90,336**	**2,245,605**	**10,870,904**
Loans receivable	**71,037,745**	**—**	**—**	**71,037,745**
Liabilities				
Deposits from members	**(69,554,677)**	**(13,849,825)**	**(4,177,027)**	**(87,581,529)**
Membership shares	**(1,675,721)**	**—**	**—**	**(1,675,721)**
	19,987,626	**(13,759,489)**	**(1,931,422)**	**5,975,877**

	On Demand $	Less than 1 year $	One to five years $	2023 Total $
Assets				
Cash and cash equivalents	9,809,629	—	—	9,809,629
Investments	11,361,598	90,335	2,245,606	13,697,539
Loans receivable	65,228,895	—	—	65,228,895
Liabilities				
Deposits from members	(63,513,970)	(13,096,661)	(3,192,033)	(79,802,664)
Membership shares	(1,598,163)	—	—	(1,598,163)
	21,287,989	(13,006,326)	(946,427)	7,335,236

An analysis of the Credit Union's risk due to changes in interest rates determined that a .50% increase in interest rates, with all other variables held constant, would result in an increase in net income of approximately $20,641 ($17,841 in 2023) while a .25% decrease in interest rates, with all other variables held constant, would result in a decrease in net income of approximately $10,320 ($8,921 in 2023).

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