PROVINCIAL GOVERNMENT EMPLOYEES CREDIT UNION LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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PROVINCIAL GOVERNMENT EMPLOYEES CREDIT UNION LIMITED
INDEX
DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Members of:
Provincial Government Employees Credit Union Limited

Opinion

We have audited the financial statements of **Provincial Government Employees Credit Union Limited** ("the Credit Union"), which comprise the statement of financial position as at December 31, 2024, and the statements of comprehensive income and changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material information on accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in 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 International Financial Reporting Standards, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards 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 generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly Nova Scotia Inc

Dartmouth, Nova Scotia
April 15, 2025

Chartered Professional Accountants

PROVINCIAL GOVERNMENT EMPLOYEES CREDIT UNION LIMITED
STATEMENT OF COMPREHENSIVE INCOME AND CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	$	$
INTEREST REVENUES		
Interest on members' loans	**1,778,981**	1,576,771
Interest from deposits and investments	**367,985**	369,899
	2,146,966	1,946,670
INTEREST AND LOAN RELATED EXPENSES		
Interest on members' deposits	**973,798**	709,927
Recovery of impaired loans (Note 9 (i))	**(43,858)**	(38,706)
	929,940	671,221
FINANCIAL MARGIN	**1,217,026**	1,275,449
SERVICE CHARGES AND OTHER REVENUE (Note 21)	**239,952**	247,966
	1,456,978	1,523,415
OPERATING EXPENSES		
General and administrative (Note 22)	**674,908**	608,480
Salaries and benefits	**570,735**	642,437
Members' security	**59,623**	55,444
Occupancy	**54,231**	48,571
Amortization	**22,599**	24,278
	1,382,096	1,379,210
EARNINGS BEFORE INCOME TAXES	**74,882**	144,205
PROVISION FOR INCOME TAXES		
Current	**8,597**	16,679
Deferred	**3,360**	-
	11,957	16,679
NET INCOME and COMPREHENSIVE INCOME	**62,925**	127,526
MEMBERS' EQUITY - beginning of year	**4,485,888**	4,358,362
MEMBERS' EQUITY - end of year	**4,548,813**	4,485,888

PROVINCIAL GOVERNMENT EMPLOYEES CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	2024 $	2023 $
ASSETS		
Cash and cash equivalents (Note 6)	**413,463**	435,282
Liquidity deposits (Note 7)	**9,698,963**	3,520,438
Investments (Note 8)	**1,938,264**	3,994,869
Members' loans (Note 9)	**35,539,344**	37,877,202
Income taxes recoverable	**-**	901
Other assets (Note 10)	**718,083**	528,969
Property and equipment (Note 11)	**138,479**	161,078
	48,446,596	46,518,739
LIABILITIES		
Accounts payable and accrued liabilities	**93,679**	107,436
Income taxes payable	**7,696**	-
Members' deposits (Note 12)	**43,768,808**	41,900,560
Deferred income tax liability	**15,175**	11,815
Members' shares (Note 13)	**12,425**	13,040
	43,897,783	42,032,851
MEMBERS' EQUITY		
Retained earnings (Note 14)	**4,548,813**	4,485,888
	48,446,596	46,518,739

COMMITMENTS (Note 23)

SUBSEQUENT EVENT (Note 24)

Approved by the Board of Directors

MCorrea ______________________ **Director** S. McGraw ______________________ **Director**

The accompanying notes are an integral part of these financial statements

PROVINCIAL GOVERNMENT EMPLOYEES CREDIT UNION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	$	$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Net income and comprehensive income	**62,925**	127,526
Item not affecting cash		
Amortization	**22,599**	24,278
Recovery of impaired loans	**(43,858)**	(38,706)
Deferred income tax liability	**(3,360)**	-
	38,306	113,098
Changes in operating assets and liabilities		
Other assets	**(189,114)**	4,231,871
Accounts payable and accrued liabilities	**(13,757)**	37,652
Income taxes payable	**8,597**	(22,981)
	(155,968)	4,359,640
Changes in member activities (net)		
Increase (decrease) in members' loans	**2,191,966**	(10,865,691)
Increase (decrease) in members' deposits	**875,110**	(3,002,607)
	3,067,076	(13,868,298)
Cash flows related to interest		
Interest received on members' loans	**1,776,081**	1,576,771
Interest received on deposits and investments	**367,985**	369,899
Interest paid on members' deposits	**(954,458)**	(507,520)
	1,189,608	1,439,150
Total cash from operating activities	**4,100,716**	(8,069,508)
FINANCING		
Members' shares issued	**1,710**	610
Members' shares redeemed	**(2,325)**	(665)
	(615)	(55)
INVESTING		
Net decrease (increase) in liquidity deposits	**(6,178,525)**	855,266
Disposal of investments	**2,056,605**	6,509,764
Acquisition of property and equipment	**-**	(3,339)
	(4,121,920)	7,361,691
CHANGE IN CASH AND CASH EQUIVALENTS	**(21,819)**	(707,872)
CASH AND CASH EQUIVALENTS - beginning of year	**435,282**	1,143,154
CASH AND CASH EQUIVALENTS - end of year	**413,463**	435,282

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1. NATURE OF OPERATIONS

Provincial Government Employees Credit Union Limited ("the Credit Union") is a financial institution incorporated under the Companies Act of Nova Scotia and its operations are subject to the Credit Union Act of Nova Scotia.

The Credit Union operates a closed bond credit union, where the only members are employees or retirees of the Nova Scotia public service or members of the Nova Scotia Government Employees Union and their spouses, dependents, or former members of these groups. The Credit Union office is located in Halifax, Nova Scotia.

These financial statements have been authorized for issue by the Board of Directors on April 10, 2025.

2. BASIS OF PRESENTATION

Statement of compliance and basis of presentation

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

These financial statements were prepared under the historical cost principle using a going concern basis.

The Credit Union's functional and presentation currency is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Credit Union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

3. SUMMARY OF MATERIAL INFORMATION ON ACCOUNTING POLICIES

Members' loans

All members' loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been classified as financial assets at amortized cost.

3. SUMMARY OF MATERIAL INFORMATION ON ACCOUNTING POLICIES (Continued)

Members' loans (Continued)

Members' loans are initially measured at fair value, net of loan origination fees and inclusive of transaction costs incurred.

Members' loans are subsequently measured at amortized cost, using the effective interest rate method, less any impairment losses. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the loan to the carrying amount of the loan.

Members' loans are reported at their recoverable amount representing the aggregate amount of principal, less any allowance for impaired loans or provision for impaired loans plus accrued interest. Interest is accounted for on the accrual basis for all loans.

Provision for impairment

Members' loans are reviewed by management at each reporting period to assess the significance of the change in credit risk since the initial recognition of the member loan.

If there is objective evidence that the change in the credit risk of a member loan since original recognition is significant, an impairment loss equal to the lifetime expected credit loss is recognized in net earnings and comprehensive income.

If the change in the credit risk of a member loan since original recognition is not significant, an impairment loss equal to the 12-month expected credit loss is recognized in net earnings and comprehensive income.

If, in a subsequent period, the assessment of the significance of change in credit risk since original recognition changes, the resulting adjustment to expected credit loss is recognized in net earnings and comprehensive income.

Bad debts

Bad debts are written off from time to time as determined by management and approved by the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the allowance for impaired loans, if a provision for impairment had previously been recognized. If no allowance had been recognized, the write offs are recognized as expenses in net earnings and comprehensive income.

3. SUMMARY OF MATERIAL INFORMATION ON ACCOUNTING POLICIES (Continued)

Investments

Investments, initially recorded at fair value, include guaranteed investment certificates ("GICs") with varying maturities and non-controlling share investments. GICs are subsequently measured at amortized cost. The share investments are subsequently measured at fair value through other comprehensive income.

Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in comprehensive income except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for temporary differences arising on the initial recognition of an asset or liability in a transaction, which at the time of the transaction affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax (losses), tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allow the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date and are expected to apply when the assets are recovered.

Members' deposits

All members' deposits are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument.

Member deposits are subsequently measured at amortized cost, using the effective interest rate method.

3. SUMMARY OF MATERIAL INFORMATION ON ACCOUNTING POLICIES (Continued)

Accounts payable and accrued liabilities

Liabilities for trade creditors and accrued liabilities are initially measured at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method.

Mortgages under administration

The Credit Union, under a Mortgage Origination Program, has the ability to refer certain mortgages to a third party, no gain or loss is recorded as a result of these transactions. Fees earned by the Credit Union to service these mortgages are recognized through net earnings under the effective interest method over the term of the underlying loans. The Credit Union derecognizes the loans only when the contractual right to receive the cash flow from these assets has ceased to exist or substantially all risks and rewards of the loans have been transferred.

Revenue recognition

The Credit Union recognizes interest income on members' loans on the accrual basis using the effective interest rate method. The effective rate is the rate that exactly discounts estimated future cash payments through the expected life of the loan to the net carrying amount of the loan. When estimating the future cash flows, the Credit Union considers all contractual terms of the loan excluding any future credit losses. The calculation includes all fees and costs paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When the loan is classified as uncollectable the interest income continues to be accrued on a credit-adjusted effective interest rate to the amortized cost of the financial asset.

Service charges and other revenue are recognized over the period in which the service is provided. Transaction based service charges and commission income are recognized when earned at a point in time when a transaction is complete.

3. SUMMARY OF MATERIAL INFORMATION ON ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Costs includes expenses directly attributable to the acquisition of the capital asset.

Amortization is recognized in comprehensive earnings and is provided for using the following rates and method over their estimated useful lives as follows:

Computer equipment	2 years	Straight-line
Furniture and equipment	5 years	Straight-line
Leasehold improvements	Term of lease	Straight-line

Amortization method, useful lives and residual values are reviewed annually.

Impairment of non-financial assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows.

Impairment charges are included in net income, except to the extent they reverse gains previously recognized.

New standards and interpretations not yet adopted

The following new or amended accounting standards under IFRS have been issued or revised by the IASB; however, they are not yet effective and, as such, have not been applied to the financial statements.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

3. SUMMARY OF MATERIAL INFORMATION ON ACCOUNTING POLICIES (Continued)

New standards and interpretations not yet adopted (Continued)

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (continued)

- Clarifies that a financial liability is derecognized on the "settlement date which is when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met,
- Clarifies how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features,
- Clarifies the treatment of non-recourse assets and contractually linked instruments, and
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

3. SUMMARY OF MATERIAL INFORMATION ON ACCOUNTING POLICIES (Continued)

New standards and interpretations not yet adopted (Continued)

IFRS 18, and consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January, 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed.

The Credit Unions is in the process of assessing the impact the amendments may have on future financial statements and plans to adopt the new standard retrospectively on the required effective date.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The Credit Union makes estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities. These estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

The estimates and assumptions that carry a material risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

The Credit Union determines the fair value of financial instruments that are not quoted in an active market using valuation techniques. The methods and assumptions applied, and the valuation techniques used, for financial instruments that are not quoted in an active market are disclosed in Note 8.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

Allowance for impaired loans

At each reporting period, the Credit Union assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a material increase in credit risk. To assess whether there is a material increase in credit risk, the Credit Union compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information (Note 9).

5. OPERATING LINE OF CREDIT

The Credit Union has an operating line of credit with Atlantic Central of Nova Scotia ("the Atlantic Central") authorized in the amount of $1,162,000 (2023 - $1,234,000), secured by an assignment of book debts including loans and mortgages. Line of credit limit is adjusted annually by the Atlantic Central based on the 2.5% of the previous year's total assets. As at December 31, 2024, the balance outstanding on the line of credit was $NIL (2023 - $NIL). When utilized, the line of credit bears interest at an interest rate of 5.45% (2023 - 6.70%) per annum.

6. CASH AND CASH EQUIVALENTS

	2024	2023
	$	$
Cash on hand	**214,062**	330,632
Cash held with Atlantic Central	**199,401**	104,650
	413,463	435,282

Cash and cash equivalents includes cash on hand and deposits with Atlantic Central. Cash and cash equivalents are carried at amortized cost.

7. LIQUIDITY DEPOSITS

Liquidity deposits include cash held on deposit with the Atlantic Central.

The Credit Union's mandatory liquidity reserve with the Atlantic Central must be equal to or be greater than 6% of total assets. The average yield on the balances held with Atlantic Central is 3.14% (2023 - 3.12%). As at December 31, 2024, The Credit Union was in compliance with these liquidity requirements.

8. INVESTMENTS

	2024	2023
	$	$
Atlantic Central common shares	**403,785**	460,390
Atlantic Central NS provincial common shares	**97,000**	97,000
League Savings and Mortgage Company preferred A shares	**418,809**	418,809
League Data Limited preferred 'B' shares	**18,660**	18,660
COOP EFT Development	**10**	10
Concentra term deposit, interest at 3.4%, maturing January 2028	**1,000,000**	-
Matured term deposits	**-**	3,000,000
	1,938,264	3,994,869

The shares in the Atlantic Central are required as condition of membership and are redeemable upon withdrawal of membership or at the discretion of the Board of Directors of the Atlantic Central. The shares are subject to an annual rebalancing mechanism and issued and redeemable at par value. The shares in the Atlantic Central are not actively traded and there is no separately quoted market value for these shares. It is determined the fair value is to be equivalent to par value.

The Credit Union is not intending to dispose of any Atlantic Central's shares as the services supplied by the Atlantic Central are relevant to the day to day activities of the Credit Union. Dividends on these shares are at the discretion of the Board of Directors of the Atlantic Central.

The shares in League Savings and Mortgage Company and League Data Limited are issued and redeemable at par value. The shares in League Savings and Mortgage Company and League Data Limited are not actively traded and there is no separately quoted market value for these shares. It is determined the fair value is to be equivalent to par value.

All investment valuations are Level 2 as there is no separately quoted market values for the securities held. There were no transfers between any levels of the fair value hierarchy for the years ended December 31, 2024 and 2023. The maximum exposure to credit risk would be the fair value determined to be equivalent to par value.

9. MEMBERS' LOANS

	2024	2023
	$	$
Mortgages	**22,984,820**	25,896,109
Personal loans and lines of credit	**10,903,621**	9,281,199
Mortgages under administration	**1,708,689**	2,801,500
Accrued interest	**29,632**	26,732
	35,626,762	38,005,540
Allowance for impaired loans (Note 9 (i))	**(87,418)**	(128,338)
	35,539,344	37,877,202

Terms and conditions

Members' loans can have either a variable or fixed rate of interest with varying maturity dates. The interest rate sensitivity is disclosed in Note 19.

Variable rate loans are based on a 'prime rate' formula, ranging from prime to prime plus 7.29% (2023 - 21.24%). The rate is determined by the type of security offered and the members' credit worthiness. The Credit Union's prime rate at December 31, 2024 was 7.2% (2023 - 7.2%).

The interest rate offered on fixed rate loans being advanced at December 31, 2024 ranges from 2.49% to 19.24% (2023 - 1% to 28.44%).

The Credit Union loans consists of mortgages under administration, residential mortgages and personal loans. Residential mortgages are loans secured by residential property and are generally repayable monthly with either blended payments of principal and interest or interest only. Personal loans consist of term loans and lines of credit and, as such, have various repayment terms. Some of the personal loans are secured by personal property or investments or hold no security.

Average yields to maturity

Members' loans bear interest at variable and fixed rates with the following average yields:

		2024		2023
	Principal	**Yield**	Principal	Yield
	$	**%**	$	%
Variable rate	**7,851,768**	**5.68**	7,753,499	5.49
Fixed rate due less than 1 year	**5,784,213**	**5.17**	5,391,940	4.69
Fixed rate due between 1 and 5 years	**21,961,149**	**4.48**	24,828,355	4.20
Fixed rate due more than 5 years	**-**	**-**	5,014	-
	35,597,130	**4.86**	37,978,808	4.53

9. MEMBERS' LOANS (Continued)

Concentration of risk

Concentration risk does exist, as generally members are required to be a member of the Nova Scotia Government Employees Union, or an employee or related to an employee of the Province of Nova Scotia or its agencies.

As at year-end, the Credit Union had 11 (2023 - 13) accounts in excess of 10% of members' equity totaling $7,266,215 (2023 - $7,504,777) or 20% (2023 - 20%) of the loan portfolio. Overall, the loan portfolio is diversified among members. Given this management feels the Credit Union does not have a material exposure to concentration risk relating to its portfolio.

Allowance for impaired loans

The Credit Union has determined the significance of the change in credit risk of member loans' since initial recognition and the resulting impairment loss has been recorded in the statement of earnings and comprehensive income.

In assessing the change in credit risk the Credit Union considers the loan type, type of loan security, the length of time the loans are past due and the historical loss experience. The circumstances may vary for each loan over time, resulting in higher or lower impairment losses.

The analysis of loans, by class, together with related allowances for impaired loans is as follows:

	2024		2023	
	Impaired loans	**Impairment allowance**	Impaired loans	Impairment allowance
	$	**$**	$	$
Residential mortgages	**107,681**	**36,000**	87,679	48,500
Personal	**134,668**	**51,418**	175,856	79,838
	242,349	**87,418**	263,535	128,338

i) Continuity of allowance for impaired loans

	2024	2023
	$	$
Balance - beginning of year	**128,338**	198,388
Current recovery of impaired loans	**(43,858)**	(38,706)
Loans written off as uncollectable	**-**	(33,294)
Bad debts recovered (net)	**2,938**	1,950
Balance - end of year	**87,418**	128,338

9. MEMBERS' LOANS (Continued)

Quality of collateral held

The Credit Union deems it not practical to value all collateral as at the balance sheet date due to the variety of assets and conditions.

10. OTHER ASSETS

	2024 **$**	2023 $
Interest and rebate receivables	**42,090**	51,600
Prepaid expenses	**675,993**	477,369
	718,083	528,969

11. PROPERTY AND EQUIPMENT

Cost	Computer equipment $	Furniture and equipment $	Leasehold improvements $	**Total $**
December 31, 2022	13,543	193,411	192,202	**399,156**
2023 additions	2,150	1,190	-	**3,340**
2023 disposals	-	-	-	**-**
December 31, 2023	15,693	194,601	192,202	**402,496**
2024 additions	-	-	-	**-**
2024 disposals	-	-	-	**-**
December 31, 2024	15,693	194,601	192,202	**402,496**
Accumulated amortization				
December 31, 2022	11,924	146,778	58,437	**217,139**
2023 amortization	1,298	9,985	12,996	**24,279**
2023 disposals	-	-	-	**-**
December 31, 2023	13,222	156,763	71,433	**241,418**
2024 amortization	1,761	7,842	12,996	**22,599**
2024 disposals	-	-	-	**-**
December 31, 2024	14,983	164,605	84,429	**264,017**
Net book value				
December 31, 2023	2,471	37,838	120,769	**161,078**
December 31, 2024	710	29,996	107,773	**138,479**

12. MEMBERS' DEPOSITS

	2024	2023
	$	$
Savings and chequing	**17,165,892**	15,982,595
Deferred salary deposits	**1,333,788**	1,887,135
Term deposits	**24,893,746**	23,674,777
Accrued interest	**375,382**	356,053
	43,768,808	41,900,560

Terms and conditions

Savings and chequing deposits are due on demand and bear interest at variable interest rates up to 3.00% (2023 - 3.00%) as at December 31, 2024. Interest is calculated daily and paid on the account monthly and quarterly depending on the account type.

Deferred salary deposits are due on demand and bear interest at variable interest rate up to 0.90% (2023 - 0.90%) as at December 31, 2024.

Term deposits, which include registered retirement savings plans ("RRSPs"), registered retirement income funds and tax-free savings accounts bear both fixed and variable rates of interest for terms up to five years. Interest can be paid annually, semi-annually, monthly or upon maturity. The interest offered ranged from 1.25% to 5.00% (2023 - 0.50% to 5.00%) as at December 31, 2024.

Refer to Note 19 for the breakdown of interest rate sensitivity.

Maturities of principal for fixed interest rate deposits in each of the next five years are approximately as follows:

	$
2025	18,705,398
2026	2,035,476
2027	739,043
2028	2,741,822
2029	561,881

12. MEMBERS' DEPOSITS (Continued)

Average yields to maturity

Members' deposits bear interest at both variable and fixed rates with the following average yields:	**2024 Principal $**	**2024 Yield %**	2023 Principal $	2023 Yield %
Variable rate	**18,610,426**	**0.05**	18,396,907	0.91
Fixed rate due in less than 1 year	**18,705,398**	**3.89**	16,019,824	3.9
Fixed rate due between 1 and 5 years	**6,077,602**	**3.98**	7,127,776	3.94
	43,393,426	**2.26**	41,544,507	2.59

Concentration of risk

The Credit Union as at December 31, 2024 does not have any deposits to one individual in excess of 10% of members deposits. Therefore, management feels the Credit Union does not have a material exposure to concentration risk relating to its loan portfolio.

13. MEMBERS' SHARES

Authorized
Unlimited Non-transferable shares with a par value of $5

	2024 $	2023 $
Issued		
2,485 Member shares (2023 - 2,608)	**12,425**	13,040

Terms and conditions

As a condition of membership, which is required to use the services of the Credit Union, each member is required to hold one voting share. The shares are redeemable at par value only when membership is withdrawn. Dividends are at the discretion of the Board of Directors. Membership shares are classified as a liability and represent all common shares issued.

During the year the Credit Union issued 342 shares (2023 - 122 shares) for a consideration of $1,710 (2023 - $610) and repurchased 465 shares (2023 - 133 shares) for a total consideration of $2,325 (2023 - $665).

14. RETAINED EARNINGS

In accordance with the Credit Union Act, the Credit Union is required to maintain a level of equity that is not less than 5% of its assets. As at December 31, 2024 members' equity as a percentage of assets was calculated as follows:

	2024	2023
	$	$
Members' equity	**4,548,813**	4,485,888
Total assets	**48,446,596**	46,518,739
Members' equity as a percentage of total assets	**9.39**	9.64

15. PENSION PLAN AND RETIREMENT SAVINGS

i) The employees of the Credit Union are members of the Province of Nova Scotia's Public Service Superannuation Plan, a defined benefit pension plan administered under the Public Service Superannuation Act. The Credit Union matches employee contributions, calculated as percentage of salary, there are no minimum funding requirements. Contributions of $33,085 have been expensed in 2024 (2023 - $43,188), approximately the same contribution expense is expected to be incurred in the next annual reporting period. The Credit Union is not liable to the plan for other entities' obligations. With only ten employees, the Credit Union represents an insignificant percentage of the pension plan, as well the pension plan's financial information is not broken down by employer.

The Credit Union is responsible for its portion of deficiencies (if any) that may arise in the plan from time to time. As at December 31, 2023, the date of the last actuarial valuation, the pension plan was 101.0% funded with an overall funding excess of $111,394,000.

ii) Concentra Financial is the trustee of the Registered Retirement Savings and Registered Retirement Income plans offered to members. Under the agreement with Concentra Financial, members' contributions to these funds, as well as income earned thereon, are deposited in the Credit Union. On withdrawal, payment of the plan proceeds is made by the Credit Union.

16. RELATED PARTY TRANSACTIONS

The Credit Union entered into the following transactions with key management personnel, staff, directors, and committee members which are defined by IAS 24, Related Party Disclosures, as individuals having authority and responsibility for planning and directing and controlling the activities of the Credit Union.

i) Compensation to key management personnel

	2024	2023
	$	$
Salaries and other short-term employee benefits	**160,674**	229,243
Total pension contributions	**14,429**	20,337
	175,103	249,580

ii) Loans to all related parties

	2024	2023
	$	$
Aggregate value of loans and mortgages advanced	**2,431,087**	2,517,846
Total value of lines of credit advanced	**1,864,159**	1,714,360
	4,295,246	4,232,206

During the year, interest income on loans to related parties was approximately $59,000 (2023 - $32,000).

The Credit Union's policy for lending to key management personnel is such where loans are approved and deposits accepted on the same terms and conditions which apply to members for each class of loan or deposit.

iii) Deposits from related parties

	2024	2023
	$	$
Aggregate value of savings and checking	**101,763**	225,391
Aggregate value of term deposits	**1,429,790**	1,148,739
	1,531,553	1,374,130

During the year, interest paid on related party deposits was approximately $46,000 (2023 - $16,000).

With respect to mortgages and members' deposits, these transactions were made in the normal course of business. Interest rates on personal loans when it comes to a minimum interest rate extended have to be in accordance with the Canada Revenue Agency's prescribed rates of interest (average of 5.50% effective throughout 2024) for management and staff, Board Members and under certain circumstances, former Board Members.

17. FINANCIAL INSTRUMENT CLASSIFICATION AND FAIR VALUE

Financial instruments classification is as follows:

		2024 **$**	2023 $
Cash and cash equivalents	Amortized cost	**413,463**	435,281
Liquidity deposits	Amortized cost	**9,698,963**	3,520,438
Investments	Fair value	**1,938,264**	3,994,869
Members' loans	Amortized cost	**35,539,344**	37,877,202
Other assets	Amortized cost	**718,083**	528,969
Accounts payable and accrued liabilities	Amortized cost	**(93,679)**	(107,436)
Members' deposits and members' shares	Amortized cost	**(43,781,233)**	(41,913,600)
		4,433,205	4,335,723

Financial assets and financial liabilities at amortized cost are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method, with the exception of investment which as subsequently measured at fair value through other comprehensive income.

IFRS requires the use of a fair value hierarchy in order to classify the fair value measurements related to the financial instruments recognized in the Credit Union's statement of financial position at fair value. The fair value hierarchy has the following levels:

a) Level 1 - Quoted market prices;
b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
c) Level 3 - inputs for the asset of liability that are not based on observable market data.

The Credit Union does not have any financial instruments subsequently measured at fair value under Level 1 as outlined in Note 8.

18. FINANCIAL INSTRUMENTS

The Board of Directors has overall responsibility for the determination of the Credit Union's risk management objectives and policies. The risk management design and operating of risk processes is the responsibility of Credit Union's management. The Board of Directors performs a periodic review of the effectiveness of the processes in place and the appropriateness of the objectives and policies it sets.

18. FINANCIAL INSTRUMENTS (Continued)

The Credit Union's financial instruments include cash and cash equivalents, liquidity deposits, investments, members' loans, accounts receivable (included in other assets), accounts payable and accrued liabilities, members' deposits, and members' shares.

Risks and concentrations

The Credit Union is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentrations at December 31, 2024.

It is management's opinion that the Company is not exposed to significant currency and other price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Credit Union to concentrations of credit risk consist of cash and cash equivalents, liquidity deposits, investments, members' loans, and accounts receivable (included in other assets).

The Credit Union deposits its cash with the Atlantic Central, a reputable financial institution, and therefore believes the risk of loss to be remote. The Credit Union is exposed to credit risk from interest receivable on investments. The Credit Union believes this credit risk is minimized as the interest receivable is due from reputable investment management companies.

Credit risk associated with members' loans is mitigated through Credit Union's approval systems as designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Credit Union takes into consideration the member's character, ability to pay and value of collateral available to secure the loan.

The Board of Directors ensures that management has a framework, policies, processes and procedures in place to manage credit risks and that the overall credit risk policies are complied with at the business and transaction level.

The Credit Union's members' loans credit risk policies comprise the following:

i) General loan policy statements including approval of lending policies, eligibility for loans, exceptions to policy, policy violations, liquidity and loan administration;

18. FINANCIAL INSTRUMENTS (Continued)

Credit risk (continued)

ii) Loan lending limits; and

iii) Loan collateral security classifications, loan delinquency controls.

The Board of Directors reviews new loans and delinquent loans at each reporting period along with an analysis of bad debts and allowance for impaired loans.

The Credit Union's maximum exposure to credit risk at the statement of financial position date is in relation to each class of recognized financial assets at the carrying amount of those assets indicated in the statement of financial position. The maximum credit exposure does not take into account the value of any collateral or other security held, in the event members fail to perform their obligations under the financial instruments in question. The principal collateral and other credit enhancements the Credit Union holds as security for loans include: (i) insurance and mortgages over residential lots and properties; and (ii) recourse to liquid assets, guarantees and securities. The value of collateral held against individual exposures is generally only assessed at the time of borrowing or when a specific review of that exposure is undertaken in accordance with policy.

Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, members' deposits, and members' shares. The Credit Union mitigates the liquidity risk by maintaining a prudent amount of liquid assets in order to meet member withdrawals. The Credit Union's liquidity management includes a minimum liquidity ratio set at 6% of total assets.

The Credit Union monitors its members' deposit profiles and ensures to maintain adequate reserves, liquidity support facilities and reserve borrowing facilities. As at December 31, 2024 the Credit Union was in compliance with the liquidity requirement. (Refer to Note 7 for the breakdown of the liquidity cash reserves.)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Credit Union is exposed to interest rate risk on its financial obligations at variable interest rates. Interest rate sensitivity is broken out in Note 19. The Credit Union manages the interest rate risk by monitoring the rates and ensuring that rates extended are in line with the market.

19. INTEREST RATE SENSITIVITY

The Credit Union's primary source of income is financial margin, which is the difference between interest earned on members' loans, deposits and investments and interest paid on members' deposits. The objective of managing the financial margin is to manage re-pricing or maturity dates of members' loans and investments and members' deposits within policy limits that are intended to limit the Credit Union's exposure to changing interest rates.

The Credit Union's financial assets and liabilities bear interest at rates which adjust from time to time. The following table sets out the scheduled maturities or re-pricing dates, whichever occurs earlier, of the financial assets and liabilities as at December 31, 2024 together with the weighted average interest rates earned on the financial assets or paid on the financial liabilities.

	Demand Principal $	Rate %	Under 1 Year Principal $	Rate %	1-3 Year Principal $	Rate %	Over 3 Years Principal $	Rate %	Over 5 Years Principal $	Rate %
ASSETS										
Cash and investments	6,514,000	2.99	4,518,499	2.78	-	-	1,000,000	4.90	18,660	-
Members' loans										
Personal	7,851,768	5.68	1,898,108	6.77	781,160	7.84	372,585	7.70	-	-
Mortgages	-	-	3,886,105	4.38	17,055,742	4.04	3,751,241	5.46	-	-
	14,365,768		10,302,712		17,836,902		5,123,826		18,660	
LIABILITIES										
Members' deposits	18,610,425	0.05	18,705,398	3.89	6,078,222	3.98	-	0	-	-

For the fiscal year ended December 31, 2024, a 100 basis point increase or decrease in interest rates, assuming all other variables are constant, would have resulted in approximately a decrease or increase of $82,000 (2023 - $39,000) in the Credit Unions's net earnings, respectively.

20. CAPITAL RISK MANAGEMENT

IFRS require the Credit Union to disclose information that enables financial statement users to evaluate the entity's objectives, policies and processes for managing capital.

The Credit Union provides financial services to its members and is subject to the capital requirements set out in the Credit Union Act of Nova Scotia ("the Act"). The Credit Union complied with these capital requirements as at December 31, 2024.

20. CAPITAL RISK MANAGEMENT (Continued)

The Credit Union's objectives when managing capital are to ensure the long-term viability of the Credit Union, and the security of members' deposits by holding a level of capital deemed sufficient to protect against unanticipated losses. The Credit Union is also required to comply at all times with the capital requirements set out in the Act.

The Credit Union measures the adequacy of capital using two methods:

i) Total capital as a percent of total assets;

ii) Total capital as a percent of risk weighted assets. Under this method the Credit Union reviews its loan portfolio and other assets and assigns a risk weighting using definitions and formulas set out in the Act, and by the Credit Union Deposit Insurance Corporation. The more risk associated with an asset, a higher weighting is assigned. This method allows the Credit Union to measure capital relative to the possibility of loss with more capital required to support assets that are seen as being higher risk.

The Credit Union's management ensures compliance with capital adequacy through the following:

i) Establishing policies for capital management, monitoring and reporting;

ii) Establishing policies for related areas such as asset/liability management;

iii) Reporting to the Board of Directors regarding financial results and capital adequacy;

iv) Reporting to the Credit Union Deposit Insurance Corporation on its capital adequacy; and

v) Establish budgets and reporting variances to those budgets.

The Credit Union's capital structure consists of members' equity. As at December 31, 2024, the Credit Union's members' equity was $4,548,813 (2023 - $4,485,888).

21. SERVICE CHARGES AND OTHER REVENUE

	2024	2023
	$	$
Discretionary rebates	**-**	38,907
Monthly service charges	**126,907**	134,514
CURP life and disability insurance	**57,732**	27,820
Money orders, mortgage penalties, loan administration fees, credit card charges and other	**55,313**	46,725
	239,952	247,966

22. GENERAL AND ADMINISTRATIVE

	2024 $	2023 $
Advertising and promotion	**10,300**	19,970
Assessments	**79,034**	59,187
Board and committees	**17,632**	17,614
Communications	**4,126**	4,082
Computer-related expenses	**226,511**	234,455
Consulting fees	**158,662**	111,120
Donations	**4,293**	6,647
Fees and bank charges	**66,051**	61,620
Meetings and conventions	**11,694**	21,836
Office	**58,217**	37,285
Professional fees	**38,388**	34,664
	674,908	608,480

23. COMMITMENTS

The Credit Union has a commitment to its members in terms of unused lines of credit. As at December 31, 2024 the total amount of unused lines of credit is $6,614,979 (2023 - $11,029,825). As at December 31, 2024 there were no approved and unadvanced mortgages or personal loans.

The Credit Union is committed to implement a new banking system. Total anticipated cost of the new system is $628,800, of which $188,640 is still to be incurred next year.

The Credit Union has a signed sublease with East Coast Credit Union. Approximate minimum commitments over the next three years are as follows:

	$
2025	50,000
2026	50,000
2027	50,000

24. SUBSEQUENT EVENT

On January 1, 2025, the Credit Union amalgamated with East Coast Credit Union Limited.

25. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.