Greater Vancouver Community Credit Union
Financial Statements
December 31, 2024

Greater Vancouver Community Credit Union
Contents
For the year ended December 31, 2024

Management's Responsibility

To the Members of Greater Vancouver Community Credit Union:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP is appointed by the Audit Committee to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

General Manager

To the Members of Greater Vancouver Community Credit Union:

Opinion

We have audited the financial statements of Greater Vancouver Community Credit Union (the "Credit Union"), which comprise the statement of financial position as at December 31, 2024, and the statements of income, other 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.

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.

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 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 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.

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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 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 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.

Abbotsford, British Columbia

MNP LLP

March 19, 2025

Chartered Professional Accountants

Greater Vancouver Community Credit Union
Statement of Financial Position
As at December 31, 2024

	2024	*2023*
Assets		
Cash and cash equivalents *(Note 4)*	**15,498,674**	15,587,036
Investments *(Note 5)*	**23,698,017**	22,897,902
Member loans receivable *(Note 6)*	**175,305,329**	180,879,480
Income taxes recoverable	**-**	67,552
Prepaid expenses and deposits *(Note 7)*	**449,044**	541,150
Property, plant and equipment *(Note 8)*	**2,721,762**	3,231,244
Deferred income tax assets *(Note 10)*	**381,000**	349,000
	218,053,826	223,553,364
Liabilities		
Member deposits *(Note 11)*	**195,664,860**	201,693,883
Income taxes payable	**148,363**	-
Payables and accruals	**763,355**	554,000
Lease liability *(Note 12)*	**2,245,154**	2,858,341
	198,821,732	205,106,224

Commitments and guarantees *(Note 20), (Note 21)*

Members' equity		
Equity shares *(Note 13)*	**342,081**	351,710
Retained earnings	**18,785,759**	18,134,765
Accumulated other comprehensive gain (loss)	**104,254**	(39,335)
	19,232,094	18,447,140
	218,053,826	223,553,364

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Greater Vancouver Community Credit Union
Statement of Income
For the year ended December 31, 2024

	2024	*2023*
Financial income		
Member loans	**10,082,970**	8,352,865
Investments	**1,603,928**	1,718,471
	11,686,898	10,071,336
Financial expense		
Member deposits	**6,215,021**	5,157,369
Share dividends	**47,220**	53,198
	6,262,241	5,210,567
Financial margin	**5,424,657**	4,860,769
Other income *(Note 14)*	**475,568**	349,910
	5,900,225	5,210,679
Operating expenses *(Note 15)*	**5,025,305**	4,920,679
Operating income	**874,920**	290,000
Provision for (recovery of) expected credit losses *(Note 20)*	**63,142**	(24,074)
Patronage refund	**5,743**	6,046
Income before income taxes	**806,035**	308,028
Income taxes (recovery) *(Note 10)*		
Current	**187,041**	33,499
Deferred	**(32,000)**	48,000
	155,041	81,499
Net income	**650,994**	226,529

The accompanying notes are an integral part of these financial statements

Greater Vancouver Community Credit Union
Statement of Other Comprehensive Income
For the year ended December 31, 2024

	2024	*2023*
Net income	**650,994**	226,529
Other comprehensive income		
Change in unrealized gains on marketable securities, net of tax expense of $30,925 (2023 - $35,748)	**143,589**	289,239
Total comprehensive income for the year	**794,583**	515,768

The accompanying notes are an integral part of these financial statements

Greater Vancouver Community Credit Union
Statement of Changes in Members' Equity
For the year ended December 31, 2024

	Member shares	*Retained earnings*	*Accumulated other comprehensive gain (loss)*	*Total equity*
Balance December 31, 2022	**363,092**	**17,908,236**	**(328,574)**	**17,942,754**
Net income	**-**	**226,529**	**-**	**226,529**
Other comprehensive income for the year	**-**	**-**	**289,239**	**289,239**
Net redemption of equity shares	**(11,382)**	**-**	**-**	**(11,382)**
Balance December 31, 2023	**351,710**	**18,134,765**	**(39,335)**	**18,447,140**
Net income	**-**	**650,994**	**-**	**650,994**
Other comprehensive income for the year	**-**	**-**	**143,589**	**143,589**
Net redemption of equity shares	**(9,629)**	**-**	**-**	**(9,629)**
Balance December 31, 2024	**342,081**	**18,785,759**	**104,254**	**19,232,094**

The accompanying notes are an integral part of these financial statements

Greater Vancouver Community Credit Union
Statement of Cash Flows
For the year ended December 31, 2024

	2024	*2023*
Cash provided by (used for) the following activities		
Operating activities		
Net income	**650,994**	226,529
Depreciation of property, plant and equipment	**170,792**	178,875
Depreciation of right-of-use buildings	**533,342**	532,529
Interest expense on lease liability	**103,328**	98,930
Deferred income taxes	**(32,000)**	48,000
Provision for (recovery of) expected credit loss	**63,142**	(24,074)
Gain on disposal of right-of-use building	**(107,646)**	-
Changes in working capital accounts:		
Income taxes recoverable / payable	**215,915**	147,684
Prepaid expenses and deposits	**92,106**	67,142
Payables and accruals	**209,355**	(221,608)
Accrued interest on member loans receivable	**(10,802)**	(111,802)
Accrued interest on member deposits	**371,194**	1,103,689
	2,259,720	2,045,894
Financing activities		
Net change in member deposits	**(6,400,217)**	(18,911,393)
Net change in redemption of equity shares	**(9,629)**	(11,382)
Repayments of lease liability	**(620,407)**	(589,246)
	(7,030,253)	(19,512,021)
Investing activities		
Net change in investments	**(656,526)**	13,700,520
Net change in member loans receivable	**5,521,811**	1,468,526
Purchases of property, plant and equipment	**(183,114)**	(44,865)
Leasehold reimbursement	**-**	14,389
	4,682,171	15,138,570
Decrease in cash and cash equivalents	**(88,362)**	(2,327,557)
Cash and cash equivalents, beginning of year	**15,587,036**	17,914,593
Cash and cash equivalents, end of year	**15,498,674**	15,587,036

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Greater Vancouver Community Credit Union (the “Credit Union”) was formed pursuant to the Credit Union Incorporation Act of the British Columbia and the operation of the Credit Union is subject to the Financial Institutions Act of British Columbia (“the Act”).

The Credit Union serves members in the lower mainland area of British Columbia and the surrounding areas and operates 4 Credit Union branches. The address of the Credit Union’s registered office is 206 - 3185 Willingdon Green, Burnaby, BC.

Statement of compliance

These financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee.

These financial statements for the year ended December 31, 2024 were approved by the Board of Directors on March 19, 2025.

2. Basis of preparation

Basis of measurement

The financial statements have been prepared using the historical basis except for the revaluation of certain financial instruments.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Credit Union’s functional currency.

Significant accounting judgments, estimates and assumptions

Since a determination of some assets and liabilities is dependent upon uncertain future events, the preparation of these financial statements requires the use of estimates and assumptions, which have been made by management using careful judgment. Actual results may differ from these estimates. The estimates, assumptions and judgments used in preparation of these financial statements include key assumptions in determining the allowance for expected credit losses, the estimate of fair value of financial instruments not traded on active markets, and income taxes.

During the current year, inflation and fiscal tightening, which places pressure on interest rates, have resulted in a heightened measurement of uncertainty, primarily related to the estimates, assumptions and judgments used in the measurement of the allowance for expected credit losses. For the year ended December 31, 2024, the Credit Union has included all information available to the date of these financial statements in the estimates. The economic response and impacts continue to remain unknown and may reasonably require adjustment within the next twelve months

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

Key assumptions in determining the allowance for expected credit losses

At each reporting period, financial assets are assessed to determine whether their credit risk has increased significantly since initial recognition. In determining whether credit risk has significantly increased, management develops a number of assumptions about the following factors which impact the borrowers’ ability to meet debt obligations:

- Expected significant increase in unemployment rates, interest rates
- Declining revenues, working capital deficiencies, increases in balance sheet leverage, liquidity, etc.
- Expected or actual changes in internal credit ratings of the borrowers or external credit ratings of the instrument
- The correlation between credit risk on all lending facilities of the same borrower
- Changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

2. Basis of preparation *(Continued from previous page)*

Key assumptions in determining the allowance for expected credit losses *(Continued from previous page)*

In estimating expected credit losses, the Credit Union develops a number of assumptions as follows:

- The period over which the Credit Union is exposed to credit risk, considering for example, prepayments, extension options, demand features
- The probability-weighted outcome, including identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes
- The risk of default occurring on loans during their expected lives and during the next 12 months after the reporting date
- Expected cash short falls including, recoveries, costs to recover and the effects of any collateral or other credit enhancements
- Estimates of effective interest rates used in incorporating the time value of money

The above assumptions are based on historical information and adjusted for current conditions and forecasts of future economic conditions. The Credit Union determines adjustments needed to its historical assumptions by monitoring the correlation of the probability of default and loss rates with the following economic variables:

- Interest rates
- Unemployment rates
- Inflation
- Loan to Value ratios

The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes that are neither best-case nor worse-case scenarios. The Credit Union uses judgment to weight these scenarios.

Impact of current economic environment:

Following a period of elevated interest rates and inflation, recent declines are influencing the Credit Union's assessment of credit risk associated with the fair values of its financial instruments. Although rates have decreased, they remain above recent historical averages, which may continue to pressure borrowers. Consequently there remains a potential impact on credit risk that could necessitate an increase in the Credit Union's estimate of it allowance for loan impairment.

The current environment is subject to rapid change and to the extent that certain effects of inflation and interest rates are not fully incorporated into the model calculations, increased temporary quantitative and qualitative adjustments have been considered and applied where necessary. The Credit Union has preformed certain additional qualitative portfolio and loan level assessments if significant changes in credit risk were identified.

Financial instruments not traded on active markets

For financial instruments not traded in active markets, fair values are determined using valuation techniques such as the discounted cash flow model that rely on assumptions that are based on observable active markets or rates. Certain assumptions take into consideration liquidity risk, credit risk and volatility.

Income taxes

The Credit Union periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Credit Union records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

3. Summary of material accounting policies

The accounting policies determined to be material to the users of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits. Other investments (term deposits and marketable securities) maturing in less than three months or that are cashable at the Credit Union's discretion are also reported as cash.

Investments

Each investment is classified into one of the categories described under financial instruments. The classification dictates the accounting treatment for the carrying value and changes in that value.

Term deposits

Term deposits are accounted for at amortized cost.

Marketable Securities

Marketable securities are measured at fair value, with adjustments recognized in other comprehensive income.

Other portfolio investments

Other portfolio investments are measured at fair value through profit or loss ("FVTPL"), with adjustments recognized in profit or loss.

Member loans receivable

Member loans receivable are initially recognized at their fair value and subsequently measured at amortized cost. Amortized cost is calculated as the loans' principal amount, less any allowance for anticipated losses, plus accrued interest. Interest revenue is recorded on the accrual basis using the effective interest method. Loan administration fees are amortized over the term of the loan using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date capitalized. The depreciation rates applicable for each class of asset during the current and comparative period are as follows:

	Rate
Data processing equipment	5 years
Furniture and equipment	5 years
Automated bank machines	5 years
Leaseholds	10 years

Right-of-use buildings are depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset.

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

3. Summary of material accounting policies *(Continued from previous page)*

Intangible assets

The Credit Union's only intangible asset is computer software which is depreciated to comprehensive income on a straight-line basis over 5 years. The useful life of computer software will be reviewed on an annual basis and the useful life is altered if estimates have changed significantly.

Gains or losses on the disposal of intangible assets will be determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognized in comprehensive income as other operating income or other operating costs, respectively.

Impairment of non-financial assets

At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating units (“CGU”) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU’s, or otherwise they are allocated to the smallest group of CGU’s for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in net income

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income

Member deposits

Member deposits are initially recognized at fair value, and are subsequently measured at amortized cost using the effective interest rate method.

Member equity shares

Member equity shares are classified as liabilities or member equity in accordance with their terms. Shares redeemable at the option of the member, either on demand or on withdrawal from membership, are classified as liabilities. Shares redeemable at the discretion of the Credit Union board of directors are classified as equity. Shares redeemable subject to regulatory restrictions are accounted for using the criteria set out in IFRIC 2 *Members' Shares in Cooperative Entities and Similar Instruments*.

3. Summary of material accounting policies *(Continued from previous page)*

Income taxes

Current tax and deferred tax are recognized in comprehensive income except to the extent that the tax is recognized either in other comprehensive income or directly in equity, or the tax arises from a business combination.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled. The calculation of deferred tax is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable income.

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.

Payables and accruals

Payables and accruals are initially recorded at fair value and are subsequently carried at amortized cost, which approximates fair value due to the short term nature of these liabilities.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency of the Credit Union at exchange rates prevailing at the transaction dates (spot exchange rates). Monetary assets and liabilities are retranslated at the exchange rates at the statement of financial position date. Exchange gains and losses on translation or settlement are recognized in comprehensive income for the current period.

Financial instruments - financial assets

Recognition and initial measurement

The Credit Union recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Credit Union determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of member loans receivable and term deposits.

3. Summary of material accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. Financial assets measured at fair value through other comprehensive income are comprised of marketable securities.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Credit Union measures all equity investement at fair value. Changes in fair value are recorded in profit and loss. Financial assets measured at fair value through profit or loss are comprised of cash and other portfolio investments.
- Designated at fair value through profit or loss – On initial recognition, the Credit Union may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Credit Union does not hold any financial instruments designated at fair value through profit or loss.

Business model assessment

The Credit Union assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment include stated policies and objectives, how performance of the portfolio is evaluated, risks affecting the performance of the business model, how managers of the business are compensated, and the significance and frequency of sales in prior period.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Credit Union considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Credit Union's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The Credit Union reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

Expected credit loss model

3. Summary of material accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

The Credit Union's allowance for credit losses follows an expected credit loss ("ECL") impairment model. The ECL impairment model reflects the present value of cash shortfalls related to default events either over the following twelve months, or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased and probability-weighted amount which considers a variety of scenarios based on reasonable and supportable information. Forward -looking-information ("FLI") is incorporated into the estimation of ECL allowances, which involves significant judgement (see note 7 for additional details). The calculation of ECL allowances is based on the expected value of three probability-weighted scenarios to measure the expected cash shortfalls, discounted at the effective interest rate. A cash shortfall is the difference between the contractual cash flows that are due and the cash flows that the Credit Union expects to receive.

The key inputs in the measurement of ECL allowances are as follows:

- The probability of default ("PD") is an estimate of the likelihood of default over a given time horizon;

- The loss given default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time; and

- The exposure at default ("EAD") is an estimate of the exposure at a future default date.

ECL stage development

On initial recognition of the financial instrument, a loss allowance is recognized and maintained equal to 12 months of ECL. 12-month ECL is defined as the portion of the lifetime expected credit losses that represent the expected credit losses that result from default events on the financial instrument that are possible within 12 months after the reporting date.

If credit risk increases significantly relative to initial recognition of the financial instrument, the loss allowance is increased to cover full lifetime ECL. In assessing whether credit risk has increased significantly, the Credit Union compares the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument as at the date of initial recognition. Evidence of increased credit risk is observed when the financial instrument is 30 days or more past due on its contractual payment obligations or the financial instrument has had an unfavourable movement in internal risk ratings. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Credit Union reverts to recognizing 12 months of ECL.

When a financial instrument is considered credit-impaired, the loss allowance continues to reflect lifetime expected credit losses and interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than its gross carrying amount. The Credit Union considers a financial instrument as impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred after its initial recognition. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred. Under IFRS 9, all financial instruments on which repayment of principal or payment of interest is contractually 90 days in arrears is automatically considered impaired.

Recognition

The Credit Union recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

For member loans receivable the Credit Union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Credit Union assessed that a significant increase in credit risk has occurred, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets’ contractual lifetime.

The Credit Union assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants, requests to restructure loan payment schedules, etc. For financial assets assessed as credit-impaired at the reporting date, the Credit Union continues to recognize a loss allowance equal to lifetime expected credit losses.

3. Summary of material accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Loss allowances for expected credit losses are presented in the statement of financial position as a reduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Credit Union has no reasonable expectations of recovering all or any portion thereof.

Decrecognition of financial assets

The Credit Union derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

For this purpose, a financial asset is transferred if the Credit Union either:

- Transfers the right to receive the contractual cash flows of the financial asset, or;
- Retains the right to receive the contractual cash flows of the financial asset, but assumes an obligation to pay received cash flows in full to one or more third parties without material delay and is prohibited from further selling or transferring the financial asset.

Transferred financial assets are evaluated to determine the extent to which the Credit Union retains the risks and rewards of ownership. When the Credit Union neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it evaluates whether it has retained control of the financial asset.

Financial instruments - financial liabilities

Recognition and initial measurement

The Credit Union recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Credit Union measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Financial instruments classified as other financial liabilities include all member deposits, borrowings, and payables and accruals. All financial liabilities are initially measured at fair value.

Subsequent to initial recognition, financial liabilities are measured at amortized cost. Financial liabilities are not reclassifed susbequent to initial recognition.

Derecognition of financial liabilities

The Credit Union derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Revenue Recognition

The following describes the Credit Union's principal activities from which it generates revenue:

Investment income

Investment income is recognized as interest is earned on interest-bearing investments, and when dividends are declared on shares.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method.

3. Summary of material accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

The ‘amortized cost’ of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The ‘gross carrying amount’ of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability.

Where a financial asset has become credit-impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

Other revenue

Revenue from the provision of services to members is recognized when earned, specifically when amounts are fixed or can be determined and the ability to collect is reasonably assured

Leases

The Credit Union assesses at inception of a contract, whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Credit Union assesses whether the customer has the following through the period of use:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

At the lease commencement date, the Credit Union recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Credit Union, and an estimate of the costs to be incurred by the Credit Union in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Credit Union measures right-of-use assets by applying the cost model, whereby the right-of-use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. The determination of the depreciation period is dependent on whether the Credit Union expects that the ownership of the underlying asset will transfer to the Credit Union by the end of the lease term or if the cost of the right-of-use asset reflects that the Credit Union will exercise a purchase option.

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Credit Union's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the lease liability comprise of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Credit Union under a residual value guarantee, the exercise price of a purchase option that the Credit Union is reasonably certain to exercise, and payment of penalties for terminating the lease if the lease term reflects the Credit Union exercising an option to terminate the lease. After the commencement date, the Credit Union measures the lease liability at amortized cost using the effective interest method.

3. Summary of material accounting policies *(Continued from previous page)*

Leases *(Continued from previous page)*

The Credit Union remeasures the lease liability when there is a change in the lease term, a change in the Credit Union's assessment of an option to purchase the underlying asset, a change in the Credit Union's estimate of amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. On remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Credit Union has elected to not recognize right-of-use assets and lease liabilities for short-term leases and low-value leases. Short-term leases are leases with a term of twelve months or less. Low value leases are leases where the underlying asset has a new value of $5,000 or less. The Credit Union recognizes the lease payments associated with these leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee’s benefit.

Fair value measurements

The Credit Union classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritises the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Credit Union to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

4. Cash and cash equivalents

	2024	*2023*
Cash	**12,688,594**	9,846,505
Term deposits maturing in less than three months carried at amortized cost	**1,157,122**	4,566,298
Marketable securities maturing in less than three months carried at fair value through other comprehensive income	**1,652,958**	1,174,233
	15,498,674	15,587,036

Total cash and cash equivalents include $592,819 (2023 - $561,539) in US currency denominated in Canadian dollars.

5. Investments

	2024	*2023*
Term deposits carried at amortized cost	**5,609,988**	5,391,625
Marketable securities carried at fair value through other comprehensive income	**17,993,919**	17,404,710
Other portfolio investments carried at fair value through profit or loss		
Central 1	**58,940**	66,397
Stabilzation Central	**204**	204
BC Cooperative Association	**1,200**	1,200
Aviso Wealth Inc.	**2**	2
Ficanex Services Limited Partnership	**33,764**	33,764
	23,698,017	22,897,902

6. Member loans receivable

Principal and allowance by loan type:

			2024
	Principal	**Allowance for loan impairment (Note 20)**	**Net carrying value**
Personal and other	541,024	(119,470)	**421,554**
Real estate secured	149,817,763	(631,074)	**149,186,689**
Commercial	25,432,341	(93,951)	**25,338,390**
Accrued interest	358,696	-	**358,696**
	176,149,824	(844,495)	**175,305,329**

			2023
	Principal	Allowance for loan impairment (Note 20)	Net carrying value
Personal and other	952,348	(183,414)	768,934
Real estate secured	153,434,225	(503,293)	152,930,932
Commercial	26,924,509	(92,790)	26,831,719
Accrued interest	347,895	-	347,895
	181,658,977	(779,497)	180,879,480

7. Prepaid expenses and deposits

	2024	*2023*
Prepaid expenses	**263,214**	297,223
Central 1 payments modernization cost sharing	**185,830**	243,927
	449,044	541,150

8. Property, plant and equipment

	Data processing equipment	*Furniture and equipment*	*Automated bank machines*	*Leaseholds*	*Right-of-use buildings*	*Total*
Cost						
Balance at January 1, 2023	**397,272**	**1,033,813**	**434,709**	**2,177,931**	**3,683,678**	**7,727,403**
Additions	**1,559**	**-**	**43,306**	**-**	**-**	**44,865**
Leasehold reimbursements	**-**	**-**	**-**	**(14,389)**	**-**	**(14,389)**
Balance at December 31, 2023	**398,831**	**1,033,813**	**478,015**	**2,163,542**	**3,683,678**	**7,757,879**
Balance at January 1, 2024	**398,831**	**1,033,813**	**478,015**	**2,163,542**	**3,683,678**	**7,757,879**
Additions	**23,130**	**-**	**159,984**	**-**	**-**	**183,114**
Disposals	**-**	**-**	**-**	**-**	**(758,471)**	**(758,471)**
Balance at December 31, 2024	**421,961**	**1,033,813**	**637,999**	**2,163,542**	**2,925,207**	**7,182,522**
Depreciation						
Balance at January 1, 2023	**183,812**	**905,400**	**417,095**	**1,759,000**	**549,924**	**3,815,231**
Depreciation	**62,943**	**29,413**	**25,998**	**60,521**	**-**	**178,875**
Depreciation - right-of-use buildings	**-**	**-**	**-**	**-**	**532,529**	**532,529**
Balance at December 31, 2023	**246,755**	**934,813**	**443,093**	**1,819,521**	**1,082,453**	**4,526,635**
Balances at January 1, 2024	**246,755**	**934,813**	**443,093**	**1,819,521**	**1,082,453**	**4,526,635**
Depreciation	**80,630**	**30,832**	**13,430**	**45,900**	**-**	**170,792**
Depreciation - right-of-use buildings	**-**	**-**	**-**	**-**	**533,342**	**533,342**
Disposals	**-**	**-**	**-**	**-**	**(770,009)**	**(770,009)**
Balance at December 31, 2024	**327,385**	**965,645**	**456,523**	**1,865,421**	**845,786**	**4,460,760**
Net book value						
At December 31, 2023	152,076	99,000	34,922	344,021	2,601,225	3,231,244
At December 31, 2024	**94,576**	**68,168**	**181,476**	**298,121**	**2,079,421**	**2,721,762**

9. Intangible assets

	Banking system
Cost	
Balance at January 1, 2023	**565,990**
Balance at December 31, 2023	**565,990**
Balance at January 1, 2024	**565,990**
Balance at December 31, 2024	**565,990**
Depreciation	
Balance at January 1, 2023	**565,990**
Balance at December 31, 2023	**565,990**
Balance at January 1, 2024	**565,990**
Balance at December 31, 2024	**565,990**
Net book value	
At December 31, 2023	**-**
At December 31, 2024	**-**

10. Income tax

Reasons for the difference between income tax expense for the year and the expected income taxes based on the statutory tax rate of 27% (2023 - 27%) are as follows:

	2024	*2023*
Income tax expense on the statutory rate	**264,749**	170,914
Small business deduction	**64,744**	65,899
Items not deductible for tax purposes	**328,326**	295,234
Items deductible for tax purposes	**(470,778)**	(498,548)
Income tax expense	**187,041**	33,499

The movement in 2024 deferred income tax assets are:

	Jan 1, 2024	**Recognized in income**	**Dec 31, 2024**
Deferred income tax assets:			
Allowance for credit losses	210,000	18,000	**228,000**
Property, plant and equipment	12,000	(6,000)	**6,000**
Right-of-use buildings	69,000	1,000	**70,000**
Change in accounting reserves	58,000	19,000	**77,000**
	349,000	32,000	**381,000**

The movements in 2023 deferred income tax assets are:

	Jan 1, 2023	Recognized in income	Dec 31, 2023
Deferred income tax assets:			
Allowance for credit losses	217,000	(7,000)	210,000
Property, plant and equipment	10,000	2,000	12,000
Right-of-use buildings	58,000	11,000	69,000
Change in accounting reserves	112,000	(54,000)	58,000
	397,000	(48,000)	349,000

11. Member deposits

	2024	2023
Demand	**58,821,325**	67,057,525
Registered savings plans	**31,896,587**	30,909,299
Member shares (Note 13)	**1,188,708**	1,224,656
Term deposits	**101,172,214**	100,287,571
Accrued interest and dividends	**2,586,026**	2,214,832
	195,664,860	201,693,883

Total member deposits include $1,672,901 (2023 - $1,527,468) of US dollar deposits denominated in Canadian dollars.

12. Lease liability

Leases as lessee

The Credit Union leases branch premises with the following lease terms:

Location	**Lease start date**	**Lease end date**	**Renewal options**
Kingsgate	01-Sep-22	31-Aug-27	No further unilateral right to extend or renew the lease term
Surrey	01-Jul-24	30-Jun-29	One right of renewal for a further five years
Burnaby Heights	01-Apr-22	31-Mar-32	With three rights of renewal for a further five years
Head office	01-Apr-22	31-Mar-32	With four rights of renewal for a further five years

Right-of-use buildings

Right-of-use buildings of the Credit Union have been presented with property, plant and equipment in the statement of financial position.

Lease liabilities

The following table sets out a maturity analysis of lease liabilities:

	2024	2023
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**494,552**	548,637
One to five years	**1,529,339**	2,048,498
Six to ten years	**438,678**	701,607
Total undiscounted lease liabilities at December 31	**2,462,568**	3,298,742
Lease liabilities included in the statement of financial position	**2,245,154**	2,858,341

In 2024 the Credit Union recognized $103,328 (2023 - $98,930) of interest expense on lease liabilities in net income.

13. Member shares

The Credit Union has three classes of equity shares designated as follows:

Class B Membership equity shares
Class C Preferred equity shares
Class P Patronage shares

Issued:

	2024	*2023*
Member shares classified as equity		
Class P shares	**336,338**	345,664
Class P shares patronage refund	**5,743**	6,046
	342,081	351,710
Member shares classified as liabilities (note 11)		
Class B shares	**523,111**	535,572
Class C shares	**665,597**	689,084
	1,188,708	1,224,656
	1,530,789	1,576,366

Terms and conditions

The Credit Union is authorized to issue an unlimited number of non-transferable, voting membership shares, redeemable at par value of $1. With certain exceptions, all members are required to own twenty-five membership equity shares which, under certain occurrences, are redeemable at the option of the member.

Equity shares are not guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia. Class P shares are redeemable only with consent of the Board of Directors of the Credit Union.

14. Other income

	2024	*2023*
Account service fees	**198,132**	217,203
Foreign exchange	**128,306**	3,575
Insurance commissions and fees	**7,346**	10,055
Loan administration fees	**78,077**	51,376
Other	**63,707**	67,701
	475,568	349,910

15. Operating expenses

	2024	2023
Advertising and member relations	**57,315**	55,845
Board and committee meetings	**59,295**	59,990
Data processing	**324,672**	290,881
Depreciation of property, plant and equipment	**170,792**	178,875
Depreciation of right-of-use building	**533,342**	532,529
Dues and assessments	**182,150**	198,707
Other	**200,367**	210,197
Premises, equipment and supplies	**364,428**	431,326
Professional services	**126,433**	111,820
Salaries and benefits	**2,824,755**	2,649,943
Service charges	**162,685**	157,287
Staff and other meetings	**19,071**	43,279
	5,025,305	4,920,679

16. Borrowings

The Credit Union has operating lines of credit available with Central 1 for $1,900,000 CDN (2023 - $1,900,000) and $100,000 USD (2023 - $100,000). In addition, the Credit Union has a term loan arrangement for $3,000,000 (2023 - $3,000,000) and a demand line for $2,000,000 (2023 - $2,000,000) with Central 1. A debenture charge on certain assets of the Credit Union has been provided as security. At December 31, 2024, the Credit Union has not drawn on these credit facilities.

17. Related party transactions

Key management compensation of the Credit Union

Key management of the Credit Union are defined by IAS 24 Related Party Disclosures as those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, including directors and management.

Key management personnel ("KMP") remuneration includes the following expenses:

	2024	2023
Salary and short term benefits	**450,800**	430,344

Directors in their capacity as Directors, received in the aggregate, $50,000 (2023 - $50,000).

Transactions with key management personnel

There are no loans that are impaired in relation to loan balances with Key Management Personnel (KMP).

There are no benefits or concessional terms and conditions applicable to the family members of Key Management Personnel. There are no loans that are impaired in relation to the loan balances with family or relatives of KMP.

	2024	2023
Aggregate of loans to KMP	**720,490**	748,943

During the year, there were no loans disbursed to KMP (2023 - $nil)

17. Related party transactions *(Continued from previous page)*

	2024	*2023*
Interest and other revenue earned on loans and revolving credit facilities to KMP	**35,104**	42,784
Interest paid on deposits to KMP	**202,122**	45,390

	2024	*2023*
The total value of member deposits from KMP as at the year-end:		
Demand	**1,087,407**	514,989
Term deposits	**4,323,495**	4,169,749
Registered savings plans	**1,439,950**	1,327,260
	6,850,852	6,011,998

18. Capital requirements and management

In managing its capital, the Credit Union's primary objective is to ensure it maintains adequate liquidity to meet its financial obligations, make necessary capital purchases and support ongoing business. The Credit Union monitors and assesses its financial performance to ensure it is meeting its objectives.

The Financial Institutions Act (British Columbia) requires the Credit Union to maintain, at all times, a capital base which is adequate in relation to the business carried on. The level of capital required is based on a prescribed percentage of the total value of risk weighted assets, each asset of the Credit Union being assigned a risk factor based on the probability that a loss may be incurred on the ultimate realization of that asset.

The Financial Institutions Act (British Columbia) regulations prescribe that the minimum required capital ratio exceeds 8.0% for the Credit Union's fiscal year. At December 31, 2024, the Credit Union's capital ratio is 27.35% (2023 - 24.64%), exceeding the minimum requirement.

The Credit Union considers its capital to include membership shares and retained earnings. There have been no changes in what the Credit Union considers to be capital since the previous period.

The Credit Union establishes the risk weighted value of its assets in accordance with the Financial Institutions Act, which establishes the applicable percentage for each class of assets.

	2024	*2023*
Primary capital		
Retained earnings	**18,785,759**	18,134,765
Member equity shares	**859,449**	881,236
Deferred income tax asset	**(381,000)**	(349,000)
Dividend to be paid as primary capital	**21,692**	24,547
	19,285,900	18,691,548
Secondary capital		
Share of system retained earnings	**2,146,335**	2,024,112
Other equity shares	**665,597**	689,084
	2,811,932	2,713,196
	22,097,832	21,404,744

19. Fair value measurements

Assets and liabilities measured at fair value

The Credit Union's assets and liabilities measured at fair value in the statement of financial position on a recurring basis have been categorized into the fair value hierarchy as follows:

	Fair Value	***Level 1***	***Level 2***	***2024 Level 3***
Assets				
Cash and cash equivalents - cash	**12,688,594**	**12,688,594**	**-**	**-**
- marketable securities	**1,652,958**	**-**	**1,652,958**	**-**
Investments - marketable securities	**17,993,919**	**-**	**17,993,919**	**-**
- portfolio investments	**94,110**	**-**	**94,110**	**-**
Total recurring fair value measurements	**32,429,581**	**12,688,594**	**19,740,987**	**-**

	Fair Value	*Level 1*	*Level 2*	*2023 Level 3*
Assets				
Cash and cash equivalents - cash	9,846,505	9,846,505	-	-
- marketable securities	1,174,233	-	1,174,233	-
Investments - marketable securities	17,404,710	-	17,404,710	-
- portfolio investments	101,567	-	101,567	-
Total recurring fair value measurements	28,527,015	9,846,505	18,680,510	-

Level 2 fair value measurements

Valuation techniques and inputs for recurring Level 2 fair value measurements are as follows:

Line item	***Valuation technique(s)***	***Inputs***
Marketable securities	Fair value is determined using the net present value attributable to the investments	Quoted market prices
Other portfolio investments	Par value approximates fair value for shares as transactions occur at par value on a regular and recurring basis.	Value of shares

19. Fair value measurements *(Continued from previous page)*

Non-recurring fair value measurements

The Credit Union's non-recurring fair value measurements have been categorized into the fair value hierarchy as follows:

	Fair Value	*Level 1*	*Level 2*	*2024 Level 3*
Assets				
Cash and cash equivalents - term deposits	**1,158,085**	**-**	**1,158,085**	**-**
Investments - term deposits	**5,718,947**	**-**	**5,718,947**	**-**
Member loans receivable	**176,303,648**	**-**	**176,303,648**	**-**
Total financial assets	**183,180,680**	**-**	**183,180,680**	**-**
Liabilities				
Member deposits	**194,016,165**	**-**	**194,016,165**	**-**
Payables and accruals	**763,355**	**-**	**763,355**	**-**
Lease liability	**2,245,154**	**-**	**2,245,154**	**-**
Total financial liabilities	**197,024,674**	**-**	**197,024,674**	**-**

	Fair Value	*Level 1*	*Level 2*	*2023 Level 3*
Assets				
Cash and cash equivalents - term deposits	4,556,223	-	4,556,223	-
Investments and other - term deposits	5,459,831	-	5,459,831	-
Member loans receivable	176,791,662	-	176,791,662	-
Total financial assets	186,807,716	-	186,807,716	-
Liabilities				
Member deposits	199,769,838	-	199,769,838	-
Payables and accruals	554,000	-	554,000	-
Lease liability	2,858,341	-	2,858,341	-
Total financial liabilities	203,182,179	-	203,182,179	-

20. Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Credit Union are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

There have been no significant changes from the previous year in the Credit Union's risks to which it is exposed or its general policies and procedures for managing risk.

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Credit Union. Credit risk primarily arises from member loans receivable, investments in debt securities, and the Credit Union's lending activities.

Overall monitoring and processes will change as deemed necessary in response to the ongoing economic impact of the rapid changes in interest rates and high inflation environment. This has and will continue to include changes to the existing processes to ensure the overall portfolio is secured and that the Credit Union continues to support members find their optimal credit solutions.

20. Financial instruments *(Continued from previous page)*

Risk management process

Credit risk management is integral to the Credit Union's activities. The Board of Directors are responsible for developing and implementing the credit risk management practices of the Credit Union by establishing the relevant policies and procedures. Management carefully monitors and manages the Credit Union's exposure to credit risk by reviewing member credit extension policies and guidelines and reviewing the performance of loan portfolios, including default events and past due status. The risk management process starts at the time of a member credit application and continues until the loan is fully repaid. The primary credit risk management policies and procedures include the following:

- Loan security (collateral) requirements
- Security valuation processes, including method used to determine the value of real property and personal property when that property is subject to a mortgage or other charge
- Maximum loan to value ratios where a mortgage or other charge on real or personal property is taken as security
- Borrowing member capacity (repayment ability) requirements
- Borrowing member character requirements
- Limits on aggregate credit exposure per individual and related parties
- Limits on concentration of credit risk by loan type, industry and economic sector
- Limits on the types of credit facilities and services offered
- Internal loan approval processes and loan documentation standards
- Loan re-negotiation, extension and renewal processes
- Processes that identify adverse situations and trends, including risks associated with economic, geographic and industry sectors
- Control and monitoring processes including portfolio risk identification and delinquency tolerances
- Timely loan analysis processes to identify, access and manage delinquent and impaired loans
- Collection processes that include action plans for deteriorating loans
- Overdraft control and administration processes
- Loan syndication processes.

The Credit Union's credit risk policies, processes and methodologies are reviewed periodically to ensure they remain relevant and effective in managing credit risk.

To meet the needs of its members and to manage its own exposure to fluctuations in interest rates, the Credit Union participates in various commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of customers. These are subject to normal credit standards, financial controls, risk management and monitoring procedures.

Inputs, assumptions and techniques

Definition of default and assessments of credit risk

Financial instruments are assessed at each reporting date for a significant increase in credit risk since initial recognition. This assessment considers changes in the risk of a default occurring at the reporting date as compared to the date of initial recognition.

The Credit Union considers loans and advances to be in default when contractual payments are more than 90 days past due or other objective evidence of impairment exists, such as notification from the borrower or breach of major covenants. This definition is consistent with the definitions used for the Credit Union's internal credit risk management practices and has been selected because it most closely aligns the definition of default to the Credit Union's past credit experience, and the covenants placed in standard borrowing contracts. Relatively few financial instruments subsequently return to performing status after a default has occurred under this definition without further intervention on the part of the Credit Union.

Changes in credit risk are assessed on the basis of the risk that a default will occur over the contractual lifetime of the financial instrument rather than based on changes in the amount of expected credit losses or other factors. In making this assessment the Credit Union takes into account all reasonable and supportable information, including forward-looking information, available without undue cost or effort. The Credit Union considers past due information of its balances and information about the borrower available through regular dealings, such as requests for loan modifications.

20. Financial instruments *(Continued from previous page)*

The credit risk of a financial instrument is deemed to have significantly increased since initial recognition when contractual payments have exceeded 30 days past due, or other information becomes available to management (e.g., through the course of regular credit reviews, communication with the borrower or forecasting processes which consider macroeconomic conditions expected to have a future impact on borrowers). The Credit Union considers there not to have been a significant increase in credit risk despite contractual payments being more than 30 days past due when they have interviewed the borrower and determined that payment is forthcoming.

The Credit Union identifies credit-impaired financial assets through regular reviews of past due balances and credit assessments of its members. Credit-impaired financial assets are typically placed on the Credit Union's watch list based on its internal credit risk policies. In making this assessment, the Credit Union considers past due information of its balances and information about the borrower available through regular dealings.

Measurement of expected credit losses

The Credit Union measures expected credit losses for member loans receivable on a group basis. These assets are grouped on the basis of their shared risk characteristics such as loan type. Otherwise, expected credit losses are measured on an individual basis.

When measuring 12-month and lifetime expected credit losses, the Credit Union considers items such as the contractual period of the financial asset or the period for which the entity is exposed to credit risk, determination of appropriate discount rates used in incorporating the time value of money, assumptions about prepayments, timing and extent of missed payments or default events, how probabilities of default and other assumptions and inputs used in calculating the amount of cash short falls depending on the type or class of financial instrument. Forward-looking information is incorporated into the determination of expected credit loss by considering regional economic journals and forecasts, collecting information available from regular commercial dealings with its customers and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery. The Credit Union assesses that there is no reasonable expectation of recovery when the security relating to the loan has been sold and there are remaining amounts outstanding, the borrower has filed for bankruptcy and the trustee has indicated that no additional funds will be paid. Where an asset has been written off but is still subject to enforcement activity, the asset is written off but remains on a list of delinquent accounts. Where information becomes available indicating the Credit Union will receive funds, such amounts are recognized at their fair value.

Significant increase in credit risk - interest rate and inflationary environment impacts

There are judgments involved in determining whether or not there is a significant increase in credit risk resulting in loans moving between stages of expected credit loss and being subject to different expected credit loss models. The Credit Union will continue to monitor the impact that increased interest rates and inflation may have on its members and their ability to repay their debt obligations. Where appropriate, the Credit Union may deem a change in credit risk to have occurred for certain members due to the current environment and will adjust their staging and expected credit losses as necessary.

20. Financial instruments *(Continued from previous page)*

Exposure to credit risk

The following table sets out information about the credit quality of financial assets assessed for impairment under IFRS 9 *Financial instruments*. The amounts in the table, unless otherwise indicated, represent the assets' gross carrying amount.

Except as noted below, the gross carrying amount represents the maximum exposure to credit risk for that class of financial asset.

		2024		
	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Personal and other				
Low risk	538,298	-	-	538,298
Medium risk	-	2,726	-	2,726
Default	-	-	-	-
Total gross carrying amount	538,298	2,726	-	541,024
Less: allowance for impairment	118,835	635	-	119,470
Total carrying amount of personal and other	419,463	2,091	-	421,554
Real estate secured				
Low risk	59,999,440	-	-	59,999,440
Medium risk	-	89,818,323	-	89,818,323
Default	-	-	-	-
Total gross carrying amount	59,999,440	89,818,323	-	149,817,763
Less: allowance for impairment	2,145	628,929	-	631,074
Total carrying amount of real estate secured	59,997,295	89,189,394	-	149,186,689
Commercial				
Low risk	22,064,750	-	-	22,064,750
Medium risk	-	3,367,591	-	3,367,591
Default	-	-	-	-
Total gross carrying amount	22,064,750	3,367,591	-	25,432,341
Less: allowance for impairment	93,725	226	-	93,951
Total carrying amount of commercial	21,971,025	3,367,365	-	25,338,390
Total gross carrying amount				174,946,633
Add: accrued interest				358,696
Member loans receivable				175,305,329

20. Financial instruments *(Continued from previous page)*

	2023			
	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Personal and other				
Low risk	881,387	-	-	881,387
Medium risk	-	70,961	-	70,961
Default	-	-	-	-
Total gross carrying amount	881,387	70,961	-	952,348
Less: allowance for impairment	171,813	11,601	-	183,414
Total carrying amount of personal and other	709,574	59,360	-	768,934
Real estate secured				
Low risk	58,402,853	-	-	58,402,853
Medium risk	-	94,741,748	-	94,741,748
Default	-	-	289,624	289,624
Total gross carrying amount	58,402,853	94,741,748	289,624	153,434,225
Less: allowance for impairment	2,867	500,426	-	503,293
Total carrying amount of real estate secured	58,399,986	94,241,322	289,624	152,930,932
Commercial				
Low risk	24,504,370	-	-	24,504,370
Medium risk	-	2,420,139	-	2,420,139
Default	-	-	-	-
Total gross carrying amount	24,504,370	2,420,139	-	26,924,509
Less: allowance for impairment	92,567	223	-	92,790
Total carrying amount of commercial	24,411,803	2,419,916	-	26,831,719
Total gross carrying amount				180,531,585
Add: accrued interest				347,895
Member loans receivable				180,879,480

20. Financial instruments *(Continued from previous page)*

Amounts arising from expected credit losses

Reconciliation of the loss allowance:

The following tables show a reconciliation of the opening to the closing balance of the loss allowance by class of financial instrument.

	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Allowance for loan impairment				
Balance at January 1, 2023	359,422	446,053	-	805,475
Transfer to lifetime ECL (not credit impaired)	(90,272)	90,272	-	-
Write-offs	(4,456)	-	-	(4,456)
Collection of loans previously written off	2,552	-	-	2,552
Recovery of credit losses	-	(24,074)	-	(24,074)
Balance at December 31, 2023	267,246	512,251	-	779,497
Balance at January 1, 2024	**267,246**	**512,251**	-	**779,497**
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL (not credit impaired)	**(54,397)**	**54,397**	-	-
Collection of loans previously written off	**1,856**	-	-	**1,856**
Provision for credit losses	-	**63,142**	-	**63,142**
Balance at December 31, 2024	**214,705**	**629,790**	-	**844,495**

Credit commitments

The Credit Union participates in various commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of customers. These are subject to normal credit standards, financial controls, risk management and monitoring procedures. The contractual amounts of these credit instruments represent the maximum credit risk exposure without taking into account the fair value of any collateral, in the event other parties fail to perform their obligations under these instruments.

The Credit Union makes the following instruments available to its members:

- Guarantees and standby letters of credit representing irrevocable assurances that the Credit Union will pay if a member cannot meet their obligations to a third party
- Commitments to extend credit representing unused portions of authorizations to extend credit in the form of loans, lines of credit, guarantees or letters of credit.

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded.

As at year-end, the Credit Union had the following outstanding financial instruments subject to credit risk:

	2024	*2023*
Guarantees and standby letters of credit	**99,978**	173,278
Commitments to extend credit	**5,073,850**	6,066,633

20. Financial instruments *(Continued from previous page)*

Market risk

Market risk is the risk of loss in value of financial instruments that may arise from changes in market factors such as interest rates, equity prices and credit spreads. The Credit Union's exposure changes depending on market conditions. Market risks that have a significant impact on the Credit Union include fair value risk and interest rate risk. The Credit Union is not significantly exposed to currency risk or other price risk.

Interest rate risk

Interest rate risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Credit Union incurs interest rate risk on its loans and other interest bearing financial instruments. The Credit Union does not hedge its interest rate risk. See below for further information on interest rate sensitivity.

Contractual repricing and maturity

Financial instruments are reported in the schedule below based on the earlier of their contractual repricing date or maturity date. The schedule below does not identify management's expectations of future events where repricing and maturity dates differ from contractual dates.

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	Within three months	*Four months to one year*	*Over one year to five years*	*Non-Interest Sensitive*	***2024*** ***Total***	*2023* *Total*
Assets						
Cash and cash equivalents	14,568,798	-	-	929,876	**15,498,674**	15,587,036
Average yield %	*3.47*	-	-	-	*3.47*	*4.06*
Investments	-	6,484,115	16,970,007	243,895	**23,698,017**	22,897,902
Average yield %	-	*3.36*	*3.07*	-	*3.15*	*3.40*
Member loans receivable	22,649,097	62,708,317	89,529,911	418,004	**175,305,329**	180,879,480
Average yield %	*7.52*	*5.89*	*5.33*	-	*5.67*	*5.27*
Other assets	-	-	-	3,551,806	**3,551,806**	4,188,946
	37,217,895	**69,192,432**	**106,499,918**	**5,143,581**	**218,053,826**	223,553,364
Liabilities						
Member deposits	81,071,354	64,621,819	24,800,281	25,171,406	**195,664,860**	201,693,883
Average yield %	*2.58*	*4.36*	*4.35*	-	*3.18*	*2.98*
Payables and accruals	-	-	-	763,355	**763,355**	554,000
Lease liability	113,922	341,767	1,789,465	-	**2,245,154**	2,858,341
Average yield %	*3.00*	*3.00*	*3.00*	-	*3.00*	*3.00*
Other liabilities	-	-	-	148,363	**148,363**	-
Members' equity	-	-	-	19,232,094	**19,232,094**	18,447,140
	81,185,276	**64,963,586**	**26,589,746**	**45,315,218**	**218,053,826**	223,553,364
Net sensitivity	**(43,967,381)**	**4,228,846**	**79,910,172**	**(40,171,637)**	**-**	-

During the year ended December 31, 2024, the Credit Union's effective interest rates rose on the majority of financial assets and liabilities as a result of a rising interest rate environment due to efforts to control inflation through government monetary policy. As fixed financial instruments renew, they are exposed to higher interest rates.

Based on the current financial instruments, it is estimated that a 1.0% increase in the interest rate would decrease financial margin by $190,000 (2023 - $122,000). A 1.0% decrease in the interest rate would increase financial margin by $125,000 (2023 - $463,000).

20. Financial instruments *(Continued from previous page)*

Liquidity risk

Liquidity risk arises from the inability to generate or obtain the necessary cash or cash equivalents in a timely manner, at a reasonable price, to meet commitments as they come due. In particular, the risk arises from failure to meet the Credit Union's day-to-day obligations, including claims on the Credit Union and operational demands.

For liquidity purposes, the Credit Union must maintain liquidity reserve deposits at least 8% (2023 – 8%) of total members' deposits and non-equity shares. As at December 31, 2024, the Credit Union meets this requirement with a liquidity reserve deposit percentage of 10.50% (2023 - 9.60%).

The Credit Union uses different risk management processes to manage liquidity risk. The acceptable amount of risk is defined by policies approved by the board and monitored by the Investment, Loan & Risk Management Committee.

The assessment of the Credit Union's liquidity position reflects management's estimates, assumptions and judgment pertaining to current and prospective specific and market conditions and the related behaviour of its members and counterparties.

The Credit Union manages its liquidity position from three perspectives:

- Structural liquidity risk, which addresses the risk due to mismatches in effective maturities between assets and liabilities, more specifically the risk of over reliance on short-term liabilities to fund long-term illiquid assets;
- Tactical liquidity risk, which addresses the day-to-day funding requirements;
- Contingent liquidity risk, which assess the impact of sudden stressful events and the Credit Union's responses thereto.

The primary liquidity risk policies and procedures include the following:

- Liquidity risk management framework to measure and control liquidity risk exposure;
- Measurement of cashflows;
- Maintain a line of credit and borrowing facility with Central 1;
- Maintenance of a pool of high quality liquid assets;
- Monitoring of single deposits and sources of deposits;
- Monitoring of term deposits.

21. Guarantees

The Credit Union guarantees credit limits on Mastercard credit cards that are monitored by Collabria. These applications would normally be declined under the standard terms of Mastercard.

At December 31, 2024, the Credit Union guaranteed credit limits in the amount of $350,110 (2023 - $299,610).